



TST Group Holding Ltd.

冠星集團控股有限公司

ANNUAL REPORT 2020

Published on April 18, 2021

Company Website: <http://www.tstco.com.hk>

MOPS Website: <http://mops.twse.com.tw>

I. Name, Title, Telephone and Email of Company Spokesperson, Deputy Spokesperson and Domestic Agent:

Name of Spokesperson: LIN, CHING-WEI	Title: General Manager
Telephone: +886-2-2507-9938	Email address: IR@tstco.com
Name of Deputy Spokesperson: HUNG, HSIANG-MING	Title: Chief Operating Officer (COO)
Telephone: +886-2-2507-9938	Email address: IR@tstco.com
Name of Domestic Agent: HUNG, HSIANG-MING	Title: Chief Operating Officer (COO)
Telephone: +886-2-2507-9938	Email address: IR@tstco.com

II. Address and Telephone of Head Office, Branch, Factory

(I) This Company

Name: TST Group Holding Ltd.
Address: P.O. Box 472 Harbour Place, 2nd Floor 103 South Church Street George Town, Grand Cayman Cayman Islands KY1-1106
Website: <http://www.tstco.com.hk>
Telephone: +852-2947-0218

(II) Subsidiary in British Virgin Islands

Name: TST International Group Limited
Address: Jayla Place, 2nd Floor, P.O Box 216, Road Town Tortola, British Virgin Islands
Website: <http://www.tstco.com.hk>
Telephone: +852-2947-0218

Name: Bumper World Group Holdings Limited
Address: Jayla Place, 2nd Floor, P.O Box 216, Road Town Tortola, British Virgin Islands
Website: <http://www.tstco.com.hk>
Telephone: +852-2947-0218

Name: Thrive Nation Group Limited
Address: Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands
Website: <http://www.tstco.com.hk>
Telephone: +852-2947-0218

(III) Subsidiary in Hong Kong

Name: Top Star Textile Limited
Address: Room 1301, 13F, New East Ocean Centre, 9 Science Museum Road, Kowloon, Hong Kong
Website: <http://www.tstco.com.hk>
Telephone: +852-2947-0218

(IV) Subsidiary in Mainland China

Name: Taiju Textile (Shanghai) Co., Ltd.
Address: Room 3076, Building B, No. 555, Dongchuang Rd., Minxing District, Shanghai City
Website: <http://www.tstco.com.hk>
Telephone: +8621-3251-3055
Name: Guangzhou Liangwei Knitted Fabric and Textile Co., Ltd.
Address: Room 712 (self-organized), Level 7, No. 140-148, Tiyu E. Rd., Tianhe District, Guangzhou City
Website: <http://www.tstco.com.hk>
Telephone: +8620-3887-8266
Name: Taiju Management & Consulting (Guangzhou) Co., Ltd.
Address: Room 1911, No. 140-148, Tiyu E. Road, Tianhe District, Guangzhou City
Website: <http://www.tstco.com.hk>
Telephone: +8620-3887-8258

(V) Subsidiary in Cambodia

Name: Top Sports Textile Ltd.
Address: Manhattan (Svay Rieng) Special Economic Zone, National Road# 1, Sangkat Bavet, Krong Bavet, Svay Rieng Province, Cambodia
Website: <http://www.tstco.com.hk>
Telephone: +855-44-715-188

- (VI) Office in Taiwan
Name: TST Group Holding Ltd.
Address: 7F, No. 178, Sec. 2, Nanking E. Rd., Zhongshan District, Taipei City 104
Website: <http://www.tstco.com.hk>
Telephone: +886-2-2507-9938
- (VII) Subsidiary in Vietnam
Name: TOP STAR TEXTILE VIETNAM COMPANY LIMITED
Address: Road No. 3, Xuyen A Industrial Park, My Hanh Bac Commune, Duc Hoa District, Long An province, Vietnam
Website: <http://www.tstco.com.hk>
Telephone: +84-90-892-6858
Name: Top Sports Textile Vietnam Co., Ltd
Address: Lot No. B17.1, Street N11, Thanh Thanh Cong Industrial Zone, An Hoi Quarter
Website: <http://www.tstco.com.hk>
Telephone: +84-28-3962-6698
- III. Names, titles, telephone numbers and emails of the representatives for litigations and for non-litigation matters in the Republic of China:
Name: HUNG, HSIANG-MING
Title: Chief Operating Officer (COO)
Telephone: +886-2-2507-9938
Email: IR@tstco.com
- IV. Name, Address, Website and Telephone of Share Transfer Agent:
Name: Yuanta Securities Co., Ltd. Registrar & Transfer Agency Department
Website: <http://www.yuanta.com.tw>
Address: Base 1F, No.210, Sec. 3, Chengde Rd., Taipei City Telephone: +886-2-2586-5859
- V. Name, Address, Website and Telephone of CPA of financial statements in the most recent year:
Name of CPA: CPA Juanlu, Man-Yu, CPA Lin, Ya-Hui
Name of CPA Firm: PricewaterhouseCoopers Taiwan (PwC Taiwan) Website: <http://www.pwc.tw>
Address: 27F, No.333, Sec. 1, Keelung Rd., Xinyi District, Taipei City Telephone: +886-2-2729-6666
- VI. Name of the stock exchange where overseas marketable securities are listed, and the method to inquire the information in relation to such securities: None
- VII. Company Website: <http://www.tstco.com.hk>
- VIII. List of Board of Directors

Title	Name	Representative
Chairman	Xingmao Group Holdings Limited	LIN, CHIN-MAO
Director	Chia Mei Investment Co., Ltd.	TUNG, CHIUNG-SHIUNG
Director	LIN, CHING-WEI	-
Director	HUNG, HSIANG-MING	-

Title	Name	Nationality	Academic Qualifications/Experience
Independent Director	LIEN, KING-BIAU	Republic of China	Executive President, Tuntex Incorporation Independent Director, Tainan Enterprises Co., Ltd.
Independent Director	LEE, KUN-MING	Republic of China	Independent Director, The Leofoo Development Co., Ltd. Supervisor, Castles Technology Co., Ltd. CPA Partner, K & B CPAs Firm
Independent Director	LIU, HENG-YIH	Republic of China	Independent Director, The Leofoo Development Co., Ltd. Independent Director, Dynamic Electronics Co., Ltd. Independent Director, WHA YU Industrial Co., Ltd. Supervisor, Sinfu Asset Management Company Full time Associate Professor, College of Management, Yuan Ze University and Director, Institute for Knowledge Services and Innovation

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One. Letter to Our Shareholders

Dear Shareholders:

The year 2020 was turbulent due to the pandemic and the global economic recession. Countries around the world implemented control measures such as lockdowns, suspension of operations and closing the borders, in order to curb COVID-19. The orders from brand customers suddenly plummeted as their shops were temporarily shut. Indeed, all these uncertainties made the year extremely difficult. The Company's increase of internal capacities during the year helped to control the attribution. Higher utilization reduces the fixed costs per unit, and this was reflected in the gross margin. As the pandemic gradually eased, the outlook turned positive in the second half of the year.

(1) Overview of 2020 Business Plan Implementations and Explanation of Operating Results and Achievements

1. Implementation of 2020 Business Plan

- (1) Acceleration of capacity increase in Southeast Asia: The factory expansion, phase-out of old equipment and installation of new machinery in Cambodia boosted the Company's internal capacity from 35% to 45%.
- (2) Deepening of customer relations and development of new clientele: The Company became a supplier to NIKE and continued to develop branded customers in China during the year. In terms of customer satisfaction, the Company received Adidas' 2020 Sustainability award as a fabric supplier in North Asia.

2. Achievements of Implementation of 2020 Business Plan and Execution of Budget

The Company posted net sales of NT\$5,389 million in 2020, down by 26.76% or NT\$1,969 million from 2019. The operating profit was NT\$555 million in 2020, up by 0.56% or NT\$3 million from 2019. The net income reached NT\$416 million in 2020, up by 7.19% or NT\$28 million from 2019. The earnings per share was NT\$13.25 in 2020.

Comparison with guidance:

According to the Regulations Governing the Publication of Financial Forecasts of Public Companies, the Company did not provide financial forecast for 2020. Hence, there is no comparison with guidance.

3. Income Statement and Profitability Analysis

Expressed in Thousands of New Taiwan Dollars

Item \ Year		2020	2019
Income Statement (Summary)	Revenues	5,389,194	7,358,438
	Gross profits	1,169,454	1,276,221
	Operating profits	555,037	551,958
	Current profit/loss after-tax	416,040	388,128
Profitability	Return on assets (%)	10.48	11.99
	Return on equity (%)	17.50	23.68
	Operating profits as a percentage of paid-in capital (%)	176.20	175.22
	Net profits before-tax as a percentage of paid-in capital (%)	170.65	165.22
	Net margin (%)	7.72	5.27
	Basic EPS (NT\$)	13.25	13.92

(2) 2021 Business Plan

1. Deepening of footprint in Southeast Asia

Before the pandemic, branded customers sought to consolidate suppliers with one-stop management and supplies came from all over the world. After the COVID-19 breakout, local sourcing was emphasized to avoid supply chain disruptions. The trade war between China and the US has affected suppliers in the region, altered the dynamics of the global economy, and changed the landscape of the textile industry's supply chain. The Company decided to set up an integrated facility for weaving and dyeing in Vietnam. This facility is expected to boost our capacity by 20-30%.

2. Development of new branded customers in China

Most of the brands in China have made overseas acquisitions and they need partners in order to become international brands. As a long-standing business in the international brand market, the Company boasts the advantage in leading and connecting with the world and hence has the confidence to become a good partner to Chinese brands by offering the leadership

(3) R&D Initiatives for 2021

To meet with the need of branded customers, we develop fabrics and improve a diversity of new fabrics by optimizing and bettering existing manufacturing processes and materials utilization. The purpose is to provide a portfolio of new products differentiated and with high value added.

In response to customers' requirements, the Company's short-term plan is to establish the facility in Vietnam, so that we have internal capacities in Cambodia and Vietnam and suppliers in China. This will be a breakthrough from the status quo with repositioning for the group. It will enhance our leadership further ahead of competitors and boost our profits with a blue ocean strategy for the constantly changing marketplace.

Finally, allow me to wish all our shareholders all the best. Thanks for your support.

LIN, CHIN-MAO
Chairman
XINGMAO GROUP HOLDINGS LIMITED

Two. Company Profile

I. **Establishment:** May 21, 2013

II. **Company background**

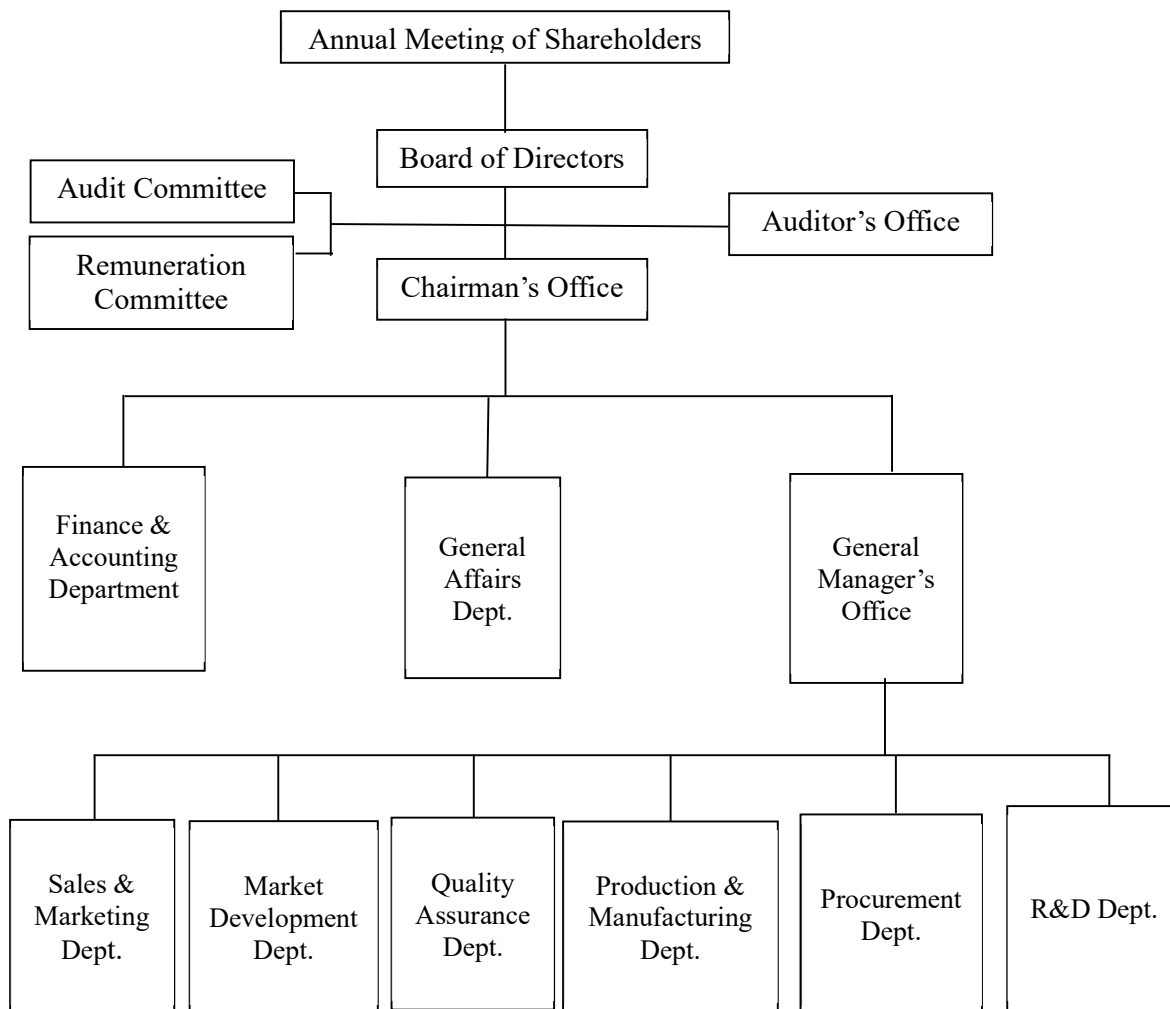
TST Group Holding Ltd. (the Company), incorporated on May 21, 2013 in the Cayman Islands, is primarily engaged in the manufacturing, processing, and marketing of knitted fabrics.

Year	Milestone
1995	Jupiter Textile Company Limited was established in Hong Kong in 1991 and renamed Top Star Textile Limited in 1995.
1995	Offices were set up in Guangdong, China, as the beginning of our supply chain in the coastal region of Southern China.
1997	We became Adidas's designated supplier for fabrics.
2002	We collaborated with Wuhan Textile University by hiring its professors as our advisors in technology, education, and talent pipeline.
2003	Offices were set up in Shanghai, China, as the beginning of our supply chain in the coastal region of Eastern China.
2006	Taiju Textile (Shanghai) was established in Shanghai.
2009	As Li Ning shifted its supply chain to Central China, we invested in Hubei LPV Sports Co., Ltd. as the entry point into ready-garment manufacturing. We also started to build our supply chain in Hubei, Central China.
2011	We established Top Sports Textile Ltd.. (100% owned) in Manhattan Special Economic Zone (SEZ) in Svay Rieng Province, Cambodia. This vertically integrated dyeing and finishing facility marked the beginning of our production in South East Asia.
2015	We worked with Wuhan Textile University for R&D and patent technology.
2019	We completed a cash injection of NT\$50 million in February to increase our paid-in capital to NT\$280 million. The Board of Directors approved the expansion project for Top Sports Textile Ltd. As required for business, we set up a subsidiary in Vietnam, Top Star Textile Vietnam Company Limited, via TST International Group Limited. T-Young International Industrial Limited completed its liquidation. We issued 3.5 million new shares before IPO, to bring our paid-in capital to NT\$315 million. In December, the Company was successfully listed on the Taiwan Stock Exchange.
2020	Buy back 151,000 treasury shares. We established a new subsidiary, Thrive Nation Group Limited, through TST International Group Limited. The board of directors approved for the building of a weaving & dyeing factory in Vietnam. The estimated investment amount was US\$35,000 thousand.
2021	We reinvested and established a new subsidiary in Vietnam, Top Sports Textile Vietnam Co., Ltd. through Thrive Nation Group Limited.

Three. Report on Corporate Governance

I. Organization

(I) Company structure



(II) Departments & Functions

Department	Functions
Board of Directors	Implementation of decisions by shareholder meetings and formation of business plans and investment projects within the scope authorized by shareholder meetings.
Remuneration Committee	Design and periodical review of the performance of directors and managers, and the policy, system, standard and structure of wages and compensations. Regular assessment and decision of the remunerations (contents and amounts) to directors and managers and suggestion to the Board of Directors accordingly.
Audit Committee	Oversight of the group's business and financials, the appropriate representation of financial statements and the effectiveness of internal control systems.
Chairman's Office General Manager's Office	Establishment and strengthening of the group's management system and organizational structure; execution of proposals approved by the Board of Directors; management of company affairs; realization of management and development goals for the group.

Department	Functions
Auditor's Office	Supervision and implementation of audits in different departments and internal control mechanisms, development of improvement measures and follow up with the progress of such measures.
Sales & Marketing Department	Production marketing in the global market and collection of customer data.
General Affairs Department	Human resources management, administration, legal affairs, information management, business ethics, environmental protection, policing, labor health and safety.
Finance & Accounting Department	Bookkeeping, formulation and implementation of accounting policies, capital planning and working capital management.
R&D Department	Product R&D, new product risk assessment, manufacturing process design and introduction, collection and management of product R&D information, development and analytics of new recipes, analysis, and improvement of manufacturing processes.
Quality Assurance Department	<ol style="list-style-type: none"> 1. Planning, quality assurance and after-sale services, ISO system maintenance and advocacy, laboratory certification and quality management. 2. Product instruction, testing and validation at customer sites, product feedback and improvement measures and reporting to management accordingly.
Procurement Department	Procurement of raw materials and control of inventory levels
Production & Manufacturing Department	<ol style="list-style-type: none"> 1. Control and management of production progress, quality, new product manufacturing processes and status. 2. Rostering of production schedules and management of contractors.

II. Information on the Directors, Supervisors, General Manager, Vice General Managers, Senior Managers and the Managers of Each Department and Branch

(I) Information on Directors and Supervisors

1. Names, education, experience, shareholdings, and nature of such shareholders of directors (no supervisors in the Company)

April 18, 2021 Expressed in Shares; %

Title	Name	Sex	Nationality or registration place	Date of on Board for the First Time (yy/mm/dd)	Date of on Board (yy/mm/dd)	Term	Shareholding When on Board		Shareholding for the Time Being		Shareholding of the Spouse, Underage Children for the Time Being		Shareholding Held in the Name of a Third Party		Academic Qualifications / Experience	Concurrent Positions in this Group and Other Companies	Other Managers, Directors or Supervisors that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Director/ Supervisor			Remark
							Number of Shares	Shareholding Rate (%)	Number of Shares	Shareholding Rate (%)	Number of Shares	Shareholding Rate (%)	Number of Shares	Shareholding Rate (%)			Title	Name	Relation	
Chairman	Xingmao Group Holdings Limited	-	Hong Kong	2019.01.09	2019.01.09	3 yrs	10,640,000	46.26	10,640,000	33.78	-	-	-	-	-	-	-	-	-	-
	Representative: LIN, CHIN-MAO	M	ROC				2,885,000	10.30	2,570,000	8.16	-	-	15,010,000 (Note 1)	47.65	Daojiang High School of Commerce - Attendance in the Department of Commerce	Top Star Textile Ltd, Top Sports Textile Ltd, Bumper World Group Holdings Limited, TST International Group Limited-Chairman Domus Limited-Chairman TatCheong International Company Limited-Chairman Wise Sky International Limited-Chairman Chintex Investment Company Limited-Chairman Sunny Earn International Holdings Limited-Chairman Happy Time International Investment Limited-Chairman Big Loyal Group Limited-Chairman Xingmao Group Holdings Limited-Chairman Numerous Stars Limited-Chairman Peng Fu Investment Advisory (Shanghai) Co., Ltd.-Chairman TST Group Holding Ltd.-President	-	-	-	-
Director	LIN, CHING-WEI (Note 2)	M	ROC	2019.05.27	2019.05.27	3 yrs	90,000	0.32	90,000	0.29	-	-	-	-	Study in University of Natal-Social Science Vice President, Sales of Top Star Textile Limited	TST Group Holding Ltd.-General Manager & R&D Director Top Star Textile Limited-Director & General Manager Top Sports Textile Ltd-General Manager	-	-	-	-
Director	HUNG, HSIANG-MING (Note 3)	M	ROC	2019.05.27	2019.05.27	3 yrs	80,000	0.29	80,000	0.25	-	-	-	-	Da-Da-Yeh University-Dept. of Information Management Vice General Manager of Taiju Textile (Shanghai) Co., Ltd. Director of Top Star Textile Limited	TST Group Holding Ltd.-Chief Operating Officer (COO) Top Star Textile Limited-Chief Operating Officer (COO)	-	-	-	-

Title	Name	Sex	Nationality or registration place	Date of on Board for the First Time (yy/mm/dd)	Date of on Board (yy/mm/dd)	Term	Shareholding When on Board		Shareholding for the Time Being		Shareholding of the Spouse, Underage Children for the Time Being		Shareholding Held in the Name of a Third Party		Academic Qualifications / Experience	Concurrent Positions in this Group and Other Companies	Other Managers, Directors or Supervisors that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Director/ Supervisor			Remark
							Number of Shares	Shareholdin g Rate (%)	Number of Shares	Shareholdin g Rate (%)	Number of Shares	Shareholdin g Rate (%)	Number of Shares	Shareholdin g Rate (%)			Title	Name	Relation	
Director	Chia Mei Investment Co., Ltd.	-	ROC	2019.05.27	2019.05.27	3 yrs	150,000	0.54	150,000	0.48	-	-	-	-	-	-	-	-	-	-
	Representative: TUNG, CHIUNG-SHIUNG	M	ROC				-	-	-	-	-	-	-	-	Bachelor of Dept. of Business Administration of National Taipei University Chairman of Toshiba Corporation	Chairman of Toshiba Corporation and Neng Shuai International Co., Ltd. Director of Ability Investment Co., Ltd. Supervisor of Abico Capital Management Co., Ltd. Director of Chia Wei Construction Co., Ltd. Director of Ability International Co., Ltd.	-	-	-	-
Independent Director	LIEN, KING-BIAU	M	ROC	2019.01.09	2019.01.09	3 yrs	-	-	-	-	-	-	-	-	National Cheng Chi University - Dept. of Statistics General Manager of Garment Department of Tuntex Incorporation Executive President of Tuntex Incorporation	Independent Director of Tainan Enterprises Co., Ltd.	-	-	-	-
Independent Director	LEE, KUN-MING	M	ROC	2019.01.09	2019.01.09	3 yrs	-	-	-	-	-	-	-	-	TIFFIN UNIVERSITY-BUSINESS ADMINISTRATION Assistant Manager of Deloitte & Touche CPA Partner of K & B CPAs Firm	Independent Director of The Leofoo Development Co., Ltd.. Supervisor of Castles Technology Co., Ltd. CPA Partner of K & B CPAs Firm -	-	-	-	-
Independent Director	LIU, HENG-YIH	M	ROC	2019.01.09	2019.01.09	3 years	-	-	-	-	-	-	-	-	PhD student., National Taiwan University - Department of International Business Professor of Full time Assistant College of Management, Yuan Ze University	The Leofoo Development Co., Ltd. - Independent Director Independent Director of Dynamic Electronics Co., Ltd. Supervisor of Sinfu Asset Management Company Full time Associate Professor of College of Management, Yuan Ze University and Director of Institute for Knowledge Services and Innovation	-	-	-	-

Note 1: LIN, CHIN-MAO owns 100% of Xingmao Group Holdings Limited, 100% of Big Loyal Group Limited, 100% of Sunny Earn International Holdings Limited and 100% of Happy Time International Investment Limited.

2. Major shareholders of juristic person shareholders:

April 18, 2021

Name of juristic person shareholder	Major shareholders of juristic person shareholders
Xingmao Group Holdings Limited	LIN, CHIN-MAO(100%)
Chia Mei Investment Co., Ltd.	TUNG, YI-CHUN(20.00%); TUNG, CHUN-JEN(20.00%); TUNG, CHUN-YI(20.00%); TUNG, CHIUNG-SHIUNG(12.50%); TUNG YANG, SU-CHING(12.50%); CHEN, PEI-YU(5.00%); CHANG, HSIAO-CHI(5.00%); CHOU, HSIN-YI(5.00%)

3. Where the major shareholder of juristic person shareholders is a representative of juristic person shareholder: None

4. Expertise and independence of directors and supervisors

Name	Terms	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Information (Note)												Number of the Other Public Companies in Which the Concerned Director Acts Concurrently as an Independent Director
		An instructor in or a higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the company in a public or a private junior college, college, or university	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialists who has passed a national examination and been awarded a certificate in a profession necessary for the business of the company	Have work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company	1	2	3	4	5	6	7	8	9	10	11	12	
Xingmao Group Holdings Limited Representative: LIN, CHIN-MAO	-	-	✓		-	-	-	✓	-	✓	✓	✓	✓	-	✓	-	-
LIN, CHING-WEI	-	-	✓		-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
HUNG, HSIANG-MING	-	-	✓		-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Chia Mei Investment Co., Ltd. Representative: TUNG, CHIUNG-SHIUNG	-	-	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	-	✓	-	-
LIEN, KING-BIAU	-	-	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
LEE, KUN-MING	-	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
LIU, HENG-YIH	✓	-	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3

- (1) Not an employee of the company or any of its affiliates.
- (2) Not a director or supervisor of the company or any of its affiliates. (This, nevertheless, does not apply to cases where the person is an independent director of the Company, its parent company or any subsidiary or a subsidiary with same parent company where the independent directors perform multiple duties concurrently among themselves in accordance with the Act or the laws and regulations of the local country).
- (3) Not a natural person shareholder who holds shares, together with those held by the person's spouse, minority or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding share of the company or rank as top-10 shareholders.
- (4) Not a manager specified under (1) or not a spouse, relative within the second-degree relatives, or lineal relative within the third degree by blood of any of the personnel specified under (2) and (3).
- (5) Not as a director, supervisor or an employee who directly holds more than 5% of the Company's total issued shares, the top five shareholders or representative designated to serve as a director or a supervisor of a corporate shareholder in accordance with Paragraphs 1 or 2 under Article 27 of the Company Act (This, nevertheless, does not apply to cases where the person is an independent director of the Company, its parent company or any subsidiary or a subsidiary with same parent company where the independent directors perform multiple duties concurrently among themselves in accordance with the Act or the laws and regulations of the local country).

- (6) Not as a director, supervisors or an employee of another company controls another company and the Company's directors or voting shares with one half majority (This, nevertheless, does not apply to cases where the person is an independent director of the Company, its parent company or any subsidiary or a subsidiary with same parent company where the independent directors perform multiple duties concurrently among themselves in accordance with the Act or the laws and regulations of the local country).
- (7) Not as a director (trustee), supervisor (supervising officer) or employee of another company or institution as the same person or the spouse thereof of the Company's chairman, general manager (Chief Executive Officer (CEO)) or person of equivalent position (This, nevertheless, does not apply to cases where the person is an independent director of the Company, its parent company or any subsidiary or a subsidiary with same parent company where the independent directors perform multiple duties concurrently among themselves in accordance with the Act or the laws and regulations of the local country).
- (8) Not as a director (trustee), supervisor (supervising officer), manager or a shareholder holding more than 5% of the shares of a specific company or institution in financial or business transaction with the Company(This, nevertheless, does not apply to a specific company or institution which holds more than 20%, less than 50% of the aggregate total outstanding shares of the Company, and where the company and its parent company, subsidiary or a subsidiary with the same parent company where the independent directors perform multiple duties concurrently among themselves according to the Act or the laws prevalent locally.)
- (9) Not as the professionals, the enterprise proprietor, partner, director (trustee), supervisor (supervisory officer), manager and the spouse thereof of sole proprietors, partners, companies or institutions rendering auditing, commercial, legal, financial, accounting and such relevant services to the Company or affiliated enterprises thereof with remuneration obtained over the past two years not beyond NT\$500,000. This, nevertheless, does not apply to a member of the Open Acquisition Committee, Remuneration Committee or Special Merger/Acquisition (M&A) Committee in accordance with Securities and Exchange Act, Business Mergers and Acquisitions Act and relevant laws.
- (10) Not in a relationship as spouse or a relative within the second degree of kinship with any other directors.
- (11) Not been a person or any conditions defined in Article 30 of the Company Act.
- (12) Not under Article 27 of the Company Act with government, juristic person or the representative thereof successfully elected.

(II) Information on General Manager, Vice General Managers, Senior Managers and the Managers of Each Department and Branch

April 18, 2021; expressed in shares; %

Title	Name	Sex	Nationality	Date of on Board (yy/mm/dd)	Shareholding When on Board		Shareholding of the Spouse, Underage Children for the Time Being		Shareholding Held in the Name of a Third Party		Academic Qualifications/Experience	Concurrent Positions in this Group and Other Companies	Other Managers that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Person			Remark
					Number of Shares	Shareholding Rate (%)	Number of Shares	Shareholding Rate (%)	Number of Shares	Shareholding Rate (%)			Title	Name	Relation	
President	LIN, CHIN-MAO	M	ROC	1992.01	2,570,000	8.16	-	-	15,010,000	47.65	Daojiang High School of Commerce - Attendance in the Department of Commerce	TST Group Holding Limited – Representative of the juristic person director Top Star Textile Ltd, Top Sports Textile Ltd, Bumper World Group Holdings Limited, TST International Group Limited - Chairman Domus Limited - Chairman TatCheong International Company Limited - Chairman Wise Sky International Limited - Chairman Chintex Investment Company Limited - Chairman Sunny Earn International Holdings Limited - Chairman Happy Time International Investment Limited - Chairman Big Loyal Group Limited - Chairman Xingmao Group Holdings Limited - Chairman Numerous Stars Limited - Chairman Peng Fu Investment Advisory (Shanghai) Co., Ltd. - Chairman	-	-	-	-
General Manager	LIN, CHING-WEI (Note 1)	M	ROC	2000.04.01	90,000	0.29	-	-	-	-	Study in University of Natal-Social Science Vice President, Sales of Top Star Textile Limited	TST Group Holding Ltd. –Director TST Group Holding Ltd. –R&D Director Top Star Textile Limited - Director & General Manager Top Sports Textile Ltd - General Manager	-	-	-	-
Chief Operating Officer (COO)	HUNG, HSIANG-MING	M	ROC	2000.11.01	80,000	0.25	-	-	-	-	Da-Yeh University-Dept. of Information Management Taiju Textile (Shanghai) Co., Ltd. –Vice General Manager Top Star Textile Limited-Director	TST Group Holding Ltd. –Director Top Star Textile Limited - Chief Operating Officer (COO)	-	-	-	-
R&D Director	ZHANG, XINBIN (Note 1)	M	PRC	1994.12.01	-	-	-	-	-	-	China Textile University - Department of Textile Engineering Manager, Quality Inspection of Top Star Textile Limited Vice President, Manufacturing of Taiju Textile (Shanghai) Co., Ltd. Taiju Textile (Shanghai) Co., Ltd. - General Manager	Taiju Textile (Shanghai) Co., Ltd. - R&D Director	-	-	-	-
Vice President, Procurement	FENG, XIAOQIN	F	PRC	2019.07.01	-	-	-	-	-	-	ISCTE (Instituto Superior de Ciencias do Trabalho e da Empresa), Master of Business Administration (MBA) Procurement Manager of Top Star Textile Limited	Taiju Management & Consulting (Guangzhou) Co., Ltd. - Vice President, Procurement	-	-	-	-

Title	Name	Sex	Nationality	Date of on Board (yy/mm/dd)	Shareholding When on Board		Shareholding of the Spouse, Underage Children for the Time Being		Shareholding Held in the Name of a Third Party		Academic Qualifications/Experience	Concurrent Positions in this Group and Other Companies	Other Managers that Have Spousal Relationship or are within the Second Degree of Kinship with the Concerned Person			Remark
					Number of Shares	Shareholding Rate (%)	Number of Shares	Shareholding Rate (%)	Number of Shares	Shareholding Rate (%)			Title	Name	Relation	
Director, Manufacturing	WEN, GUANMEI	M	PRC	1994.12.01	-	-	-	-	-	-	GuangDong Social Science University - Markets and Public Relations Manager, Manufacturing Dept. of Top Star Textile Limited	Taiju Management & Consulting (Guangzhou) Co., Ltd. - Director, Manufacturing	-	-	-	-
Chief Financial Officer (CFO)	Tang Tat Shing	M	HK	2017.03.01	30,000	0.10	-	-	-	-	IMMACULATE HEART OF MARY COLLEGE Audit Manager of James K.K. Chan & Co. CPA, ERIC T. S. TANG & CO. Certified Public Accountant of Bright Brilliance CPA Limited	Top Star Textile Ltd - Chief Financial Officer (CFO)	-	-	-	-
Audit Supervisor	Wang Jing-Yi	F	ROC	2017.03.01	30,000	0.10	-	-	-	-	College of Business – Accounting, Chung Yuan Christian University PricewaterhouseCoopers Taiwan(PwC Taiwan) - Audit Manager	-	-	-	-	-

Note 1: Due to operational needs, the group adjusted the position on December 31, 2020, and the R&D director was changed from Zhang Xinbin to general manager LIN, CHING- WEI.

III. Remuneration Paid to Directors, Supervisors, General Manager and Vice General Managers in the most recent year

(I) Remuneration Paid to general Directors, Independent Directors, Supervisors, General Manager and Vice General Managers in the most recent year (2020)

1. Remuneration of general Directors & Independent Directors

Expressed in Thousands of New Taiwan Dollars; Thousand Shares

Title	Name	Remuneration to Directors								Ratio (%) of the Aggregate Amount of A, B, C and D to the Net Income After Tax (Note 1)	Remuneration Received by Concurrent Employees								Ratio (%) of the Aggregate Amount of A, B, C, D, E, F and G to the Net Income After Tax (Note 1)		Whether Receiving Remuneration from any Investees or parent company other Than the Subsidiaries of the Company	
		Compensation (A)		Pension (B)		Remuneration to Directors (C)		Fees for Performance of Business (D)			Wages, Bonus and Special Disbursement, etc. (E)		Pension (F)		Compensation to employee (G)							
		This Company	All Companies Specified in the Financial Statements	This Company	All Companies Specified in the Financial Statements	This Company	All Companies Specified in the Financial Statements	This Company	All Companies Specified in the Financial Statements		This Company	All Companies Specified in the Financial Statements	This Company	All Companies Specified in the Financial Statements	This Company	All Companies Specified in the Financial Statements	Cash Bonus	Share Bonus	Cash Bonus	Share Bonus		This Company	All Companies Specified in the Financial Statements
Chairman	Xingmao Group Holdings Limited	-	480	-	-	-	-	-	60	-	0.13	-	-	-	-	-	-	-	-	-	0.13	-
	Representative: LIN, CHIN-MAO	-	-	-	-	-	-	-	-	-	-	-	23,503	-	-	-	-	-	-	5.65	-	
Director	LIN, CHING-WE I	-	480	-	-	-	-	-	50	-	0.13	-	18,985	-	-	-	-	2,101	-	-	5.20	-
Director	HUNG, HSIANG-MING	-	480	-	-	-	-	-	60	-	0.13	-	16,919	-	-	-	-	2,101	-	-	4.70	-
Director	Chia Mei Investment Co., Ltd.	-	480	-	-	-	-	-	60	-	0.13	-	-	-	-	-	-	-	-	-	0.13	-
	Representative: TUNG, CHIUNG-SHIUNG	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Independent Director	LIEN, KING-BIAU	-	720	-	-	-	-	-	60	-	0.19	-	-	-	-	-	-	-	-	-	0.19	-
Independent Director	LEE, KUN-MING	-	720	-	-	-	-	-	60	-	0.19	-	-	-	-	-	-	-	-	-	0.19	-
Independent Director	LIU, HENG-YIH	-	720	-	-	-	-	-	60	-	0.19	-	-	-	-	-	-	-	-	-	0.19	-

The remuneration of independent directors of the company refers to the company's overall operating performance, future business risks and development trends of the industry, and also refers to the individual's performance achievement rate and contribution to the company's performance. Reasonable remuneration is provided. The relevant performance appraisal and remuneration are reasonable. The compensation will be paid after being reviewed by the Remuneration Committee and submitted to the board of directors for resolution.

2. Remuneration to Supervisor: This Company has established the Audit Committee so that there is no supervisor.
3. Remuneration to General Manager and Vice General Manager

Expressed in Thousands of New Taiwan Dollars

Title	Name	Wages (A)		Pension (B) (Note)		Bonus and Special Disbursement, etc. (C)		Compensation for Employees (D)				Ratio (%) of the Aggregate Amount of A, B, C and D to the Net Income After Tax		Whether Receiving Remuneration from any Investees or parent company other Than the Subsidiaries of the Company
								All Companies Specified in the Financial Statements		All Companies Specified in the Financial Statements		This Company	All Companies Specified in the Financial Statements	
		This Company	All Companies Specified in the Financial Statements	This Company	All Companies Specified in the Financial Statements	Cash Bonus	Share Bonus								Cash Bonus	Share Bonus
President	LIN, CHIN-MAO	-	8,861	-	-	-	14,642	-	-	-	-	-	5.65	-
General Manager	LIN, CHING-WEI	-	6,927	-	-	-	12,058	-	-	2,101	-	-	5.07	-
Chief Operating Officer (COO)	HUNG, HSIANG-MING	-	5,275	-	-	-	11,644	-	-	2,101	-	-	4.57	-

4. The remuneration of the top five executives of listed companies

Expressed in Thousands of New Taiwan Dollars

Title	Name	Wages (A)		Pension (B) (Note)	Bonus and Special Disbursement, etc. (C)		Compensation for Employees (D)				Ratio (%) of the Aggregate Amount of A, B, C and D to the Net Income After Tax		Whether Receiving Remuneration from any Investees or parent company other Than the Subsidiaries of the Company	
											This Company	All Companies Specified in the Financial Statements		
		This Company	All Companies Specified in the Financial Statements	This Company	All Companies Specified in the Financial Statements	Cash Bonus	Share Bonus	Cash Bonus	Share Bonus					
President	LIN, CHIN-MAO	-	8,861	-	-	-	14,642	-	-	-	-	-	5.65	-
General Manager	LIN, CHING-WEI	-	6,927	-	-	-	12,058	-	-	2,101	-	-	5.07	-
Chief Operating Officer (COO)	HUNG, HSIANG-MING	-	5,275	-	-	-	11,644	-	-	2,101	-	-	4.57	-
Chief Financial Officer (CFO)	Tang Tat Shing	-	3,794	-	-	-	5,422	-	-	-	-	-	2.22	-

5. Names of the managers allocated with bonus to employees and the facts in allocation:

April 18, 2021; Expressed in Thousands of New Taiwan Dollars

	Title	Name	Share Bonus	Cash Bonus	Total	Ratio of the Aggregate Amount to the Net Income After Tax (%)
Manger	General Manager	LIN, CHING-WEI	-	4,202	4,202	1%
	Chief Operating Officer (COO)	HUNG, HSIANG-MING				

(II) The analyses of the percentages of the aggregate total compensations paid to the Company's directors and supervisors, General Managers and Vice Presidents of this Company to the net profit after taxes over the past two years in the Company and all companies covered in the consolidated financial statements and explain the policies, criteria, portfolio of remuneration payment, procedures to fix remuneration, business performance and interrelationship to the future risks (The Company does not have any supervisor)

- Analyses of the percentages of the aggregate total compensations paid to the directors and supervisors, General Managers and Vice Presidents of this Company and all companies covered in the consolidated financial statements to the net earnings after taxes:

Expressed in Thousands of New Taiwan Dollars

Item	Year 2019		Year 2020	
	Amount	%	Amount	%
Director	3,240	0.83%	4,490	1.08%
General Manager and Vice General Manager	70,881	18.26%	63,609	15.29%
Net income (consolidated)	388,128	100%	416,040	100%

- The policies, criteria, portfolio of compensation payment, procedures to fix compensation, business performance and interrelationship to the future risks.

The policies, criteria, portfolio of compensation payment, procedures to fix compensation

A. Directors

The Company has set up Remuneration Committee, responsible for performance reviews of directors and managers, as well as the policy, system, standard and structure of wages and compensations. The wages and compensations are set according to periodical reviews and references to other companies in the same industry.

B. General Manager and Vice Presidents

The remunerations to managers consist of wages, bonuses, employee benefits and

pension contributions, and are determined according to positions held, responsibilities assumed, contributions to the Company and remuneration levels in the industry.

IV. Corporate Governance

(I) Functioning of the Board of Directors

Meetings of board of directors in most recent year have been held for 6 times. The status of attendance of directors was as follows:

Title	Name	Times of Actual Attendance in Person 【B】	Times of Attendance by Proxy	Actual Attendance Ratio (%) 【B/A】	Remarks
Chairman	Xingmao Group Holdings Limited Representative: LIN, CHIN-MAO	6	0	100.00	-
Director	LIN, CHING-WEI	5	1	83.33	-
Director	HUNG, HSIANG-MING	6	0	100.00	-
Director	Chia Mei Investment Co., Ltd. Representative: TUNG, CHIUNG-SHIUNG	6	0	100.00	-
Independent Director	LIEN, KING-BIAU	6	0	100.00	-
Independent Director	LEE, KUN-MING	6	0	100.00	-
Independent Director	LIU, HENG-YIH	6	0	100.00	-

Other entries as required:

- I. Where the operations by the Board of Directors meet any one among those circumstances enumerated below, the date, term, contents of the agenda, opinions of all independent directors and the handling of the independent directors' opinions shall be expressly remarked:

(I) Issues to be enumerated under Article 14-3 of the Securities and Exchange Act:

Meeting date/session	Discussions	Opinions from all independent directors and the Company's response to these opinions
March 25, 2020/the 10th meeting for the 1st Board	<ul style="list-style-type: none"> Review the proposal for 2019 statement of internal control system Review the proposal for 2019 consolidated financial statements and business report Review the proposal for 2019 earnings distribution Amend partial provisions of "Articles of Incorporation" of the Company Amend partial provisions of "Procedures of Endorsement and Guarantee" Formulate "Internal Control System" of Top Star Textile Vietnam Company Limited Cancel the limit amount of lending of funds to group subsidiaries by TST International Group Limited Approve the improvement plan for lending of funds exceeding the limit of TST International Group Limited Approve the lending amounts of the Company and its subsidiaries 	Approved by all independent directors

	<ul style="list-style-type: none"> ● Approve the additional capital injection to Top Star Textile Limited through TST International Group Limited. ● The Company proposes to act as the co-guarantor for the bank financing and derivatives trading limit provided by Bank SinoPac Hongkong, Taishin International Bank, and Standard Chartered Bank Hong Kong to its subsidiary. ● The Company proposed to buy back and transfer its treasury shares to employee 	
	Resolution result : Approved with consent of all attending directors	
May 12, 2020/the 11 th meeting for the 1 st Board	<ul style="list-style-type: none"> ● Review the consolidated financial statement for Q1 of 2020 ● Approve the limit amount of lending of funds to the Company's subsidiary, TOP STAR TEXTILE VIETNAM COMPANY LIMITED through its subsidiary, Top Star Textile Limited. 	Approved by all independent directors
	Resolution result : Approved with consent of all attending directors	
August 13, 2020/the 13 th meeting for the 1 st Board	<ul style="list-style-type: none"> ● The assessment of independence of the CPA of financial report of the Company ● Review the consolidated financial statements for Q2 of 2020 ● Approve the limit amount of lending of funds made by the Group ● Approve the limit amount of endorsements and guarantees provided by the Group 	Approved by all independent directors
	Resolution result : Approved with consent of all attending directors	
November 11, 2020/the 14 th meeting for the 1 st Board	<ul style="list-style-type: none"> ● Review the consolidated financial statement for Q3 of 2020 ● Approve the proposal of audit plan for 2021 	Approved by all independent directors
	Resolution result : Approved with consent of all attending directors	
December 15, 2020/the 15 th meeting for the 1 st Board	<ul style="list-style-type: none"> ● Amend "Internal Control System" and "Implementation Rules for Internal Audit" of the Company by adding the items of procedure of transfer of treasury shares ● Approve the proposal of employees' subscription to treasury shares transferred by the Company ● Approve the limit amount of lending of funds made by the Group ● Approve the proposal of the Company's investment in factory in Vietnam ● Approve the additional capital injection to the newly established BIV subsidiary through the subsidiary, TST International Group Limited 	Approved by all independent directors
	Resolution result : Approved with consent of all attending directors	
January 21, 2021/the 16 th meeting for the 1 st Board	<ul style="list-style-type: none"> ● Approve the limit amount of lending of funds made by the Group ● Approved the limit amount of 	Approved by all independent directors

	<p>endorsements/guarantees provided by the Group</p> <ul style="list-style-type: none">●Approve the additional capital injection to THRIVE NATION GROUP LIMITED through the subsidiary, TST International Group Limited●The proposal for the establishment of new subsidiary in Vietnam through the Company’s subsidiary, THRIVE NATION GROUP LIMITED	
	Resolution result : Approved with consent of all attending directors	
March 24, 2021/the 17 th meeting for the 1 st Board	<ul style="list-style-type: none">●Review the proposal for 2020 statement of internal control system●Review the 2020 consolidated financial statements and business report●Review the 2020 proposal for earnings distribution●Approve the proposal for the Group’s acquisition of right-of-use assets from related parties.●Approve the role of the Company acting as financing co-guarantor for the common bank financing limit and derivatives trading limit provided by Taishin International Bank, Hong Kong Branch to Top Star Textile Limited, and Top Sports Textile Limited.●The evaluation of independence of CPA of financial report of the Company●Issue new shares of restricted stock unit(RSU)	Approved by all independent directors
	Resolution result : Approved with consent of all attending directors	
May 12, 2021/the 18 th meeting for the 1 st Board	<ul style="list-style-type: none">●Review the consolidated financial statements for Q1 of 2021●Approve the proposal of the role of the Company acting as the financing co-guarantor for the financing limit and derivatives trading limit provided by Bank SinoPac and Citibank to subsidiaries●The proposal for additional capital inject to THRIVE NATION GROUP LIMITED through the subsidiary, TST International Group Limited	Approved by all independent directors
	Resolution result : Approved with consent of all attending directors	

(II) Issues other than the aforementioned ones where the independent directors voice objection or reserved opinions as backed up with records or written declarations in the minutes of the Board of Directors meeting.

None of the above applicable to the functioning of the Company’s Board of Directors

II. Abstaining from voting by directors who are stakeholders, with details of the directors’ names, proposals, reasons for abstaining and results of votes by other directors:

Meeting date/session	Abstaining director(s)	Proposal	Reason for abstaining	Results of votes by other directors
March 25, 2020/the 10th meeting for the 1st Board	LIN, CHIN-MAO LIN, CHING-WEI HUNG, HSIANG-MING	Proposal for 2019 performance evaluation of management and 2020 remunerations to management	Stakeholders	Absent when voting. Other attending directors approved unanimously
	LIN, CHIN-MAO TUNG, CHIUNG-SHIUNG LIN, CHING-WEI HUNG, HSIANG-MING	Proposal for 2020 remunerations to directors	Stakeholders	
	LIEN, KING-BIAU LEE, KUN-MING LIU, HENG-YIH	Proposal for 2020 remunerations to independent directors	Stakeholders	
November 11, 2020/the 14th meeting for the 1st Board	LIN, CHIN-MAO TUNG, CHIUNG-SHIUNG LIN, CHING-WEI HUNG, HSIANG-MING	Proposal for 2021 remunerations to directors	Personal gains	Absent when voting. Other attending directors approved unanimously
	L LIEN, KING-BIAU LEE, KUN-MING LIU, HENG-YIH	Proposal for 2021 remunerations to independent directors	Stakeholders	
December 15, 2020/the 15th meeting for the 1st Board	LIN, CHIN-MAO TUNG, CHIUNG-SHIUNG LIN, CHING-WEI HUNG, HSIANG-MING L LIEN, KING-BIAU LEE, KUN-MING LIU, HENG-YIH	Proposal for travel allowances to directors and independent directors	Stakeholders	Absent when voting. Other attending directors approved unanimously
March 24, 2021/the 17th meeting for the 1st Board	LIN, CHIN-MAO LIN, CHING-WEI HUNG, HSIANG-MING	Proposal for 2020 performance evaluation of management and 2021 remunerations to management	Personal gains	Absent when voting. Other attending directors approved unanimously

III. Assessment cycles, periods, scopes, methods, and details of self-assessments (or peer reviews) for the evaluation of the Board of Directors:

The board of directors adopted "Regulations on Performance Assessment of Board of Directors" on August 13, 2020. The board of directors of the Company shall periodically conduct the performance evaluation on the entire board, each functional committee and individual directors at the end of each year.

The result of 2020 self-evaluation of performance of board of director: the performance of entire board and each functional committee were "medium"; and the self-evaluation result of performance of individual was "medium".

Status of implementation of assessment of board of directors

Evaluation circle	Evaluation period	Evaluation scope	Evaluation method
Once a year	From January 1, 2020 to December 31, 2020	Board of directors, individual directors and each functional committee	Internal self-evaluation of the board of directors, self-evaluation of individual directors

Evaluation contents

1. Evaluation of performance of board of directors: Items and contents of "Questionnaire of Self-Evaluation of Performance of the Board" includes five aspects: participation in the company's operation, improvement on the quality of the board's decision making, makeup and structure of the board of directors, election of directors and continued knowledge development, and internal control.
2. Evaluation of performance of individual directors: Items and contents of "Questionnaire of Self-Evaluation of Performance of Board Members" includes six aspects: understanding of company goals and missions, director's understanding of their duties and responsibilities, participation in the company's operation, internal relation maintenance and communications, directors' professionalism and continued knowledge development, and internal control.
3. Evaluation of performance of functional committee: Items and contents of "Questionnaire of Self-Evaluation of Performance of the Functional Committee" includes five aspects: participation in the

company's operation, understanding of duties and responsibilities of functional committee, improvement on quality of decision-making at functional committee, makeup of functional committee and election/appointment of members, and internal control.

- IV. Measures to enhance the functionality of the Board of Directors during the current year and the prior years:
- (1) The supervisors have been replaced with Audit Committee, to strengthen corporate governance. All the members of Audit Committee are independent directors, and they convene meetings according to the Company's Charter of Audit Committee. All the proposals from Audit Committee are forwarded to the Board of Directors.
 - (2) Core curricula or professional training programs are planned regularly for directors, to enhance their expertise and competences.
 - (3) To increase information transparency, the Company has set up Investor Relations section on its official website, and assigned personnel to disclose our operating results via TSE Market Observation Post System both periodically and on an ad-hoc basis in order to protect shareholders.

(II) Functioning of Audit Committee

The Company set up Audit Committee on January 9, 2019. Sitting on Audit Committee are the three independent directors. Audit Committee convened five meetings (A) in 2020. The attendance record of the three independent directors was as follows:

Title	Name	Times of Actual Attendance in Person 【B】	Times of Attendance by Proxy	Actual Attendance Ratio (%) 【B/A】	Remarks
Independent Director	LIEN, KING-BIAU	5	0	100.00	
Independent Director	LEE, KUN-MING	5	0	100.00	
Independent Director	LIU, HENG-YIH	5	0	100.00	

Other entries as required:

I. Where the operations by the Audit Committee meet any one among those circumstances enumerated below, the date, term, contents of the agenda, result of decision resolved in Audit Committee and the handling of the Audit Committee' opinions shall be expressly remarked:

(I) Matters as set forth under Article 14-5 of Securities and Exchange Act:

Meeting date/session	Proposal	Audit Committee Resolution Results
March 25, 2020/the 10 th meeting for the 1 st Board	<ul style="list-style-type: none"> Review 2019 Statement of Internal Control System Review 2019 consolidated financial statements and business report Amend partial provisions of “Procedures of Endorsement and Guarantees” Formulate “Internal Control System” of Top Star Textile Vietnam Company Limited 	Approved by all independent directors
	The company's handling of independent directors' opinions: all present directors agreed	
August 13, 2020/the 12 th meeting for the 1 st Board	<ul style="list-style-type: none"> The Proposal for evaluation of independence of CPA of the Company's financial statements. 	Approved by all independent directors
	The company's handling of independent directors' opinions: all present directors agreed	
November 11, 2020/the 13 th meeting for the 1 st Board	<ul style="list-style-type: none"> The Proposal for evaluation of independence of CPA of the Company's financial statements. 	Approved by all independent directors
	The company's handling of independent directors' opinions: all present directors agreed	
December 15, 2020/the 14 th meeting for the 1 st Board	<ul style="list-style-type: none"> Amend the Company's “Internal Control System” and “Implementation Rules of Internal Audit” by adding the item of procedure of transfer of treasury shares. 	Approved by all independent directors
	The company's handling of independent directors' opinions: all present directors agreed	
January 21, 2021/the 15 th meeting for the 1 st Board	<ul style="list-style-type: none"> Approve the additional capital injection to THRIVE NATION GROUP LIMITED through the subsidiary, TST International Group Limited. 	Approved by all independent directors
	The company's handling of independent directors' opinions: all present directors agreed	
March 24, 2021/the 16 th meeting for the 1 st Board	<ul style="list-style-type: none"> Review the proposal for 2020 statement of internal control system Review the 2020 consolidated financial 	Approved by all independent directors

	statements and business report ●The evaluation of independence of CPA of financial report of the Company ●Issue new shares of restricted stock unit(RSU)	
	The company's handling of independent directors' opinions: all present directors agreed	
May 12, 2021/the 17th meeting for the 1st Board	●The proposal for additional capital inject to THRIVE NATION GROUP LIMITED through the subsidiary, TST International Group Limited	Approved by all independent directors
	The company's handling of independent directors' opinions: all present directors agreed	

(II) Any matters other than the abovementioned not passed by Audit committee but determined by at least two thirds of directors: None

II. Abstaining from voting by independent directors who are stakeholders, with details of the directors' names, proposals, reasons for abstaining and results of votes by other directors: None

III. Communication among independent directors, internal auditors, and external auditors (including the material issues discussed, methods and results of dialogues concerning company financials, operations):

(一) Status of communication among the company's independent directors and internal auditor:

1. The company's internal auditor submitted on monthly basis the audit work report (including audit findings and suggestions) to independent directors.
2. Attended the board meeting on quarterly basis and report the recent audit findings, audit suggestions and improvement effect at the meeting, and formulated the essential points for future audit work.
3. Conducted the opinion exchange at the quarterly board meeting in regards to the affection of change of laws and regulations, and the issue of material operation improvement.

(二) The company's independent directors conducted the governance unit communication meeting before the audit with the CPA before the audit of annual report for each year, to understand the key points and directions of the audit conducted by CPA, and reviewed and discussed the audit findings of CPA at the meeting after the audit, and supervised the implementation of the following matters:

1. The fair presentation of the Company's financial statements
2. The effective implementation of the Company's internal control.
3. The Company's compliance with relevant laws, regulations and rules.
4. The control of the Company's existing or potential risks.

(III) The performance of corporate governance and the status on discrepancy and reasons in relation to the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies

Evaluation Items	Facts of performance			Status on discrepancy and reasons in relation to Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Descriptions in summary	
1. Does the company specify and disclose the corporate governance best practice principles in accordance with the “Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies”?	✓		The Company has set up the Corporate Governance Best Practice Principles for all the governance matters.	No significant differences.
2. Corporate Equity Structure and Shareholders’ Equity				
(1) Does the company specify internal operation procedures to dispose recommendations, doubts, disputes and lawsuit matters of shareholders, and implement in accordance with such procedures?	✓		(1) In addition to the protection of shareholders specified in the Company’s Articles of Incorporation and internal regulations, we have set up a dedicated team responsible for investor relations to collect suggestions/questions from shareholders and issues/disputes raised by shareholders.	No significant differences.
(2) Does the company master the major shareholders in actual control of the company and the name list of the final controllers of such major shareholders?	✓		(2) The Company stays on top of the holdings of our directors, managers, and top ten shareholders.	
(3) Does the company establish and execute the risk control and firewall mechanism with the affiliates?	✓		(3) The Company has set up an internal control system and the Regulations Governing Management of Affiliated Companies as a control and management mechanism by following relevant laws and regulations.	
(4) Does the company establish internal specifications to prohibit the internal parties of the company from trading securities by taking advantage of the non-opened information in market?	✓		(4) The Company has set up the Preventive Measures Against Insider Trading and the Operating Procedures on the Processing of Internal and Material Information. The purpose is to control the confidentiality of internal and material information and prohibit the insider trading of the Company’s shares by advocating relevant laws and regulations to insiders.	
3. Organization and Functions of Board of Directors				
(1) Does the Board of Directors prepare diversified guidelines in response to the organization of members and actualize the execution?	✓		(1) The Company has set up the Regulations Governing Election of Board Directors by emphasizing the diversity of board members and requiring knowledge, skills, and expertise to exercise duties. The diversity of the board composition and the tasks carried out by board directors are detailed in Note 1.	No significant differences.
(2) Does the company, besides establishing Compensation Committee and Audit Committee in accordance with laws, also voluntarily establish other committees with similar functions?	✓		(2) The Company has set up Remuneration Committee and replaced supervisors with Audit Committee. Other functional committees will be established as required.	

Evaluation Items	Facts of performance			Status on discrepancy and reasons in relation to Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Descriptions in summary	
(3) Does the Company establish performance rules and evaluation methods of the Board of Directors, and periodically engages in performance evaluation every year? Besides, does the Company submit the outcome of performance evaluation to the board of directors to be used as the handy reference in salary remuneration of respective directors and their salaries?	✓		(3) The Company's Procedures for Election of Board Directors require the Board to adjust its composition according to performance review results.	
(4) Does the company periodically evaluate the independence of the certified public accountant?	✓		(4) The Company periodically assesses the professional qualification and independence of external auditors.	
4. Have Exchange-listed and/or OTC-listed companies been equipped with eligible and appropriate corporate governance personnel, and designated corporate governance executives responsible for corporate governance-related affairs (including but not limited to providing directors, supervisors with the information needed to perform business, assisting directors, supervisors in complying with laws to handle matters related to meetings of the board of directors and shareholders 'meetings in accordance with the law, with production of minutes of board of directors meetings and shareholders' meetings)?	✓		Chairman's Office is responsible for corporate governance matters.	No significant differences.
5. Does the company establish communication channel of the stakeholders (including but not limited, shareholders, employees, customers and suppliers, etc.), and establish an exclusive zone of the stakeholders in the company's website, and properly respond the important issues of corporate social responsibility concerned by the stakeholders?	✓		(1) The Company has designated Spokesperson and Deputy Spokesperson as the formal channel for external communication, and we have set up an internal control system for communication with stakeholders. (2) The Company has set up webpages to disclose information regarding financials, operations, and corporate governance for the reference of shareholders and other stakeholders. We have dedicated personnel responsible for maintaining the accuracy and updating of such information, to ensure fair and honest presentation.	No significant differences.
6. Does the company appoint a professional stock affair handling agency to process the affairs of shareholders' meeting?	✓		The Company has assigned CTBC to provide registrar services and logistics at shareholder meetings.	No significant differences.
7. Information Opening (1) Does the company set up a website to disclose the financial business and the corporate governance information?	✓		(1) The Company has set up webpages to disclose information regarding financials, operations, and corporate governance for the reference of shareholders and other	No significant differences.

Evaluation Items	Facts of performance			Status on discrepancy and reasons in relation to Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Descriptions in summary	
<p>(2) Does the company adopt other information disclosure methods (such as setting up an English website, designating exclusive personnel to be in charge of the corporate information collection and disclosure, actualizing the speaker system, institutional investor conference process placement in the company's website, etc.)?</p> <p>(3) Did the Company announce and declare its annual financial statements within two months after the end of the fiscal year, and announce and declare the financial statements of the first, second and third quarters and operating performance of each month ahead of schedule as required?</p>	<p>✓</p> <p>✓</p>		<p>stakeholders. We also disclose such information via Market Observation Post System.</p> <p>(2) Our Spokesperson or Deputy Spokesperson answer these questions. Relevant departments, Spokesperson or Deputy Spokesperson oversee the collection and disclosure of company information. We have set up a website for disclosure purposes.</p> <p>(3) The Company publishes financial reports and monthly revenues before statutory deadlines.</p>	
<p>8. Does the company have other available important information helpful to understand the corporate governance and performance status (including but not limited to employee interests, employee care, investor relation, supplier relationship, rights of stakeholders, advanced study status of directors and supervisors, execution status of risk management policy and risk measurement standard, execution status of client policy, the status of purchasing liability insurance of the company for its directors and supervisors, etc.)?</p>	<p>✓</p>		<p>1. Employee interests: The Company maintains a good employment relationship and seeks to protect the legal rights of employees according to the labor laws of different jurisdictions. We have never experienced major labor disputes, nor attracted any penalties from competent authorities for material breach of labor laws.</p> <p>2. Employee care: The Company offers reasonable salaries, bonuses, and employee travels, and Administration Department oversees the employee benefit program. We endeavor to maintain a trusting relationship with employees.</p> <p>3. Investor relations: The Company has set up webpages and the spokesperson system to disclose financial and other material information in a timely manner. We also disclose such information via Market Observation Post System to protect our shareholders.</p> <p>4. Supplier relations: The Company deals with suppliers in a fair manner and maintains long-term cooperation with suppliers by adhering to the principle of</p>	<p>No significant differences.</p>

Evaluation Items	Facts of performance			Status on discrepancy and reasons in relation to Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Descriptions in summary	
			<p>trust and honesty.</p> <p>5. Stakeholders' rights: To protect the right of stakeholders, the Company has established a variety of communication channels. We act with honest and integrity to fulfill our corporate social responsibility.</p> <p>6. Directors' training & education: The Company's directors take up classes in securities laws/regulations and corporate governance according to the minimum hour requirements by the Regulations Governing Training & Education of Directors and Supervisors of Companies Listed on Taiwan Stock Exchange and Taipei Exchange.</p> <p>7. Risk management policy and risk assessment standards and implementations: The Company has established various internal regulations, in compliance with relevant laws and regulations, and conducts risk management and assessments accordingly.</p> <p>8. Implementation of customer policies: The Company spares no efforts in the delivery of best services/products to customers. We have a dedicated team that handle customers' issues.</p> <p>9. Purchase of liability insurance for directors: The Company has set out rules in the Corporate Governance Best Practice Principles regarding the purchase of liability insurance for directors and has purchased such insurance for directors accordingly.</p>	

9. Please explain the performance in improvement of the Company's corporate governance in response to the evaluation results released by the Corporate Governance Center of the Taiwan Stock Exchange Co., Ltd. in the most recent year, and the proposed preferential measures of improvement for those which call for further improvement:

For the status of deficiencies in the 7th corporate governance assessment, the Company has started to make improvements in 2021, as explained below:

(一)Improved status:

Improved items	Improvement measures
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Uploading of the English versions of handbook of meeting agenda and supplemental materials of meeting 30 days by the Company before the annual meeting of shareholders	The English versions of 2021 handbook of meeting agenda and supplemental materials of meeting were uploaded to Market Observation Post System on May 14, 2021.
Detailed disclosure in the annual report of the Company the discussion matters and resolution results of the compensation committee and the Company's response to the opinions of its members.	Have been fairly disclosed in 2020 annual report.

(二) Items to be implemented: Preferential items and measures for improvement to be conducted in 2021 are as follows:

Items which have not been improved	Improvement measures
The convenor of audit committee should personally attend the annual meeting of shareholders and the names of attendants should be disclosed in the minutes of the meeting	It is expected that the convenor of audit committee will personally attend the 2021 annual meeting of shareholders
The Company should disclose the status of communications among independent directors, internal auditor, and CPA (such as the manners, matters and results of the communications regarding the company's financial report and financial business status) at the website of the Company	It is expected that the communication status will be disclosed at the Company's website.
The Company's financial report should be approved by the board of directors or submitted to the board of director 7 days before the time limit of publication, and financial report should be publicized within 1 days after the date of approval or submission.	It is expected that the financial report of each quarter will be approved by the board of directors before the time limit of publication, and will be publicized within 1 day after the date of approval. The financial report of Q1 of 2020 and 2021 will be publicized within 1 day after the approval date of the board of directors.

Note 1: The diversity of the board composition and the tasks carried out by board directors to date.

Director	Sex	Operational judgement	Accounting & financial analysis	Management capability	Crisis management	Industry knowledge	Global perspectives	Leadership	Decision-making
Xingmao Group Holdings Limited Representative: LIN, CHIN-MAO	-	✓	-	✓	✓	✓	✓	✓	✓
Chia Mei Investment Co., Ltd. Representative: TUNG, CHIUNG-SHIUNG	-	✓	✓	✓	✓	-	✓	✓	✓
LIN, CHING-WEI	M	✓	-	✓	✓	✓	✓	✓	✓
HUNG, HSIANG-MING	M	✓	✓	✓	✓	✓	✓	✓	✓
LIEN, KING-BIAU	M	✓	-	✓	✓	✓	✓	✓	✓
LEE, KUN-MING	M	✓	✓	✓	✓	-	✓	✓	✓
LIU, HENG-YIH	M	✓	-	✓	✓	-	✓	✓	✓

Note 2: Communication channels and dealings with stakeholders

Stakeholder	Key issues	Communication channels	Interactions
Investors	Company operations, financials, and corporate	Annual reports Investor Relations section on	Periodical publication of financial statements and preparation of annual reports

	governance	company website Shareholder meetings Investor Relations email box: IR@tstco.com Market Observation Post System	Regular updates of financial and other material information via Market Observation Post System Regular capital market day events and shareholder meetings to report to investors company operations and financial status
Employees	Employee benefits	Administration Department Company website	Employee recruitment/dismissal, compensations, incentives, and benefits in a reasonable manner and according to relevant labor laws and regulations Training & education on an ad-hoc basis
Customers	Customer relations	Customer visits Collaboration in supplier conferences	Regular participation of supplier conferences organized by customers to understand their needs
Suppliers	Supply chain management Product innovations	Procurement contracts Supplier visits	Full communication with suppliers and signing of procurement contracts Regular visits to suppliers to understand their needs
Media	Company operations and financials	Company website/E-mail	Monthly release of operating information, quarterly announcement of operating results and ad-hoc initiatives in business development
Communities	Environmental issues Giving back to communities	Company website/E-mail	Involvement in a variety of community or social welfare campaigns

(1) Training & education for directors in 2020

Name	Date	Organizer	Title of programs	Total number of hours
LIN, CHIN-MAO LIN, CHING-WEI HUNG, HSIANG-MING TUNG, CHIUNG-SHIUNG LIEN, KING-BIAU	August 13	Taiwan Corporate Governance Association	Merger & acquisition strategies and planning	3
HUNG, HSIANG-MING	October 23	TWSE	2020 propaganda seminar on corporate governance and corporate ethics for directors and supervisors.	3
LIN, CHIN-MAO LIN, CHING-WEI	November 6	Taiwan Investor Relations Institute	Keys to corporate sustainability: corporate professionalization and family professionalization	3
TUNG, CHIUNG-SHIUNG	November 20	Taiwan Corporate Governance Association	Laws and regulations of corporate governance and securities	3
LIEN, KING-BIAU	November 27	TWSE	2020 propaganda seminar on corporate governance and corporate ethics for directors and supervisors	3
LIU, HENG-YIH	June 29	Taiwan Corporate Governance Association	Exploration to operational risks and legal liabilities under corporate governance	3
	June 29	Taiwan Corporate Governance Association	New version of corporate governance blueprint, corporate governance assessment and corporate social responsibilities	3
LEE, KUN-MING	August 10	Taiwan Corporate Governance Association	Analysis of high efficient operation practice of board of directors and functional committees	3
	November 11	Taiwan Corporate Governance Association	Disclosure of material information of the company and the responsibilities of directors and supervisors	3

(2) Training & education of executive managers and audit supervisors in 2020

Title	Name	Date	Organizer	Title of programs	Total number of hours
President	LIN, CHIN-MAO	August 13	Taiwan Corporate Governance Association	Merger & acquisition strategies and planning	3
		November 6	Taiwan Investor Relations Institute	Keys to corporate sustainability: corporate professionalization and family professionalization	3
General Manager	LIN, CHING-WEI	August 13	Taiwan Corporate Governance Association	Merger & acquisition strategies and planning	3
		November 6	Taiwan Investor Relations Institute	Keys to corporate sustainability: corporate professionalization and family professionalization	3
Chief Operating Officer (COO)	HUNG, HSIANG-MING	August 13	Taiwan Corporate Governance Association	Merger & acquisition strategies and planning	3
		October 23	TWSE	2020 propaganda seminar on corporate governance and corporate ethics for directors and supervisors.	3
Chief Financial Officer (CFO)	Tang Tat Shing	May 12	ACCA	Coronavirus Impact on Financial Reporting	1
		June 29	HKICPA	Live webinar: HKFRS 15: Sharing application experience of the revenue standard	2.5
		July 14	Accounting Research and Development Foundation	Essential points for amendment to relevant regulations and the frequently seen deficiencies in preparation of IFRS financial reports	3
		July 17	Accounting Research and Development Foundation	Case exploration to the search of fraud “fund flow” and relevant legal liabilities	3
		July 23	Shih Chien University	New version of corporate governance blueprint (2018~2020) – Enhancing investor relationship	3
		July 23	Shih Chien University	Strategy, accounting and practice of group’s organizational restructuring	3
		July 24	Shih Chien University	Topic of taxation: Strategy and practice of return of offshore funds to Taiwan, and the mindset of anti-tax avoidance management practice	3
		July 24	Shih Chien University	Legal liabilities and obligations of financial and accounting officers	3
		July 28	Accounting Research and Development Foundation	Enhancement of the ability of self-preparation of financial report: internal control, internal audit and information technology	3
		August 4	ACCA	IAS 36 Impairment of Assets (Cantonese)	1.5
		August 20	Accounting Research and Development Foundation	Frequently seen corporate governance deficiencies of companies and analysis of	3

				relevant laws and regulations.	
		September 9	Accounting Research and Development Foundation	Analysis of practice of “valuation report” of business reading analysis	3
		September 14	Accounting Research and Development Foundation	Analysis of case of misrepresentation of financial report and how to take insight into key information of financial report	3
Audit Supervisor	Wang Jing-Yi	August 6	The Institute of Internal Auditors, R.O.C.	Essential points of internal audit of regulatory compliance	6
		October 19	The Institute of Internal Auditors, R.O.C.	Analysis of the policy of enhancing companies’ abilities of self-preparation of financial report and discussion of essential points of practice of internal control and internal audit	6

(IV) Disclosure of composition, responsibility and functioning of Remuneration Committee if applicable

1. Information on Compensation Committee members

Position (Note 1)	Term Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Information (Note 2)										Number of Other Public Companies Concurrently Serving as a Member of Compensation Committee	Remarks
		An instructor in or a higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the company in a public or a private junior college, college, or university	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialists who has passed a national examination and been awarded a certificate in a profession necessary for the business of the company	Have work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company	1	2	3	4	5	6	7	8	9	10		
Independent Director	LIEN, KING-BIAU	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	
Independent Director	LEE, KUN-MING	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	
Independent Director	LIU, HENG-YIH	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3	

Note 1: For the position, it will be filled up as director, independent director or others.

Note 2: Please tick with ✓ mark in the boxes below where the Compensation Committee members prove to have met with the conditions enumerated below in two years before being appointed and during their tenure of office

- (1) Not an employee of the company or any of its affiliates.
- (2) Not a director or supervisor of the company or any of its affiliates. (This, nevertheless, does not apply to cases where the person is an independent director of the Company, its parent company or any subsidiary or a subsidiary with same parent company where the independent directors perform multiple duties concurrently among themselves in accordance with the Act or the laws and regulations of the local country).
- (3) Not a natural person shareholder who holds shares, together with those held by the person’s spouse, minority or held by the person under others’ names, in an aggregate amount of 1% or more of the total number of outstanding share of the company or rank as top-10 shareholders.
- (4) Not a manager specified under (1) or not a spouse, relative within the second-degree relatives, or lineal relative within the third degree by blood of any of the personnel specified under (2) and (3).
- (5) Not as a director, supervisor or an employee who directly holds more than 5% of the Company's total issued shares, the top five shareholders or representative designated to serve as a director or a supervisor of a corporate shareholder in accordance with Paragraphs 1 or 2 under Article 27 of the Company Act (This, nevertheless, does not apply to cases where the person is an independent director of the Company, its parent company or any subsidiary or a subsidiary with same parent company where the independent directors perform multiple duties concurrently among themselves in accordance with the Act or the laws and regulations of the local country).
- (6) Not as a director, supervisors or an employee of another company controls another company and the Company's directors or voting shares with one half majority (This, nevertheless, does not apply to cases where the person is an independent director of the Company, its parent company or any subsidiary or a subsidiary with same parent company where the independent directors perform multiple duties concurrently among themselves in accordance with the Act or the laws and regulations of the local country).

- country).
- (7) Not as a director (trustee), supervisor (supervising officer) or employee of another company or institution as the same person or the spouse thereof of the Company's chairman, general manager (Chief Executive Officer (CEO)) or person of equivalent position (This, nevertheless, does not apply to cases where the person is an independent director of the Company, its parent company or any subsidiary or a subsidiary with same parent company where the independent directors perform multiple duties concurrently among themselves in accordance with the Act or the laws and regulations of the local country).
 - (8) Not as a director (trustee), supervisor (supervising officer), manager or a shareholder holding more than 5% of the shares of a specific company or institution in financial or business transaction with the Company (This, nevertheless, does not apply to a specific company or institution which holds more than 20%, less than 50% of the aggregate total outstanding shares of the Company, and where the company and its parent company, subsidiary or a subsidiary with the same parent company where the independent directors perform multiple duties concurrently among themselves according to the Act or the laws prevalent locally.)
 - (9) Not as the professionals, the enterprise proprietor, partner, director (trustee), supervisor (supervisory officer), manager and the spouse thereof of sole proprietors, partners, companies or institutions rendering auditing, commercial, legal, financial, accounting and such relevant services to the Company or affiliated enterprises thereof with remuneration obtained over the past two years not beyond NT\$500,000. This, nevertheless, does not apply to a member of the Open Acquisition Committee, Remuneration Committee or Special Merger/Acquisition (M&A) Committee in accordance with Securities and Exchange Act, Business Mergers and Acquisitions Act and relevant laws.
 - (10) Not been a person or any conditions defined in Article 30 of the Company Act.

2. Responsibility of Remuneration Committee

Remuneration Committee shall exercise duty of care in fulfilling the following functions, report to the Board of Directors by forwarding its recommendations:

- (1) Regular review of the charter of Remuneration Committee and develop improvement measures;
- (2) Formulation and periodical review of the annual and long-term performance of directors and managers, and the remuneration policy, system, standard and structure;
- (3) Regular assessment of target achievements by directors and managers and determine the contents and amounts of their individual remunerations accordingly.

3. Functioning of Remuneration Committee

- (1) Remuneration Committee consists of three members.
- (2) Tenure: from January 9, 2019 to January 8, 2022.

The Company's first Remuneration Committee convened a total of three meetings (A) in 2020. The attendance record is as follows:

Title	Name	Times of Actual Attendance in Person 【B】	Times of Attendance by Proxy	Actual Attendance Ratio (%) (%) 【B/A】 (Note)	Remarks
Convener	LIEN, KING-BIAU	3	0	100.00	-
Commission member	LEE, KUN-MING	3	0	100.00	-
Commission member	LIU, HENG-YIH	3	0	100.00	-
Other matters to be noted in the meeting minutes:					
1. If the Board of Directors refuses to accept or modify suggestions of the Compensation Committee, the meeting date, session, agenda content, results resolved by the Board of Directors, and the Company's treatment of opinion of the Compensation Committee should be clearly stated (for example, if the Board of Directors approved a compensation structure that is better than that suggested by the Compensation Committee, the circumstance of discrepancy and reason should be clearly stated): None					
2. If the members have opposite opinion or reservations against the resolution of the Compensation committee and the opinion or reservations have been recorded or documented, the meeting date,					

Title	Name	Times of Actual Attendance in Person 【B】	Times of Attendance by Proxy	Actual Attendance Ratio (%) (%) 【B/A】 (Note)	Remarks
session, agenda content, the opinion of all members of the Compensation committee, and the treatment of the members' opinion should be clearly stated: None					

(3) Discussion matters and resolution results of the compensation committee and the Responses of the Company to opinions of its members:

Meeting date/session	Contents of proposal	Resolution result of the compensation committee
March 25, 2020/the 6 th meeting for the 1 st Board	1. Review the proposal for 2019 remunerations to employees and remunerations to directors 2. Proposal for 2019 performance evaluation of management and 2020 remunerations to management 3. Proposal for 2020 remunerations to directors 4. Proposal for 2020 remunerations to independent directors	Approved by all attending committee members
	Response of the Company to opinions of the compensation committees: Approved with consents of all attending directors	
November 11, 2020/the 7th meeting for the 1st Board	1. Proposal for 2021 remunerations to directors 2. Proposal for 2021 remunerations to independent directors	Approved by all attending committee members
	Response of the Company to opinions of the compensation committees: Approved with consents of all attending directors	
December 15, 2020/the 8th meeting for the 1st Board	1. Proposal for travel allowances to directors and independent directors 2. Proposal for employees' subscriptions to treasury shares transferred by the Company	Approved by all attending committee members
	Response of the Company to opinions of the compensation committees: Approved with consents of all attending directors	

(V) Performance of social responsibility, and the discrepancy of such implementation from the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and the reason for any such discrepancy:

Evaluation Items	Facts of performance			The discrepancy of such implementation from the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and the reason for any such discrepancy
	Yes	No	Description in Summary	
1. Does the Company conduct environmental, social and governance risk assessments according to the principle of materiality, and formulate relevant risk management policies or strategies accordingly?	✓		As a company adhering to business ethics, we have set up Corporate Social Responsibility Best Practice Principles for management and employees. Relevant departments shall be responsible for the structuring and review of corporate social responsibility effectiveness.	No significant differences.
2. Does the Company implement a full-time (part-time) sector to promote corporate social responsibility, and for the Board of Directors to authorize the high-level management to take action and report the disposition status to the Board of Directors?	✓		Administration Department is responsible for driving corporate social responsibility. Senior executives regularly report to the Board of Directors the effectiveness of the Company's corporate social responsibility measures.	No significant differences.
3. Environmental Issues (1) Does the Company establish a proper environmental management system in response to its industry characteristics?	✓		<p>(1) The Company has established comprehensive mechanisms for quality management and environmental protection as follows:</p> <p>1) Green product certificates – cotton yarn, including Global Recycle Standard 4.0; Organic Content Standard 2.0; BCI (Better Cotton Initiative; OEKO-TEX Standard 100 (hazardous substance).</p> <p>2) Energy management We have established indicators for the monitoring of energy efficiency and carbon reduction, as a long-term mechanism to facilitate environmental protection.</p> <p>A. Carbon reduction Our contractors in China use natural gas as a clean energy, pollution-less and environmental-friendly. Our factories in Cambodia use low-sulfur coal as the fuel and the boilers with high efficiency and low pollutions. We seek to reduce pollutions from the source.</p> <p>B. Energy efficiency We adopt the state-of-the-art technology in energy</p>	No significant differences.

Evaluation Items	Facts of performance			The discrepancy of such implementation from the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and the reason for any such discrepancy
	Yes	No	Description in Summary	
<p>efficiency and environmental protection. We have reduced the liquor ratio from 1:8 to 1:4 to save on water and energy in the dyeing process.</p> <p>C. Wastewater We use the most advanced reverse osmosis technology to process wastewater from the dyeing process. We have constructed a robust system for wastewater treatment. In Taiwan, our capacity is to handle 4,000 tons per day, at 25% reuse rate for reclaimed water. In Cambodia, our capacity is 7,000 tons per day.</p> <p>We seek to meet inspection requirements set by competent authorities and the public's expectation for giving back to the society.</p> <p>(2) Does the Company endeavor to upgrade the utilization efficiency of various resources, and use the regenerated material with a low impact on environmental load? ✓</p> <p>(3) Does the Company assess existing and potential risks and opportunities associated with climate change and adopt the corresponding responses and measures? ✓</p> <p>(4) Does the Company calculate the GHG emissions, water consumption and total wastes during the past two years, and formulate policies to achieve energy efficiency, reduction of carbon emissions, GHS emissions, water consumption or manage wastes? ✓</p>			<p>(2) To cut down paper consumption, we promote paperless offices and reuse one-side printout. We recycle garbage where possible, to reduce our environmental impacts.</p> <p>(3) Climate change is the problem for all of us. The Company improves our manufacturing processes to lower carbon emissions, save energy and protect the environment.</p> <p>(4) We regularly advocate the importance of conservation in energy, electricity, and water. We use high-performance bulbs, switch off computers where possible and keep our air-conditioners at 26°C, to achieve energy efficiency and carbon reduction.</p>	
<p>4. Maintenance of Community Public Welfare</p> <p>(1) Does the company establish related management policies and procedures in accordance with related laws and international covenants on human right? ✓</p>			<p>(1) We formulate HR management charters and work rules according to local labor laws for our operations in different jurisdictions, to protect the legal rights of our employees. We also set up a union and regularly convene labor meetings to ensure a harmonious employment relationship.</p>	No significant differences.

Evaluation Items	Facts of performance			The discrepancy of such implementation from the Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies, and the reason for any such discrepancy
	Yes	No	Description in Summary	
(2) Does the Company formulates and implemented an employee welfare scheme (including wages, holidays and other benefits) and reflected appropriately the business performance onto employee remunerations?	✓		(2) The Company has set up a reasonable remuneration system, in conjuncture with performance reviews and aligned with company targets. We seek to achieve fairness and appropriateness for both rewards and punitive measures.	
(3) Does the company provide employees with a safe and healthy working environment, and implement safety and health education to employees on a periodical basis?	✓		(3) The Company provides employees a safe and healthy work environment and offers a variety of training & educational programs to factory operators and office employees in a timely manner.	
(4) Does the Company establish effective career competency development and training plans for employees?	✓		(4) The Company organizes internal and external training schemes each year, to facilitate effective development of professional expertise and career prospects for employees.	
(5) Does the Company observe the relevant laws, regulations and international standards regarding the health, safety, customer privacy, marketing and labeling of products/services, and has formulated relevant policies and complaint procedures to protect the right of consumers?	✓		(5) The Company maintains good communication with customers. There is also a transparent and effective channel for customers to complain about products and services. Those who have any question about the Company's products or services can reach out to our personnel.	
(6) Does the Company set up supplier management policies by requesting suppliers to adhere to relevant standards in environmental protection, occupational health & safety or labor & human rights and reporting their implementations accordingly?	✓		(6) The Company conducts detailed assessment of suppliers to understand their environmental and social impacts. Going forward, we will strengthen our collaboration with suppliers in corporate social responsibility. We will suspend, in a timely manner, cooperative ties if any of our suppliers reports material hazards to the environment or the society.	
5. Does the Company refer to internationally acceptable standards or guidelines for the compilation of CSR reports to disclose non-financial information? Are these reports confirmed or endorsed by third-party evaluation organizations?		✓	The Company does not yet compile corporate social responsibility reports.	Planned organizational structure based on the current status, relevant laws, and regulations
6. In case a company establishes its own Corporate Social Responsibility Code in accordance with “Corporate Social Responsibility Best Practice Principles for TSEC/GTSM Listed Companies”, please describe its operation and the deviation from the established Best Practice Principles: The Company has set up a set of guidelines for corporate social responsibility. There is no significant discrepancy between the internal functioning and the structured guidelines.				
7. Other important information facilitating to understand the operation status of corporate social responsibility: None				

(VI) Performance of ethical corporate management, and the discrepancy of such implementation from Ethical Corporate Management Best Practice Principles for TSEC/GTSM Listed Companies, and the reason for any such discrepancy

Evaluation Items	Facts of performance (Note 1)			The discrepancy of such implementation from Ethical Corporate Management Best Practice Principles for TSEC/GTSM Listed Companies, and the reason for any such discrepancy
	Yes	No	Description in Summary	
<p>1. Establishment of policy and measures of ethical management.</p> <p>(1) Does the Company establish business ethics code and have it approved by the Board of Directors? Does the Company specify in external documents its policy, practice of operation in good faith in its corporate statutes and bylaws and the commitment from the Board of Directors and senior management to its operation policy?</p> <p>(2) Has the Company put in place an assessment mechanism for the risks associated with dishonest behavior, and regularly analyzed and assessed the operating activities exposed to higher risks of dishonest behavior, and formulated preventive measures accordingly and covering at least the preventive measures specified in the second paragraph of Article 7, the Ethical Corporate Management Best Practice Principles TWSE/GTSM Listed Companies?</p> <p>(3) Does the Company specify a scheme to prevent dishonest behaviors, and expressly describe in operation procedures, conduct guidelines, punitive measures and compliant channels accordingly, in order to properly implement the abovementioned scheme?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) The Company has set up the Ethical Corporate Management Best Practice Principles by emphasizing the importance of integrity and honesty. These principles are incorporated into the internal control system so that our directors, managers, and employees are aware and adhering to.</p> <p>(2) The Company has set up the Operational Procedures and Behavioral Guidelines in Ethical Corporate Management. These procedures and guidelines are for our day-to-day operations. To ensure our business integrity, we have established an effective accounting system and an internal control system. Internal auditors regularly inspect the compliance with the abovementioned rules and regulations in place.</p> <p>(3) The Company adheres to business integrity and ethics. We strictly prohibit bribery giving and taking and we specifically disallow illegal donations.</p>	No significant differences.
<p>2. Thorough implementation of ethical corporate management</p> <p>(1) Does the Company evaluate the record of ethics of the transaction parties, and expressly specify clauses dealing with behaviors of ethics in the signed contracts of the transaction parties?</p> <p>(2) Has the Company established a unit under the Board of Directors to promote corporate operation in good faith, and regularly report to the Board of Directors (at least once per year) its execution and oversight of the business ethics policy and</p>	<p>✓</p> <p>✓</p>		<p>(1) Before engaging in any transactions, we collect as much information as possible about the creditworthiness and reputation of counterparties, to prevent any frauds or deceits.</p> <p>(2) The Chairman's Office oversees our business code of conduct, and reports to the Board of Directors after periodical inspections.</p>	No significant differences.

Evaluation Items	Facts of performance (Note 1)			The discrepancy of such implementation from Ethical Corporate Management Best Practice Principles for TSEC/GTSM Listed Companies, and the reason for any such discrepancy
	Yes	No	Description in Summary	
<p>(3) prevention of dishonest behavior? Does the Company stipulate a policy of preventing interest conflict, provide due statement channels, and actualize the execution?</p> <p>(4) Has the Company established an effective accounting system and an internal control system to implement operation in good faith, designated internal auditors or commissioned external auditors accordingly to formulate audit plans based on the assessment of risks associated with dishonest behavior as the basis for the audit of dishonest behaviors?</p> <p>(5) Does the company hold internal, external educational training for ethical corporate management on a periodical basis?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(3) Directors may not discuss or vote in the issues where themselves or their representatives are an interested party and the conflict of interest may be detrimental to the best interest of the Company. They may, however, express opinions and answer questions.</p> <p>(4) The Company has put in place an effective accounting and internal control system. Internal auditors periodically inspect the compliance to the abovementioned system.</p> <p>(5) The Company organizes internal and external training & education programs, on an ad-hoc basis and as required, to advocate the importance of ethics.</p>	
<p>3. Operation Status of Corporate Reporting System of an Offense</p> <p>(1) Does the Company establish substantial offense reporting and incentive systems, and establish convenient offense reporting channels, and assign proper exclusively responsible personnel to accept the reported subject of an offense?</p> <p>(2) Has the Company established the standard investigational procedures of receiving whistle-blowing reports, subsequent measures after investigations and the confidentiality mechanism?</p> <p>(3) Does the company take measures to protect an offense reporting party from suffering improper disposition due to an offense report?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) The Company has set up a letterbox for whistleblowing. If any behavior breaching laws or code of conduct is identified, our dedicated personnel will report and respond accordingly. Responsible business units will be involved if the breach is material. Relevant details, responses and follow-up improvements shall be reported to the Board of Directors.</p> <p>(2) The Company has set up an internal communication channel, managed by the Chairman's Office. Confidentiality of relevant information is ensured.</p> <p>(3) The Chairman's Office will protect the whistleblower from improper treatment.</p>	No significant differences.
<p>4. Strengthen Information Disclosure</p> <p>Does the company disclose the content of Ethical Corporate Management Best Practice Principles and promotion performance in its website and Market Observation Post Site?</p>	<p>✓</p>		<p>The Company has set up a corporate social responsibility system and discloses relevant information on our official website.</p>	No significant differences.

Evaluation Items	Facts of performance (Note 1)			The discrepancy of such implementation from Ethical Corporate Management Best Practice Principles for TSEC/GTSM Listed Companies, and the reason for any such discrepancy
	Yes	No	Description in Summary	
5.	If the Company has duly enacted Ethical Corporate Management Best Practice Principles in accordance with “Ethical Corporate Management Best Practice Principles for TSEC/GTSM Listed Companies”, please elaborate the discrepancy between the substantial performance and the Ethical Corporate Management Best Practice Principles: None			
6.	Other significant information which would help better understand the performance by the Company in Ethical Corporate Management Best Practice Principles: None			

(VII) If the Company has established corporate governance principles and relevant regulations, they should disclose how to inquire relevant information:

The Company has set up corporate governance principles and relevant regulations such as Code of Conduct, Ethical Corporate Management Best Practice Principles, and Operational Procedures and Behavioral Guidelines in Ethical Corporate Management. All these corporate governance charters and regulations are posted at Corporate Governance section of our official website, so that investors can inquire and download.

(VIII) Other important information that can help to understand how the Company’s corporate governance functions: None

(IX) The following information concerning the implementation of the internal control system should be disclosed:

1. Internal Control Statement:

TST Group Holding Ltd.
Statement on Internal Control System

Date: March 24, 2021

The Company's internal control system for 2020 is announced according to the results of self-evaluation, and the following is a summary thereof:

1. The Company acknowledges that the establishment, implementation and maintenance of the internal control System are the responsibilities of the Board of Directors and the managers of the Company, and the Company has established such a system. Our internal control process is designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency in our reporting, and compliance with applicable rulings, laws and regulations, to ensure reasonable assurance thereof.
2. The internal control system has inherent limitations. No matter how complete their design, effective internal control systems are limited to providing reasonable assurance of the aforementioned three objectives. Moreover, in light of the environment and changes in circumstances, internal control system effectiveness may also be affected. However, the Company's internal control system contains self-monitoring mechanisms, and when any fault is noted, the Company immediately deploys corrective action.
3. The Company has made its judgments as to components of, and the effectiveness of the design and implementation of the internal control systems according to the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Compliance Guidelines"). The internal control system adopted in the "Compliance Guidelines" involves the process of management control, and is divided into five elements:
 1. The control environment, 2. Risk assessment, 3. Control processes, 4. Information communication, and 5. Supervision operations. Each constituent element includes a number of items. For the aforementioned items, please refer to the "Compliance Guidelines"
4. The Company has adopted the abovementioned internal control system assessment items to evaluate the effectiveness of the internal control system design and implementation.
5. In accordance with the Company's aforementioned evaluation, the Company found that its internal control system (including the assessment and management of subsidiaries) including efficacy of understanding operations, efficiency of achievement of objectives, reliability in reporting, timeliness, and compliance with the relevant Guidelines and law, indicate that the internal control system design and implementation are effective, and can reasonably provide assurance of the aforesaid goals as of December 31, 2020.
6. The Company has commissioned a CPA project to audit the external financial report reliability and assets security protection (prevent the assets from being acquired, used, or disposed of without authorization) related internal control system for the aforesaid period pursuant to Article 28 of the Governing Regulations, and Article 4 of Taiwan Stock Exchange Corporation Rules for Regulating Primary Listed Foreign Issuers. As stated in the preceding paragraph, the system's design and execution are effective and do not have significant defect that can affect the recording, processing, aggregation, and reporting of financial information or impact the assets security protection used to prevent assets from being acquired, used, or disposed of without authorization.
7. This Declaration will become an integral part of the main contents of the Company's annual report and prospectus, and shall be made public. For any falsehood, concealment, or other illegality in the

contentstobe made publicthere will be legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.

8. The Statement has been agreed to by the Company's Board of Directors on March 24, 2021, where none of the 7 directors present voted against the resolution, and the remaining directors thus all agreed with the content of the Statement, and such is now attested to.

TST Group Holding Ltd.

Chairman:XINGMAO GROUP HOLDINGS LIMITED
LIN, CHIN-MAO

General Manager:LIN,CHING-WEI

2. The report by external auditors should be disclosed if external auditors were commissioned to review the internal control system:

Internal Control Systems' Compliance Report

Attached is the March 24, 2021 assessment of the internal control system of TST Group Holding Ltd. and subsidiaries and its external financial reports and assurance of its protection of assets, with the Attestation of December 31, 2020 as to effective design and implementation thereof, duly approved upon conclusion of audit by the CPA. The internal control system and evaluation of its effectiveness are responsibilities of the Company's management, and this CPA is responsible in accordance with the results of the audit to express an opinion of the effectiveness of the Company's internal control system and the aforementioned Attestation regarding the Company's internal control system.

The CPA has conducted the audit review in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" and the audit standards generally accepted in the Republic of China to ensure that the Company maintains a reasonable assurance on all material aspects of the internal control system. The audit review work includes understanding the Company's internal control system, evaluation of management levels' processes of evaluation of the effectiveness overall internal control system, and testing and evaluation of the effectiveness of the design and implementation of the internal control system, as well as any other audit review procedures that the CPAs deem necessary. The CPAs believe that this audit review work provides a reasonable grounds for our opinion.

Any internal control system has its inherent limitations, therefore, the above internal control systems of TST Group Holding Ltd. and subsidiaries, may not be able to prevent or detect errors or fraud that have taken place. Furthermore, future environmental changes may result in reduced efficacy of the internal control system. Hence, while the internal control system is deemed effective for this period, this does not mean that it will be effective in the future.

In accordance with the opinion of the CPAs, and in light of the provisions of the Regulations Governing Establishment of Internal Control Systems by Public Companies as to the items reviewed for internal control efficacy determinations, TST Group Holding Ltd. and subsidiaries and its design and implementation of internal control systems governing external financial reports and assuring protection of assets are deemed to continue to be effective in all material respects as of December 31, 2020. Also as of March 24, 2021, the Attestation of TST Group Holding Ltd. and subsidiaries regarding effective design and implementation of internal control systems for external financial reports and assuring protection of assets is found reasonable in all material respects.

Juanlu, Man-Yu, CPA Lin, Ya-Hui, CPA

For and on behalf of PricewaterhouseCoopers, Taiwan

March 24, 2021

(X) During the most recent year and as of the print date of this annual report, any legal publication on the Company and internal personnel, or punitive measures imposed by the Company to its internal personnel due to violation of internal control rules, major breaches and improvements: None

(XI) During the most recent year and as of the print date of this annual report, any important decisions from shareholder meetings and Board of Director meetings:

1. Important decisions from shareholder meetings:

Meeting date (yy/mm/dd)	Key decisions	Implementation
2020.06.16	1. Rectification of 2019 Consolidated Financial Statements and Report of Operating Results	The 2019 consolidated financial statements and business report were compiled by the Company. The consolidated financial have been audited by CPAs Juanlu, Man-Yu and Lin, Ya-Hui of PwC Taiwan. Such financial statements and business report have been submitted to and then have been audited by the Audit Committee for the issue of the audit report, for the ratification by the General Meeting of Shareholders.
	2. Rectification of 2019 distribution of earnings	The Company's reported a post-tax earnings of NT\$388,127,560 for the year 2019. After the allocation of NT\$79,435,312 to the statutory surplus reserve and adding to the unappropriated retained earnings at the beginning of the term of NT\$103,566,869, the distributable earnings in accumulation at NT\$412,259,117. The Company intends to distribute a cash dividend of NT\$8 per share, for a total of NT\$252,000,000.
	3. Amendment of some articles in the Company's Articles of Incorporation	Effective after the shareholders meeting
	4. Formulation of the Company's Rules for Shareholder Meetings	Effective after the shareholders meeting
	5. Amendment of some articles in the Procedures of Endorsements and Guarantees	Effective after the shareholders meeting

2. Important decisions from board meetings:

Meeting date	Key decisions	Implementation
2020.03.25	1. Review of 2019 remunerations to employees and directors	Approved by all independent directors
	2. Review of 2019 Internal Control Statement	
	3. Review of 2019 Consolidated Financial Statements and Report of Operating Results	
	4. Review of 2019 distribution of earnings	
	5. Amendment of some articles in the Company's Articles of Incorporation	
	6. Amendment of some articles in the Company's Articles of Association for Remuneration Committee	
	7. Amendment of some articles in the Company's Articles of Association for Audit Committee	
	8. Amendment of some articles in the Company's Board of Directors Meeting Procedure Rules.	
	9. Amendment of some articles in the Rules of Procedure for Shareholders Meetings	
	10. The Company is amending some articles in its Operational Management of Endorsements and Guarantees.	
	11. Amendment of some articles in the Procedures for the Company's Ethical Corporate Management Best Practice Principles	
	12. Amendment of some articles in the Corporate Governance Best Practice Principles	

Meeting date	Key decisions	Implementation
	13. Amendment of some articles in the Practical Principles of Corporate Social Responsibility	
	14. Amendment of some articles in the Ethical Corporate Management Best Practice Principles	
	15. Implementation of the stock repurchase program and the transfer of treasury stocks to employees	
	16. Convening of 2020 Shareholder Meeting	
2020.05.12	1. Review the consolidated financial statements for Q1 of 2020	Approved by all independent directors
	2. Approve the 2020 renewal of liability insurances for directors and management	
	3. Approve the proposal for 2020 revised budget	
2020.08.13	1. Proposal for independence of CPA of financial report of the Company	Approved by all independent directors
	2. Review the consolidated financial statements for Q2 of 2020	
	3. Amend partial provisions of “Regulations on Meeting of Board of Directors” of the Company	
	4. Amend partial provisions of “Charter for Compensation Committee” of the Company	
	5. Amend partial provisions of “Charter for Audit Committee” of the Company	
	6. Amend partial provisions of “Code of Ethical Conduct” of the Company	
	7. Amend partial provisions of “Rules Governing the Scope of Powers of Independent Directors” of the Company	
	8. Amend partial provisions of “Rules Governing Financial and Business Matter between Affiliated Enterprises” of the Company	
	9. Formulate “Rules for Performance Evaluation of Board of Directors” of the Company	
2020.11.11	1. Review the consolidated financial statements for Q3 of 2020	Approved by all independent directors
	2. Approve 2021 operation plan and budget	
	3. Approve 2021 audit plan	
2020.12.15	1. Amend “Internal Control System” and “Rules of Implementation of Internal Audit” of the Company by adding the item of procedure of transfer of treasury shares	Approved by all independent directors
	2. Approve the employees’ subscription to treasury shares transferred by the Company	
	3. Approve the Company’s investment in establishing a factory in Vietnam	
	4. Capital injection for investment in the establishment of a new BVI subsidiary through the subsidiary, TST International Group Limited	
	5. Approve the change the share transfer agent for the Company	
2021.1.21	1. Approve the additional capital injection to THRIVE NATION GROUP LIMITED through the subsidiary, TST International Group Limited.	Approved by all independent directors
	2. The proposal for the establishment of new subsidiary in Vietnam through the Company’s subsidiary, THRIVE NATION GROUP LIMITED	
2021.3.24	1. Review of 2020 remunerations to employees and directors	Approved by all independent directors
	2. Review of 2020 Internal Control Statement	
	3. Review of 2020 Consolidated Financial Statements and Report of Operating Results	

Meeting date	Key decisions	Implementation
	4. Review of 2020 distribution of earnings	
	5.	
	6. Amendment of some articles in the Rules of Procedure for Shareholders Meetings	
	7. Proposal for independence of CPA of financial report of the Company	
	8. Issue new shares of restricted stock unit(RSU)	
	9. Convening of 2021 Shareholder Meeting	
2021.5.12	1. Review the consolidated financial statements for Q1 of 2021	Approved by all independent directors
	2. Approve the 2021 renewal of liability insurances for directors and management	
	3. The proposal for additional capital inject to THRIVE NATION GROUP LIMITED through the subsidiary, TST International Group Limited	

(XII) During the most recent year and as of the print date of this annual report, any different opinions from directors or supervisors on important decisions by the Board of Directors and such differences are recorded or stated in writing: None

(XIII) During the most recent year and as of the print date of this annual report, any resignation by or dismissal of Chairman, General Manager, accounting supervisors, financial supervisors, internal audit supervisors or R&D supervisors:

Title	Name	Date of on Board (yy/mm/dd)	Date of on dismissal	Reasons for resignation or dismissal
R&D supervisors	Zhang Xinbin	1994.12.01	2020.12.31	Internal job adjustment

V. Information on Certified Public Accountant's audit fees

(I) Audit fee scale

Name of CPA firm	Name of CPA		Duration covered in the audit	Remarks
PricewaterhouseCoopers Taiwan (PwC Taiwan)	Juanlu, Man-Yu	Lin, Ya-Hui	Year 2020	-

Expressed in Thousands of New Taiwan Dollars

Contents of fees		Audit fees	Non-audit fees	Total
Amount scale				
1	Below \$2,000 thousand		V	
2	\$2,000 thousand (inclusive) ~ \$4,000 thousand	V		
3	\$4,000 thousand (inclusive) ~ \$6,000 thousand			V
4	\$6,000 thousand (inclusive) ~ \$8,000 thousand			
5	\$8,000 thousand (inclusive) ~ \$10,000 thousand			
6	Above \$10,000 thousand (inclusive)			

(II) Where the fees paid to the Certified Public Accountant, the office of the Certified Public

Accountant and its affiliates as non-audit fee that accounts for over one quarter of the aggregate total of audit fee, the amounts of the audit and non-audit services and the contents of the on-audit services should be disclosed, respectively:

Expressed in Thousands of New Taiwan Dollars

Name of CPA firm	Name of CPA	Audit fees	Non-audit fees					Duration covered in the audit by CPA	Remarks
			System design	Commercial registration	Human resources	Others	Subtotal		
PricewaterhouseCoopers Taiwan (PwC Taiwan)	Juanlu, Man-Yu Lin, Ya-Hui	3,886	-	-	-	1,330	1,330	Year 2020	Internal control audit

(III) Reasons for change of external auditors and audit fees before and after, particularly when the audit fee for the first year of the new auditors is lower than the fee paid to the replaced auditors during the previous year: None

(IV) Reduced amount, percentage and reason if audit fee is cut down by 10% or more than the previous year: The audit fee is reduced by NT\$1,345 thousand, representing 25.71%, because the audit fee for 2019 included the audit fee for the comparable periods for the previous year not reviewed.

VI. Information of a change (replacement) in the Certified Public Accountants (CPAs):

- (1) About the former CPAs: N/A
- (2) About the succeeding CPAs: N/A
- (3) Response from previous external auditors: N/A

VII. The Company's Chairman, General Manager, managers in charge of financial affairs and accounting who have served with the office of a Certified Public Accountant or its affiliates: None

VIII. The fact that during the most recent year and as of the print date of this annual report, transfer of shares, pledge or change in equity held by the directors, supervisors, managers and major shareholders holding over 10% of the aggregate total

- (I) Change of holdings by directors, supervisors, managers, and major shareholders with 10% stakes or higher

Expressed in Thousand Shares

Title	Name	Year 2020		As of April 18, 2021	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman cum over 10% major shareholder	LIN, CHIN-MAO	-	-	-	-
Chairman cum major shareholders with 10% stakes	Xingmao Group Holdings Limited Representative: LIN, CHIN-MAO	-	-	-	-

Title	Name	Year 2020		As of April 18, 2021	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Director cum General Manager	LIN, CHING-WEI	-	-	-	-
Director cum Chief Operating Officer (COO)	HUNG, HSIANG-MING	-	-	-	-
Director	Chia Mei Investment Co., Ltd. Representative: TUNG, CHIUNG-SHIUNG	-	-	-	-
Independent Director	LIEN, KING-BIAU	-	-	-	-
Independent Director	LEE, KUN-MING	-	-	-	-
Independent Director	LIU, HENG-YIH	-	-	-	-
Chief Financial Officer (CFO)	Tang Tat Shing	-	-	-	-

- (II) Affiliated counterparties for transfer of shares by directors, supervisors, managers, and major shareholders with 10% stakes or higher: None
- (III) Affiliated counterparties for collateralization of shares by directors, supervisors, managers, and major shareholders with 10% stakes or higher: None

IX. Top 10 shareholders who are related parties, spouses or relatives with two degrees

April 18, 2021; Expressed in Thousands Shares; %

Name	Shares held by principal		Shares held by Spouse & Minor		Total shares held by Nominee Arrangement		Names and Relations of Top 10 Major Shareholders who are Related Party or Spousal Relationship or are within the Second Degree of Kinship		Remarks
	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Title (or Name)	Relation	
Xingmao Group Holdings Limited Representative: LIN, CHIN-MAO	10,640	33.78	-	-	-	-	LIN, CHIN-MAO	100% Shareholder	-
							Big Loyal Group Limited, Sunny Earn International Holdings Limited and Happy Time International Investment Limited	Same Shareholder	-
LIN, CHIN-MAO	2,570	8.16	-	-	15,010	47.65	Xingmao Group Holdings Limited, Big Loyal Group Limited, Sunny Earn International Holdings Limited and Happy Time International Investment Limited	100% Shareholder	-
Big Loyal Group Limited Representative: LIN, CHIN-MAO	2,070	6.57	-	-	-	-	LIN, CHIN-MAO	100% Shareholder	-
							Xingmao Group Holdings Limited, Sunny Earn International Holdings Limited and Happy Time International Investment Limited	Same Shareholder	-
Excellent Treat Limited Representative: FANG, CHANG	2,000	6.35	-	-	-	-	-	-	-
Business Department of Standard Chartered in Custody for Credit Suisse - investment specialized account of Credit Suisse, Singapore	1,381	4.38	-	-	-	-	-	-	-
Sunny Earn International Holdings Limited Representative: LIN, CHIN-MAO	1,380	4.38	-	-	-	-	LIN, CHIN-MAO	100% Shareholder	-
							Xingmao Group Holdings Limited, Sunny Earn International Holdings Limited and Happy Time International Investment Limited	Same Shareholder	-
AVY Precision Technology Inc. Representative: TUNG, CHUN-JEN	1,379	4.38	-	-	-	-	ABICO ASIA CAPITAL CORPORATION	Affiliated Company	-
Nova Genesis Limited Representative: PENG, HAN	1,035	3.29	-	-	-	-	-	-	-
Abico Asia Capital Corporation Representative: HSIEH, FA-TA	1,030	3.27	-	-	-	-	AVY Precision Technology Inc.	Affiliated Company	-
Happy Time International Investment Limited Representative: LIN, CHIN-MAO	920	2.92	-	-	-	-	LIN, CHIN-MAO	100% Shareholder	-
							Big Loyal Group Limited, Xingmao Group Holdings Limited and Happy Time International Investment Limited	Same Shareholder	-

X. Holdings by directors, managers or the entities directly or indirectly controlled by the Company in the same investee

December 31, 2020; Expressed in Thousand Shares; %

Reinvested companies	Investment by this Company		Investment by directors, supervisor, manager and directly or indirectly controlled company		Syndicated investment	
	Number of Shares	Shareholding ratio (%)	Number of Shares	Shareholding ratio (%)	Number of Shares	Shareholding ratio (%)
Bumper(BVI)	23,000	100%	-	-	23,000	100%
TST(BVI)	7,000	100%	-	-	7,000	100%
THRIVE	8,000	100%	-	-	8,000	100%
TSP	22,000	100%	-	-	22,000	100%
Top Star	30,000	100%	-	-	30,000	100%
Taiju Textile (Shanghai)	Note 1	100%	-	-	Note 1	100%
Guangzhou Liangwei Knitted Fabric and Textile	Note 1	100%	-	-	Note 1	100%
Guangzhou Taiju Management Consulting	Note 1	100%	-	-	Note 1	100%
Hubei Zhongsheng Textile	Note 1	35%	-	-	Note 1	35%
TST(Vietnam)	Note 1	100%	-	-	Note 1	100%

Note 1: A limited company, without shares issued

Four. Facts of Capital Raising

I. Capital and Shares

(I) Source of Share Capital:

Base day: April 18, 2021/Expressed in Thousand Shares; Thousands of New Taiwan Dollars

Month/Year	Par value	Issue price (Dollar)	Authorized capital		Paid-in capital		Remarks		
			Number of shares (Share)	Amount (Dollar)	Number of shares (Share)	Amount (Dollar)	Source of Capital	Paid by property other than cash	Other
05/2013	US\$1	US\$1	50	50	1 share	\$1	Initial paid-in capital	-	-
06/2018	US\$1	US\$1	7,050	7,050	7,000	7,000	-	Long-term investment	-
Par value converted to NT\$10									
08/2018	NT\$10	NT\$10	60,000	600,000	23,000	230,000	-	-	-
02/2019	NT\$10	NT\$95	60,000	600,000	28,000	280,000	Cash injection 5 million shares	-	-
12/2019	NT\$10	NT\$158	60,000	600,000	31,500	315,000	capital increase by cash 3,500 thousand shares	-	Note

Note: Official Letter No. Tai-Zheng-Shang-Er-10817030851

Expressed in Shares

Kind of Share	Authorized capital			Remarks
	Outstanding shares	Unissued shares	Total	
Registered ordinary shares	31,500,000	28,500,000	60,000,000	listed company

Note: 31,500,000 shares outstanding (including 151,000 treasury shares)

(II) Structure of shareholders

April 18, 2021; Expressed in Shares; %

Structure of Shareholder	Government agencies	Financial institutions	Other juristic persons	Individuals	Foreign institutions and foreigners	Treasury shares	Total
Quantity							
Number of shareholders	-	-	28	865	38	1	932
Shares held (Share)	-	-	3,945,000	7,258,991	20,145,009	151,000	31,500,000
Shareholding ratio (%)	-	-	12.52	23.04	63.96	0.48	100.00

In compliance with Article 3 of the Measures Governing Investment Permit to the People of the Mainland Area, the aggregate holding of natural persons, legal persons, group, other institutions from Mainland China or companies investing in third regions was 9.63%.

(III) Facts of disperse of shareholding

April 18, 2021; Expressed in Shares; %

Shareholding grading (shares)	Number of shareholders	Number of shares held	Shareholding ratio (%)
1 to 999	59	4,327	0.01
1,000 to 5,000	677	1,226,434	3.89
5,001 to 10,000	77	604,000	1.92
10,001 to 15,000	26	343,000	1.09
15,001 to 20,000	22	413,000	1.31
20,001 to 30,000	17	421,000	1.34
30,001 to 40,000	8	284,000	0.90
40,001 to 50,000	8	383,000	1.22
50,001 to 100,000	18	1,256,239	3.99
100,001 to 200,000	9	1,298,000	4.12
200,001 to 400,000	-	-	-
400,001 to 600,000	-	-	-
600,001 to 800,000	-	-	-
800,001 to 1,000,000	2	1,782,000	5.66
Above 1,000,001	9	23,485,000	74.55
Total	932	31,500,000	100.00

(IV) List of Major shareholders

Names, number of shares and percentages of holdings by shareholders with 5% stakes or higher or top ten major shareholders

April 18, 2021; Expressed in Shares

Shares	Number of shares held	Shareholding ratio (%)
Name of Major shareholders		
Xingmao Group Holdings Limited Representative: LIN, CHIN-MAO	10,640,000	33.78
LIN, CHIN-MAO	2,570,000	8.16
Big Loyal Group Limited Representative: LIN, CHIN-MAO	2,070,000	6.57
Excellent Treat Limited Representative: FANG, CHANG	2,000,000	6.35
Business Department of Standard Chartered in Custody for Credit Suisse - investment specialized account of Credit Suisse, Singapore	1,381,000	4.38
Sunny Earn International Holdings Limited Representative: LIN, CHIN-MAO	1,380,000	4.38
AVY Precision Technology Inc. Representative: TUNG, CHUN-JEN	1,379,000	4.38
Nova Genesis Limited Representative: PENG, HAN	1,035,000	3.29
Abico Asia Capital Corporation Representative: HSIEH, FA-TA	1,030,000	3.27
Happy Time International Investment Limited Representative: LIN, CHIN-MAO	920,000	2.92

(V) Market value per share, net value per share, and earnings per share during the most recent two years and other relevant information

Expressed in New Taiwan Dollars/Thousand Shares

Item \ Year		Year 2019	Year 2020	The year as of April 18, 2021
Market price per share (\$)	Highest	217.00	184.00	164.50
	Lowest	182.00	94.10	138.50
	Average	191.92	140.52	152.52
Net Value per share (\$)	Before distribution	74.33	76.64	80.77
	After distribution	66.33	Note 2	-
Earnings per share	Weighted average shares (thousand shares)	27,875	31,407	31,349
	Earnings per share (Note 1)	13.92	13.25	4.03
Dividends per share	Cash dividends	8	Note 2	-
	Issuance of bonus shares	-	-	-
		-	-	-
	Retained Dividends	-	-	-
Analysis of Return on Investment	PE ratio (Note 3)	13.79	10.61	-
	Dividend-Price ratio (Note 4)	23.99	Note 2	-
	Cash dividends yield (Note 5)	4.17	Note 2	-

Note 1: Basic earnings per share

Note 2: To be determined by the shareholder meeting

Note 3: $P/E \text{ ratio} = \text{Average closing price per share in the current year} / \text{earnings per share (EPS) before retrospective adjustment}$

Note 4: $\text{Dividend-Price (P/D) ratio} = \text{Average closing price per share in the current year} / \text{Cash dividend per share}$.

Note 5: $\text{Cash dividend yield} = \text{Cash dividend per share} / \text{Average closing price per share in the current year}$.

Note 6: Net value per share and earnings per share as of the financial data reviewed by external auditors during the most recent quarter before the print date of this annual report. Other data based on the annual numbers as of the print date of this annual report.

(VI) Dividend policy and implementations

1. Company policy stated in the Articles of Incorporation

According to the Company's Articles of Incorporation, we are in the growth stage. To meet the funding requirements, business expansion and robust financial planning for sustainable development, the Company's dividend policy shall be based on future capex projects and capital requirements. Dividends shall be issued in cash or stocks to shareholders.

Unless otherwise specified by the Cayman Island laws, regulations governing companies listed on the Taiwan Stock Exchange or the Taipei Exchange, or by the Articles of Incorporation, or otherwise defined regarding the rights attached to shares, if the Company reports earnings at the end of a fiscal year, the Board of Directors shall distribute earnings after the completion of the steps below:

- (1) tax payments to be allocated as required by laws;
- (2) Making up cumulative losses in prior years (if any);
- (3) Appropriation or reversal of special surpluses as stipulated by the laws governing publicly issued companies or required by competent authorities.

Unless otherwise specified by laws or regulations governing publicly issued companies, the earnings during the year less than the amounts from (1) to (3) above and plus the unappropriated earnings in prior years are distributable earnings. The

Board of Directors may propose an earnings distribution plan and forward it to the shareholder meeting for approval. Earnings may be distributed in cash or dividends (with additional paid-in capital converted with earnings to allocate to shareholders on a pro rata basis). If the Board of Directors would like to distribute earnings, stock dividends should be at least 40% of the earnings during the year less the amounts from (1) to (3). Cash dividends shall be at least 20% equivalent of the stock dividends.

2. Proposed distribution of earnings at the shareholder meeting:

The Board of Directors decided on March 24, 2021 to issue a cash dividend of NT\$6.5 per share, for a total of NT\$203,769 thousand. Once the proposal is passed by the shareholder meeting, the Board of Directors shall authorize Chairman to determine the ex-dividend date and the distribution date.

(VII) Impact of the proposed bonus shares this year to the Company's operating performance and earnings per share:

No bonus shares proposed this year and hence not applicable

(VIII) Remunerations to employees, directors, and supervisors

1. Percentage or scope of remunerations to employees, directors, and supervisors as stated in the Articles of Incorporation:

If the Company reports profits for the year, 1% to 10% of the annual profits should be allocated as remunerations to employees and 5% or less to directors. In case of any losses carried forward, earnings should be prioritized for making up such losses. Remunerations to employees may be in cash or stocks, according to Employee Incentive Plan agreed on the basis of Article 11.1. The employees mentioned in this context may include the employees of the affiliated companies that meet certain criteria. The allocation of remunerations to employees requires the approval of a board meeting with at least two thirds of the directors present and at least half of the attending directors agreeing. The proposal shall be reported to the shareholder meeting. The directors who are also executives in other companies or affiliated companies may be entitled to remunerations both as directors and as employees.

2. Accounting treatment for any difference between the estimation of remunerations to employees, directors, and supervisors and the remunerations in stocks to employees and the actual distributed amount during the current period

The remunerations to employees, directors, and supervisors are estimated for the possible allocations pursuant to the Articles of Incorporation. If the estimated amount is different from the amount approved by the shareholder meeting, adjustments shall be recognized during the year the approval is made.

3. Remuneration allocations proposed by the Board of Directors

(1) Remunerations to employees, directors, and supervisors in cash or stocks. Any difference between the recognized expenses and the estimated amount, the reason and accounting treatments:

The Company distributed in 2020 a total of NT\$4,202,427 to employees, all in cash, and nothing to directors. There was no difference between the estimated amount and the recognized amount for bonuses to employees and remunerations to directors in 2020 financial statement.

(2) Remunerations to employees in stocks as a percentage of post-tax earnings and total remunerations to employees during the period:

No distribution of remunerations to employees in stocks and hence not

applicable

4. Allocation of remunerations (including the number of shares, the amount, and the share price) to employees, directors, and supervisors during the previous year (2019)

Any difference between the recognized expenses for remunerations to employees, directors, and supervisors, the reason and accounting treatments:

The Company distributed in 2019 a total of NT\$3,834,355 to employees, all in cash, and nothing to directors. There was no difference between the estimated amount and the recognized amount for bonuses to employees and remunerations to directors in 2019 financial statement.

(IX) Share repurchases:

1. Completed share repurchase program(s):

No. of the repurchase program	First
Purpose	Transfer to employees
Buy back period	April 29, 2020 To May 25, 2020
Repurchase price range	NT\$80 to NT\$210
Type and quantity of shares bought back	151,000 ordinary shares
Value of repurchased shares	NT\$20,801,671
Repurchased shares as a percentage of the planned repurchase program	50.33%
Number of shares cancelled and transferred	0
Cumulative number of shares held by the company	151,000 ordinary shares
The ratio of the cumulative number of shares held by the company to the total number of issued shares	0.48%

2. Ongoing share repurchase program(s) : None

II. Issuance of corporate bonds: None

III. Issuance of preferred shares: None

IV. Issuance of overseas deposit receipt certificates (DRC): None

V. Issuance of employee stock option certificates: None

VI. New shares to employees with restricted rights: None

VII. Merger/acquisition (M&A) or inward transfer of other firms' new shares: None

VIII. Implementation of capital utilization plans: None

Five.Business Performance in Brief

I. Business Lines

1. Scope

(1) Main businesses

- A. Weaving, dyeing & printing, processing, manufacturing, and distribution of fabrics for ready-made garments.
- B. Trading, processing and import/export of the abovementioned products and relevant yarn materials.

(2) Revenue breakdown

Expressed in Thousands of New Taiwan Dollars; %

Product	2020	
	Sales	Percentage of total sales
Cotton blend knitted fabrics	5,389,194	100.00
Others	-	-
Total	5,389,194	100.00

(3) Current products (services)

The Company is primarily a manufacturer of cotton blend knitted fabrics for the following applications:

- ① French terry: mainly used in athleisure coats and long-sleeve T-shirts. A classical fabric for sportswear. Fine and gentle outside and with loops or soft piles of yarn on the inside. Even softer and fluffier feel if the fabric is broom-finished inside. Great in keeping warm.
- ② Jersey: a versatile fabric for underwear and athleisure and a staple among woven fabrics. A soft feel, breathable and allowing moisture to flow through.
- ③ Air layers: An innovative fabric in athleisure by balancing between aesthetics and functionality. Suitable for fashion, sports, and leisure. An air cushion in the middle of the three layers in structure, to trap air and keep warm. Fine and smooth in surface, light in weight but with a solid and comfy feel. Good single-directional thermal conductivity, moisture absorption, air permeability and water-proof due to the three-layer structure.

(4) New products (services) under development

Environmental-friendly technology in dyeing and jacquard looming

- A. Dyeing with liquid ammonia finishing for cotton fabrics
- B. Cold dyeing
- C. Color spraying
- D. Spray printing for ready-made garments

2. Industry Snapshot

(1) Current status and developments

- A. Global market of fabrics and ready-made garments

According to the 2020 World Trade Report issued by the World Trade Organization (WTO), the annual growth rate of the world textile trade amount in 2019

declined by 2.4% to US\$305 billion, and the apparel trade amount declined by 0.4% to US\$492 billion. One of the reasons for the decline of textile and apparel trades was China-USA trade war.

In respect of textile exports, the top three export districts were China, 28 EU countries and India, representing 66.9% of global textile exports. The annual growth rate of textile exports in Vietnam increased by 8.3%, exceeding that of Taiwan, and became one of the top seven global export countries. According to the report of WTO, the market share of China in the world textile exports created the new record of 39.2%.

In respect of the apparel exports, the top four apparel export countries, China, 28 EU countries, Bangladesh and Vietnam, contributed 71.4 market shares of the global apparel market. However, the report of WTO also indicated that the market share of China declined to 30.8% from 31.3% of 2018.

In respect of textile imports, in 2019, the total of the top two import countries, USA and 28 EU countries, represented 31.2% of global textile imports. Vietnam became the third textile import country.

In respect of apparel exports, in 2019, the top three apparel import countries, 28 EU countries, USA and Japan purchased a total of 58.1% of global apparels.

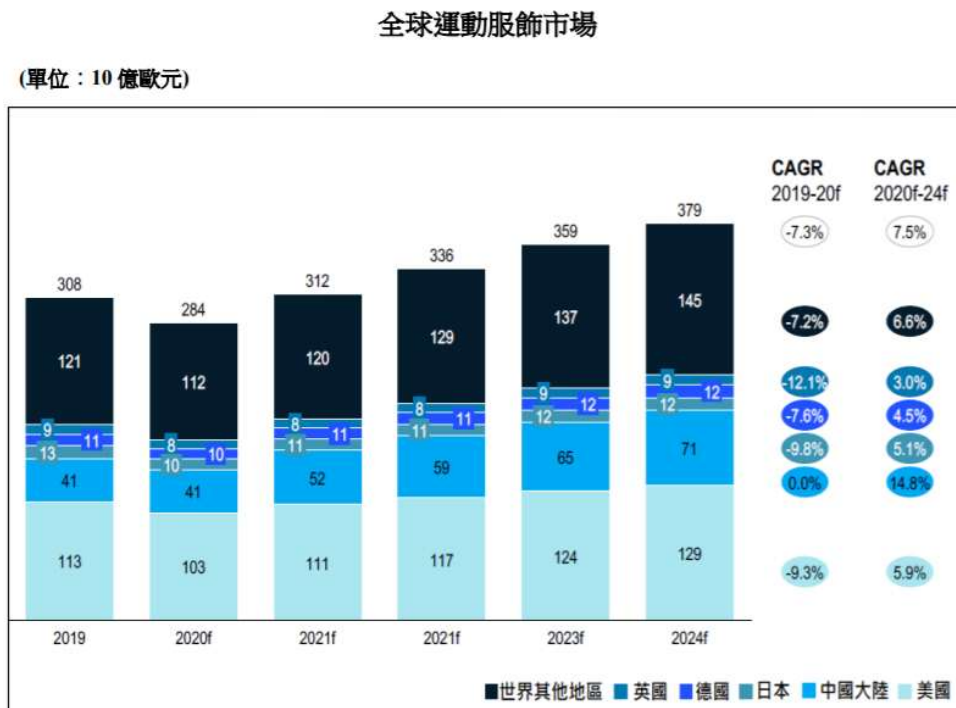
B. Global sports and fitness apparel market

The sport goods industry has encountered the first shrink in 2020 since the financial crisis in 2008. Although the business activities bounced once between two COVID pandemics, most of brands, retailers and manufacturers closed in negative figures. The pandemic not only impacted temporary sales performances, but also accelerated the revolution, which has a long-term affection on the enterprise growth period in the value chain of sports goods. This pandemic has brought the industries to the next wave of normality, of which the constituent elements include the rise of the demand for digital commerce and sustainable products, and the increase in the participation of various sports.

COVID pandemic in 2020 caused severe impact on the global sport apparel market and the recession of sales of most enterprises. Mainland China was an exception. Its compound annual growth rate expanded by 16.5% from 2015 to 2019 and is the growth engine of the industry continually.

The degrees of impact on specific sports are different depending on the degree of difficulty they conducted under the lockdown circumstances. Outdoor individual sports and home fitness sports become popular, but group sports and indoor sports are struggling and is impacted by the postpone or cancellation of main sport events. Emerging business opportunities reside in female apparel, home fitness, running and

Yoga/Pilates sport wearing as the focus.

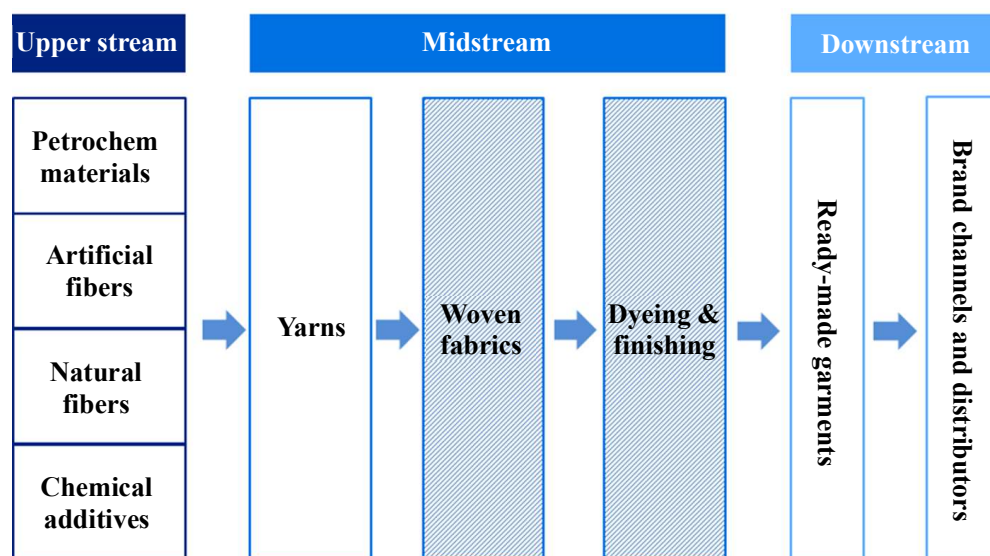


Source: Euromonitor International

A change of consumers has also been observed from this pandemic. Sport and leisure were the big trend before the pandemic, but boundary line between the work and leisure becomes fuzzier. Comfortable dressing in the occasion which requires formal dressing becomes acceptable more and more.

(2) Upper, mid to downstream of the supply chain

Ready-made garment is produced with materials produced with wool, cotton, or petrochemicals in the upper stream. These materials are woven into yarns and made into cloths, which are dyed, finished, or processed before cutting, sewing, weaving, or knitting into ready-made garments and other textile products. Finally, the garments and products are sold to consumers via brand channels and distributors. Below is an illustration of value chain activities from upper, mid to downstream.



(3) Product trends

Athleisure is in and functional sports products are popular. This is the driver of steady growth in the athletic apparel industry. As a result, sports brands are increasingly demanding for the quality of cloths. In addition, they also require the manufacturing process to be environmental-friendly and the products to provide high performances. In the past, OEM clients (i.e. sports brands) offered technology and textile suppliers manufactured products. Nowadays suppliers are required to have the capability to develop fabrics to stand out in the competition. The design of new products for sports brands should stay on top of changing preferences of consumers and balance between fashion and function.

Dyeing and finishing are an important process of fabric manufacturing. Cloth is placed into a dye vat to acquire the desired color. In the past, dyeing a kilogram of cloth consumed at least 200 liters of water. However, the improvement of the manufacturing process has gradually reduced this ratio. Meanwhile, OEM clients began to pay attention to energy efficiency of manufacturing processes and incorporated this in their assessment of textile suppliers. Therefore, the improvement of manufacturing technology is an important issue for textile suppliers.

Environment sustainability is becoming the first consideration of consumers, and enterprises respond to this by introducing more sustainable products. COVID pandemic also accelerate this trend, and the present obligations of enterprises are maintaining the sustainable supply chain and input such concept as cyclic economy.

(4) Competitive landscape for products

The Company is primarily engaged in the manufacturing and distribution of knitted staple fabrics, made with filament yarns, spun yarns, and elastic fibers. Spun yarns account for 50% of our materials. Garments are a necessity in life and there are thousands of fabrics combined with different yarns, dyed, and post-treatments with various techniques. Given the maturity of weaving and dyeing technology, it is increasingly difficult to systematically develop new fibers, techniques, specifications, or designs. What can be achieved now is to enhance and optimize existing processes and material applications and provide differentiated and high value-adding combination of new functions and products, to win orders from OEM clients and boost competitive edges. The Company and its subsidiaries continue to improve a variety of new fabrics. For example, we have developed DryNit® with a special weaving technique different from the traditional

approach of making cotton tapes. The new Spacer fabric is produced with innovative processes to address the problem of pilling and provide better feel and fluffiness. The new French terry fabric is soft, light, and warm, environmental-friendly and no fiber shredding. In the meantime, the Company and its subsidiaries continue to improve manufacturing processes. We introduce high-tech equipment in energy efficiency and environmental protection such as low liquor ratios in dyeing, improvement in spray dyeing, adjustments to additives administering, adoption of new and environmental-friendly materials, and waterless dyeing. It is hoped that the Company and its subsidiaries can offer products catering to market needs and responding to market changes.

We are proud of our supply chain management, as we are familiar with sourcing of raw materials and able to identify the most suitable and price competitive suppliers according to quality requirements from our customers. We have access to a large variety of knitted fabrics from a long list of suppliers, and all our contractors have passed the quality certifications from international OEMs. Our quality assurance personnel are well-versed in acceptance standards by ready-made garment customers and we are responsible for shipment scheduling and quality inspection before delivery. As our final products are used in ready-made garments for international sports and leisure brands (OEM brands), we sell to the ready-made garment suppliers of these brands. We either speak directly with OEM brands for specifications or recommend to them our new fabrics. Once the desired colors and styles are identified, OEM brands place order to their ready-made garment manufacturers. As consumers exercise more over the recent years, they demand sportswear that is fashionable and serving different purposes such as anti-bacteria, ultraviolet resistance, moisture absorption/wicking, heat generation, cooling, and waterproof. International sports brands set a high standard for fabrics quality and innovative functionality. Suppliers need to go through a robust process of qualification. It is not possible for new suppliers to become qualified suppliers in a short period of time.

3. R&D and Technology

(1) R&D expenses during the most recent year and as of the print date of this annual report

Expressed in Thousands of New Taiwan Dollars; %

Item	2020	1Q/2021
R&D expenses	15,653	2,097
Net sales	5,389,194	1,505,177
As a percentage of net sales	0.29%	0.14%

(2) Successfully developed technologies/products

Year	R&D results	Details
2020	Unfolding basic research on the R&D project, "Development of Anti-bacterial and Anti-viral Knitted Mask Fabrics"	A kind of double rib air layer knitted fabric is developed by using ultra-fine modal fiber and ultra-fine zinc oxide antibacterial polyester as raw materials, and is finished with single-sided water repellent coating and antibacterial and antiviral finishing. It not only has good air permeability, moisture permeability and stiffness, but also owns one-way wet-guided, anti-bacterial, and anti-virus functions, which can be used as anti-bacterial and anti-viral knitted mask fabric.
	Unfolding basic research on the R&D project, "Improvement in Hair Slip Prevention and Elasticity of French terry Fabric"	A kind of French terry fabric with excellent texture/handfeel is obtained by analyzing the causes of hair slipping and poor elasticity of French terry fabric from the perspective of its fabric structure, proposing new fabric structure of French terry fabric, adjusting the parameters of ball wool technique, adding plasma

Year	R&D results	Details
		pretreatment and the like to improve the problems of hair slip and elasticity existing in traditional French terry fabric.
	Unfolding a technical transformation R&D project arising from the patent, “A Yarn Storage Device fit for Yarn Knitted Fabric with High Rigidity”	In order to solve the problem that the existing yarn storage device cannot handle yarn online, we transform the technical results of our patented technology with independent intellectual property rights into a R&D project. The patented technology devises a heating device installed in the special winding yarn storage device to heat the yarn, and a water supply device installed around said yarn storage device to adjust the yarn humidity. A new functional yarn storage device incorporating yarn temperature and humidity control is therefore realized to provide more possibilities to enrich the yarn material and improve the quality of fabric development.
	Unfolding the R&D project , “Preparation of One-way Wet-guided Knitted Fabric Based on On-line Spray Coating”	A kind of knitted fabric with one-way wet-guided effect is obtained by adopting double jersey with an outer layer of raw cotton and an inner layer of polyester fiber as the study object, whose inner and outer layers go through a series of treatments in terms of being on-line spray-coated with water repellent agent and moisture-absorbing and quick-drying finishing agent respectively based on the on-line spray coating technology.
	Unfolding the R&D project, “Development of Injection/Atomization Sample Dyeing Machine”	By adding nozzles and a supporting control system on the sample dyeing machine, the sample dyeing machine is endowed with the functions of injection and atomization. At the same time, it is equipped with a drying system and a vision system, which are used in several processing steps for fabric dyeing and finishing, such as fabric pretreatment, dyeing and washing.
	“Application of Plasma Pretreatment in Cotton Knitted Fabric” published in the “Zhenzhi Gongye” magazine in PRC.	Low temperature plasma pretreatment is applied to pure cotton and polyester cotton knitted fabrics to obtain the best process conditions. The cotton knitted fabrics subject to plasma pretreatment have better whiteness and excellent hydrophilic properties because plasma treatment can replace conventional refined pretreatment process to a certain extent.
	The application of the invention patent, “A Textile Shower and Washing System” has been accepted.	The invention patent is about quickly accomplishing the textile surface loose color washing process to save production time, reduce water consumption, and go green.
	The application of the invention patent, “Method for Improving the Dye-uptake of Direct Dyes on Cotton Fabrics” has been accepted.	The invention patent is about cross-linking chitosan to cotton fabrics by using citric acid as a cross-linking agent so that the chitosan cross-linked cotton fabrics have better affinity to direct dyes under specific acidic conditions, thereby improving the dye-uptake of direct dyes on the chitosan cross-linked cotton fabrics, reducing cost and environmental pollution, and lowering the harm to human body in the course of dyeing.

4. Long-term and short-term development plans

(1) Short-term plans

A. Expansion acceleration in South East Asia

Step-up in capacity investment in Cambodia and setup of facilities in Vietnam to establish a complete supply chain in Southeast Asia

- B. Continuing with enhancement of management transparency, overall operational efficiency, and employee productivity. Control of operating expenses. Further vertical integration in terms of order taking. Seeking strategic alliances in upper stream and downstream to expand operations, reduce costs and boost profits.
- (2) Long-term plans
 - A. Production planning & strategy

Establishment of highly efficient, high quality and fast delivery with enhanced manufacturing capability and competitive edges, in response to order types and customer requirements
 - B. Innovation of core technologies

Innovative technologies in weaving, dyeing, and finishing to develop high value-added products. Vertical integration to ensure fast responses across the value chain.
 - C. Ongoing improvement of the Company's financial structure to meet the requirement for continued R&D in new products/services in the international market

II. Markets, Sales & Distributions

1. Market analysis

(1) Key markets for products/services

Expressed in Thousands of New Taiwan Dollars; %

Year Region		2019		2020	
		Amount	Percentage	Amount	Percentage
Domestic sales		2,289,808	31.12	1,316,411	24.43
Exports	Southeast Asia	4,629,746	62.92	3,577,306	66.38
	South Asia	238,706	3.24	400,209	7.43
	Others	200,178	2.72	95,268	1.77
Total		7,358,438	100.00	5,389,194	100.00

Note 1: Domestic sales refer to sales in China

Note 2: Based on shipments

(2) Market shares

We have a complete range of production equipment, from greige manufacturing, dyeing & finishing, after-treatment processing, to physical property inspections and quality assurance. The vertical integration creates synergies and varieties in product mixes, processing methods and qualities. Our strategy is to pursue small quantities but large varieties and product options. This is the reason why the Company's high-quality fabrics are well-recognized by our international OEM clients in Europe and the U.S. Our sales and market shares enjoy stable increase year over year. We continue to innovate, develop, produce, and distribute spun yarns to grow in the market at a steady pace. Our cooperation with OEM clients is solid and long-term in nature. Customer requirements are incorporated in the development stage for product designs, patterns, material combinations and functionality mixes. We endeavor to maintain our advantage in the textile industry by catering to the requirement of international brands and the need from consumers for tasteful, fashionable, and trendy designs.

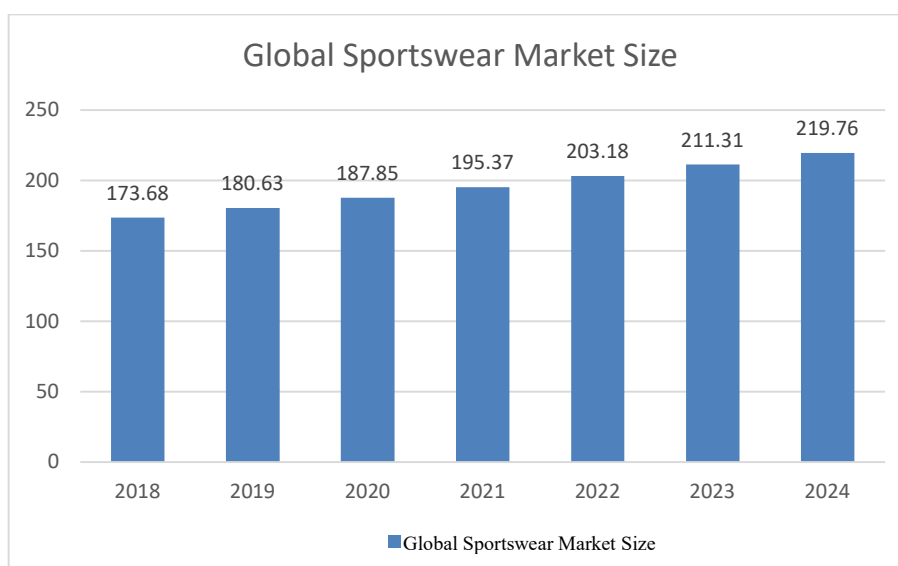
(3) Demand/supply and growth prospect

The term "athleisure" is coined by combining the words "athletics" and "leisure". This initially refers to the phenomenon of women wearing yoga outfits in the gym. Men later followed suit. It eventually evolved into a style combining sports and fashion. Athleisure has since become a new casual style.

To the millennials, athleisure is a statement that clothes are more about functions. What they wear is an expression of style and attitude. As digital natives, they quickly understand and embrace new technologies and live on social media. Sports brands are marketed via social media and ecommerce platforms, with KOLs and celebrities showcasing trendy and fabulous looks. Athleisure quickly became an aspiration for consumers. People in their hectic life wish to spend more time exercising. Sports are playing an increasing role in the society. All countries around the world organize road running events, big or small, each year. Gyms and sports centers have been mushrooming in cities of both developed countries and developing economies. Sports have become a part of modern life.

According to statistics from Plunkett Research, the global athleisure market totaled US\$1.5 trillion in 2016. Since 2005, the global market has been growing at a CAGR of 5.7% and may reach US\$2 trillion in 2020 driven by the Tokyo Olympics. Statista forecasts the global sportswear market to reach US\$180.6 billion in 2019 and US\$219.8 billion in 2024, at a CAGR of 4.01% over the five-year period.

Expressed in US\$bn



Source: Statista; Yuanta Securities

(4) Competitive edge

A. Outstanding order-taking capability and production management

The Company and its subsidiaries have long-term suppliers in China, and we have people on the ground with these suppliers, to monitor quality and arrange shipments. We have the only sizable weaving and dyeing factory in Bavet, Cambodia. The main customers of the Company and its subsidiaries are ready-made garment manufacturers who supply to international sports and leisure brands (i.e. OEMs). We either approach these OEMs and produce samples according to their requirements or recommend to these OEMs our newly developed fabrics. Once the colors and designs are up to the requirements of OEMs, they place orders to their ready-made garment suppliers, and assign the Company and its subsidiaries as the fabric supplier. Then these ready-made garment manufacturers procure fabrics from the Company and its subsidiaries. There are a large variety of orders and a big volume of samples is required. Orders are frequent and lead times are short. In sum, the Company has extensive experience working for international sports and leisure brands. We also have own factories and long-term suppliers, so that we can adjust production and processing lines to meet with the quality and delivery requirement of international sports and leisure brands.

B. Quality Management System and OEM Certifications

The spun knitted fabrics produced and marketed by the Company and its subsidiaries are under strict quality control. We have been approved by OEMs such as Adidas, Puma, Gap, and Li Ning to ship products by self-inspecting the colors, without any sign-up required from a third party. Our testing center has been certified as an independent supplier by Adidas, Puma, Gap, and Decathlon. In other words, the Company and its subsidiaries are authorized to issue fabric test reports, without certification from third parties. The Company and its subsidiaries have also passed the Quality Control approval from Adidas. All these certifications demonstrate the trust of OEM customers in our quality.

C. Presence in Southeast Asia to stay close to downstream supply chain

The Company and its subsidiaries in 2011 established a vertical production line with weaving, dyeing, and finishing capability in Bavet, Cambodia. Bavet is

approximately 160 kilometers from the capital Phnom Penh of Cambodia (about three hours by car), and about 80 kilometers from Ho Chi Minh City in Vietnam (about two hours by car). Both Phnom Penh and Ho Chi Minh are hubs for ready-made garment manufacturers. Our outputs in Bavet can ship to the ready-made garments in Cambodia and Vietnam. As international OEMs are instructing their local suppliers to purchase locally (“local to local”), our production lines have become the only fabric supplier in Cambodian for many international OEMs. There are many hurdles for other fabric and dye manufacturers to overcome to set up facilities in Cambodia in the immediate future. The economic and political environment in Cambodia is not fully developed, and the infrastructure is also inadequate. For example, manufacturers need to source water and energy and comply with the environmental protection requirements. Up to date, there is no other competitor with facilities in Cambodia comparable to those owned by the Company and its subsidiaries. In sum, TST Group is an indispensable partner for international brands in the foreseeable future.

(5) Positive/negative factors for business prospects and responding measures

A. Positive factors

(A) Demand stable and growing

The products from the Company and its subsidiaries are used in the ready-made garments of international sports and leisure brands. As the sportswear market continues to boom and the sports and outdoor leisure activities remain vibrant around the world, there will always be a slew of new designs that combines fashion and function. This means fabric and ready-made garment producers will continue to grow at a steady pace.

(B) Global famous brands as key customers

The Company and its subsidiaries have successfully won business from international brands by offering a diversity of quality products. In fact, we have attracted many supplier awards from these customers because of the speed of product launches and capability to develop products according to requirements. Among the awards the Company and its subsidiaries have received are Adidas’s Global Fabric Supplier Award “Golden Shoes”; Championship for Adidas’s Global Textile Supplier Review; PUMA’s Best R&D for Fabric Supplier; PUMA’s Best Global Supplier Award and Li Ning’s Best R&D Award. International brands such as Adidas, PUMA, Decathlon, Li Ning, and GAP are among the clients of the Company and its subsidiaries.

(C) High thresholds for certifications

The Company and its subsidiaries have been working with international sports and leisure brands for many years. As a qualified supplier, we have obtained the authorization to self-inspect colors of products, without the need to go through validation from external organizations. Our quality test center has also been certified by the third parties recognized by OEM customers, and the results from our test center are deemed to be equivalent to the validation from third parties. In sum, the Company and its subsidiaries have gained significant trust from sports and leisure brands and we are a regular recipient of supplier awards from these brands. As it is difficult for competitors to achieve our quality standards, our orders are ensured in the foreseeable future.

B. Negative factors

(A) Profitability under the influence of raw material prices

The raw materials of spun knitted fabrics are cotton yarns and chemical fiber yarns. Going forward, the price volatility of cotton and crude oil may push up raw materials prices. Whilst it is possible to transfer costs to OEM customers via negotiations and boost profits for the time being, any dramatic increase of international cotton and oil prices will eventually erode our profitability if costs cannot be completely absorbed by OEM customers.

Responding measures

The Company and its subsidiaries keep a close eye on the change of the raw materials market. We maintain good relations with raw materials suppliers and we diversify the sourcing of raw materials by procuring from multiple suppliers. That said, the long development cycles for sports brands mean relatively adequate time to respond to fluctuations of raw materials prices. When proposing new fabrics to OEM customers for the new season, the Company and its subsidiaries may adjust the manufacturing process and technology to reduce costs. We can also raise unit prices in line with the market to enhance profitability in a timely manner.

(B) The trade war between China and the U.S.

The Company and its subsidiaries ship the fabrics produced in China to the ready-made garment manufacturers in Vietnam and Cambodia. This is because our facilities in Cambodia are not able to meet with all the demand yet. Since the trade war between China and the U.S. in 2018, the U.S. government has been levying extra tariffs on the products from China and textile is among the sanctioned list. However, there are no punitive duties on the products exported to the U.S. from countries other than China but with raw materials manufactured in China. The Company's products exported from China in 2019 and 2020 during accounted for 35.69% and 32.11% of total revenues, respectively. These products were primarily shipped to Southeast Asia and South Asia. A small portion was sold to other countries in Asia, and there was no direct sale to the U.S. The distribution of ready-made garments from factories is up to the decision from OEM customers. The only significant impact was increased demand for local suppliers as international OEMs stepped up their procurement in Cambodia and Vietnam.

Responding measures

The Company and its subsidiaries are engaged in the development, design, manufacturing, and distribution of cotton blend knitted fabrics used in athleisure fashion. We sell our fabrics to ready-made garment factories. The U.S. government assesses the tariffs on ready-made garments based on where the ready-made garments are produced. The fabrics produced and sold by the Company and its subsidiaries are intermediary materials and not directly exported to the U.S. Therefore, the influence of the trade war between China and the U.S. is limited. However, as the trade negotiation continues, uncertainties abound. To ensure operational stability, the Company established a factory in Vietnam in 2020. This caters to the local sourcing requirements by brand owner customers, diversifies the production risks in a certain region and mitigates macroeconomic risks of a single country.

(C) Limited operational scale, with many manufacturing processes outsourced

The Company did not have its own production lines in the early days due to limited scale. We started as a trading business of textiles. We developed products but outsourced the manufacturing to external parties. The Company

gradually established its own capacity in dyeing and finishing. As of 2020, the percentages of own production and outsourced production are half to half.

Responding measures

The Company has been enjoying stabilization in profitability and growth in scale over recent years. In 2011, we built out own weaving, dyeing, and finishing facilities in Cambodia. Looking forward, we plan to expand manufacturing capacities and operational scale, or invest in ready-made garment manufacturing to become fully integrated and hence boost competitiveness. Meanwhile, as the Company is limited by the capacities and deliveries of our contracted manufacturers, we conduct daily quality inspections on these manufacturers and add to our list of contractors, to mitigate the quality and delivery risks of outsourcing.

(D) EU-Vietnam Free Trade Agreement (EVFTA)

Vietnam and the European Union in Hanoi on June 30, 2019 drafted the EU-Vietnam Free Trade Agreement (EVFTA) and the EU-Vietnam Investment Protection Agreement (EVIPA). Both agreements are to be reviewed by the European Parliament and the parliaments of its member states. The EVFTA would take effect at the end of 2019 the earliest; whilst it would be at least two years away for the review of the EVIPA to be completed. According to the EVFTA, Vietnam and the 28 economies in the European Union will gradually dismantle tariff barriers. As soon as the agreement comes into force, benefits, the European Union (EU) will immediately eliminate 85.6% import duties on certain products from Vietnam, and this covers 70.3% of Vietnam's exports to the EU. To reciprocate, Vietnam will immediately scrap 48.5% duties on some imports from Europe, and this covers 64.5% of Europe's exports to Vietnam. Both parties will gradually phase out 99% of customs tariffs within ten years. As Vietnam is keen to become an important economic partner to the EU and integrate into the international economy and cooperation, the signing of the EVFTA is a milestone to its economy and corporate structure. It is beneficial to Vietnam's exports of textile products to the EU.

Responding measures

The production facilities owned by the Company and its subsidiaries are in China and Cambodia, and thus cannot access the preferential treatments under the EVFTA framework. TST Group decided at the end of 2020 to establish a weaving and dying factory in Vietnam to integrate the supply chain resources in weaving, dyeing, and finishing in Vietnam. It is expected that textile exports from Vietnam will continue to grow, once the EVFTA is implemented. This should boost the demand for fabrics used in ready-made garments and benefit the group.

(E) Stringent environmental standards

In response to rising concerns over the environment, all governments around the world (including China and Cambodia) and international organizations have been increasing the threshold for the statutory requirements in environmental protection. To keep up with this trend and comply with relevant laws and regulations, it is necessary to continue investing in the purchase of anti-pollution equipment and the training of personnel. The effective strategy to reduce environmental pollutions should focus on the control of pollution sources, so that employees can work in a safe environment.

Our subsidiary in Cambodia is engaged in weaving, dyeing, and finishing and thus wastewater and other emissions are inevitable. The subsidiary has its own wastewater treatment facilities and has acquired four permits, pollution discharges, wastewater emission, waste gases from boilers, and sludge emissions. The Ministry of Environment in Cambodia samples wastewater for testing each year. Whilst our Cambodian subsidiary treats wastewater according to legal requirements, there are occasions of breaching the threshold due to equipment failure and production facilities issues, or value deviations caused by different inspection methods. However, we make immediate amends as soon as any problem has been identified.

Responding measures

The Company procures and renews pollution control equipment, advocates waste reductions and develops new manufacturing processes to comply with environmental regulations. We assign personnel to patrol the pollution control equipment onsite each day and there are units responsible for the operation and maintenance of the equipment. The wastes are processed off-plant by the companies recognized by the Ministry of Environment. The Company and its subsidiaries keep informed of relevant environmental laws and regulations. Whilst we seek to enhance our competitiveness, we also strive to mitigate our environmental impact in raw materials and products. We hope to produce with accuracy and timeliness and establish all-rounded competitiveness by manufacturing products in compliance with environmental regulations and catering to customers' requirements so that we can achieve sustainable developments.

(F) Concentration of OEM customers

Our end customers are global sports brands. As we sell a great variety of products to one customer in large quantities, we do not see much difference between high seasons and low seasons. This customer has been expanding its global market shares over recent years. As a result, our revenues from this OEM customer have been growing in value and percentage.

Responding measures

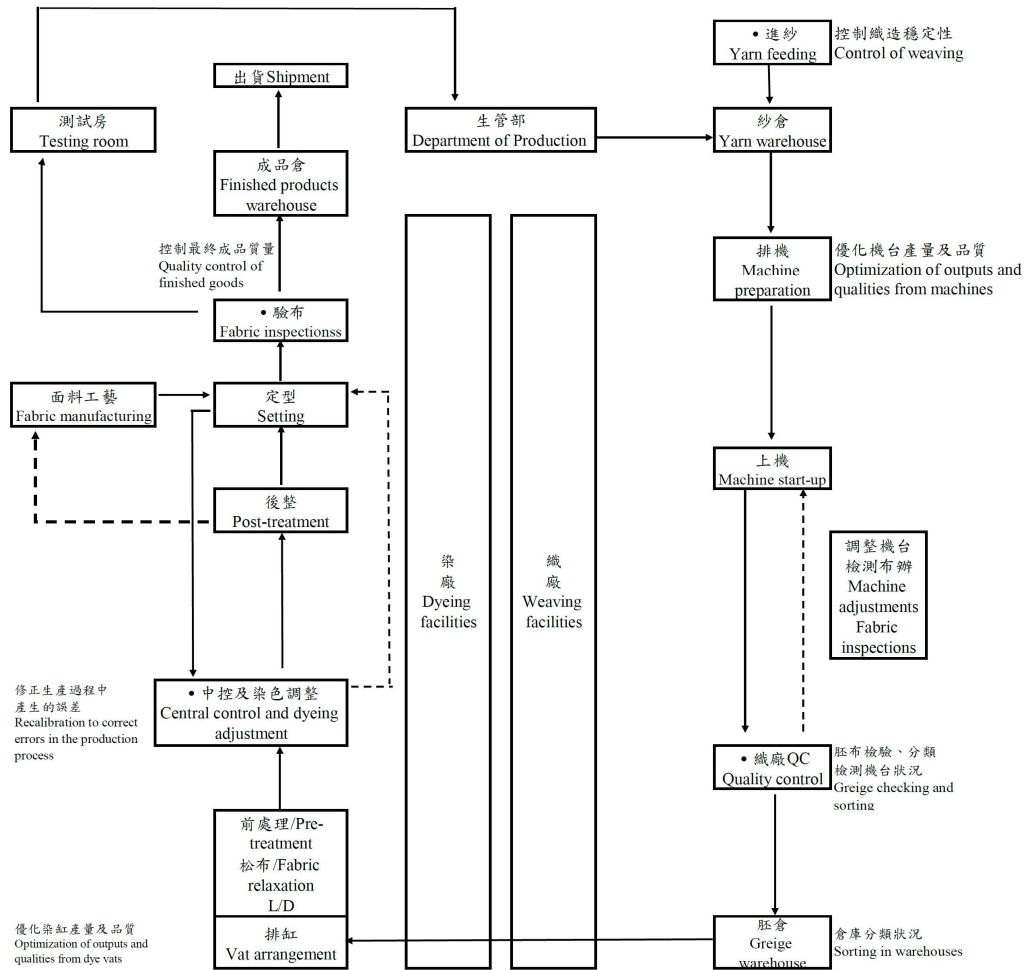
The Company is actively expanding clientele, and we have achieved results after years of efforts in communicating with customers and attracting new orders. Going forward, we will continue to deepen relations with existing customers, develop new products and new customers to boost revenues and mitigate the risks associated with a single customer.

2. Key applications and manufacturing processes of staple products

(1) Key applications of stable products

Product	Applications
Terry fabrics	Main fabrics for athleisure coats and long-sleeve T-shirts
Jersey fabrics	A versatile choice for underwear and athleisure garments
Air-layer fabrics	Innovative fabrics for athleisure garments, ideal for the combination of fashion and function, suitable for trendy, sporty and leisure outfits

(2) Manufacturing processes of staple products



3. Supply of major materials

The Company's raw materials are primarily yarns and greiges.

Raw materials	Key suppliers	Supply status
Yarns and greiges	Tainan Spinning; Far Eastern Textile; Huaifu Group; BROS Eastern Group; Hung Yueh Group; Texhong Textile Group; Yicheng Tianshu Textile; Thien Nam Spinning; Lan Fa Textile; Mei Sheng Textile (Vietnam)	Good

4. List of major customers for purchase and sales:

- (1) The names of the suppliers who have accounted for more than 10% of the total purchase amount in the previous year, and the amount and proportion of the purchase amount, and explanation of the reasons in change of increase or decrease:

Expressed in Thousands of New Taiwan Dollars

Items	Year 2019				Year 2020			
	Title	Amount	Ratio to the net annual input amount (%)	Relationship with the issuer	Title	Amount	Ratio to the net annual input amount (%)	Relationship with the issuer
1	Texhong Textile	1,046,271	18.66	Nil	Texhong Textile	743,556	19.64	Nil
2	A Company	1,015,337	18.11	Nil	A Company	734,541	19.40	Nil
3	HUAFU	627,121	11.18	Nil	BROS MACAO	446,812	11.80	Nil
	Others	2,918,307	52.05	-	Others	1,861,962	49.16	-
	Net input amount	5,607,036	100.00	-	Net input amount	3,786,871	100.00	-

Explanations for any change: Our main customers enjoy stable businesses. We have at least two long-term suppliers for key materials. There has been no significant change to our list of major suppliers during the past two years.

- (2) The names of the customers who have accounted for more than 10% of the total sales in any year in the most recent two years: or the amount and proportion of the sales, and the reasons for the increase or decrease:

Expressed in Thousands of New Taiwan Dollars

Items	Year 2019				Year 2020			
	Title	Amount	Ratio to the net annual sales amount (%)	Relationship with the issuer	Title	Amount	Ratio to the net annual sales amount (%)	Relationship with the issuer
1	Win Hanverky Holdings Limited	819,175	11.13	Nil	CRYSTAL	634,439	11.77	Nil
2	Suzhou Tianyuan	692,332	9.41	Nil	DIN TSUN	559,099	10.37	Nil
	Others	5,846,931	79.46	Nil	Others	4,195,656	77.86	Nil
	Net input amount	7,358,438	100.00		Net input amount	5,389,194	100.00	

Explanations for any change: The company cooperates with the sales of garment factories designated by brand customers.

6. The output volume and value in the most recent two years:

Expressed in Thousands of New Taiwan Dollars

Sales volume/value Major commodities	Year	Year 2019			Year 2020		
		Capacity	Volume	Value	Capacity	Volume	Value
Cotton blend knitted fabrics		30 million pounds	28.36 million pounds	2,279,305	35 million pounds	27.96 million pounds	1,982,863
Others		—	—	—	—	—	—
Total		30 million pounds	28.36 million pounds	2,279,305	35 million pounds	27.96 million pounds	1,982,863

Explanations for any change: Affected by COVID-19, the demand for orders has fallen, and the output and output value have fallen.

7. The sales volume and value in the most recent two years:

Expressed in Thousands of New Taiwan Dollars

Sales volume/value Major commodities	Year	Year 2019				Year 2020			
		Domestic sales		Export		Domestic sales		Export	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Cotton blended knitted fabrics (internally manufactured)		—	—	24.35 million pounds	2,442,055	—	—	24.64 million pounds	2,342,540
Cotton blended knitted fabrics (externally manufactured)		21.34 million pounds	2,279,676	23.71 million pounds	2,626,575	12.86 million pounds	1,306,520	15.35 million pounds	1,730,243
Others		—	10,132	—	—	—	9,891	—	—
Total		21.34 million pounds	2,289,808	48.06 million pounds	5,068,630	12.86 million pounds	1,316,411	39.99 million pounds	4,072,783

Note: Domestic sales refer to sales in China.

Explanations for any change: Affected by COVID-19, sales fell.

III. Number of employees, average number of years of service, average age and academic degree credential distribution ratio during the most recent year and as of the print date of this annual report

Expressed in Person

Year		2019	2020	The year as of March 31, 2021
Number of employees	Managers and above	48	52	53
	Employees	288	286	290
	Operators	736	724	757
	Total	1,072	1,062	1,100
Average ages		31.7	32.0	34.0
Average service seniority		4.7	4.9	5.5
Academic degree levels	Master (included above)	0.56%	0.75%	0.73%
	University/college	19.40%	30.30%	24.27%
	Below senior high school (inclusive)	80.03%	68.95%	75.00%

IV. Information of expenditures for environmental protection

1. According to relevant laws and regulations, the procedures of applications for the permits regarding deployment of pollution control facilities, pollution emissions, or payments for pollution control fees or establishment of dedicated personnel in environmental protection are described below:

Our subsidiary in Cambodia, Top Sports Textile Ltd. (TSP), has its own wastewater treatment facilities, and has acquired four permits: pollution discharges, wastewater emission, waste gases from boilers, and sludge emissions. The Ministry of Environment, Cambodia, visits TSP once or twice per annum to sample wastewater for testing. The Cambodian government sets two standards for wastewater emissions: (1) Standard II COD <100 for discharge to regular waters; (2) Standard I COD <50 for discharge to protected waters (vs. the standard COD 140 in Taiwan and COD 80 in China). TSP continues to enhance its wastewater treatment facilities. The current capacity is 7,000 cubic meters per day and operating at the standards for discharge to regular waters. Meanwhile, we also introduce sludge drying equipment to reduce the water contents (thus weight and capacity) of sludge.

The environmental regulations in Cambodia do not specify that there should be factory personnel dedicated to environmental protection. However, TSP has established a taskforce focusing on pollution prevention and controlling all the pollution sources onsite. They also serve as the contact window with environment service providers and oversee matters in relation to wastes processing.

2. Investments in pollution control equipment, purposes of such equipment and potential benefits

List of Pollution Control Equipment

March 31, 2021; expressed in USD

Equipment name	Quantity	Acquisition date (yy/mm/dd)	Investment cost	Valuation (net of depreciation)	Purposes and benefits
Upgrade of wastewater treatment system	1	2018.10.01	1,250,000	759,446.29	Reaching the European standard of \leq COD 50 Current daily capacity of 7,000M ³
Reengineering of wastewater treatment system	1	2016.01.01	300,000	21,289.77	Daily capacity of 5,000M ³
Wastewater treatment system	1	2012.06.01	1,100,000	368,254	Daily capacity of 3,000M ³

3. During the most recent year and as of the print date of this annual report, please provide the details of environmental pollution treatments in response to any disputes regarding pollutions, if any: None
4. During the most recent year and as of the print date of this annual report, in case of any damages (including compensations) incurred by the Company for environmental pollutions, the amount of fines imposed on the Company, responding measures (including improvement measures) going forward, potential expenses (including possible and estimated losses, penalties and damages if no actions have been taken). If a reasonable estimate cannot be provided, please explain the factual reasons why: None
5. Influence of current pollutions and improvement measures on the Company's earnings, competitiveness and capital expenditures, and the major capital investments on environmental protection over the next two years: None

V. Employment Relationships

- (I) Employee benefits, training & education, retirement system and its implementation, agreement with employees and protection of employee interests

1. Employee benefits

The Company and its subsidiaries offer subsidies for weddings, funerals, celebrations, etc. of employees, employee travels, performance and year-end bonuses, social insurance, and annual health checkups. We also provide a variety of workshops and training programs to expand the horizon and enhance work efficiency of employees.

2. Training & education of employees

The Company and its subsidiaries emphasize the importance of talent development because human resources are an important asset. To empower our colleagues at different levels with professionalism and knowledge of their tasks, we organize training & education sessions from time to time. We hope our employees can constantly absorb new information, enhance their competences and work quality so that we can improve operating performances and boost competitiveness.

3. Retirement system

The Company's subsidiaries in China, i.e. Taiju Textile (Shanghai) Co., Ltd., Guangzhou Liangwei Knitted Fabric and Textile Co., Ltd. and Guangzhou Taiju Management Consulting Co., Ltd., comply with the regulations stipulated in Social Insurance Law of the People's Republic of China by paying contributions for employees. Such contributions include medicare, childbirth & raising, retirement, occupational injury and redundancy purposes and pension reserves.

TSP, our subsidiary in Cambodia, adheres to the Cambodian Law on Social Security Schemes for Persons Governed by the Labor Law by making contributing for employees' health insurance and coverage of occupational risks (accidents and diseases).

The subsidies outside China or Cambodia follow the relevant labor laws and regulations in the jurisdictions where they operate.

4. Agreements with employees and protection of employee interests

The rights of our employees are our top priority. We proactively communicate with supervisors of different functions and practice human-based management. Our labor policy is based on honest communication and the following activities, to create a win-win for the Company and the employees.

- A. Compliance with relevant labor laws and regulations to create a harmonious relation with employees and maximize the protection of employees
- B. Smooth communication with employees so that they can fully express opinions and receive responses
- C. Full advocacy of operational status and material measures in the Company and its subsidiaries so that employees can fully understand, support and collaborate.

- (II) During the most recent year and as of the print date of this annual report, the impairment having been undergone by the Company as a result of labor disputes with disclosure of the amount of impairment so far and anticipated in the future as well as the countermeasures. If such amounts could not be reasonably estimated, the fact that it cannot be reasonably estimated should be explained in full: None.

VI. Key agreements

Material and valid contracts signed by the Company in its key operating sites up to date:

Nature of the contract	Counterparty	Term of the contract	Highlights	Restrictive clause
Outsourcing manufacturing	Company A	From July 1, 2020 to December 31, 2021	Outsourced manufacturing of greiges and colored/finished fabrics	None
Land leasing	LIN, CHIN-MAO	From January 1, 2019 to December 31, 2028	Land renting for manufacturing facilities from Chintex in Manhattan Special Economic Zone, Svay Rieng	None
Long-term loan	Standard Chartered	From June 22, 2018 to June 21, 2021	Working capital	None

Six. Financial Highlights

I. The condensed balance sheet and Statement of Comprehensive Income for the last five years

(I) Condensed Balance Sheet and Income Statement

1. Condensed Balance Sheet-International Financial Reporting Standards (IFRS)

Expressed in Thousands of New Taiwan Dollars

Year Item		Financial information for the past five years					Financial information the year as of March 31, 2021 (Note)
		2016	2017	2018	2019	2020	
Current Assets		1,842,045	1,547,363	2,111,947	2,985,110	2,938,842	3,076,641
Property, plant and equipment		594,926	542,892	628,138	908,610	803,289	788,592
Intangible assets		523	412	329	247	181	163
Other assets		24,921	24,113	29,224	136,039	273,483	316,441
Total assets		2,462,415	2,114,780	2,769,638	4,030,006	4,015,795	4,181,837
Current liabilities	Before distribution	1,573,408	1,281,816	1,756,449	1,541,423	1,494,402	1,533,166
	After distribution	1,573,408	1,281,816	1,756,449	1,793,423	1,494,402	1,533,166
Non-current liabilities		59,720	28,712	75,723	147,309	107,354	104,538
Total liabilities	Before distribution	1,633,128	1,310,528	1,832,172	1,688,732	1,601,756	1,637,704
	After distribution	1,633,128	1,310,528	1,832,172	1,940,732	1,601,756	1,637,704
The Equity contributed to the owners of Parent Company		829,287	804,252	937,466	2,341,274	2,414,039	2,544,133
Capital stock		230,000	230,000	230,000	315,000	315,000	315,000
Capital surplus		-	-	603,900	1,614,016	1,614,016	1,614,016
Retained earnings	Before distribution	558,372	606,397	147,076	535,204	699,244	825,667
	After distribution	558,372	606,397	147,076	283,204	699,244	825,667
Other equity		40,915	(32,145)	(43,510)	(122,946)	(193,419)	(189,748)
Treasury stock		-	-	-	-	(20,802)	(20,802)
Non-controlled Equity		-	-	-	-	-	-
Total equity	Before distribution	829,287	804,252	937,466	2,341,274	2,414,039	2,544,133
	After distribution	829,287	804,252	937,466	2,089,274	2,414,039	2,544,133

Note: The reviewed consolidated financial statements for the first quarter of 2021.

2. Condensed Statements of Comprehensive Income - International Financial Reporting Standards (IFRS)

Expressed in New Taiwan Dollars for earnings per share and
Thousands of New Taiwan Dollars for other items

Item \ Year	Financial information for the past five years					Financial information the year as of March 31, 2021 (Note)
	2016	2017	2018	2019	2020	
Operating revenues	4,047,785	4,405,897	5,769,670	7,358,438	5,389,194	1,505,177
Gross operating profit	675,114	811,573	883,908	1,276,221	1,169,454	311,590
Other incomes and expenses (net)	-	-	-	-	-	-
Operating gain/loss	246,424	321,585	334,936	551,958	555,037	162,432
Non-Operating revenues and expenditures	743	21,625	9,477	(31,522)	(17,504)	(1,959)
Net profit (loss) before tax	247,167	343,210	344,413	520,436	537,533	160,473
Net profit (loss) for the year of continuing operations	189,847	259,225	263,274	388,128	416,040	126,423
Loss from discontinued operations	-	-	-	-	-	-
Net profit (loss) for the year	189,847	259,225	263,274	388,128	416,040	126,423
Other comprehensive income for the year (net after tax)	(109,340)	(73,060)	(11,365)	(79,436)	(70,473)	3,671
Total amount of comprehensive incomes for the year	80,507	186,165	251,909	308,692	345,567	130,094
Net profit contributed to the owners of Parent Company	189,847	259,225	263,274	388,128	416,040	126,423
Total amount of comprehensive income contributed to the owners of Parent Company	80,507	186,165	251,909	308,692	345,567	130,094
Earnings per share	8.25	11.27	11.45	13.92	13.25	4.03

Note: The reviewed consolidated financial statements for the first quarter of 2021.

3. Names of CPAs and their audit opinions for the last five years

Year	Name of Firm	CPA	Audit Opinions
2016	PricewaterhouseCoopers Taiwan(PwC Taiwan)	Juanlu, Man-Yu, Lin, Ya-Hui	Unqualified opinion
2017	PricewaterhouseCoopers Taiwan(PwC Taiwan)	Juanlu, Man-Yu, Lin, Ya-Hui	Unqualified opinion
2018	PricewaterhouseCoopers Taiwan(PwC Taiwan)	Juanlu, Man-Yu, Lin, Ya-Hui	Unqualified opinion
2019	PricewaterhouseCoopers Taiwan(PwC Taiwan)	Juanlu, Man-Yu, Lin, Ya-Hui	Unqualified opinion
2020	PricewaterhouseCoopers Taiwan(PwC Taiwan)	Juanlu, Man-Yu, Lin, Ya-Hui	Unqualified opinion

II. Financial Analyses for the last five years

Financial Analyses for the last five years - adopting International Financial Reporting Standards (IFRS) (Consolidated)

Analyzed Item		Year	Financial information for the past five years					Financial information the year as of March 31, 2021 (Note)
			2016	2017	2018	2019	2020	
Capital Structure (%)	Liabilities to assets ratio (%)		66.32	61.97	66.15	41.90	39.89	39.16
	Long-term funds to property, plant and equipment ratio (%)		149.43	153.43	161.30	273.89	313.88	335.87
Liquidity (%)	Current ratio (%)		117.07	120.72	120.24	193.66	196.66	200.67
	Quick Ratio (%)		76.40	71.97	72.26	138.25	143.95	136.50
	Interest coverage ratio (times)		11.98	29.27	23.95	20.93	74.31	105.47
Operating ability	Accounts receivable turnover rate (times)		6.05	6.71	7.95	8.58	6.35	7.03
	Average days of accounts receivable (days)		60	54	46	42	57	52
	Inventory turnover rate (times)		4.65	5.54	6.50	7.00	5.14	5.39
	Accounts payable turnover rate (times)		6.10	6.55	6.66	6.26	3.87	4.13
	Average days of sales (days)		78	66	56	52	71	68
	Property, plant and equipment turnover rate (times)		6.48	7.74	9.85	9.58	6.30	7.56
	Total assets turnover rate (times)		1.57	1.93	2.36	2.16	1.34	1.47
Profitability	Return on assets (%)		8.02	11.66	11.25	11.99	10.48	12.46
	Return on equity (%)		20.31	31.74	30.23	23.68	17.50	20.40
	Net gains before tax to paid-in capital ratio (%)		107.46	149.22	149.74	165.22	170.65	203.78
	Net gains ratio (%)		4.69	5.88	4.56	5.27	7.72	8.40
	Earnings per share (\$)		8.25	11.27	11.45	13.92	13.25	4.03
Cash flow	Cash flow ratio(%)		31.97	28.93	11.86	51.98	53.78	29.19
	Cash flow adequacy ratio (%)		Note 3	Note 3	Note 3	Note 3	129.57	105.63
	Cash reinvestment ratio (%)		42.24	33.15	15.41	29.07	19.00	14.64
Leverage	Operating leverage		3.71	3.11	2.80	2.80	3.22	2.95
	Financial leverage		1.10	1.04	1.05	1.05	1.01	1.01
		Please provide the reasons for the change in financial ratios during the most recent two years. (Not mandatory if the change is within 20%)						
		(1) Higher interest coverage ratio: primarily due sufficient fund resulting in a decrease in bank borrowings and hence a decrease in interest						
		(2) Lower accounts receivables turnover rate and higher average days of accounts receivable: primarily due extension of receivables by parts of customers who were impacted by pandemic.						
		(3) Lower inventory turnover rate and higher average days of sales: primarily due to supplemental raw materials inventory in response to the operational requirements.						
		(4) Lower accounts payable turnover rate: due to extension of payment days as obtained better payment terms from suppliers						
		(5) Lower return on equity and higher net gains ratio: primarily due to increase in own capacity of the Company, decrease in unit cost and increase in profitability.						
		(6) Lower cash reinvestment ratio: primarily due to payment of cash dividends and expenditure for investment in the establishment of a factory in Vietnam.						

Note: The reviewed consolidated financial statements for the first quarter of 2021.

Note 2: Basic EPS

Note 3: IFRS not applicable before 2016, thus no presentation here

Note 4: The calculation in this table is as follows:

1. Capital Structure
 - (1) Liabilities to assets ratio = total liabilities / total assets
 - (2) Long-term funds to property, plant and equipment ratio = (total equity + non-current liabilities) / net property, plant and equipment
2. Liquidity
 - (1) Current ratio = current assets / current liabilities
 - (2) Quick ratio = (current assets – inventory- prepaid expenses) / current liabilities
 - (3) Interest coverage ratio (times) = net gains before income tax and interest / interest expenses of the current term
3. Operating ability
 - (1) Account receivables (including Notes receivables from operating activities and accounts receivable) turnover = net sales/average receivables of each term (including notes receivables from operating activities and accounts receivable) balance
 - (2) Average days of accounts receivable = 365 / receivables turnover rate
 - (3) Inventory turnover rate = COGS (cost of goods sold)/average inventory amount
 - (4) Account payables (including Notes payable from operating activities and accounts payable) turnover= COGS (cost of goods sold)/average payables of each term (including Notes payable from operating activities and accounts payable) balance
 - (5) Average days of sales = 365 / inventory turnover rate
 - (6) Property, plant and equipment turnover rate = net sales / average net property, factory and equipment
 - (7) Total assets turnover rate = net sales / average total assets
4. Profitability
 - (1) Return on assets = [gain/loss after tax + interest expense × (1-tax rate)] / average total asset
 - (2) Return on equity = gain/loss after tax / average total equity
 - (3) Net gains ratio = gain/loss after tax / net sales
 - (4) Earnings per share = (the gain/loss contributed to the parent company – preferred stock dividend) / weighted average shares outstanding
5. Cash flow
 - (1) Cash flow ratio= net cash flow of operating activities/current liabilities
 - (2) Cash flow adequacy ratio= net cash flow of operating activities in the past five years / the past five years sum of (capital expenditures + inventory addition +cash dividends)
 - (3) Cash reinvestment ratio=(net cash flow of operating activities- cash dividends) / (Property, plant and equipment gross + long term investment + other non-current assets + working capital)
6. Leverage
 - (1) Operating leverage = (operating revenues - variable operating cost and expenses)/operating income
 - (2) Financial leverage = operating profit / (operating profit - interest expense)

III. Audit Report of the Audit Committee for the Financial Statements in the most recent year: Please refer to the Appendix 1.

IV. Financial statements, auditors' reports, balance sheets, income statements, statement of change in equity, and cash flows statements during the most recent two years, footnotes, and tables: Please refer to the Appendix 2.

V. The Parent Company Only financial report of the Company that had been verified by the Certified Public Accountant in the most recent year: The Company is a foreign issuer and hence, this is not applicable.

VI. The financial problems of the Company and its affiliates found during the most recent year and as of the print date of this annual report issuance and the impact of such problems upon the Company's financial position: None

Seven. Review of Financial Position, Financial Performance, and Risks Related Issues

I. Financial Position

Expressed in Thousands of New Taiwan Dollars; %

Accounting Item \ Year	2019	2020	Discrepancy	
			Amount	%
Current assets	2,985,110	2,938,842	(46,268)	(1.55)
Property, plant and equipment	908,610	803,289	(105,321)	(11.59)
Intangible assets	247	181	(66)	(26.72)
Other assets	136,269	273,483	137,214	100.69
Total assets	4,030,006	4,015,795	(14,211)	(0.35)
Current liabilities	1,541,423	1,494,402	(47,021)	(3.05)
Non-current liabilities	147,309	107,354	(39,955)	(27.12)
Total liabilities	1,688,732	1,601,756	(86,976)	(5.15)
Capital stock	315,000	315,000	-	-
Capital surplus	1,614,016	1,614,016	-	-
Retained earnings	535,204	699,244	164,040	30.65
Other equity	(122,946)	(193,419)	(70,473)	57.32
Treasury stock	-	(20,802)	(20,802)	100.00
Non-controlled Equity	-	-	-	-
Total equity	2,341,274	2,414,039	72,765	3.11
Major changes:				
1. An increase in other assets: primarily due to prepayment of the acquisition of the right of use of land for the factory in Vietnam				
2. A decrease in noncurrent liabilities: primarily due to installment payment for the right of use of the lease liabilities.				
3. An increase in retained earnings due to business growth				
4. An increase in other equity primarily due to translational gains from overseas assets and liabilities denominated in foreign currencies				
5. An increase in treasury shares: primarily due to buyback the shares for transfer to employees.				

Note: Audited consolidated financial statements

II. Individual financial statement

(I) Analysis and comparison of financial performances:

Expressed in Thousands of New Taiwan Dollars; %

Item \ Year	2019	2020	Amount in increase (decrease)	Ratio (%) of change
Operating revenues	7,358,438	5,389,194	(1,969,244)	(26.76)
Operating cost	6,082,217	4,219,740	(1,862,477)	(30.62)
Gross profit	1,276,221	1,169,454	(106,767)	(8.37)
Operating expenses	724,263	614,417	(109,846)	(15.17)
Other incomes and expenses (net)	-	-	-	-
Net operating income	551,958	555,037	3,079	0.56
Non-Operating revenues and expenditures	(31,522)	(17,504)	(14,018)	(44.47)
Before tax net profit	520,436	537,533	17,097	3.29
Income Tax Expense	132,308	121,493	(10,815)	(8.17)
Net profit (loss) for the year	388,128	416,040	27,912	7.19
Other comprehensive income (net after tax)	(79,436)	(70,473)	(8,963)	(11.28)
Total amount of comprehensive income	308,692	345,567	36,875	11.95
Net profit contributed to the owners of Parent Company	388,128	416,040	27,912	7.19
Net profit contributed to the owners of Non-controlled Equity	-	-	-	-
Total amount of comprehensive income contributed to the owners of Parent Company	308,692	345,567	36,875	11.95
Total amount of comprehensive income contributed to the owners of Non-controlled Equity	-	-	-	-
Major changes:				
1. As impacted by COVID pandemic in 2020, the decrease in operating revenues was caused by sudden freezing of orders from brand customers. However, the increase in the own capacity of the Company in this year contributes to the control on wastes, increase in utilization rate, decrease in amortization of fixed costs, resulting in decrease in unit costs, and slight increase profitability. 2. Decrease in nonoperating expenditures: primarily because of sufficient operating funds of the Company resulting in decrease in bank borrowings and decrease in interest expenditure by \$18,607 thousand, and because of the use of partial funds as time deposits, resulting in increase in interest income by \$7,356 thousand; the government grants increased by \$6,258 thousand, the gain/loss of foreign exchange turned from gain to loss, primarily due to payment of NTD cash dividends. Because NTD was strong and the functional currency of the Company was USD, therefore a loss on exchange was recorded. In summarizing the above factors of change, the nonoperating expenditure for this year decreased.				

Note: Audited consolidated financial statements

(II) Anticipated sales volumes and the grounds thereof, the potential impact upon the Company's finance and business operation and the countermeasures thereof.

The Company is primarily engaged in the R&D, manufacturing, and production of cotton blend knitted fabrics for athleisure. We work together with international brands such as Adidas, PUMA, Decathlon, GAP, and Li Ning for product development. According to Euromonitor international (a market research firm), the athleisure segment continues to outperform the overall fashion market. It is forecasted that the global athleisure segment to post a CAGR of 5.51% and reach US\$254.9 billion in 2021. Meanwhile, the Company continues its investment in the existing portfolio and quality improvement, to further cooperate with customers and enhance procurement competitiveness. We hope to establish a forward-looking product mix and cost advantages to boost revenues and profits. We will continue the financial planning to

ensure the robustness of our financial structure for future growth.

III. Cash flow:

- (I) Analysis into changes in cash flow in the most recent year:

Expressed in Thousands of New Taiwan Dollars

Item \ Year	2019	2020	Ratio (%) of Increase (decrease)
Cash provided (used) in operating activities	801,288	803,634	0.29
Cash provided (used) in investment activities	(411,706)	(227,654)	(44.70)
Cash provided (used) in financing activities	513,445	(424,556)	(182.69)
Analytical descriptions of the increase/decrease ratio:			
(1) The change in decrease in net cash used in investment activities was due to no circumstance in this year of expansion of Cambodian factory and replacement of equipment to increase production efficiency.			
(2) The change in increase in cash flow used in financing activities was due to sufficient fund for repayment of bank borrowings and the payment of cash dividends after cash capital injection in last year.			

- (II) Improvement plan for inadequate turnover:

As we expect to remain profitable in 2021, there is no liquidity concern.

- (III) Analyses on the cash liquidity in the coming year:

Expressed in Thousands of New Taiwan Dollars

Beginning cash balance	Net cash flow from operating activities in the entire year	Cash outflow of the entire year	Cash balance (shortfall)	Countermeasures against inadequate cash	
				Investment plan	Wealth management plan
1,250,551	439,303	(949,637)	740,217	—	—
Analyses into changes in cash flow in 2021:					
(1) Operating activities:					
This was primarily due to cash inflows from profits, and net change in receivables, inventory, and payables.					
(2) Investing and financing activities: Mainly used for investment in the establishment of factories in Vietnam.					

IV. Impact of major capital expenditures on financials during the most recent year

At the end of 2020, the company decided to go to Vietnam to build an integrated weaving and dyeing factory. It is estimated that it will cost about US\$35,000, which is expected to be supported by the group's own funds, bank loans or other methods. This plan is expected to increase the Group's annual production capacity by approximately 21.6 million pounds after the release of production capacity in 2023, which can effectively alleviate the current situation of nearly full capacity of its own production capacity. In sum, the expansion will not only boost the Company's topline and bottom line, it will also provide flexibility in operations.

V. Equity investment policy, investment gains/losses during the most recent year, improvement measures and investment plans for the next year

(1) Equity investment policy

The Company focuses on its core business and does not engage in other activities via equity investments. We have set up the Guideline for Lifecycle of Investments, the Regulations Governing Supervision and Management of Subsidiaries, the Regulations Governing Transactions with Affiliated Parties and the Procedures for Asset Acquisitions/Disposals. Any relevant investment project shall be processed according these regulations.

(II) Reasons for equity investment gains/losses during the most recent year, and improvement measures

Expressed in Thousands of New Taiwan Dollars

Investee	Holdings % direct (indirect)	Recognized gains/losses in 2020	Reason for gains/losses	Improvement measure
Bumper(BVI)	100	36,138	Investment gains/losses recognized by the holding company	N/A
TST(BVI)	100	396,723	Investment gains/losses recognized by the holding company	N/A
THRIVE	100	(123)	Investment gains/losses recognized by the holding company	N/A
Top Star	100	212,786	Good operating status	N/A
Taiju Textile (Shanghai) Co., Ltd.	100	157,055	Good operating status	N/A
Guangzhou Liangwei Knitted Fabric and Textile Co., Ltd.	100	14,954	Good operating status	N/A
TSP	100	37,063	Good operating status	N/A
Taiju Textile (Shanghai) Co., Ltd.	100	3,675	Good operating status	N/A
TST(Vietnam)	100	(23,384)	The main reason for the loss was the initial stage of establishment and the lack of economies of scale.	Continuing to develop new clientele
Hubei Zhongsheng Textile Co., Ltd.	35	-	Operation suspended	N/A

(III) Investment plan for the next 12 months: Go to Vietnam to build a new integrated weaving and dyeing factory with an estimated investment of USD 35,000 thousand.

VI. Risk Assessments

- (I) During the most recent year and as of the print date of this annual report, the impact of interest rates, exchange rates and inflation on the Company's profitability and the proposed responding measures:

1. Influence of interest rate changes on the Company's profitability and the proposed responding measures

The Company and its subsidiaries recognize interest incomes from demand deposits with banks and interest expenses due to borrowing from financial institutions to fund working capital. The Company and its subsidiaries reported interest expenses of NT\$20,483 thousand and NT\$1,876 thousand (or 0.28% and 0.03% of sales), respectively, in 2019 and 2020. This suggests limited influence of interest rate changes on the Company's operations. As the Company and its subsidiaries continue to expand scale and boost profitability, the increasing internal funds will gradually reduce our reliance on bank loans.

Responding measures:

If interest rates fluctuate dramatically and the Company still needs to borrow, we will consider fund raising from the capital market. The Company will also select either fixed or floating rates, depending on the trend of interest rates, to mitigate the risks of interest rates volatility. We maintain good relations with banks to access favorable borrowing rates. The Company and its subsidiaries will also strictly control and manage our currency exposures, to respond to exchange rate fluctuations.

2. Influence of exchange rate changes on the Company's profitability and the proposed responding measures

The Company and its subsidiaries book revenues mainly in USD and some in CNY. We pay for our procurements primarily in CNY. In sum, our functional currencies for daily operations are USD and CNY. We seek to reduce currency exposure and exchange rate risks via natural hedging and when appropriate forward contracts. Below is the exchange gains recognized by the Company and its subsidiaries during the most recent years.

Expressed in Thousands of New Taiwan Dollars		
	2019	2020
Exchange gains	16,804	(12,870)
As a percentage of sales (%)	0.23%	0.24%

The amount and magnitude of the currency exposure by the Company and its subsidiaries are due to a high percentage of sales in USD and a portion of payments are in CNY. In sum, the Company's currency gains/losses is highly related to the exchange rates of USD and CNY.

In 2019, we booked an exchange gain of NT\$16,804 thousand due to the weakening of CNY in the doldrum of the trade war between China and the U.S. Exchange loss of NT\$12,870 thousand in 2020 was incurred primarily due to payment of NTD cash dividends. NTD was strong in recent period, but the functional currency of the Company is USD, therefore the exchange loss was recorded. For the export from production in China, we receive payment in USD and pay for purchases in RMB. The depreciation of RMB vs. USD starting from the middle of 2020 also caused affection.

Responding measures:

To mitigate the risks to profitability due to currency rate fluctuations, the Company

collects market information to interpret the trends and assess the risks. We also maintain close conversations with banks to stay on top of exchange rate movements, to make timely adjustments if necessary. We also adopt the following measures to reduce the impact of currency fluctuations on our topline and bottom line:

- A. The financial department of the Company and its subsidiaries keep a good relationship with financial institutions to access their insight to exchange rate movements. We also stay on top of the international currency market and financial updates. We manage and adjust, when appropriate, our foreign currency positions, to mitigate the adverse impact of currency fluctuations on our profitability.
 - B. Depending on our forecast of the currency movement, the Company and its subsidiaries enter into forward contracts, when appropriate, to hedge the currency risks.
 - C. When providing quotes to customers, the sales department should take into consideration the currency fluctuations to mitigate currency risks.
 - D. Depending on the assets and liabilities denominated in foreign currencies, the Company seeks to maintain a certain level of positions as a buffer against the impact of exchange rate fluctuations.
3. Influence of inflation on the Company's profitability and the proposed responding measures

As of the print date of this annual report, the Company has not experienced any major impact of inflation or deflation despite rapid changes in the global economy.

Responding measures

Going forward, the Company plans to maintain good interactions with suppliers and keep abreast of market price movements. We adjust procurement strategies and cost structures in a timely manner, to mitigate the impact of inflation on our profitability.

- (II) During the most recent year and as of the print date of this annual report, the policy regarding highly risky and highly leveraged investments, lending to others, endorsements/guarantees, and derivative instruments, main reasons for gains/losses and proposed responding measures:

1. Reasons for gains/profits from highly risky and highly leveraged investments and proposed responding measures

The Company has not engaged in any highly risky and highly leverage investments during recent years and as of the print date of this annual report.

2. Reasons for gains/profits from lending to others and proposed responding measures

The Company lends primarily to overseas subsidiaries directly or indirectly controlled with 100% voting rights as part of business dealings or funding requirements. This is processed according to the Guidelines for Lending to Other Parties.

3. Reasons for gains/profits from endorsements/guarantees and proposed responding measures

The Company provides endorsements/guarantees primarily to overseas subsidiaries directly or indirectly controlled with 100% voting rights or engages in mutual guarantees with such subsidiaries for credit facilities offered by banks.

This is processed according to the Guidelines for Endorsements/Guarantees.

4. Reasons for gains/profits from derivatives transactions and proposed responding

measures

The Company has not engaged in derivatives transactions during most recent years and as of the print date of this annual report. Going forward, we will primarily be engaged in USD/CNY forward contracts for hedging purposes, to mitigate the exchange rate risks associated with our assets and liabilities denominated in foreign currencies. This will be processed according to the Procedures for Asset Acquisitions/Disposals and the Guideline for Lifecycle of Investments – Control Operations for Derivatives Transactions.

(III) R&D plans and budgets:

The Company is committed to environmental protection in its operations. Going forward, our R&D projects will focus on environmental protection and energy efficiency. Below is a summary of our R&D plans and budgets.

	R&D plans	Additional R&D spending expected
Theoretical Fundamental Research	1.Research on the industrialization of high-efficiency and short-process projects	USD 100,000
	2.Research on the production and application of the patented yarn storage device	
	3.Improvement and process research of dyeing small prototype	
Fabric development and improvement	1.The performance of the fabric is improved	USD 200,000
	2.Quality upgrade of fabric	
	3.Improve the appearance of the fabric	
Product operation promotion	1.Fabric product packaging	USD 150,000
	2.Build an Internet marketing platform	
	3.Digital intelligent manufacturing technology	

(IV) Influence of changes in government policies and laws/regulations domestic and overseas on the Company's financials and operations and the proposed responding measures:

The Company is registered in the Cayman Islands and operates in China, Taiwan, Hong Kong, and Cambodia. We adhere to the laws/regulations and relevant government policies in the jurisdiction where the Company is registered, and in the jurisdictions where the Company operate. We keep a close eye on any change and development so that we can respond to market conditions and adopt appropriate measures in a timely manner. As of the print date of this annual report, the Company has not suffered significant and adverse impacts on its financials or operations due to change in government policies or laws/regulations domestic or overseas.

(V) Influence of changes in key policies and laws/regulations domestic and overseas on the Company's financials and operations and the proposed responding measures:

The Company watches closely the advancement of technologies and stays informed of the most up-to-date market information, to assess how the industry dynamics affect our business and operations. During the most recent year and as of the print date of this annual report, the Company has not seen any significant on its financials or operations due to technological changes or industry evolutions.

(VI) Influence of corporate image change on crisis management and the proposed responding measures:

The Company is committed to its business philosophy of integrity, trust, and sustainability. Since inception, we have been dedicated to our core business and we have a good corporate image as we comply with all the relevant laws and regulations and endeavor to protect our reputation. During the most recent year and as of the print date of this annual

report, the Company has not experienced any crisis management events due to change in the corporate image.

- (VII) Expected benefits and potential risks of ongoing M&As, and the proposed responding measures:

As of the print date of this annual report, the Company did not have plans to make acquisitions.

- (VIII) Expected benefits and potential risks of capacity expansions, and the proposed responding measures: None.

- (IX) Risks of customer or supplier concentration, and the proposed responding measures:

1. Customer concentration

During the most recent year and as of the print date of this annual report, none of the customers accounted for 30% or higher of the group's revenues.

2. Supplier concentration

During the most recent year and as of the print date of this annual report, none of the customers accounted for 30% or higher of the group's procurements.

In sum, the Company is not exposed to the risk of customer or supplier concentration.

- (X) Influence of significant ownership transfer or change by directors, supervisors or shareholders with 10% stakes or higher on the Company, associated risks, and the proposed responding measures: None

- (XI) Influence of control change on the Company, associated risks, and the proposed responding measures: None

As of the print date of this annual report, there has been no change of control for the Company.

- (XII) Litigations or non-litigation events

Any judgements or material litigations ongoing, significant non-litigation or administrative litigations regarding the Company, its directors, supervisors, general manager, beneficial owners, major shareholders with 10% stakes or higher, affiliated companies and the results of such judgements or litigations may have material impact on the rights of the Company's shareholders or the prices of its securities, the facts in contention, the value of underlying targets, start date of litigations, key parties involved and actions taken as of the print date of the annual report: None

- (XIII) Other important risks and responding measures:

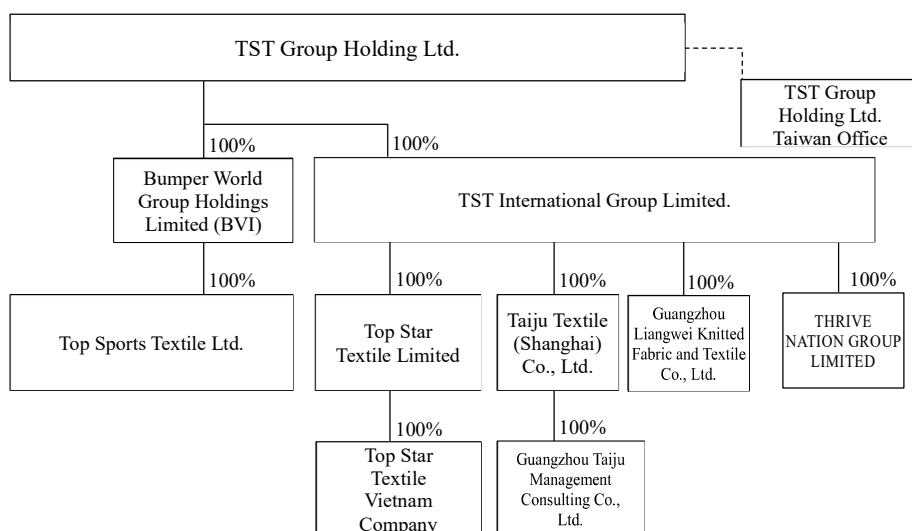
The Company is a holding company registered in the Cayman Islands, with operations in the Cayman Islands, Hong Kong, China, and Cambodia. Any change in the macroeconomy and political environments and volatility of exchange rates of the location of registration and operating activities will affect the Company. Meanwhile, there are many differences between the laws in the Cayman Island and the laws in Taiwan, and the Company Act is one of the examples. Whilst the Company has amended its Articles of Incorporation according to the Checklist for Protection of Shareholders of Securities Issued by Foreign Entities published by the Taiwan Stock Exchange, there are still many discrepancies in the regulatory frameworks between the Cayman Islands and Taiwan in relation to how companies operate. Investors should establish a good understanding and consult with experts regarding investment risks.

VII. Other significant events: None

Eight.Special Disclosure

I. Related information of affiliates

(I) Public relations of affiliated enterprises:



(II) Basic Information of Affiliates

As of December 31, 2020: Expressed in Thousands of New Taiwan Dollars
except foreign currencies expressed in thousand

Company name	Date of incorporation (yy/mm/dd)	Address	Paid-in Capital	Main Business Line
Bumper World Group Holdings Limited	2010/1/4	Jayla Place, 2nd Floor, P.O Box 216, Road Town Tortola, British Virgin Islands	689,540	General investment business
TST International Group Limited	2004/7/26	Jayla Place, 2nd Floor, P.O Box 216, Road Town Tortola, British Virgin Islands	209,860	General investment business
Thrive Nation Group Limited	2020/11/25	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	227,840	General investment business
TOP SPORTS TEXTILE LTD.	2011/4/11	Manhattan (Svay Rieng) Special Economic Zone, National Road# 1, Sangkat Bavet, Krong Bavet, Svay Rieng Province, Cambodia	660,660	Manufacture and production of textiles
Top Star Textile Limited	1991/12/12	Room 1301, 13/F, New East Ocean Centre, 9 Science Museum Road, Kowloon, Hong Kong	110,097	Sales of textiles
Top Star Textile Vietnam Company Limited	2019/6/6	Road No. 3, Xuyen A Industrial Park, My Hanh Bac Commune, Duc Hoa District, Long An province, Vietnam	30,040	Manufacture and production of textiles
Guangzhou Liangwei Knitted Fabric and Textile Co., Ltd.	2010/5/31	(Self-organized) Room 712, 7th Floor, No. 140-148, Tiyu East Road, Tianhe District, Guangzhou	62,896	Sales of textiles
Taiju Textile (Shanghai) Co., Ltd.	2006/7/31	Room 3076, Building B, No. 555 Dongchuan Road, Minhang District, Shanghai	164,354	Sales of textiles
Guangzhou Taiju Management Consulting Co., Ltd.	2018/7/10	Room 1911, No. 140-148, Tiyu East Road, Tianhe District, Guangzhou	4,365	Management & consultation services
Hubei Zhongsheng Textile Co., Ltd. (Note 1)	2010/5/28	Hanzheng Industrial Park, Economic Development Zone, Hanchuan City, Hubei Province	16,586	Sales of textiles

Note 1: Being suspended from business operation at the moment

(III) Data of shareholders while presumed to be in control or auxiliary relationship: None.

(IV) Description of business transactions between related companies:

(1) The company indirectly invests in the following companies through Bumper World Group Holdings Limited:

TOP SPORTS TEXTILE LTD. is the company's overseas production base for fabrics.

(2) The company indirectly invests in the following companies through TST International Group Limited:

THRIVE NATION GROUP LIMITED is the holding company of the company's future Vietnam plant.

Top Star Textile Limited is the company's international trading business.

Taiju Textile (Shanghai) Co., Ltd. produces and sells fabrics in China for the company.

Guangzhou Liangwei Knitting Textile Co., Ltd. manages orders for the company's sales outside of China.

Top Star Textile Vietnam Company Limited is the overseas production base of the company's cloth.

Guangzhou Taiju Management Consulting Co., Ltd. provides management consulting services for the group.

(V) Information of directors, supervisors, and General Managers of affiliates:

As of December 31, 2020: Expressed in Thousands of New Taiwan Dollars

Company Name	Title	Name or Representative	Number of shares held	
			Amount of investment/ Number of shares	Shareholding ratio
Bumper World Group Holdings Limited	Director and General Manager	LIN, CHIN-MAO	-	-
TST International Group Limited	Director and General Manager	LIN, CHIN-MAO	-	-
Thrive Nation Group Limited	Director and General Manager	LIN, CHIN-MAO	-	-
TOP SPORTS TEXTILE LTD.	Director and General Manager	LIN, CHIN-MAO	-	-
Top Star Textile Limited	Director	LIN, CHIN-MAO	-	-
	Director and General Manager	LIN, CHING-WEI	-	-
Top Star Textile Vietnam Company Limited	General Manager	LAI, YU-TING	-	-
Guangzhou Liangwei Knitted Fabric and Textile Co., Ltd.	Director and General Manager	KAO, CHIU-YI	-	-
Taiju Textile (Shanghai) Co., Ltd.	Director and General Manager	HSIAO, HSIN-YI	-	-
Guangzhou Taiju Management Consulting Co., Ltd.	Director and General Manager	HSIAO, HSIN-YI	-	-

(VI) Affiliates' Business Operating Highlights

As of December 31, 2020: Expressed in Thousands of New Taiwan Dollars

Names of enterprises	Capital	Total assets	Total liabilities	Net worth	Operating revenues	Operating interest	Profit and/or loss this term (after tax)	Earnings per share (EPS) (NT\$)
Bumper World Group Holdings Limited	689,540	414,226	-	414,226	-	(102)	37,125	1.61
TST International Group Limited	209,860	1,965,527	40,400	1,925,127	-	(210)	396,723	56.67
Thrive Nation Group Limited	227,840	227,837	115	227,722	-	(123)	(123)	(0.02)
TOP SPORTS TEXTILE LTD.	660,660	1,222,955	823,659	399,296	852,726	82,527	37,063	16.85
Top Star Textile Limited	110,097	1,492,935	949,042	543,893	4,075,146	303,818	212,786	7.09
Top Star Textile Vietnam Company Limited	30,040	45,052	45,378	(326)	23,890	(12,873)	(23,384)	Note 1
Guangzhou Liangwei Knitted Fabric and Textile Co., Ltd.	164,354	1,379,909	689,384	690,525	2,880,862	187,496	157,055	Note 1
Taiju Textile (Shanghai) Co., Ltd.	62,896	334,931	195,272	139,659	1,613,474	19,302	14,954	Note 1
Guangzhou Taiju Management Consulting Co., Ltd.	4,365	69,578	54,963	14,615	84,594	5,247	3,675	Note 1

Note 1: As a limited company, without share certificates issued.

(VI) Consolidated financial statements of affiliated enterprises: Exactly same as the consolidated financial statements of parent company and its subsidiaries. Please see Appendix 2 annexed hereto.

II. During the most recent year and as of the print date of this annual report, private placement of negotiable securities: None.

III. During the most recent year and as of the print date of this annual report, the Company's stocks held or disposed of by a subsidiary: None.

IV. Other supplementary facts: None.

V. Significant issues with significant impact upon shareholders' equity or stock prices as set forth under Subparagraph 2, Paragraph 3, Article 36 of Securities and Exchange Act: None.

VI. Significant differential gap between the Company's Articles of Incorporation and provisions regarding provision for protection of shareholders' equity required in Taiwan:

Pursuant to the Company's Articles of Incorporation, except these points as enumerated below, within the scope where permitted by laws prevalent on the British Cayman Islands, the Company has appropriately set up relevant specifications in accordance with the Checklist for Protection over Shareholders' Equity to safeguard exercise of shareholders' equity. Aiming at the differential gap between the Company's Articles of Incorporation and the contents enumerated in the Checklist, we hereby describe the reasons, requirements prevalent in the venue of registration (if any) and the potential impact upon the shareholders of the Company:

The checklist items for protection over shareholders' equity	Contents set forth under the Company's Articles of Incorporation	Reason of the differential gap and descriptions thereof
<p>1. The Company shall not cancel its shares except a decrease in capital as resolved in the shareholders' meeting. Decrease in capital shall be reduced pro rata to the shares held by shareholders.</p> <p>2. In case of decrease of capital, the Company may return the share capital with property other than cash. The property so returned and the amount of offset shall be duly resolved in the shareholders' meeting and shall be subject to consent by the recipient shareholders.</p> <p>3. The value of the property mentioned in the preceding Paragraph and the amount so offset shall be submitted by the board of directors to a certified public accountant of the Republic of China before the shareholders' meeting.</p>	<p>10.7 Notwithstanding anything to the contrary contained in Article 10.1 to 10.6, and subject to the Statute, the Memorandum and Articles and the Applicable Public Company Rules, the Company may, with the approval of an Ordinary Resolution, compulsorily redeem or repurchase Shares, provided that such Shares shall be cancelled upon redemption or repurchase and such redemption or repurchase will be effected pro rata based on the percentage of shareholdings of the Members. Payments in respect of any such redemption or repurchase, if any, may be made either in cash or by distribution of specific assets of the Company, as specified in the Ordinary Resolution approving the redemption or repurchase, provided that (a) the relevant Shares will be cancelled upon such redemption or repurchase and will not be held by the Company as Treasury Shares, and (b) where assets other than cash are distributed to the Members, the type of assets, the value of the assets and the corresponding amount of such substitutive distribution shall be (i) assessed by an R.O.C. certified public accountant before being submitted to the Members for approval and (ii) agreed to by the Member who will receive such assets. After the Company has acquired public company status, the foregoing matter shall be made in accordance with the Applicable Public Company Rules as applied to the Company.</p> <p>14.1 Subject to the provisions of the Statute, the Applicable Public Company Rules and the Articles, the Company may by Special Resolution:</p> <p>(a) change its name;</p>	<p>1. Regulations Governing the Offering and Issuance of Securities by Foreign Securities Issuers on The British Cayman Islands (hereinafter referred to as Companies Law of the British Cayman Islands) provide under Article 14 to permit a company to decrease the already issued capital but only after a decision is duly resolved in the shareholders' meeting as an extraordinary resolution and is acknowledged by the court of the British Cayman Islands.</p> <p>2. Unless provided in Companies Law of the British Cayman Islands under Article 14, the capital having been issued by the Company shall not be cancelled unless duly repurchased, returned or retrieved under Article 37 or 37B of Companies Law of the British Cayman Islands.</p> <p>3. As provided in Companies Law of the British Cayman Islands under Article 37, the Company is entitled to repurchase its shares in the method and under the conditions in accordance with Articles of Incorporation or as resolved in the shareholders' meeting. Except under Article 37 of the Companies Law of the British Cayman Islands, the Companies Law of the British Cayman Islands does not provide: (1) The Company should purchase back pro rata to shareholders' shareholding ratio; (2) The Company shall be subject to approval before returning share capital with a property other than cash or (3) The Company should evaluate the value of the property returned; provided, that the Company may provide the same with its Articles of Incorporation.</p> <p>4. The provisions under Article 10.7 of the Company's Articles of Incorporation slightly differ from the key points of protection over shareholders' equity below. The Companies Law of the British Cayman Islands provides that decreased shares having been issued shall not be written off unless</p>

	<p>(b)alter or add to these Articles;</p> <p>(c)alter or add to the Memorandum with respect to any objects, powers or other matters specified therein;</p> <p>(d)reduce its share capital and any capital redemption reserve fund; and</p> <p>(e)increase its authorised share capital or cancel any Shares that at the date of the passing of the resolution have not been taken or agreed to be taken by any person, provided that in the event of any change to its authorised share capital, the Company shall also procure the amendment of its Memorandum by the Members at a general meeting to reflect such change.</p>	<p>through the purchase-back procedures. In fact, the Company is not entitled to write off the shares held by shareholders. Aiming at such difference, the Company's Articles of Incorporation provide under Article 14.1 and Article 10.7 that the procedures to decrease the Company's capital shall go through purchase back of shares. Such difference results from the Companies Law of the British Cayman Islands. The Company's Articles of Incorporation, nevertheless, do not at all restrict the procedures to decrease the capital.</p>
<p>1. The procedures where the Company signed contracts with employees regarding share subscription warrant or issued share subscription warrant.</p> <p>2. Employee stock option certificates shall not be transferred except an event of succession.</p>	<p>11.1 Notwithstanding the provision of Article 8.7 Restricted Shares, the Company may, upon approval by a majority of the Directors at a meeting attended by two-thirds or more of the total number of the Directors, adopt incentive programmes and may issue Shares or options, warrants or other similar instruments, to employees of the Company and its Subsidiaries. The rules and procedures governing such incentive programme(s) shall be in accordance with policies established by the board of Directors from time to time in accordance with the Statute, the Memorandum and the Articles. After the Company has acquired public company status, the foregoing matter shall be made in accordance with the Applicable Public Company Rules as applied to the Company.</p> <p>11.2 Options, warrants or other similar instruments issued in accordance with Article 11.1 above are not transferable save by inheritance.</p> <p>11.3 The Company may enter into relevant agreements with employees of the Company and the employees of its Subsidiaries in relation to the incentive programme approved pursuant to Article 11.1 above, whereby</p>	<p>Companies Law of the British Cayman Islands does not at all provide special clauses regarding contracts with employees regarding share subscription warrant or issued share subscription warrant. Issues regarding issuance of employee stock option certificates and whether employee stock option certificates could be transferred could be provided under the contracts for employee stock option certificates. Please note that Articles 11.1~11.4 of the Company's Articles of Incorporation have been duly amended for protection over shareholders' equity below. Pursuant to Companies Law of the British Cayman Islands, nevertheless, in restriction over transfer of employee stock option certificates, the provisions shall still be provided in accordance with the contract for employee stock option certificates or the terms set forth under the employee stock option certificates.</p>

	<p>employees may subscribe, within a specific period of time, a specific number of the Shares. The terms and conditions of such agreements shall be no less restrictive on the relevant employee than the terms specified in the applicable incentive programme.</p> <p>11.4 Directors of the Company and its Subsidiaries shall not be eligible for the employee incentive programmes under Article 8.7 or this Article 11, provided that directors who are also employees of the Company or its Subsidiaries may participate in an employee incentive programme in their capacity as an employee (and not as a director of the Company or its Subsidiaries).</p>	
<p>1. The shareholders' regular meeting shall be convened at least once per annum, within six months from closure of every fiscal year. The shareholders' meeting shall be convened by the board of directors.</p> <p>2. A shareholders' meeting shall be convened within territories of the Republic of China. In the event that a shareholders' meeting should be convened in a venue beyond the territories of the Republic of China, it shall call for a decision resolved in the board of directors or the approval shall be obtained by a shareholder(s) from the competent authority and the declaration shall be submitted to the Taiwan Stock Exchange Corporation (TWSE) for consent within two years.</p> <p>3. A shareholder(s) holding shares in excess of 1% of total outstanding issued shares may propose to the Company either in writing or in electronic means for convening a shareholders' regular meeting. The board of directors shall accept the</p>	<p>16.2 After the Company has acquired public company status, the Company shall hold a general meeting as its annual general meeting within six months following the end of each fiscal year, and shall specify the meeting as such in the notices calling it. At these meetings, the report of the Directors (if any) shall be presented.</p> <p>16.3 The Company shall hold an annual general meeting every year.</p> <p>16.4 The general meetings shall be held at such time and place as the Directors shall decide provided that unless otherwise provided by the Statute or this Article 16.4, the general meetings shall be held in Taiwan in the event the Company has acquired public company status. For general meetings to be held outside Taiwan, after the Company has acquired public company status, the Company shall apply with TWSE or TPEx to obtain its approval within two days after the board of Directors resolves to call a general meeting or within two days after the shareholder(s) obtain(s) the approval from competent authorities to convene the same. In addition, where a general meeting is to be held</p>	<p>1. (a) As expressly provided for in Article 58 of Companies Law of the British Cayman Islands, except an exempted company, each and every company shall convene one shareholders' meeting at least every year.</p> <p>(b) Companies Law of the British Cayman Islands does not mandatorily require an exempted company to convene a shareholders' regular meeting. The Company may, at its discretion, specify under its Articles of Incorporation the number of shareholders' meeting</p> <p>2. Companies Law of the British Cayman Islands does not restrict an exempted company to convene a shareholders' meeting at a certain venue. The Company may, at its discretion, specify under its Articles of Incorporation for such venue.</p> <p>3. Companies Law of the British Cayman Islands does not provide terms about proposals by shareholders. The relevant procedures may be provided under the Articles of Incorporation.</p> <p>4. Companies Law of the British Cayman Islands does not provide terms regarding convening of a special shareholders meeting by the board of directors. The relevant procedures may be provided under</p>

<p>proposal as a motion unless the proposal is not resolved in the shareholders' meeting, the proposing shareholder(s) is (are) not up to 1%. The proposal is posed beyond the specified period of acceptance or the proposal exceeds three hundred Chinese characters or is more than one issue. The board of directors shall still accept it as a motion if the proposal is to urge the Company to boost public interests or for best performance in corporate social responsibility (CSR).</p> <p>4. A shareholder (s) having continually held more than 3% of the total outstanding issued shares for more than one year may propose in writing with the key issues and the reasons to the board of directors for convening a special shareholders meeting/ In the event that the board of directors does not serve a notice to convene the meeting within fifteen days after submittal, the shareholder (s) may apply to the competent authority for permit to convene the meeting.</p> <p>5. A shareholder (s) having continually held one half majority of the total outstanding issued shares for more than three months may convene a special shareholders meeting themselves. The duration of shareholding and number of held shares shall be counted based on the shareholding status at the moment of book closure day.</p> <p>6. The issues as enumerated below shall be enumerated in the reasons to convene the meeting with</p>	<p>outside Taiwan, the Company shall engage a professional securities agent in Taiwan to handle the administration of such general meeting (including but not limited to the handling of the voting of proxies submitted by Members).</p> <p>16.5 The board of Directors may call general meetings, and they shall on a Member's requisition pursuant to Article 16.6 proceed to convene an extraordinary general meeting of the Company.</p> <p>16.6 Member(s) who are entitled to submit a Member's requisition as provided in the preceding Article 16.5 are Member(s) of the Company holding at the date of deposit of the requisition not less than 3% of the total number of the outstanding Shares at the time of requisition and whose Shares shall have been held by such Member(s) for at least one year.</p> <p>16.7 The requisition must state in writing the matters to be discussed at the extraordinary general meeting and the reason therefor and must be signed by the requisitionists and duly delivered to the Company, and may consist of several documents in like form each signed by one or more requisitionists.</p> <p>16.8 If the board of Directors do not within fifteen days from the date of the delivery of the requisition dispatch the notice of an extraordinary general meeting, the requisitionists may themselves convene an extraordinary general meeting in accordance with the Applicable Public Company Rules.</p> <p>16.9 Member(s) holding more than 50% of the total number of the outstanding Shares for at least three month may themselves convene an extraordinary general meeting. The period and the number of Shares held shall be determined based on the shareholding on the book closing date.</p> <p>17.5 Matters pertaining to (a) election or discharge of</p>	<p>the Articles of Incorporation.</p> <p>5. Companies Law of the British Cayman Islands does not provide terms regarding issues that should be enumerated in a notice for a shareholders' meeting, nor does it ban a company with its Articles of Incorporation issues which should not be submitted through extemporaneous (unscheduled) motion. The relevant procedures may be provided under the Articles of Incorporation.</p> <p>A foreign issuer is just an exempted company as defined under the Companies Law of the British Cayman Islands. In accordance with Companies Law of the British Cayman Islands, a shareholders' meeting is not necessarily convened every year. The Company's Articles of Incorporation have, nevertheless, expressly provided under Article 16.2: "Where the Company becomes a listed public company, the Company shall convene a shareholders' meeting within six months from closure of every fiscal year as a shareholders' regular meeting which shall be expressly stated in the notices of the shareholders' meeting. During a shareholders' meeting, the relevant reports shall be provided in a board meeting (if any).</p> <p>Contents of the Articles of Incorporation under Article 16.8 slightly differ from the key issues of protection over shareholders' equity as described below: Letter Tai-Zheng-Shang-Zi 0991701319 of Taiwan Stock Exchange Corporation (TWEC) dated April 13, 2010: "Descriptions: II. (III) In the very premise of not conflicting the laws prevalent at the venue of registration, a foreign issuer shall provide in its Articles of Incorporation the powers entitled to a minority of shareholders to request to convene a special shareholders meeting. The part regarding competent authority to permit the convening should be deleted". Accordingly, the Articles of Incorporation provide under Article 16.8: "Where the board of directors does not serve notices for the special</p>
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<p>descriptions of the key contents and shall not be posed by means of extemporaneous (unscheduled) motion. The key contents may be put into the website designated by the competent authority in charge of securities or by the Company and such URL shall be expressly stated on the notice:</p> <ol style="list-style-type: none"> (1) Election or discharge of a director or supervisor; (2) Amendment to Articles of Incorporation (3) Capital decrease. (4) Application for discontinuance from being listed to public. (5) Dissolution, merger, conversion, division of shares. (6) Execution, change or termination from a contract for business in leasehold, commissioned business operation or joint venture. (7) Transfer of business operation or properties in full or for the majority. (8) Inward transfer of business operation, properties from another, with significant impact upon the Company's business operation. (9) Issuance through private placement negotiable securities attributed as equity. (10) Permit to directors into prohibition of business strife. (11) Allocation of dividend or bonus warranty period by means of issuance of new shares. 	<p>Directors,</p> <ol style="list-style-type: none"> (b) alteration of the Articles, (c) reduction of capital, (d) application of ceasing public offering, (e) (i) dissolution, Merger (other than a Short-form Merger), Share Exchange (other than a Short-form Share Exchange) or Spin-off (other than a Short-form Spin-off), (ii) entering into, amending, or terminating any contract for lease of the Company's business in whole, or the delegation of management of the Company's business to others or the regular joint operation of the Company with others, (iii) transfer of the whole or any material part of the business or assets of the Company, (iv) acceptance of the transfer of the whole business or assets of another person, which has a material effect on the business operation of the Company, and (f) ratification of an action by Director(s) who engage(s) in business for himself/herself/itself or on behalf of another person that is within the scope of the Company's business, (g) distribution of the whole or a part of the dividend and bonus of the Company in the form of new Shares, (h) distribution of the legal reserve and the Capital Reserve derived from the issuance of new shares at a premium or from endowments received by the Company to shareholders in the form of new Shares or cash, and (i) the Private Placement of any equity-type securities issued by the Company, shall be indicated in the notice of general meeting, with a summary of the material content to be discussed, and shall not be brought up as an 	<p>shareholders meeting within fifteen days after the aforementioned shareholder (s) request(s), the shareholder (s) submitting the request may convene the special shareholders meeting in accordance with the Company Act Governing Public Companies”.</p>
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<p>(12) Allocation of legal reserve and capital reserve obtained with premium of stock issuance or the income as donation to original shareholders by means of issuance of new shares or cash.</p>	<p>ad hoc motion, and the material content may be placed on the website specified by the R.O.C. securities competent authorities or the Company, t and the website address shall be indicated in the notice.</p> <p>18.9 Subject to the Applicable Public Company Rules, Member(s) holding 1% or more of the total number of issued, allotted, and outstanding Shares immediately prior to the relevant closing of the Register of Members may propose to the Company proposal(s) for discussion at an annual general meeting in writing or by means of electronic transmission to the extent and in accordance with the rules and procedures of general meetings proposed by the Directors and approved by an Ordinary Resolution. Other than the following situation, proposals proposed by Member(s) shall be included in the agenda by the board of Directors where (a) the proposing Member(s) holds less than 1% of the total number of outstanding Shares, (b) where the matter of such proposal may not be resolved by a general meeting, (c) the proposing Member has proposed more than one proposal, (d) such proposal contains more than 300 words, or (e) such proposal is submitted past the deadline announced by the Company for accepting the Member's proposals; provided that the proposal(s) proposed by Member(s) is intended to improve the public interest or fulfil its social responsibilities of the Company, the board of Director may include such proposal(s) in the agenda.</p> <p>35 Subject to Article 14.2(d), the Directors may capitalise any sum standing to the credit of any of the Company's reserve accounts (including share premium account and capital redemption reserve fund) or any sum standing to the credit of profit</p>	
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	<p>and loss account or otherwise available for distribution and to appropriate such sum to Members in the proportions in which such sum would have been divisible amongst them had the same been a distribution of profits by way of Dividend and to apply such sum on their behalf in paying up in full unissued Shares for allotment and distribution credited as fully paid-up to and amongst them in the proportion aforesaid. In such event the Directors shall do all acts and things required to give effect to such capitalisation, with full power to the Directors to make such provisions as they think fit such that Shares shall not become distributable in fractions (including provisions whereby the benefit of fractional entitlements accrue to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all of the Members interested into an agreement with the Company providing for such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.</p>	
<p>1. Where a shareholders' meeting is convened by the Company, the voting power may be exercised in writing or in electronic means. Where the Company proves satisfactory to the "Scope of Application to Electronic Balloting Adopted by a Company" promulgated by the competent authority of the Republic of China, or in case of a first listed public company as newly listed, the means of electronic balloting shall be enumerated as one of the balloting channels.</p> <p>2. Where the Company convenes a shareholders'</p>	<p>19.6 Before the Company has acquired public company status, the Directors may determine in their discretion that the voting power of a Member at such general meeting may be exercised by way of a written ballot or by way of an electronic transmission. If a general meeting is to be held in Taiwan after the Company has acquired public company status, when convening a general meeting, the Company shall permit the Members to vote by way of an electronic transmission as one of the methods of exercising voting power as well as voting by way of a written ballot. If a general meeting is to be held outside of the R.O.C., the methods by which Members are permitted to</p>	<p>1. A shareholder shall not exercise voting power in writing or by way of electronic transmission in a shareholders' meeting. Where the Articles of Incorporation permit so, nevertheless, a shareholder may authorize a proxy agent in writing or by way of electronic transmission to exercise voting power in the meeting in such means.</p> <p>2. A shareholder who exercises voting power through a proxy agent shall not be deemed as having participated in a shareholders' meeting in person.</p> <p>3. The Company may provide in Articles of Incorporation the provisions for delivery of proxy form.</p> <p>4. The Companies Law of the British Cayman Islands does not provide</p>

<p>meeting in a venue beyond the territories of the Republic of China, the shareholders shall be provided with the choice to exercise balloting powers in writing or in electronic means.</p> <p>3. Where the Company exercises voting power in writing or by way of electronic transmission, the methods of exercise shall be expressly provided in notice of the shareholders' meeting. A shareholder who exercises the voting power in writing or by way of electronic transmission is deemed to participate in the shareholders' meeting in person but is deemed as in abstention in case of extemporaneous (unscheduled) motion or an amendment to an original motion.</p> <p>4. A shareholder who exercises the voting power in writing or by way of electronic transmission shall have his or her expression of intent served to the Company two days prior to the date scheduled for the meeting. In the event that two or more declarations of intention on the same matter are served to the Company, the declaration of intention first served shall prevail, unless an explicit statement to revoke the previous declaration is made in the subsequent declaration.</p> <p>5. In the event that a shareholder who has exercised his/her/its voting rights in writing or by means of electronic transmission intends to attend the shareholders' meeting in person, he/she/it shall, 2 days prior to the scheduled meeting</p>	<p>exercise their voting power shall include voting by way of a written ballot or voting by way of an electronic transmission. Where these methods of exercising voting power are to be available at a general meeting, they shall be described in the general meeting notice given to the Members in respect of the relevant general meeting, and the Member voting by written ballot or electronic transmission shall submit such vote to the Company two days prior to the date of the relevant general meeting. In case that there are duplicate submissions, the first received by the Company shall prevail. A Member exercising voting power by way of a written ballot or by way of an electronic transmission shall be deemed to have appointed the chairman of the general meeting as his proxy to exercise his or her voting right at such general meeting in accordance with the instructions stipulated in the written or electronic document; provided, however, that such appointment shall be deemed not to constitute the appointment of a proxy for the purposes of the Applicable Public Company Rules. The chairman, acting as agent of a Member, shall not exercise the voting right of such Member in any way not stipulated in the written or electronic document, nor exercise any voting right in respect of any resolution revised at the meeting or any impromptu proposal at the meeting. A Member voting in such manner shall be deemed to have waived notice of, and the right to vote in regard to, any ad hoc resolution or amendment to the original agenda items to be resolved at the said general meeting. Should the chairman not observe the instructions of a Member in exercising such Member's voting right in respect of any resolution, the Shares held by such Member shall not be included in the</p>	<p>terms to annul a proxy form. In accordance with the principle of case law, nevertheless, disregarding the provision on the contrary in the Articles of Incorporation, a shareholder who participates in a shareholders' meeting and votes in person shall be in the preferential validity. The Company is, nevertheless, still entitled to provide provision to annul the authorized proxy where a shareholder does not participate in a shareholders' meeting in person.</p> <p>5. In descriptions same as 1 above. Note is, nevertheless, still required toward Article 19.6 of the Articles of Incorporation: "(The fore part is omitted) A shareholder who exercises the voting in the aforementioned means is deemed to have appointed the chairperson of the shareholders' meeting to act as his or her proxy agent to exercise voting power within his or her shares as instructed in writing or in electronic document. (The aft part is omitted)". Under the laws prevalent in the British Cayman Islands, a shareholder who exercises voting power in such means is not deemed to have participated in the shareholders' meeting in person. That shareholder, nevertheless, is substantially entitled to the powers bestowed under the laws prevalent in the Republic of China to exercise voting power in writing or by way of electronic transmission. That would not have substantial impact upon the interests of the Company's shareholders.</p>
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<p>date of the shareholders' meeting and in the same manner previously used in exercising his/her/its voting rights, serve a separate declaration of intention to revoke his/her/its previous declaration of intention made in exercising the voting rights under the preceding paragraph. In the absence of a timely revocation of the previous declaration of intention, the voting rights exercised in writing or by means of electronic transmission shall prevail.</p> <p>6. In the event that a shareholder has exercised his/her/its voting rights in writing or by means of electronic transmission, and has also authorized an agent to attend the shareholders' meeting on his/her/its behalf, then the voting rights exercised by the authorized agent for the shareholder shall prevail.</p>	<p>calculation of votes in respect of such resolution but shall nevertheless be included in the calculation of quorum for the meeting.</p> <p>19.7 A Member who has submitted a vote by written ballot or electronic transmission pursuant to Article 19.6 may, at least two days prior to the date of the relevant general meeting, revoke such vote by written ballot or electronic transmission and such revocation shall constitute a revocation of the proxy deemed to be given to the chairman of the general meeting pursuant to Article 19.6. If a Member who has submitted a written ballot or electronic transmission pursuant to Article 19.6 does not submit such a revocation before the prescribed time, the proxy deemed to be given to the chairman of the general meeting pursuant to Article 19.6 shall not be revoked and the chairman of the general meeting shall exercise the voting right of such Member in accordance with that proxy.</p> <p>19.8 If, subsequent to submitting a written ballot or electronic transmission pursuant to Article 19.6, a Member submits a proxy appointing a person of the general meeting as his proxy to attend the relevant general meeting on his behalf, then the subsequent appointment of that person as his proxy shall be deemed to be a revocation of such Member's deemed appointment of the chairman of the general meeting as his proxy pursuant to Article 19.6.</p> <p>20.7 In the event that a Member exercises his/her/its voting power by means of a written ballot or by means of electronic transmission and has also authorized a proxy to attend a general meeting, then the voting power exercised by the proxy at the general meeting shall prevail. In the event that any Member who has authorised a proxy to attend a general meeting later intends to attend the general</p>	
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	<p>meeting in person or to exercise his/her/its voting power by way of a written ballot or electronic transmission, he/she/it shall, at least two days prior to such general meeting, serve the Company with a separate notice revoking his/her/its previous appointment of proxy. Votes by way of proxy shall remain valid if the relevant Member fails to revoke his appointment of such proxy before the prescribed time.</p>	
<p>In the event that the procedure for convening a shareholders' meeting or the method of adopting resolutions thereat is in contrary to any law, ordinance or the Company's Articles of Incorporation, a shareholder may enter a petition in the court for annulment of such resolution and may take Taiwan Taipei District Court as the jurisdictional court for the first instance. .</p>	<p>18.7 Nothing in the Articles shall prevent any Member from issuing proceedings in a court of competent jurisdiction for an appropriate remedy in connection with the improper convening of any general meeting or the improper passage of any resolution. The Taipei District Court, R.O.C., shall be the court of the first instance for adjudicating any disputes arising out of the foregoing.</p>	<p>Such provisions set forth under the Articles of Incorporation might become unenforceable under the laws prevalent in the British Cayman Islands because a court on the British Cayman Islands could not possibly acknowledge and enforce a non-pecuniary judgment rendered in a foreign country before it could look into the subject dispute anew.</p> <p>The provisions set forth under Article 18.7 of the Articles of Incorporation differ from key issues of protection over shareholders' equity. The key issues of protection over shareholders' equity enumerated on the left-hand side are in fact the provisions of statutory power bestowed upon shareholders to annul litigation the statutory effect of which could not be accomplished through the Articles of Incorporation and, instead, calls for the power to be bestowed upon the shareholders for annulment. The provisions set forth under Article 18.7 of the Articles of Incorporation slightly differ from key issues of protection over shareholders' equity. Nevertheless, where the procedures to convene a shareholders' meeting or the methods to resolve a decision prove in contravention of laws or Articles of Incorporation, the Articles of Incorporation do not restrict shareholders from lodging litigation with the court for a remedy. As to whether the court would accept the litigation or whether the court accepting the litigation would annul that procedure to convene the meeting or annul a decision resolved in the shareholders' meeting in contravention of laws or Articles of Incorporation, that court (disregarding a court in the Republic of China or on the British</p>

		Cayman Islands, or a court in any other country with jurisdictional power) should view and resolve whether the applicable laws bestow shareholders with the powers for annulment and render judgment ex officio. Such differential gap results from the very substance of the shareholders' power for annulment. The Company's Articles of Incorporation, nevertheless, do not restrict shareholders from the rights to resort to the court for litigation or remedy.
<p>1. Whenever a decision resolved in the shareholders' meeting meets any one among those circumstances enumerated below, an objecting shareholder is entitled to petition to the Company for procurement:</p> <p>(1) Division, merger, acquisition or share conversion by the Company.</p> <p>(2) Where the Company enters into, amends, or terminates any contract for lease of the Company's business in whole, or for entrusted business, or for regular joint operation with others; transfer the whole or any essential part of its business or assets; or accepts the transfer of another's whole business or assets, which has significant impact upon the business operation of the company.</p> <p>2. A shareholder who makes a request under the preceding Paragraph shall submit the same in writing within twenty days after the decision is resolved in the shareholders' meeting and shall expressly enumerate the price of acquisition. Where that shareholder reaches an accord with the Company</p>	<p>22.1 In the event any of the following resolutions is adopted at a general meeting, any Member who has notified the Company in writing of his/her/its objection to such a resolution prior to such meeting and has raised again his/her/its objection at such meeting, may request the Company to repurchase all of his/her/its Shares at the then prevailing fair price:</p> <p>(a) The Company enters into, amends, or terminates any agreement for lease of the Company's business in whole, or for the delegation of management of the Company's business to other or for the regular joint operation of the Company with others;</p> <p>(b) The Company transfers the whole or a material part of its business or assets, provided that, the foregoing does not apply where such transfer is pursuant to the dissolution of the Company; or</p> <p>(c) The Company accepts the transfer of the whole business or assets of another person, which has a material impact on the Company's business operations.</p> <p>22.2 Unless otherwise provided by the Applicable Public Company Rules, in the event any part of the Company's business is Spun Off (other than a Short-form Spin-off) or involved in any Merger (other than a Short-form Merger) or involved in any Share Exchange (other than a Short-</p>	<p>In an attempt to coordinate with the key issues of protection over shareholders' equity on the left-hand side, the Company is to resolve an amendment to Articles 22.1~22.5 of the Articles of Incorporation during the shareholders' regular meeting 2020. In the amendment, "division, merger, acquisition or share conversion" shall be expressly enumerated as the facts for the objecting shareholders for acquisition. Further pursuant to the checklist of the key issues of protection over shareholders' equity, the Articles of Incorporation shall expressly provide the timeframe for shareholders to exercise the powers over the objecting shareholders, the procedures for the Company to pay off the prices in the event that the Company and the shareholders do not come to an accord and that when the accord is not successfully reached, the Company shall petition to the court for all shareholders who do not reach an accord for a ruling on pricing with provisions to take Taiwan Taipei District Court as the jurisdictional court for the first instance. The Company has come to an amendment based on the key issues of protection over shareholders' equity shown on the left-hand side so as to satisfy the amendment on the key issues of protection over shareholders' equity shown on the left-hand side.</p>

<p>regarding the price of acquisition, the Company shall grant payment of the price within ninety days after the decision is resolved in the shareholders' meeting. Where no accord is reached, the Company shall grant payment to the shareholder (s) not reaching an accord based on the identified fair price within ninety days after the decision is resolved in the shareholders' meeting. Where the Company does not grant the payment, the Company is deemed to agree with the acquisition price requested by that shareholder.</p> <p>3. Where a shareholder applies to the Company for acquisition of his or her shares under the reason set forth under Subparagraph 1, Paragraph 1 and where that shareholder and the Company do not reach an accord within sixty days from the date when the decision is resolved in the shareholders' meeting, the Company shall take all shareholders who do not reach an accord as the counterparts and petition to the court for a ruling on the price within thirty days thereafter and shall take Taiwan Taipei District Court as the jurisdictional court for the first instance.</p>	<p>form Share Exchange) with any other company, the Member, who has expressed his/her/its objection therefor, in writing or verbally with a record before or during the general meeting and forfeited his/her/its voting right provided, may request the Company to repurchase all of his/her Shares at the then prevailing fair price. In the event of a Short-form Merger, a Short-form Spin-off or a Short-form Share Exchange where at least 90% of the voting power of the outstanding shares of the Company are held by the other company participating in such Merger, Spin-off or Share Exchange, the Company shall deliver a notice to each Member immediately after the resolution of board of directors approving such Short-form Merger, Short-form Spin-off or Short-form Share Exchange and such notice shall state that any Member who expressed his/her/its objection against the Short-form Merger, Short-form Spin-off or Short-form Share Exchange within the specified period pursuant to the Applicable Public Company Rules may submit a written objection requesting the Company to repurchase all of his/her/its Shares at the then prevailing fair value of such Shares.</p> <p>22.3 The request prescribed in the preceding two Articles shall be delivered to the Company in writing, stating therein the types and numbers of Shares requested to be repurchased, within the specified period pursuant to the Applicable Public Company Rules after the date of the relevant resolution. In the event the requesting Member and the Company have reached an agreement in regard to the purchase price of the Shares held by such Member (the "appraisal price"), the Company shall pay such price within ninety days after the date on which the</p>	
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	<p>resolution was adopted. In the event the Company and the requesting Member fail to reach the agreement with respect to the appraisal price within sixty days after the resolution date, the Company shall apply to any competent R.O.C. court against all the requesting Members as the opposing party within thirty days after the expiry of the sixty-day period for a ruling on the appraisal price, and such ruling by such R.O.C. court shall be binding and conclusive as between the Company and requested Member solely with respect to the appraisal price.</p> <p>22.4 The payment of appraisal price and the delivery of Share Certificates shall comply with the Applicable Public Company Rules.</p>	
<p>1. A decision regarding the motions below involving key issues of protection over shareholders' equity shall be duly resolved by one half majority vote of the participating shareholders who represent two-thirds majority of total outstanding issued shares. Where the total outstanding issued shares represented by participating shareholders is not up to the aforementioned number, the decision may be resolved by a two-thirds majority vote of the participating shareholders who representative one half majority of the total outstanding issued shares.</p> <p>2. Where the Company enters into, amends, or terminates any contract for lease of the Company's business in whole, or for entrusted business, or for regular joint operation with others; transfer the whole or any essential part of its business or assets; or accepts the transfer of</p>	<p>1.1 "Special Resolution" means a resolution passed by a majority of not less than two-thirds of votes cast by such Members as, being entitled so to do, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as special resolution has been duly given.</p> <p>12.1 If at any time the share capital of the Company is divided into different classes of Shares, the rights attached to any class, unless otherwise provided by the terms of issue of the Shares of that class, may, whether or not the Company is being wound up, be varied with the sanction of a Special Resolution passed at a general meeting of the holders of the Shares of that class. Notwithstanding the foregoing, if any modification or alteration in the Articles is prejudicial to the preferential rights of any class of Shares, such modification or alteration shall be adopted by a Special Resolution and shall also be adopted by a Special Resolution passed at a separate meeting of holders of that class of Shares.</p>	<p>1. As expressly provided for in Article 60 of Companies Law of the British Cayman Islands, a special decision refers to an event where a decision in a shareholders' meeting is resolved by balloting, a decision duly resolved with consent not below two-thirds of the total voting powers (or a higher ratio so provided under the Articles of Incorporation, if any, which shall prevail) cast by shareholders entitled to the voting power either in person or through a proxy agent (if the shareholders' meeting permit a proxy agent). In general Articles of Incorporation prevalent in a company on the British Cayman Islands, it would normally require that the notice of the shareholders' meeting shall expressly provide the terms for special resolution. Where the powers are duly authorized under the Articles of Incorporation, the decision resolved by shareholders in full in writing may be deemed as a special decision. Where a decision is resolved by means of ballot tallying to count whether a special decision is resolved by a majority, the Company may specify under its Articles of Incorporation the number of voting power each and</p>

<p>another's whole business or assets, which has significant impact upon the business operation of the company.</p> <p>3. Change in Articles of Incorporation.</p> <p>4. Where a change in Articles of Incorporation impairs interests of preferred shareholders, decision resolved in the preferred shareholders' meeting shall be required.</p> <p>5. Allocation of dividend and bonus either in whole or in part by means of issuance of new shares.</p> <p>6. A decision for dissolution, merger or demerger.</p> <p>7. Issuance of new shares with restriction on employees' interests.</p> <p>8. Conversion of shares</p>	<p>14.1(b) alter or add to these Articles;</p> <p>14.1(d) reduce its share capital and any capital redemption reserve fund; and</p> <p>14.2(e) distribute its Capital Reserve, in whole or in part, by issuing new shares which shall be distributable as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash in accordance with Article 34.2 hereunder.</p> <p>14.2(f) effect any Merger (other than a Short-form Merger) or Spin-off (other than a Short-form Spin-off) provided that any Merger which falls within the definition of "merger and/or consolidation" under the Statute shall also be subject to the requirements of the Statute;</p> <p>14.2(g) enter into, amend, or terminate any agreement for lease of the Company's whole business, or for entrusted business, or for frequent joint operation with others;</p> <p>14.2(h) transfer its business or assets, in whole or in any essential part, provided that, the foregoing does not apply where such transfer is pursuant to the dissolution of the Company; and</p> <p>14.3 Subject to the provisions of the Statute, the Articles, and the Applicable Public Company Rules, with regard to the dissolution procedures of the Company, the Company shall pass</p> <p>(a) a Supermajority Resolution, if the Company resolves that it be wound up voluntarily because it is unable to pay its debts as they fall due; or</p> <p>(b) a Special Resolution, if the Company resolves that it be wound up voluntarily for reasons other than the reason stated in Article 14.3(a) above.</p>	<p>every shareholder is entitled to cast.</p> <p>2. In accordance with Companies Law of the British Cayman Islands, the issues subject to special resolution are including but not limited to:</p> <p>(i) Amendment or addition to Articles of Incorporation (Article 24);</p> <p>(ii) Amendment or addition to outlines of the Articles of Incorporation involving objectives, powers or other key issues to be specifically specified (Article 10);</p> <p>(iii) Dissolution at own discretion in a reason other than insolvency when the liabilities become due (Articles 90 and 116).</p> <p>(iv) An issue of merger or consolidation with another company (Article 233). In accordance with Companies Law of the British Cayman Islands, an issue subject to special resolution shall not be resolved through a lower majority.</p> <p>3. On issues beyond the aforementioned ones, the Companies Law of the British Cayman Islands does not request the reach of certain majority. Such issues may be, nevertheless, provided through the Company's Articles of Incorporation.</p> <p>The Company's Articles of Incorporation slightly differ from the key issues of protection over shareholders' equity on the left-hand side, as enumerated below:</p> <p>1. Article 1.1 of Articles of Incorporation.</p> <p>(1) Articles of Incorporation provide:</p> <p>As expressly provided for in Article 1.1 of the Company's Articles of Incorporation, the term "special resolution" refers to: "A decision resolved by two-thirds majority of shareholders in the shareholders' meeting entitled to voting powers. Such shareholders may exercise the voting powers in</p>
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		<p>person or through a proxy agent (where a proxy agent is permitted, the notice of the shareholders' meeting shall expressly state as special resolution) on behalf". The issues subject to special resolutions are including but not limited to: (i) Amendment or addition to Articles of Incorporation (Article 24); (ii) Amendment or addition to outlines of the Articles of Incorporation involving objectives, powers or other key issues to be specifically specified (Article 10); (iii) Dissolution at own discretion in a reason other than insolvency when the liabilities become due (Articles 90 and 116); (iv) An issue of merger or consolidation with another company (Article 233). Furthermore, as expressly provided for in Article 18.1 of the Articles of Incorporation: "No decision shall be resolved in a shareholders' meeting unless that shareholders' meeting is attended by shareholders with the represented shares up to the specified quorum. Unless otherwise specified in laws, Articles of Incorporation or rules & regulations of the public company, shareholders participating in the meeting in person or through a proxy agent represent one half majority of the total outstanding issued shares shall constitute the quorum of participation in that shareholders' meeting". To put it in more understandable terms, a special resolution shall be adopted in the meeting which is attended by participating shareholders either in person or through proxy agents who make up one half majority of the total outstanding issued shares and</p>
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		<p>by two-thirds majority vote of the participating shareholders (including shareholders who participate in the meeting through proxy agents).</p> <p>(2) Causes leading toe differential gap</p> <p>A special resolution is the provision under Companies Law of the British Cayman Islands. In accordance with Companies Law of the British Cayman Islands, an issue subject to special resolution shall be duly resolved by shareholders through a special resolution in accordance with the Articles of Incorporation and such a decision shall not be resolved through a vote lower than the threshold specified for a special resolution under the Companies Law of the British Cayman Islands. Accordingly, in the Company's Articles of Incorporation, on the supermajority on key issues of protection over shareholders' equity under the Articles of Incorporation where a special resolution should be adopted under Companies Law of the British Cayman Islands, the issue for "special resolution" is reserved under the Articles of Incorporation. The issues of key issues of protection over shareholders' equity are provided under the addition "supermajority resolution" under the Company's Articles of Incorporation.</p> <p>2. Article 14.3 of Articles of Incorporation:</p> <p>(1) The Articles of Incorporation provide:</p> <p>Article 14.3 of Articles of Incorporation: "Without violation laws, Articles of Incorporation and laws of a public company, the procedures regarding</p>
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		<p>dissolution of the Company:</p> <p>(a) Where the Company resolves a decision at its discretion for dissolution because of insolvency upon maturity of liabilities, the Company shall resolve a decision by (supermajority); or</p> <p>(b) Where the Company resolves a decision at its discretion for dissolution due to a reason beyond Article 14.3 (a), the Company shall resolve a decision through a special resolution in the shareholders' meeting" slightly differing from the key issues of protection over shareholders' equity on the left-hand side at such points: In the Articles of Incorporation, a decision regarding dissolution are in the different requirements in "supermajority decision" and "special resolution". In comparison, the key issues of protection over shareholders' equity on the left-hand side require in all cases "a decision to be resolved by supermajority".</p> <p>(2) Reasons leading to difference: Pursuant to Companies Law of the British Cayman Islands, where the Company resolves a decision for dissolution at its discretion due to a reason other than insolvency when liabilities become due, it calls for a special resolution. Where the Company resolves a decision at its discretion for dissolution due to a reason of insolvency when liabilities become due, it calls for only</p>
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		<p>a common resolution. Accordingly, such differential gap just results from the laws prevalent in the British Cayman Islands. Under the Company's Articles of Incorporation, where the Company resolves a decision at its discretion for dissolution due to a reason of insolvency when liabilities become due, it calls for a "supermajority resolution". On issues beyond Article 14.3 (a), it still reserves for "special resolution" in accordance with the Companies Law of the British Cayman Islands.</p> <p>In coordination with amendment toward the key issues of protection over shareholders' equity on the left-hand side, the Company is scheduled to amend Article 14.2 of its Articles of Incorporation in the shareholders' meeting 2020 into "Unless otherwise specified under Article 14.6, where not in contravention of laws, laws of public companies and the Articles of Incorporation, the Company shall resolute through supermajority vote for following issues: (j) "stock swap". The Company has added "conversion of shares" into the issues subject to "supermajority resolutions" and has defined "supermajority resolution" under Article 1 of Articles of Incorporation as referring to "(i) A decision duly resolved by one half majority vote in the shareholders' meeting attended by shareholders who represent two-thirds majority of the total outstanding issued shares (including proxy agents authorized by shareholders), or (ii) Where the participating shareholders do not account for two-thirds of the total outstanding issued shares but account for one half majority of total outstanding issued shares, a decision duly resolved by two-thirds majority of the participating shareholders" so as to satisfy the amendment to the contents of the key issues of protection over shareholders' equity on the left-hand side.</p>
1. A director of the	30.5 A Director who has a personal	The Company's Articles of

<p>Company, toward a motion in a board of directors meeting which involves his or her personal interests, shall expressly declare the key contents involving his or her personal interests; where the Company is amidst process of merger/acquisition (M&A), all directors of the Company shall expressly declare to the board of directors and shareholders' meeting the key contents of their involvement in the merger/acquisition (M&A) and the reasons of their agreement or veto with the decision resolved on that merger/acquisition (M&A).</p> <p>2. Where a director's spouse, blood relatives within the second degree of kinship or a company in control or auxiliary relationship with that director involves interested relationship with an issue in the meeting mentioned in the preceding Paragraph, that director is deemed in personal involvement in the interested relationship.</p> <p>3. A director of the Company who involves interested relationship in a motion in a board of directors meeting and that relationship might is likely to impair the Company's interests shall not participate in in the voting process and shall not act as a proxy for another director to exercise the voting power. A decision resolved in the board of directors shall not be counted into the voting power of a participating director toward the aforementioned director who is not entitled to the voting power.</p>	<p>interest in the matter under discussion at a meeting of the Directors shall disclose the material information of such director's interest at the meeting; provided that a Director's spouse or any second degree blood relatives, or company(s) with controlling and subordinating relationship with a Director, who has a personal interest in the matter under discussion at a meeting, the said Director shall be deemed having a personal interest in such matter. If the interest of such director conflicts with or impairs the interest of the Company, such Director shall not be entitled to vote nor exercise voting rights on behalf of another Director; the voting right of such Director who cannot vote or exercise any voting right as prescribed above shall not be counted in the number of votes of Directors present at the board meeting. Where proposals are under consideration concerning a proposed merger and acquisition by the Company, a Director who has a personal interest in the proposed transaction shall disclose at the meeting of the board of Directors and the general meeting the nature of such director's personal interest and the reason(s) for the approval or objection to the proposed resolution.</p>	<p>Incorporation already expressly provide under Article 30.5 "Where the Company proceeds with merger/acquisition (M&A), a director who involves interested relationship in a motion of that merger/acquisition (M&A) in a board of directors meeting and that relationship might is likely to impair the Company's interests shall expressly declare to the board of directors and shareholders' meeting the key contents of their involvement in the merger/acquisition (M&A) and the reasons of their agreement or veto with the decision". With such contents expressly contained in the Articles of Incorporation, the Company proves consistent with the key issues of protection over shareholders' equity on the left-hand side.</p>
The remuneration payable to	30.1 A Director (except for	The Companies Law of the British

<p>directors, if not expressly provided under the Articles of Incorporation, shall be resolved in the shareholders' meeting and shall not be acknowledged retrospectively later on.</p>	<p>Independent Director) may hold any other office or place of profit under the Company in conjunction with his office of Director for such period and on such terms as to remuneration and otherwise as the compensation committee shall present its recommendations to the board of Directors for discussion and approval.</p> <p>30.2 The Directors may be paid remuneration only in cash. The amount of such remuneration shall be recommended by the compensation committee and determined by the board of Directors, and take into account the extent and value of the services provided for the management of the Company and the standards of the industry in the R.O.C. and overseas. The Directors shall also be entitled to be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of the board of Directors or committees of Directors, or general meetings of the Company, or separate meetings of the holders of any class of Shares or debentures of the Company, or otherwise in connection with the business of the Company, or to receive salaries in respect of their service as Directors as may be recommended by the compensation committee and determined by the board of Directors, or a combination partly of one such method and partly another, provided that any such determination shall be in accordance with the Applicable Public Company Rules.</p> <p>32.8 The Directors shall establish a compensation committee in accordance with the Applicable Public Company Rules. The number of members of the compensation committee, professional qualifications, restrictions on shareholdings and position that a member of the compensation committee may</p>	<p>Cayman Islands does not expressly provide how remuneration to directors should be fixed but the Company may fix the remuneration through its Articles of Incorporation.</p> <p>The Company does not expressly provide the remuneration toward directors in its Articles of Incorporation nor does it provide that the remuneration should be fixed through the shareholders' meeting. In accordance with the gist of Explanation Shang-Zi 09302030870 of Ministry of Economic Affairs dated March 8, 2004, nevertheless and the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange", the Company has duly set up Remuneration Committee under the Board of Directors. The provisions set forth under the left-hand side would not adversely affect the Company's shareholders' equity at all.</p>
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	<p>concurrently hold, and assessment of independence with respect to the members of the compensation committee shall comply with the Applicable Public Company Rules. The compensation committee shall comprise of no less than three members, one of which shall be appointed as convener of the compensation committee. The rules and procedures for convening any meeting of the compensation committee shall comply with policies proposed by the members of the compensation committee and approved by the Directors from time to time, provided that the rules and procedures approved by the Directors shall be in accordance with the Statute, the Memorandum, the Articles and the Applicable Public Company Rules and any directions of the FSC or TWSE or TPEx (as applicable). The Directors shall, by a resolution, adopt a charter for the compensation committee in accordance with these Articles and the Applicable Public Company Rules.</p> <p>32.9 The compensation referred in the preceding Article shall include the compensation, salary, stock options and other incentive payment to the Directors and managers of the Company. Unless otherwise specified by the Applicable Public Company Rules, the managers of the Company for the purposes of this Article 32.9 shall mean executive officers as defined by the rules and procedures governing the compensation committee.</p>	
Where the directors in performance of duty are found having conducted an act significantly impairing the Company or having been in a fact in contravention of laws and ordinances concerned or Articles of Incorporation and where the shareholders fail to come to decision for discharged, shareholders	28.2 (m) subject to the provisions of the Statute, and the Articles or the Applicable Public Company Rules, in the event that he/she/it has, in the course of performing his/her/its duties, committed any act resulting in material damage to the Company or in serious violation of applicable laws and/or regulations or the Memorandum and the Articles,	<ol style="list-style-type: none"> 1. The Companies Law of the British Cayman Islands does not provide that shareholders in minority may petition to a court in the British Cayman Islands for discharging a director. 2. In general, an issue to discharge a director is specified under the Articles of Incorporation and normally requires an ordinary resolution to be resolved in the

<p>holding more than 3% of total outstanding issued shares of the Company may petition to the court for a ruling for discharge within thirty days after the shareholders' meeting and may take Taipei District Court, Taiwan shall be the jurisdictional court of the first instance.</p>	<p>but has not been removed by the Company pursuant to a Supermajority Resolution vote, then any Member(s) holding 3% or more of the total number of issued, outstanding Shares shall have the right, within thirty days after that general meeting, to petition any competent court for the removal of such Director, at the Company's expense and such Director shall be removed upon the final judgement by such court. For clarification, if a relevant court has competent jurisdiction to adjudicate all of the foregoing matters in a single or a series of proceedings, then, for the purpose of this paragraph (i), final judgement shall be given by such competent court.</p>	<p>shareholders' meeting.</p> <p>3. Pursuant to provisions set forth under the Case Law regarding remedies toward shareholders, in a case of accusation of a director with impairment to the Company, the very eligible Plaintiff should be the Company itself instead of shareholder(s) individually or a minority of shareholders except an exception in very rare minority. For instance, where the act taken by a director represents fraud against minority of shares and such fraudulent people become the very controller to the Company, the shareholders in minority as the victim of the fraud would be entitled to lodge litigation with a court.</p> <p>4. Such provisions set forth under the Articles of Incorporation are unenforceable under the laws prevalent in the British Cayman Islands because a court on the British Cayman Islands could not possibly acknowledge a judgment rendered in a foreign country on a non-pecuniary case until look into the legal authority on the dispute in contention. That director may be discharged through the procedures set forth under the Articles of Incorporation.</p> <p>Provisions set forth under 28.2(m) of the Articles of Incorporation slightly differ from the provisions below:</p> <p>(1) Provisions set forth under the Articles of Incorporation: The Articles of Incorporation read in Article 28.2(m): "Unless otherwise specified in laws, Articles of Incorporation or Company Act for Public Companies, where a director leads to a significant impairment to the Company or significantly in contravention of relevant and applicable laws/ordinances concerned and/or rules or Articles of Incorporation during the period of his or her performance of duty but is not discharged under a special resolution (supermajority resolution), the shareholders holding more than 3% of the total outstanding issued shares are</p>
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		<p>entitled to petition to the jurisdictional court, at the Company's expense, for discharge of the director in contention within thirty days from the date when the decision is resolved in the shareholders' meeting and that director in contention shall be discharged when the final and irrevocable court judgment is rendered by the jurisdictional court for discharge of the director in contention. To prevent ambiguity, where a relevant jurisdictional court is entitled to render a judgment toward the aforementioned issue in a single case or a series, for the purpose, the term "final and binding court verdict" as set forth herein denotes the final and irrevocable court judgment rendered by that jurisdictional court", Such contents slight differ from the key points on the left-hand side.</p> <p>(2) Causes leading to the difference: Where a court on the British Cayman Islands could not possibly launch substantial trial on a judgment rendered in a foreign country on a case beyond monetary judgment, the Company's has provided the key points to protect shareholders' equity on the left-hand side into the Articles of Incorporation. The ruling rendered by Taiwan Taipei District Court to discharge the director might be unable to be acknowledged and might be unenforceable in a court on the British Cayman Islands. Accordingly, in the Articles of Incorporation, the Company has provided that shareholders should lodge litigation with a jurisdictional court. Such a differential gap results from the provisions of laws prevalent on the British Cayman Islands in acknowledgement and execution of a judgment rendered in a foreign country. Still, the shareholders are still entitled to discharge a director in accordance with Articles of Incorporation.</p>
1. The supervisors to be set up by the Company shall be elected by the	32.6 Notwithstanding anything to the contrary contained in this Article 32.1 to 32.9, unless otherwise	The Companies Law of the British Cayman Islands does not contain a concept of a "supervisor" whereunder,

<p>shareholders' meeting. At least one among all supervisors shall have domestic domicile in the country.</p> <p>2. The tenure of office for supervisors shall not be longer than three years maximum. However, supervisors are entitled to reelection.</p> <p>3. Where supervisors are discharged in full, the board of directors shall convene a shareholders' meeting for election within sixty days.</p> <p>4. The supervisors shall oversee the Company in execution of business operation and investigate into the Company's business and financial status from time to time, to audit, copy and duplicate books and documents and may request the board of directors and managers to offer reports.</p> <p>5. The supervisors shall audit a variety of books worked out by the board of directors and submitted to the shareholders' meeting and shall report opinions to the shareholders' meeting.</p> <p>6. For auditing need, supervisors may retain certified public accountants, lawyers for verification on behalf of the Company.</p> <p>7. The supervisors are entitled to sit in on a board of directors meeting to speak up opinion. Where the board of directors or directors are found in contravention of laws, Articles of Incorporation or decisions resolved in the shareholders' meeting, the supervisors</p>	<p>permitted by the Applicable Public Company Rules, the Directors shall establish an audit committee comprised of all of the Independent Directors, one of whom shall be the convener, and at least one of whom shall have accounting or financial expertise. A resolution of the audit committee shall be passed by one-half or more of all members of such committee. The rules and procedures of the audit committee shall be in accordance with policies proposed by the members of the audit committee and passed by the Directors from time to time, which shall be in accordance with the Statute, the Memorandum, the Articles and the Applicable Public Company Rules and the instruction of the FSC or TWSE or TPEx (as applicable), if any. The Directors shall, by a resolution, adopt a charter for the audit committee in accordance with these Articles and the Applicable Public Company Rules.</p>	<p>the validity of a supervisor set forth under the Articles of Incorporation is ambiguous.</p> <p>Pursuant to Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings, in the fore part of Paragraph 2, Article 28-4: "A foreign issuer shall duly set up an Audit Committee". The Company has duly set up Audit Committee organized by the independent directors (Cf. Article 32.6 of the Articles of Incorporation). Accordingly, the Company is no longer required to set up supervisors additionally.</p>
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<p>shall notify the board of directors and directors to discontinue such acts forthwith.</p> <p>8. All supervisors may exercise supervisory powers respectively.</p> <p>9. A supervisor shall not concurrently hold another post as a director, manager or other staff member.</p>		
<p>1. Shareholders having continually held more than 1% of the total outstanding issued shares of the Company for more than six months may request the supervisors to lodge litigation for the Company against a director and may take Taiwan Taipei District Court as the jurisdictional court of the first instance.</p> <p>2. Where the supervisors do not lodge litigation within thirty days after request by the shareholders, the shareholders may lodge litigation on behalf of the Company and take the Taipei District Court, Taiwan as the first instance.</p> <p>3. The supervisors or independent directors of the Audit Committee may convene the shareholders' meeting for the interests to the Company except the event where the board of directors fails or is unable to convene a shareholders' meeting.</p>	<p>16.10 The Independent Director of the Audit Committee may convene a general meeting in the event that the board of Directors fails or cannot convene a general meeting, or for the benefit of the Company when necessary.</p> <p>25.6 Any Member(s) holding 1% or more of the Company's issued Shares for at least 6 months may in writing request the Independent Directors of the Audit Committee to bring action against the Directors on behalf of the Company in a court of competent jurisdiction as the court of first instance. If the Independent Directors fail to bring such action within thirty days after the request by the Member, such Member may bring the action in a court of competent jurisdiction as the court of first instance in the name of the Company.</p>	<p>1. The Companies Law of the British Cayman Islands does not contain a concept of a "supervisor" whereunder, the validity of a supervisor set forth under the Articles of Incorporation is ambiguous.</p> <p>2. Pursuant to provisions set forth under the Case Law regarding remedies toward shareholders, in a case of accusation of a director with impairment to the Company, the very eligible Plaintiff should be the Company itself instead of shareholder(s) individually or a minority of shareholders. In an exception beyond the aforementioned principles including an event where an act of a director constitutes fraud against the minority shareholders, the offender of such fraud is the very controller over the Company and the minority shareholders as a victim of the fraud are entitled to lodge litigation with a court</p> <p>3. Such provisions when added into the Articles of Incorporation might become unenforceable under the laws prevalent on the British Cayman Islands because a court on the British Cayman Islands could not possibly acknowledge and enforce a non-pecuniary judgment rendered in a foreign country before it could look into the subject dispute anew.</p>
<p>Where the shares held by directors or supervisors (applicable to the aforementioned supervisors) have been pledged in excess of one-second of the shares held by them upon the moment of election, the part</p>	<p>24.3 If a Director creates or has created security over any Shares held by such Director, such Director shall notify the Company of such security. If at any time the number of the pledged Shares held by a Director exceeds half of the Shares held</p>	<p>The Companies Law of the British Cayman Islands does not regulate that the shares held by directors (under which circumstances) are not entitled to voting power. This, nevertheless, could be regulated through the Articles of Incorporation.</p> <p>As expressly provided for in the fore</p>

of excess is not counted into voting power and is not counted into the voting power of participating shareholders.	by such Director at the time of his appointment, then the voting rights attached to the Shares held by such Director at such time shall be reduced, such that the Shares over which security has been created which are in excess of half of the Shares held by such Director at the date of his appointment shall not carry voting rights and shall not be counted in the number of votes casted by the Member at a general meeting.	part of Paragraph 2, Article 28-4 of the Regulations Governing the Public Offering of Securities Investment Trust Funds by Securities Investment Trust Enterprises: “A foreign issuer shall set up the Audit Committee”, the Company has duly set up Audit Committee by all its independent directors and is thus no longer required to set up supervisors. That Article, therefore, does not regulate supervisors.
There a juristic person is a shareholder, the representative of such juristic person may be elected director or supervisor. Where there are several representatives, such representatives could be elected respectively but could not be elected into both director and supervisor simultaneously.	27.4 If a Member is corporate member, the authorised representative of such Member may be elected as Director. If such Member has more than one authorised representative, each of the authorised representatives of such Member may be elected as Directors respectively.	<ol style="list-style-type: none"> 1. The Companies Law of the British Cayman Islands does not regulate a representative of a juristic person shareholder to be elected a director which, nevertheless, could be regulated by the Articles of Incorporation. 2. The Companies Law of the British Cayman Islands does not contain a concept of a “supervisor” whereunder, the validity of a supervisor set forth under the Articles of Incorporation is ambiguous. 3. As expressly provided for in the fore part of Paragraph 2, Article 28-4 of the Regulations Governing the Public Offering of Securities Investment Trust Funds by Securities Investment Trust Enterprises: “A foreign issuer shall set up the Audit Committee”, the Company has duly set up Audit Committee by all its independent directors and is thus no longer required to set up supervisors. That Article, therefore, does not regulate supervisors.
1. The Company's directors shall exercises due diligence as a bona fide administrator in performance of duty. In case of violation that leads to an impairment to the Company, such a director shall assume the responsibility for damage indemnity. Where such an act is taken for the director himself or herself or for another, the shareholders’ meeting	26.5 The Directors shall faithfully carry out their duties with care, and may be held liable for the damages suffered by the Company for any violation of such duty. The Company may by Ordinary Resolution of any general meeting, to the maximum extent legally permissible, demand the Directors, who violate such duties, to disgorge any profit realised from such violation and regard the profits realised as the profits of the Company as if such violation was	1. The Companies Law of the British Cayman Islands does not provide obligations for a director. Pursuant to the applicable case law, a director is supposed to assume the (1) fiduciary duties and (2) obligations as a bona fide administrator (duty of care). On violation of the obligations, the director is subject to indemnity. Besides, where a director gains benefit amidst his or her violation of obligations, the Company may claim that such benefit should go to the Company.

<p>may, at its resolution, take the gain so obtained as the Company's gain.</p> <p>2. Where a director amidst performance of his or her duty proves in contravention of laws and, as a result, leads to an impairment to another, such director shall assume the responsibility for compensation to such impaired another.</p> <p>3. The Company's managers, supervisors shall assume the responsibility for damage indemnity same as that to be assumed by the directors within the scope of their performance of duty.</p>	<p>made for the benefit of the Company. The Directors shall, to the maximum extent legally permissible, indemnify the Company for any losses or damages incurred by the Company if such loss or damage is incurred as a result of a Director's breach of laws or regulations in the course of performing his duties. The Directors and the Company shall jointly and severally indemnify the third party for any losses or damages incurred by such third party if such loss or damage is incurred as a result of a Director's breach of laws or regulations in the course of performing his duties. The aforementioned duties of the Directors shall also apply to the managers of the Company.</p>	<p>2. Pursuant to the principle of case law, amidst the process of business management, an act taken by a director is deemed as the act taken by the Company itself. Where such an act leads to an impairment to a third party, it is the Company, instead of that acting director, which should assume the responsibility toward such third party. That claiming third party is not entitled to claim in accordance with the Articles of Incorporation to impose the obligations onto shareholders. A non-shareholder third party is not entitled to execute the claim in accordance with the Articles of Incorporation. Where a director impairs a third party and becomes subject to damage indemnity, the Company is entitled to claim on such director for damage indemnity for the impairment so incurred.</p> <p>3. Normally toward the Company, a manager is not obliged as a mandatory. A manager is not a party under the Articles of Incorporation. Even the Articles of Incorporation provide such terms, the manager is not entitled to the power of enforcement. The aforementioned obligations should be regulated with a manager by means of a contract.</p> <p>4. Pursuant to Article 26.5 of the Articles of Incorporation, amidst implementation of business operation to the Company, where a director violates the faithful obligations, another is not necessarily entitled to claim that director under the Companies Law of the British Cayman Islands into indemnity. Even if the Articles of Incorporation provide that such director should team up with the Company for the responsibility for indemnity, that would not constitute the very grounds to claim.</p> <p>5. Besides, though Articles of Incorporation provide under Article 26.5 that terms on the obligations are equally applicable to managers, as far as the laws prevalent on the British Cayman Islands are concerned. Accordingly, in an</p>
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		attempt to implement the responsibility of managers amidst protection over shareholders' equity, the Company should execute a special accord with the managers.
Where a juristic person is a shareholder, its representative may be elected the director or supervisor. In case of several representatives, such representatives may be elected respectively but shall not be elected into both director and supervisor simultaneously.	27.4 If a Member is corporate member, the authorised representative of such Member may be elected as Director. If such Member has more than one authorised representative, each of the authorised representatives of such Member may be elected as Directors respectively.	<ol style="list-style-type: none"> 1. Companies Law of the British Cayman Islands does not regulate a juristic person shareholder to have its representative elected into a director. This, nevertheless, could be regulated through the Articles of Incorporation. 2. The Companies Law of the British Cayman Islands does not contain a concept of a "supervisor" whereunder, the validity of a supervisor set forth under the Articles of Incorporation is ambiguous. 3. As expressly provided for in the fore part of Paragraph 2, Article 28-4 of the Regulations Governing the Public Offering of Securities Investment Trust Funds by Securities Investment Trust Enterprises: "A foreign issuer shall set up the Audit Committee", the Company has duly set up Audit Committee by all its independent directors and is thus no longer required to set up supervisors. That Article, therefore, does not regulate supervisors.
1. Before the Company convenes a board of directors meeting to resolve a decision on merger/acquisition (M&A), the Audit Committee or a special committee (applicable to a company which has set up supervisors) shall conduct review over the fairness and rationality of the transaction and submit the result of review to the board of directors' and shareholders' meeting. Where a decision to be resolved in a shareholders' meeting in accordance with the regulations of local law and ordinance in the		In coordination with amendment to key issues of protection over shareholders' equity in the left column, the Company plans to add Article 32.8 of the Articles of Incorporation in the shareholders' meeting 2020: "Before the board of directors resolves a decision on merger/acquisition (M&A), the Audit Committee shall look into the fairness and rationality of the merger/acquisition (M&A) plan and submit the review result to the shareholders' meeting. A report shall not be dispensed to the shareholders' meeting, nevertheless, convening a shareholders' meeting to resolve a decision for merger/acquisition (M&A) is unnecessary in accordance with law. Amidst the review process, the Audit Committee shall retain independent experts to offer opinions regarding the rationality in cash and other properties. The review results and opinions of

<p>registration countries of foreign securities issuers, nevertheless, submittal of such report to the shareholders' meeting is not required.</p> <p>2. Where the Audit Committee (or special committee) reviews the issue, independent experts should be invited to offer opinions on the rationality of the cash or other properties to be allocated to shareholders pro rata to their respective shareholding ratios.</p> <p>3. The opinions of the Audit Committee (or special committee) should be served to all shareholders in the same package of the notices of the shareholders' meeting. Where regulations of local law and ordinance in the registration countries of foreign securities issuers call for a resolution through the shareholders' meeting, nevertheless, the report should be submitted on the merger/acquisition (M&A) issues in the most recent shareholders' meeting.</p> <p>4. Where the aforementioned documents to be served to shareholders have been promulgated through the website designated by the competent authority in charge of securities in the Republic of China and have been placed at the venue of the shareholders' meeting, such documents are deemed to have been duly served to all shareholders.</p>		<p>independent experts shall be served to all shareholders in the same package with the notices of the shareholders' meeting. Where the laws do not call for a decision to be resolved through the shareholders' meeting, such key issues of merger/acquisition (M&A) shall be reported to the most recent shareholders' meeting". Besides, Article 32.9 to be added reads: "For the contents to be served to the shareholders' meetings under the preceding Article with the contents exactly same as those to be promulgated into the website designated by the competent authority in charge of securities in the Republic of China and shall be placed at the venue of shareholders' meeting readily accessible to shareholders where such same contents are deemed to have been served to all shareholders" so as to satisfy the amendment to the contents to be amended toward the key issues in protection over shareholders' equity on the left-hand side box.</p>
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Audit Committee's Review Report

The Board of Directors prepares and submits the 2020 Business Report and Consolidated Financial Statements. The CPA firm of PricewaterhouseCoopers Taiwan was retained to audit the Company's Financial Statements and has issued an audit report relating to the Consolidated Financial Statements.

The aforementioned Business Report and Consolidated Financial Statements proposal have been reviewed by the Audit Committee and are considered to be conformed to requirements. Consequently, it is reported for review according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Respectfully submitted

To the 2021 Annual General Shareholders' Meeting of TST Group Holding Ltd.

TST Group Holding Ltd.

Audit Committee Convener: LIEN, KING-BIAU

March 24, 2021

**TST GROUP HOLDING LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT ACCOUNTANTS
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.

TST GROUP HOLDING LTD.
DECEMBER 31, 2020 AND 2019 CONSOLIDATED FINANCIAL STATEMENTS
AND REPORT OF INDEPENDENT ACCOUNTANTS
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REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of TST Group Holding Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of TST Group Holding Ltd. and 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, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits of the consolidated financial statements as of and for the year ended December 31, 2020 in accordance with “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants”, and generally accepted auditing standards in the Republic of China (ROC GAAS); and in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants”, “Financial Supervisory Commission Order No. Financial-Supervisory-Securities-Auditing-1090360805 of February 25, 2020” and generally accepted auditing standards in the Republic of China (ROC GAAS) for our audits of the consolidated financial statements as of and for the year ended December 31, 2019. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 of the current period. 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:

Timing of revenue recognition

Description

Refer to Note 4(25) for a description of accounting policy on revenue recognition and Note 6(17) for details of revenue. The Group's major products are raw materials such as greige and coloured fabrics for the midstream and upstream of textile industry. The Group recognises revenue when the control of promised goods is transferred to the buyers. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied. As the timing of revenue recognition involves management's judgement and the transaction amounts before and after the balance sheet date are significant to the financial statements, the timing of sales revenue recognition was identified as a key audit matter.

How our audit addressed the matter

We performed the following procedures in relation to the above key audit matter:

1. Obtained an understanding and evaluated the operating procedures and internal controls over sales revenue, and tested those controls.
2. Performed confirmation of accounts receivable and sales revenue in order to confirm that the amounts from counterparties are consistent with the records. If there are differences, tested the reconciling items made by the Company in order to confirm whether the significant differences have been adjusted.

3. Inspected sales revenue and verified supporting documents to ensure the timing of sales revenue recognition is appropriate.
4. Performed cut-off test of sales transactions around the fiscal year-end date and verified corroboration of sales revenue recognition to confirm whether revenue is recognised in the proper period.

Allowance for inventory valuation losses

Description

Refer to Note 4(11) for a description of the accounting policy on inventory valuation, Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(5) for information on the allowance for inventory valuation losses. As of December 31, 2020, the balances of inventories and allowance for inventory valuation losses were NT\$ 822,921 thousand and NT\$ 35,289 thousand, respectively.

The Group is primarily engaged in the manufacturing and sales of cotton in the textile industry. As the raw material prices of textile products fluctuate continuously and the market is highly competitive, there is a higher risk of incurring inventory valuation losses or having obsolete inventory. The Group's inventory is stated at the lower of cost and net realisable value. For inventory that is over a certain age, the loss is recognised based on the realisable value.

The industry's raw material prices fluctuate continuously, and the net realisable value involves subjective judgement which results in a high degree of uncertainty when assessing obsolete or slow-moving inventories. As the inventory and allowance for inventory valuation losses are material to the financial statements, the assessment of allowance for inventory valuation losses was identified as a key audit matter.

How our audit addressed the matter

We performed the following procedures in relation to the above key audit matters:

1. Assessed whether the policies on allowance for inventory valuation losses were consistently applied in all the periods and met the applicable accounting principles based on our understanding of the Group's operations and the characteristics of its industry.

2. Reviewed the details of the individually obsolete inventories and verified the related supporting documents.
3. Tested the basis of market value used in calculating the net realisable value of respective inventories and validated the accuracy of net realisable calculation of selected samples.

Responsibilities of management and those charged with governance for the 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 control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those 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 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 auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS 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 ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control 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 control.
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 auditor's 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 auditor's 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 control that we identify during our audit.

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 of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Juanlu, Man-Yu

Lin, Ya-Hui

For and on behalf of PricewaterhouseCoopers, Taiwan

March 24, 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 report of independent accountants 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.

TST GROUP HOLDING LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

Assets			December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,250,551	31	\$ 1,122,004	28
1150	Notes receivable, net	6(3)	40,914	1	16,767	-
1170	Accounts receivable, net	6(3)	764,994	19	874,240	22
1200	Other receivables	6(4)	47,909	1	54,702	1
130X	Inventory	6(5)	787,632	20	854,030	21
1470	Other current assets	6(1) and 8	46,842	1	63,367	2
11XX	Total current assets		2,938,842	73	2,985,110	74
Non-current assets						
1600	Property, plant and equipment	6(6)	803,289	20	908,610	23
1755	Right-of-use assets	6(7)	80,652	2	99,770	2
1780	Intangible assets		181	-	247	-
1900	Other non-current assets	6(8) 、 8 and 9(1)	192,831	5	36,269	1
15XX	Total non-current assets		1,076,953	27	1,044,896	26
1XXX	Total assets		\$ 4,015,795	100	\$ 4,030,006	100

(Continued)

TST GROUP HOLDING LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			December 31, 2020		December 31, 2019	
			Notes	AMOUNT	%	AMOUNT
Liabilities						
Current liabilities						
2100	Short-term borrowings	6(9)	\$ 44,475	1	\$ 152,724	4
2150	Notes payable		255,510	6	130,203	3
2170	Accounts payable		877,625	22	916,457	23
2200	Other payables	6(10)	246,649	6	236,852	6
2220	Other payables - related parties	7	908	-	680	-
2230	Current income tax liabilities		43,305	1	56,318	1
2280	Current lease liabilities		17,223	1	18,736	1
2320	Long-term liabilities, current portion	6(11)	7,372	-	15,255	-
2399	Other current liabilities	6(17)	1,335	-	14,198	-
21XX	Total current liabilities		1,494,402	37	1,541,423	38
Non-current liabilities						
2540	Long-term borrowings	6(11)	315	-	8,092	-
2570	Deferred income tax liabilities	6(24)	40,468	1	58,054	2
2580	Non-current lease liabilities		66,132	2	80,701	2
2600	Net defined benefit liability - non-current		439	-	462	-
25XX	Total non-current liabilities		107,354	3	147,309	4
2XXX	Total liabilities		1,601,756	40	1,688,732	42
Equity						
Share capital						
3110	Share capital - common stock	6(14)	315,000	8	315,000	8
Capital surplus						
3200	Capital surplus	6(15)	1,614,016	40	1,614,016	40
Retained earnings						
3320	Special reserve	6(16)	122,946	3	43,510	1
3350	Unappropriated retained earnings		576,298	14	491,694	12
Other equity interest						
3400	Other equity interest		(193,419)	(5)	(122,946)	(3)
3500	Treasury stock	6(14)	(20,802)	-	-	-
3XXX	Total equity		2,414,039	60	2,341,274	58
Significant contingent liabilities and unrecognised contract commitments						
Significant event after the balance sheet date						
			\$ 4,015,795	100	\$ 4,030,006	100
3X2X	Total liabilities and equity					

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

TST GROUP HOLDING LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except earnings per share)

	Items	Notes	Year ended December 31			
			2020		2019	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(17)	\$ 5,389,194	100	\$ 7,358,438	100
5000	Operating costs	6(5)(22)(23)	(4,219,740)	(78)	(6,082,217)	(83)
5900	Net operating margin		1,169,454	22	1,276,221	17
5950	Net operating margin		1,169,454	22	1,276,221	17
	Operating expenses	6(12)(22)(23)				
6100	Selling expenses		(140,437)	(3)	(179,155)	(3)
6200	General and administrative expenses		(452,792)	(9)	(531,900)	(7)
6300	Research and development expenses		(15,653)	-	(18,159)	-
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	(5,535)	-	(4,951)	-
6000	Total operating expenses		(614,417)	(12)	(724,263)	(10)
6900	Operating profit		555,037	10	551,958	7
	Non-operating income and expenses					
7100	Interest income	6(18)	10,226	-	2,870	-
7010	Other income	6(19)	16,124	-	10,408	-
7020	Other gains and losses	6(20)	(36,522)	-	(18,691)	-
7050	Finance costs	6(21)	(7,332)	-	(26,109)	-
7000	Total non-operating income and expenses		(17,504)	-	(31,522)	-
7900	Profit before income tax		537,533	10	520,436	7
7950	Income tax (expense) benefit	6(24)	(121,493)	(2)	(132,308)	(2)
8000	Profit for the year from continuing operations		416,040	8	388,128	5
8200	Profit for the year		\$ 416,040	8	\$ 388,128	5
	Other comprehensive income					
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Other comprehensive loss, before tax, exchange differences on translation		(\$ 70,473)	(2)	(\$ 79,436)	(1)
8360	Other comprehensive loss that will be reclassified to profit or loss		(70,473)	(2)	(79,436)	(1)
8500	Total comprehensive income for the year		\$ 345,567	6	\$ 308,692	4
	Profit (loss) attributable to:					
8610	Owners of the parent		\$ 416,040	8	\$ 388,128	5
	Comprehensive income attributable to:					
8710	Owners of the parent		\$ 345,567	6	\$ 308,692	4
	Basic earnings per share	6(25)				
9750	Basic earnings per share		\$ 13.25		\$ 13.92	
	Diluted earnings per share	6(25)				
9850	Diluted earnings per share		\$ 13.23		\$ 13.91	

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

TST GROUP HOLDING LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent					
		Retained Earnings			Other equity interest		
Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Treasury stock	Total equity
<u>2019</u>							
Balance at January 1, 2019	\$ 230,000	\$ 603,900	\$ -	\$ 147,076	(\$ 43,510)	\$ -	\$ 937,466
Profit	-	-	-	388,128	-	-	388,128
Other comprehensive loss	-	-	-	-	(79,436)	-	(79,436)
Total comprehensive income (loss)	-	-	-	388,128	(79,436)	-	308,692
Appropriation of earnings	6(16)						
Special reserve	-	-	43,510	(43,510)	-	-	-
Issuance of common stock for cash	6(14)	85,000	1,008,643	-	-	-	1,093,643
Share-based payment	6(13)	-	1,473	-	-	-	1,473
Balance at December 31, 2019	<u>\$ 315,000</u>	<u>\$ 1,614,016</u>	<u>\$ 43,510</u>	<u>\$ 491,694</u>	<u>(\$ 122,946)</u>	<u>\$ -</u>	<u>\$ 2,341,274</u>
<u>2020</u>							
Balance at January 1, 2020	\$ 315,000	\$ 1,614,016	\$ 43,510	\$ 491,694	(\$ 122,946)	\$ -	\$ 2,341,274
Profit	-	-	-	416,040	-	-	416,040
Other comprehensive loss	-	-	-	-	(70,473)	-	(70,473)
Total comprehensive income (loss)	-	-	-	416,040	(70,473)	-	345,567
Appropriation of earnings	6(16)						
Special reserve	-	-	79,436	(79,436)	-	-	-
Cash dividends	-	-	-	(252,000)	-	-	(252,000)
Buy back treasury stocks	6(14)	-	-	-	-	(20,802)	(20,802)
Balance at December 31, 2020	<u>\$ 315,000</u>	<u>\$ 1,614,016</u>	<u>\$ 122,946</u>	<u>\$ 576,298</u>	<u>(\$ 193,419)</u>	<u>(\$ 20,802)</u>	<u>\$ 2,414,039</u>

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

TST GROUP HOLDING LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

		Years ended December 31,	
	Notes	2020	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 537,533	\$ 520,436
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(22)	132,710	103,992
Amortization	6(22)	69	72
Expected credit loss (gain)	12(2)	5,535	(4,951)
Rewards associated with a leased asset	6(7)	(2,372)	-
Loss on disposal of property, plant and equipment	6(20)	1,878	20,171
Impairment loss on property, plant and equipment	6(20)	19,114	6,953
Interest income	6(18)	(10,226)	(2,870)
Interest expense	6(21)	7,332	26,109
Share-based payments	6(13)	-	1,473
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net	(	24,147)	3,991
Accounts receivable, net		103,711	(81,262)
Other receivables		6,793	71,787
Inventories		66,398	(11,310)
Other current assets		3,565	12,565
Changes in operating liabilities			
Notes payable		125,307	22,047
Accounts payable	(	38,832)	127,738
Other payables to related parties		228	81
Other payables		25,668	81,813
Other current liabilities	(	12,863)	13,865
Cash inflow generated from operations		947,401	912,700
Interest received		10,226	2,870
Interest paid	(	7,332)	(26,109)
Income taxes paid	(	146,661)	(88,173)
Net cash flows from operating activities		803,634	801,288
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease (Increase) in other current assets		12,960	(18,703)
Acquisition of property, plant and equipment	6(26)	(85,688)	(396,314)
Proceeds from disposal of property, plant and equipment		1,235	11,888
Decrease (Increase) in refundable deposits		312	(1,102)
Increase (Decrease) in other non-current assets		520	(7,475)
Advance payment for land use rights	(	156,993)	-
Net cash flows used in investing activities	(	227,654)	(411,706)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term loans	(	108,249)	(339,317)
Repayments of long-term debt	(	15,660)	(33,522)
Decrease in guarantee deposits received	(	23)	(11)
Payments of lease liabilities	(	27,822)	(20,197)
Cash dividends paid	(	252,000)	(187,151)
Proceeds from issuing shares	6(14)	-	1,093,643
Buy back treasury stocks	6(14)	(20,802)	-
Net cash flows from financing activities	(	424,556)	513,445
Effect of foreign exchange translations	(	22,877)	(57,747)
Net increase in cash and cash equivalents		128,547	845,280
Cash and cash equivalents at beginning of year		1,122,004	276,724
Cash and cash equivalents at end of year		\$ 1,250,551	\$ 1,122,004

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

TST GROUP HOLDING LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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

1. History and Organization

TST Group Holding Ltd. (the “Company”), formerly Bumper World Group (Cayman) Holdings Limited, was incorporated as a company in the Cayman Islands in May 2013. The address of the Company’s registered office is P.O. Box 472, 2nd Floor, Harbour Place, 103 South Church Street, George Town, Grand Cayman KY1-1106, Cayman Islands. The Company has completed the Group restructuring in June 2018. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the manufacture and sales of textile. The Company was listed on the Taiwan Stock Exchange starting from December 5, 2019.

2. Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorised for issuance by the Board of Directors on March 24, 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 the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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’	June 1, 2020 (Note)
Note : Earlier application from January 1, 2020 is allowed by FSC.	

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

Amendment to IFRS 16, ‘Covid-19-related rent concessions’

This amendment provides a practical expedient for lessees from assessing whether a rent concession related to COVID-19, and that meets all of the following conditions, is a lease modification:

- (a) Changes in lease payments result in the revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) Any reduction in lease payments affects only payments originally due on or before June 30 2021; and
- (c) There is no substantive change to other terms and conditions of the lease.

(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. Except for financial assets at fair value through profit or loss, the consolidated financial statements have been prepared under the historical cost convention.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “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 (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (b) Inter-company transactions, balances and unrealised 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 noncontrolling interests having a deficit balance.
 - (d) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
 - (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or

liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2020	December 31, 2019	
The Company	BUMPER WORLD GROUP HOLDINGS LIMITED (Bumper BVI)	Holding company	100%	100%	
The Company	TST International Group Limited (TST)	Holding company	100%	100%	
Bumper BVI	TOP SPORTS TEXTILE LTD. (TOP SPORTS)	Manufacturer	100%	100%	
TST	THRIVE NATION GROUP LIMITED (THRIVE)	Holding company	100%	-	Note 1
TST	TOP STAR TEXTILE LIMITED	Sales company	100%	100%	
TST	CHINTEX ENTERPRISES LIMITED	Sales company	100%	100%	
TST	GUANGZHOU RUNWELL KNITS TEXTILE	Sales company	100%	100%	
CHINTEX ENTERPRISES LIMITED	GUANGZHOU CHINTEX MANAGEMENT CONSULTING CO., LTD.	Management consulting company	100%	100%	
TOP STAR TEXTILE LIMITED	TOP STAR TEXTILE VIETNAM COMPANY LIMITED (TST Vietnam)	Manufacturer	100%	100%	

Note 1: The Group obtained 100% control of THRIVE on December 8, 2020.

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

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

E. Significant restrictions: None.

F. 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 United States dollars; however, the consolidated financial statements are presented in New Taiwan dollars under the regulations of the regulatory

authorities.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised 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 recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities, associates and joint arrangements 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 recognised 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.
- (c) The Group's financial statements were translated into New Taiwan dollars based on the average exchange rates of USD1=NTD29.5491 and USD1=NTD30.9117 for the years ended December 31, 2020 and 2019, respectively. The closing exchange rates as of December 31, 2020 and 2019 were USD1=NTD28.480 and USD1=NTD29.980, respectively.

(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 realised, 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 realised 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) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) 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.

(9) Impairment of financial assets

For accounts receivable that has a significant financing component, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises 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 that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

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

(11) Inventories

Inventories are stated at the lower of cost and net realisable 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. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(12) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent

of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

- E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised 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 derecognised. 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	5 ~ 50 years
Machinery and equipment	5 ~ 10 years
Office equipment	2 ~ 5 years
Transportation equipment	4 ~ 5 years
Other equipment	5 years

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

- A. Leases are recognised 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 recognised 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 fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised 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 amount of the initial measurement of lease liability. 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 recognised 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 recognise the difference between remeasured lease liability in profit or loss.

(15) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 10 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 recognised 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 recognising 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 amortised historical cost would have been if the impairment had not been recognised.

(17) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(18) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of 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.

(19) Derecognition of financial liabilities

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

(20) Employee benefits

A. Short-term employee benefits

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

B. Pensions

For defined contribution plan, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised 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 recognised 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.

(21) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(22) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised 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. Different tax regulations are applicable to the Group depending on the countries where the companies are registered:
- (a) Companies that are registered in the Cayman Islands and British Virgin Islands are exempted from income tax in accordance with local regulations.
 - (b) Income taxes of companies that are registered in Mainland China are calculated in accordance with the “Law of the People’s Republic of China on Enterprise Income Tax” and its implementation and related notification letters.
 - (c) For companies that are registered in the Hong Kong Special Administrative Region of the People’s Republic of China, only income sourced in Hong Kong is taxable under the rules of Hong Kong’s Inland Revenue Ordinance.
 - (d) Income taxes of companies that are registered in the Kingdom of Cambodia are calculated in accordance with the “Law on Taxation” and its implementation and related notification letters.
 - (e) Income taxes of companies that are registered in the Socialist Republic of Vietnam are calculated in accordance with the “Corporate Income Tax” (CIT) and its implementation and related notification letters.
- C. Deferred tax is recognised, 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 (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

(23) Share capital

- A. 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.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(24) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's stockholders. 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.

(25) Revenue recognition

A. Sales of goods

- (a) The Group manufactures and sells textile products. Sales are recognised 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 customer'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 customer, and either the customer 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) A receivable is recognised 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.

B. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognises the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(26) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(27) 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, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

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

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. As textile products are influenced by the fluctuations in raw material prices and the market is competitive, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

Details of the carrying amount of inventories as of December 31, 2020 are provided in Note 6(5).

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash on hand and revolving funds	\$ 699	\$ 648
Checking accounts and demand deposits	1,074,869	1,121,356
Time deposits	<u>199,632</u>	<u>37,609</u>
	1,275,200	1,159,613
Restricted and transferred to other current assets	(<u>24,649</u>)	(<u>37,609</u>)
	<u>\$ 1,250,551</u>	<u>\$ 1,122,004</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. Details of the Group's cash and cash equivalents pledged to others are provided in Note 8.

(2) Financial assets at fair value through profit or loss

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	\$ 23,456	\$ 24,691
Valuation adjustments	(23,456)	(24,691)
	<u>\$ -</u>	<u>\$ -</u>

(3) Notes and accounts receivable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Notes receivable	<u>\$ 40,914</u>	<u>\$ 16,767</u>
Accounts receivable	<u>\$ 775,181</u>	<u>\$ 879,168</u>
Less: Allowance for bad debts	<u>(10,187)</u>	<u>(4,928)</u>
	<u>\$ 764,994</u>	<u>\$ 874,240</u>

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	<u>December 31, 2020</u>		<u>December 31, 2019</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not past due	\$ 650,811	\$ 40,914	\$ 685,554	\$ 16,767
Up to 30 days	108,121	-	176,875	-
31 to 60 days	8,978	-	12,018	-
61 to 90 days	4,076	-	196	-
Over 90 days	<u>3,195</u>	<u>-</u>	<u>4,525</u>	<u>-</u>
	<u>\$ 775,181</u>	<u>\$ 40,914</u>	<u>\$ 879,168</u>	<u>\$ 16,767</u>

The above ageing analysis was based on past due date.

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 Group's notes and accounts receivable was \$40,914 and \$16,767, \$764,994 and \$874,240, respectively.

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

D. As of December 31, 2020 and 2019, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2019, the balance of accounts receivable (including notes receivable) from contracts with customers amounted to \$818,968.

(4) Other receivables

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Tax refund receivable	\$ 45,316	\$ 51,941
Others	<u>2,593</u>	<u>2,761</u>
	<u>\$ 47,909</u>	<u>\$ 54,702</u>

(5) Inventories

December 31, 2020			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 260,871	(\$ 5,176)	\$ 255,695
Work in progress	386,967	(18,681)	368,286
Finished goods	175,083	(11,432)	163,651
	<u>\$ 822,921</u>	<u>(\$ 35,289)</u>	<u>\$ 787,632</u>
December 31, 2019			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 220,153	(\$ 4,098)	\$ 216,055
Work in progress	369,511	(6,674)	362,837
Finished goods	271,704	(10,736)	260,968
Inventory in transit	14,170	-	14,170
	<u>\$ 875,538</u>	<u>(\$ 21,508)</u>	<u>\$ 854,030</u>

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2020	2019
Cost of goods sold	\$ 4,205,777	\$ 6,078,314
Loss on decline in market value	13,982	3,509
Others	(19)	394
	<u>\$ 4,219,740</u>	<u>\$ 6,082,217</u>

(6) Property, plant and equipment

	Buildings and structures	Machinery	Office equipment	Transportation Equipment	Other equipment	Unfinished construction	Total
<u>At January 1, 2020</u>							
Cost	\$ 269,355	\$ 873,402	\$ 11,842	\$ 38,953	\$ 5,305	\$ 77,506	\$ 1,276,363
Accumulated depreciation and impairment	(40,935)	(290,191)	(7,737)	(27,079)	(1,811)	-	(367,753)
	<u>\$ 228,420</u>	<u>\$ 583,211</u>	<u>\$ 4,105</u>	<u>\$ 11,874</u>	<u>\$ 3,494</u>	<u>\$ 77,506</u>	<u>\$ 908,610</u>
<u>2020</u>							
Opening net book amount as at January 1	\$ 228,420	\$ 583,211	\$ 4,105	\$ 11,874	\$ 3,494	\$ 77,506	\$ 908,610
Additions	865	2,717	4,388	260	6,202	55,385	69,817
Disposals	(246)	(2,767)	(63)	-	(37)	-	(3,113)
Reclassifications	3,058	92,785	2,361	-	6,095	(106,295)	(1,996)
Depreciation charge	(12,637)	(84,751)	(1,645)	(6,634)	(2,598)	-	(108,265)
Impairment loss	-	(19,114)	-	-	-	-	(19,114)
Effect of foreign exchange	(11,093)	(28,774)	(240)	(230)	(276)	(2,037)	(42,650)
Closing net book amount as at December 31	<u>\$ 208,367</u>	<u>\$ 543,307</u>	<u>\$ 8,906</u>	<u>\$ 5,270</u>	<u>\$ 12,880</u>	<u>\$ 24,559</u>	<u>\$ 803,289</u>
<u>At December 31, 2020</u>							
Cost	\$ 259,393	\$ 910,753	\$ 17,399	\$ 38,329	\$ 16,098	\$ 24,559	\$ 1,266,531
Accumulated depreciation and impairment	(51,026)	(367,446)	(8,493)	(33,059)	(3,218)	-	(463,242)
	<u>\$ 208,367</u>	<u>\$ 543,307</u>	<u>\$ 8,906</u>	<u>\$ 5,270</u>	<u>\$ 12,880</u>	<u>\$ 24,559</u>	<u>\$ 803,289</u>

	Buildings and structures	Machinery	Office equipment	Transportation equipment	Other equipment	Unfinished construction	Total
<u>At January 1, 2019</u>							
Cost	\$ 155,651	\$ 692,789	\$ 12,008	\$ 40,183	\$ 3,302	\$ 63,408	\$ 967,341
Accumulated depreciation and impairment	(34,062)	(276,068)	(7,021)	(20,447)	(1,605)	-	(339,203)
	<u>\$ 121,589</u>	<u>\$ 416,721</u>	<u>\$ 4,987</u>	<u>\$ 19,736</u>	<u>\$ 1,697</u>	<u>\$ 63,408</u>	<u>\$ 628,138</u>

2019

Opening net book amount as at January 1	\$ 121,589	\$ 416,721	\$ 4,987	\$ 19,736	\$ 1,697	\$ 63,408	\$ 628,138
Additions	8,412	42,968	394	-	2,426	373,976	428,176
Disposals	(82)	(31,960)	(15)	-	(2)	-	(32,059)
Reclassifications	112,752	244,412	121	-	(20)	(357,876)	(611)
Depreciation charge	(7,935)	(66,653)	(1,280)	(7,547)	(511)	-	(83,926)
Impairment loss	-	(6,953)	-	-	-	-	(6,953)
Effect of foreign exchange	(6,316)	(15,324)	(102)	(315)	(96)	(2,002)	(24,155)
Closing net book amount as at December 31	<u>\$ 228,420</u>	<u>\$ 583,211</u>	<u>\$ 4,105</u>	<u>\$ 11,874</u>	<u>\$ 3,494</u>	<u>\$ 77,506</u>	<u>\$ 908,610</u>

At December 31, 2019

Cost	\$ 269,355	\$ 873,402	\$ 11,842	\$ 38,953	\$ 5,305	\$ 77,506	\$ 1,276,363
Accumulated depreciation and impairment	(40,935)	(290,191)	(7,737)	(27,079)	(1,811)	-	(367,753)
	<u>\$ 228,420</u>	<u>\$ 583,211</u>	<u>\$ 4,105</u>	<u>\$ 11,874</u>	<u>\$ 3,494</u>	<u>\$ 77,506</u>	<u>\$ 908,610</u>

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

(7) Leasing arrangements - lessee

A. The Group leases various assets including land and buildings. Rental contracts are typically made for periods of 1.5 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>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 24,335	\$ 28,670
Buildings	56,317	71,100
	<u>\$ 80,652</u>	<u>\$ 99,770</u>

	<u>Year ended</u>	<u>Year ended</u>
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 3,010	\$ 3,149
Buildings	21,435	16,917
	<u>\$ 24,445</u>	<u>\$ 20,066</u>

C. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Year ended</u>	<u>Year ended</u>
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 5,456	\$ 5,625
Expense on short-term lease contracts	4,128	10,925

D. For the year ended December 31, 2020 and 2019, the addition to right-of-use assets were \$6,675 and \$25,273, respectively.

E. For the year ended December 31, 2020 and 2019, the Group's total cash outflow for leases were \$37,406 and \$36,747, respectively.

F. The Group has applied the practical expedient to "Covid-19-related rent concessions", and recognised the gain from changes in lease payments arising from the rent concessions amounting to \$2,372 by increasing other income for the 2020.

(8) Other non-current assets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Advance payment for land use rights	\$ 156,993	\$ -
Others	35,838	36,269
	<u>\$ 192,831</u>	<u>\$ 36,269</u>

On December 15, 2020, the board of directors decided to lease the land in Thanh Thanh Cong Industrial Zone for the needs of business growth. The lease period was for both parties. The date of signing the land lease contract to December 26, 2058, and commissioned Entrust Vietnam Standard Finance & Deal Service Company Ltd to issue a valuation report. The estimated value ranges from US\$6,527,826 to US\$7,035,546. The contract transaction amount is US\$6,890,490 (excluding 10% value-added tax), which is approximately NT\$198,515 thousand (at an exchange rate of 28.81). Conversion). According

to the contract, the group pays 80% of the deposit after the contract is signed, the amount is US dollars 5,512,392 yuan, approximately NT 156,993 thousand (converted at an exchange rate of 28.48).

(9) Short-term borrowings

<u>Type of Borrowings</u>	<u>December 31, 2020</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	\$ <u>44,475</u>	1.70%~2.00%	-
<u>Type of Borrowings</u>	<u>December 31, 2019</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	\$ 108,380	2.93%~3.82%	-
Secured borrowings	<u>44,344</u>	1.60%~4.75%	Please refer to Notes 7 and 8
	\$ <u>152,724</u>		

Information about the short-term borrowings that were pledged to others as collateral is provided in Notes 7 and 8.

(10) Other payables

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Salary and bonus payable	\$ 138,226	\$ 137,940
Machinery and equipment payable	15,991	31,862
Others	<u>92,432</u>	<u>67,050</u>
	\$ <u>246,649</u>	\$ <u>236,852</u>

(11) Long-term borrowings

<u>Type of Borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>December 31, 2020</u>
Long-term bank borrowings			
Standard Chartered Bank secured borrowings	Borrowing period is from May 14, 2018 to June 21, 2021; interest is payable monthly	1.60%	\$ 7,120
Hang Seng Bank secured borrowings	Borrowing period is from March 15, 2018 to March 14, 2023; interest is payable monthly	3.74%	567
Less: Current portion			(<u>7,372</u>)
			\$ <u>315</u>

<u>Type of Borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>December 31, 2019</u>
Long-term bank borrowings			
Standard Chartered Bank secured borrowings	Borrowing period is from May 14, 2018 to June 21, 2021; interest is payable monthly	1.60%	\$ 22,485
Hang Seng Bank secured borrowings	Borrowing period is from March 15, 2018 to March 14, 2023; interest is payable monthly	3.74%	862
Less: Current portion			(15,255) \$ 8,092

Information about the long-term borrowings that were pledged to others as collateral is provided in Notes 7 and 8.

(12) Pensions

The Group'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. The contribution percentage for the years ended December 31, 2020 and 2019 was 14%~20% for both years. Other than the monthly contributions, the Group has no further obligations. The Group's Hong Kong subsidiary offers Mandatory Provident Fund Schemes (MPF Schemes), a defined contribution plan, in accordance with the regulations of the Hong Kong Special Administrative Region of the People's Republic of China for qualified employees. Contribution amounts are based on certain percentage of employees' basic salaries and wages and are deducted from statement of comprehensive income when payments are required according to MPF Schemes regulations. The assets of MPF Schemes are deposited in independently managed funds, which are separated from the assets of the Group. In addition, the employers' contributions to the MPF Schemes of the Group belong exclusively to employees.

The Group's Vietnam subsidiary offers social insurance, a defined contribution plan, which is calculated based on certain percentage of employees' total local salaries and wages, and contributes to an independent fund administered by the local government in accordance with the pension regulations of local government agencies.

The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2020 and 2019 were \$2,775 and \$11,433, respectively.

(13) Share-based payment

A. For the year ended December 31, 2020 and 2019, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Cash capital increase reserved for employee Preemption	2019.01.31	505,000	-	Vested immediately
Cash capital increase reserved for employee Preemption	2019.12.04	40,000	-	Vested immediately

The above share-based payment arrangements are settled by equity.

- B. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price	Exercise price	Expected price volatility (Note)	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit
Cash capital increase reserved for employee preemption	2019.01.31	93.54	\$ 95	20.0405%	0.0833	9%	0.5007%	\$ 1.30
Cash capital increase reserved for employee preemption	2019.12.04	176.51	\$ 158	33.1617%	0.2500	7%	0.4600%	\$ 20.40

Note: Expected price volatility was estimated by using the historical daily transaction information of stock prices of comparable company with the length of the period equivalent to the length of the stock option's expected life.

- C. The Company's compensation cost incurred on share-based payment transactions for the year ended December 31, 2019 amounted to \$1,473.
- D. The Company's no such situation.

(14) Share capital

- A. As of December 31, 2020, the Company's authorised capital was \$600,000, consisting of 60,000 thousand shares of ordinary stock and the paid-in capital was \$315,000 with a par value of \$10 (in dollars) per share.
- B. The Board of Directors during its meeting on January 31, 2019 adopted a resolution to raise additional cash totalling \$475 million by issuing 5 million new shares with a par value of \$10 (in dollars) per share at a premium issuance price of \$95 (in dollars) per share.
- C. The Board of Directors during its meeting on September 9, 2019 adopted a resolution to raise additional cash before the initial public by issuing 3,500 thousand new shares with a par value of \$10 (in dollars) per share. The issuance has been approved by Tai-Zheng-Shang-Er-Zi No. 10817030851 as endorsed by the Taiwan Stock Exchange Corporation on October 14, 2019. The raising period has been extended as approved by Tai-Zheng-Shang-Er-Zi No. 1080020813 on November 13, 2019. The capital was increased through bargaining, with the minimum underwriting price for competitive auction of NT\$138.60 (in dollars) per share. People who offer

higher bid prices win and should subscribe the bid at the winning prices. The price of each winning bid and its weighted-average number is NT\$184.06 (in dollars), 1.14 times higher than the minimum underwriting price, therefore, the public subscription price was issued at NT\$158.00 (in dollars) per share. The total amount of shares less underwriting allowance for capital increase amounted to \$618,643. All proceeds from shares issued have been collected on the effective date, December 4, 2019, and the registration has been completed.

D. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

		<u>December 31, 2020</u>	
<u>Name of company holding the shares</u>	<u>Reason for reacquisition</u>	<u>Number of shares</u>	<u>Carrying amount</u>
The Company	To be reissued to employees	151,000	\$ 20,802

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(15) Capital surplus

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

(16) 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 and special reserve shall be appropriated or reversed in accordance with Public Offering under the Companies Act or regulations of the regulatory authority. The remainder, if any, along with the beginning unappropriated earnings shall comprise the Company's accumulated distributable earnings. The distribution of earnings shall be proposed by the Board of Directors and resolved by the

stockholders at the stockholders' meeting.

- B. 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.
- C. As the Company is in the growth stage, the Company's dividend policy as to whether the distribution of dividends will be in the form of cash and/or shares is dependent on the Company's requirements for future capital expenditures, business expansion and financial planning for sustainable development. The Board of Directors shall propose the plan when distributing profits and such plan shall be resolved by the stockholders through ordinary resolution. Of the total cash dividends distributed, cash dividends shall not be less than 20% of total dividends distributed.
- D. The distribution of earnings for the year ended December 31, 2019 resolved by the the stockholders on June 16, 2020 is as follows:

	<u>Year ended December 31, 2019</u>	
	<u>Amount</u>	<u>Dividends per share (in dollars)</u>
Special reserve	\$ 79,436	
Cash dividends	<u>252,000</u>	8.00
	<u>\$ 331,436</u>	

- E. The distribution of earnings for the year ended December 31, 2020 proposed by the Board of Directors on March 24, 2021 is as follows:

	<u>Year ended December 31, 2020</u>	
	<u>Amount</u>	<u>Dividends per share (in dollars)</u>
Special reserve	\$ 70,473	
Cash dividends	<u>203,769</u>	6.50
	<u>\$ 274,242</u>	

- F. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(23).

(17) Operating revenue

	<u>Years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Revenue from contracts with customers - textile	<u>\$ 5,389,194</u>	<u>\$ 7,358,438</u>

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time in the following major geographical regions:

	China (including Hong Kong)	Cambodia	Vietnam	Total
<u>2020</u>				
Total segment revenue	\$ 8,569,483	\$ 852,726	\$ 23,890	\$ 9,446,099
Inter-segment revenue	(3,180,289)	(852,726)	(23,890)	(4,056,905)
Revenue from external customer contracts	<u>\$ 5,389,194</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,389,194</u>
Timing of revenue recognition				
At a point in time	<u>\$ 5,389,194</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,389,194</u>
	China (including Hong Kong)	Cambodia	Vietnam	Total
<u>2019</u>				
Total segment revenue	\$ 12,310,885	\$ 911,693	\$ 3,050	\$ 13,225,628
Inter-segment revenue	(4,952,447)	(911,693)	(3,050)	(5,867,190)
Revenue from external customer contracts	<u>\$ 7,358,438</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,358,438</u>
Timing of revenue recognition				
At a point in time	<u>\$ 7,358,438</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,358,438</u>

B. Contract liabilities

The Group has recognised the following revenue-related liabilities:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>January 1, 2019</u>
Contract liabilities - advance sales receipts (shown as other current liabilities)	<u>\$ 1,335</u>	<u>\$ 14,198</u>	<u>\$ 333</u>

C. Revenue recognised that was included in the contract liability balance at the beginning of the period

	<u>Years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Advance sales receipts	<u>\$ 14,191</u>	<u>\$ 333</u>

(18) Interest income

	<u>Years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Interest income from bank deposits	<u>\$ 10,226</u>	<u>\$ 2,870</u>

(19) Other income

	<u>Years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Subsidy income	<u>\$ 15,593</u>	<u>\$ 9,335</u>
Other income	<u>531</u>	<u>1,073</u>
	<u>\$ 16,124</u>	<u>\$ 10,408</u>

(20) Other gains and losses

		Years ended December 31,	
		2020	2019
Impairment loss on property, plant and equipment	(\$	19,114)	(\$ 6,953)
Losses on disposal of property, plant and equipment	(	1,878)	(20,171)
Foreign exchange (loss) gains	(	12,870)	16,804
Other losses	(	2,660)	(8,371)
	(\$	36,522)	(\$ 18,691)

(21) Finance costs

		Years ended December 31,	
		2020	2019
Interest expense			
Bank loan	\$	1,876	\$ 20,483
Lease transactions		5,456	5,626
	\$	7,332	\$ 26,109

(22) Expenses by nature

		Years ended December 31,	
		2020	2019
Employee benefit expense	\$	452,413	\$ 493,413
Depreciation charge		132,710	103,992
Amortisation charge		69	72
	\$	585,192	\$ 597,477

(23) Employee benefit expense

		Years ended December 31,	
		2020	2019
Wages and salaries	\$	429,247	\$ 455,442
Labour and health insurance fees		9,079	14,632
Pension costs		2,775	11,433
Other personnel expenses		11,312	11,906
	\$	452,413	\$ 493,413

- 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 1% and not be higher than 10% for employees' compensation and shall not be higher than 5% for directors' and supervisors' remuneration. If the Company has accumulated deficit, earnings should

be reserved to cover losses. The employees' compensation shall be distributed in the form of shares or cash.

- B. For the years ended December 31, 2020 and 2019, employees' compensation was accrued at \$4,202 and \$3,834, respectively; while no directors' and supervisors' remuneration was accrued for both years.

For the year ended December 31, 2020, and 2019 the employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 1% and 0% of distributable profit of current year as of the end of reporting period.

Employees' compensation and directors' and supervisors' remuneration of 2019 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2019 financial statements.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Income tax

A. Income tax expense

Components of income tax expense:

	Years ended December 31,	
	2020	2019
Current tax:		
Current tax on profits for the year	\$ 136,692	\$ 114,900
Prior year income tax over estimation	33	(707)
Deferred tax:		
Origination and reversal of temporary differences	(15,232)	18,115
Income tax expense	<u>\$ 121,493</u>	<u>\$ 132,308</u>

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2020	2019
Tax calculated based on profit before tax and statutory tax rate (Note)	\$ 120,754	\$ 109,394
Effects from items that should be adjusted in accordance with tax regulations	(913)	(233)
Income tax	1,619	23,854
Prior year income tax over estimation	33	(707)
Income tax expense	<u>\$ 121,493</u>	<u>\$ 132,308</u>

Note: The basis for computing the applicable tax rate are the rates applicable in the respective

countries where the Group entities operate.

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

		2020			
		January 1	Recognised in profit or loss	Exchange difference	December 31
— Deferred tax liabilities:					
Book-tax difference on depreciation life	\$	600	(522)	(12)	\$ 66
Investment income		<u>57,454</u>	(<u>14,710</u>)	(<u>2,342</u>)	<u>40,402</u>
	\$	<u>58,054</u>	(\$ <u>15,232</u>)	(\$ <u>2,354</u>)	<u>\$ 40,468</u>
		2019			
		January 1	Recognised in profit or loss	Exchange difference	December 31
— Deferred tax liabilities:					
Book-tax difference on depreciation life	\$	1,147	(542)	(5)	\$ 600
Investment income		<u>40,030</u>	<u>18,657</u>	(<u>1,233</u>)	<u>57,454</u>
	\$	<u>41,177</u>	<u>\$ 18,115</u>	(<u>\$ 1,238</u>)	<u>\$ 58,054</u>

D. Under the regulations of the Implementation of the Law on the Amendment to the Cambodian Investment Law of the Kingdom of Cambodia, on September 27, 2005, the Group's subsidiary, TOP SPORTS TEXTILE LTD., qualified for investment projects and is entitled to income tax exemption for 7 consecutive years until December 2018.

E. Under the regulations of the 2013 tax incentives based on sector of Vietnam, the Group's qualified subsidiary, TOP STAR TEXTILE VIETNAM COMPANY LIMITED, is entitled to the tax incentives of: 'tax exemption for 2 years plus 50% tax reduction for the next 4 years' and '17% preferential CIT rate for 10h years'.

(25) Earnings per share

Years ended December 31, 2020			
		Weighted average number of ordinary shares outstanding	earnings per share
	<u>Amount after tax</u>	<u>(shares in thousands)</u>	<u>(New Taiwan dollars)</u>
<u>Basic earnings per share</u>			
Profit for the year	\$ 416,040	31,407	\$ 13.25
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares	-	28	
Employees' compensation	\$ 416,040	31,435	\$ 13.23

Years ended December 31, 2019			
		Weighted average number of ordinary shares outstanding	earnings per share
	<u>Amount after tax</u>	<u>(shares in thousands)</u>	<u>(New Taiwan dollars)</u>
<u>Basic earnings per share</u>			
Profit for the year	\$ 388,128	27,875	\$ 13.92
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares	-	21	
Employees' compensation	\$ 388,128	27,896	\$ 13.91

(26) Supplemental cash flow information

Investing activities with partial cash payments

Years ended December 31,		
	2020	2019
Purchase of property, plant and equipment	\$ 69,817	\$ 428,176
Add: Opening balance of payable on equipment	31,862	-
Less: Ending balance of payable on equipment	(15,991)	(31,862)
Cash paid during the year	\$ 85,688	\$ 396,314

(27) Changes in liabilities from financing activities

The Company's changes in liabilities from financing activities for the years ended December 31, 2020 and 2019 are the changes in financing cash flows. Please refer to consolidated statements of 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>
LIN CHIN MAO	Key management
LIN CHING-WEI	Key management
ZHANG XINBIN	Key management
CHINTEX INVESTMENT COMPANY LTD. (CHINTEX)	Other related party
TAT CHEONG INTERNATIONAL COMPANY LIMITED (TAT CHEONG)	Other related party
PONG FU (SHANGHAI) INVESTMENT CONSULTING CO., LTD. (PONG FU)	Other related party
NEWA INSURANCE (CAMBODIA) PLC. (NEWA INSURANCE)	Other related party
LIN CHIN-HSUAN	Other related party
HUNG CHENG-TSUNG	Other related party
YU YING	Other related party
TAISHABA INTERNATIONAL CO., LTD.	Other related party
ABILITY INTERNATIONAL CO.,LTD.(Note)	Other related party
ABILITY INVESTMENT CO.,LTD.(Note)	Other related party

Note: In September 2020, ABILITY INTERNATIONAL CO.,LTD. merged with ABILITY INVESTMENT CO.,LTD.. After the merger, ABILITY INVESTMENT CO.,LTD was the surviving company, and ABILITY INTERNATIONAL CO.,LTD. was eliminated after the merger.

(2) Significant related party transactions

A. Payables to related parties:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Other payables - other:		
Key management	\$ -	\$ 26
Other related parties	<u>908</u>	<u>654</u>
	<u>\$ 908</u>	<u>\$ 680</u>

B. Leasing arrangements - lessee

(a) The Group leases property from key management and other related parties. The lease terms are from 2017 to 2028 and rent expenses are paid in the period based on agreements.

(b) Acquisition of right-of-use assets

	<u>Year ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Key management		
LIN CHIN MAO	\$ -	\$ 4,785
Other related parties		
Others	<u>3,486</u>	<u>381</u>
	<u>\$ 3,486</u>	<u>\$ 5,166</u>

On January 1, 2019 (the date of initial application of IFRS 16), the Group increased right-of-use assets by \$93,036.

(c) Rent expense

	Year ended December 31,	
	2020	2019
Key management	\$ 490	\$ 383
Other related parties	30	60
	<u>\$ 520</u>	<u>\$ 443</u>

(d) Lease liability

i. Outstanding balance:

	December 31, 2020	December 31, 2019
CHINTEX	\$ 24,647	\$ 28,172
LIN CHIN MAO	21,272	24,535
LIN CHING-WEI	10,393	11,789
Other related parties	<u>12,386</u>	<u>16,415</u>
	<u>\$ 68,698</u>	<u>\$ 80,911</u>

ii. Interest expense

	Year ended December 31,	
	2020	2019
CHINTEX	\$ 2,142	\$ 2,417
LIN CHIN MAO	1,118	1,198
LIN CHING-WEI	541	871
Other related parties	<u>665</u>	<u>644</u>
	<u>\$ 4,466</u>	<u>\$ 5,130</u>

C. Service fees

	Year ended December 31,	
	2020	2019
Other related parties	<u>\$ 1,782</u>	<u>\$ 1,846</u>

The Group entered into a service agreement with other related parties and the fees are paid monthly.

D. Endorsements and guarantees provided to related parties:

	December 31, 2020	December 31, 2019
Key management		
LIN CHIN MAO	<u>\$ -</u>	<u>\$ 477,235</u>

The Chairman, LIN CHIN MAO, and other related parties mentioned in Note 7(1) pledged real estate as collateral for part of the Group's bank borrowings.

(3) Key management compensation

	Year ended December 31,	
	2020	2019
Salaries and other short-term employee benefits	\$ 53,430	\$ 56,363
Post-employment benefits	658	319
Share-based payment	-	325
	<u>\$ 54,088</u>	<u>\$ 57,007</u>

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

Pledged asset	Book value		Purpose
	December 31, 2020	December 31, 2019	
Bank borrowings (shown as other current assets)	\$ 24,649	\$ 37,609	Bank borrowings
Other financial assets (shown as other non-current assets)	-	23,118	Bank borrowings
	<u>\$ 24,649</u>	<u>\$ 60,727</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

(a) As of December 31, 2020, the Group's issued but unused letter of credit for importing raw materials amounted to \$123,519.

(b) Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2020
Right-of-use asset(Note)	<u>\$ 39,248</u>

Note: The amount is US\$1,378,098 (excluding 10% value-added tax), converted at an exchange rate of 28.48; please refer to Note 6 (8) for details.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

(1) Details of the appropriation of 2020 earnings as proposed by the Board of Directors on March 24, 2021 are provided in Note 6(16).

(2) On March 24, 2021, the Board of Directors proposed to issue 600,000 new shares with restricted employee rights, each with a nominal value of NT\$10 per share. The issue price is NT\$0 per share.

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure

to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments

In accordance with IFRS 9, the carrying amount of financial assets at amortised cost classified by the Group (including cash and cash equivalents, notes receivable, net, accounts receivable, net, other receivables and guarantee deposits paid) amounted to \$2,109,845 and the carrying amount of financial liabilities at amortised cost (including short-term borrowings, notes payable, accounts payable, other payables (including related parties), lease liabilities, long-term borrowings (including current portion) and guarantee deposits received) amounted to \$1,516,648. Please refer to Note 6 for the financial assets at fair value through profit or loss.

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. The Group's policies on overall risk management focus on unpredictable events in financial markets and seek to minimise any potential adverse effects on the financial condition and financial performance of the Group.
- (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 cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

- i. The Group operates internationally and is exposed to exchange rate risk arising from various currency, primarily with respect to the USD, HKD and RMB. Exchange rate risk arises from future commercial transactions, recognised assets and liabilities and net investment in a foreign operation.
- ii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: USD; other certain subsidiaries' functional currency: RMB). 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		Book value	
	(in thousands)	Exchange rate	(NTD)	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
HKD:USD	\$	8,572	0.13	\$ 31,484
<u>Financial liabilities</u>				
<u>Monetary items</u>				
RMB:USD	\$	64,832	0.15	\$ 283,768
HKD:USD		15,120	0.13	55,536
December 31, 2019				
	Foreign currency amount		Book value	
	(in thousands)	Exchange rate	(NTD)	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
HKD:USD	\$	11,841	0.13	\$ 45,577
<u>Financial liabilities</u>				
<u>Monetary items</u>				
RMB:USD	\$	61,140	0.14	\$ 263,207
HKD:USD		12,619	0.13	48,569
iii. Total exchange loss and gain, including realised and unrealised 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 \$12,870 and \$16,804, respectively.				
iv. 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>				
HKD:USD	1%	\$ 315	\$	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
RMB:USD	1%	\$ 2,838	\$	-
HKD:USD	1%	\$ 555	\$	-

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>				
HKD:USD	1%	\$ 456	\$	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
RMB:USD	1%	\$ 2,630	\$	-
HKD:USD	1%	\$ 486	\$	-

Price risk

The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from bank borrowings with variable rates, which expose the Group to cash flow interest rate risk.
- ii. The Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
- iii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit before tax for the years ended December 31, 2020 and 2019 would have increased/decreased by \$522 and \$1,761, respectively. The main factor is that changes in interest expense result in floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing 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 utilisation of credit limits is regularly monitored.

iii. The Group adopts credit risk management procedure 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 60 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 assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

v. The Group classifies customer's accounts receivable and notes receivable in accordance with customer types and credit rating of customer. The Group applies the simplified approach using provision matrix and loss rate methodology to estimate expected credit loss under the provision matrix basis. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable.

vi. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable and notes receivable. On December 31, 2020 and 2019, the provision matrix, loss rate methodology is as follows:

	Not past due	Up to 30 days past due	31~60 days past due	61~90 days past due	More than 90 days past due	Total
<u>At December 31, 2020</u>						
Expected loss rate	0.03%	0.03%	0.07%	0.07%	100.00%	
Total book value \$	625,407	\$ 94,675	\$ 1,523	\$ 4,024	\$ 3,195	\$ 728,824
Loss allowance \$	180	\$ 28	\$ 1	\$ 3	\$ 3,195	\$ 3,407
<u>At December 31, 2019</u>						
Expected loss rate	0.03%	0.03%	0.03%	0.51%	100.00%	
Total book value \$	691,526	\$ 175,963	\$ 12,018	\$ 196	\$ 4,525	\$ 884,228
Loss allowance \$	201	\$ 51	\$ 4	\$ 1	\$ 4,525	\$ 4,782

Further, as of December 31, 2020 and 2019, the Group's accounts receivable amounted to \$87,271 and \$11,707 and the impairment loss recognised under individual assessment amounted to \$6,780 and \$146, respectively.

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

	2020	2019
At January 1	\$ 4,928	\$ 10,183
Provision for impairment	5,535	-
Reversal of impairment loss	-	(4,951)
Effect of exchange rate changes	(276)	(304)
At December 31	<u>\$ 10,187</u>	<u>\$ 4,928</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 so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing

facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, and compliance with internal balance sheet ratio targets.

- 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, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.
- iii. The Group's undrawn borrowing facilities on December 31, 2020 and 2019 were \$1,306,808 and \$1,121,783, respectively.
- iv. 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.

December 31, 2020	Less than 1 year	Over 1 year
Short-term borrowings	\$ 44,475	\$ -
Notes payable	255,510	-
Accounts payable	877,625	-
Other payables (including related parties)	247,557	-
Lease liability	21,580	77,901
Long-term borrowings (including current portion)	7,397	330
Guarantee deposits received	-	439
December 31, 2019	Less than 1 year	Over 1 year
Short-term borrowings	\$ 152,724	\$ -
Notes payable	130,203	-
Accounts payable	916,457	-
Other payables (including related parties)	237,532	-
Lease liability	24,633	99,696
Long-term borrowings (including current portion)	15,264	8,670
Guarantee deposits received	-	462

(3) Fair value information

The carrying amount of financial instruments not measured at fair value including cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable and other payables (including related parties) are approximate to their fair values. Lease liability interest rates are approximate to market interest rates so that the book value is considered approximate to fair value. Long-term borrowing interest rates (including current portion) are floating rates, which are approximate to market interest rates, so that the book value is considered approximate to fair value.

- (4) Due to the spread of the new coronavirus, the global economy is still full of uncertainties. For the Group, these events have no significant impact on the continued operation assumptions, asset impairment and related financing risks. However, the follow-up will continue to pay attention to the new crown pneumonia (COVID-19) The development and evaluation of the epidemic situation has an impact on the Group. The impact. In addition, due to this epidemic, the Group has applied for and received partial government subsidies.

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- 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: Please refer to table 4.
- 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: Please refer to table 5.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 8.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 9.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 10.

(4) Major Shareholder Information

Major Shareholder Information: Please refer to table 11.

14. Segment Information

(1) General information

The Group has classified the reportable operating segments based on management strategy. The Company's operations and segmentation are classified according to the management strategy, and the current management strategy is divided into China and Cambodia. Management has determined the reportable operating segments based on the reports reviewed by the management that are used to make

strategic decisions.

(2) Measurement of segment information

The Group evaluates the performance of the operating segments based on segment income/(loss) and the accounting policies of each operating segment are the same as Summary of Significant Accounting Policies in Note 4.

(3) Information about segment profit or loss, assets and liabilities

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

	Year ended December 31, 2020				
	China (including Hong Kong)	Cambodia	Vietnam	Adjustments and write-offs	Total
Revenue from external customers	\$ 5,389,194	\$ -	\$ -	\$ -	5,389,194
Internal revenue	3,180,289	852,726	23,890	(4,056,905)	-
Total revenue	\$ 8,569,483	\$ 852,726	\$ 23,890	(\$ 4,056,905)	\$ 5,389,194
Segment income (loss)	\$ 1,348,277	\$ 48,636	(\$ 23,384)	(\$ 835,996)	\$ 537,533
Segment income (loss), including:					
Depreciation and amortisation	\$ 25,029	\$ 101,179	\$ 6,571		\$ 132,779
Interest income	\$ 10,223	\$ 2	\$ 1		\$ 10,226
Interest expense	\$ 3,937	\$ 2,616	\$ 779		\$ 7,332
Income tax expense	\$ 109,920	\$ 11,573	\$ -		\$ 121,493
Total segment assets	\$ 8,079,914	\$ 1,222,955	\$ 45,052	(\$ 5,332,126)	\$ 4,015,795
Total segment liabilities	\$ 1,882,867	\$ 823,659	\$ 45,378	(\$ 1,150,148)	\$ 1,601,756
Capital expenditure	\$ 8,765	\$ 57,657	\$ 3,395	\$ -	\$ 69,817

Year ended December 31, 2019

	China				
	(including Hong Kong)	Cambodia	Vietnam	Adjustments and write-offs	Total
Revenue from external customers	\$ 7,358,438	\$ -	\$ -	\$ -	\$ 7,358,438
Internal revenue	4,952,447	911,693	3,050	(5,867,190)	-
Total revenue	<u>\$ 12,310,885</u>	<u>\$ 911,693</u>	<u>\$ 3,050</u>	<u>(\$ 5,867,190)</u>	<u>\$ 7,358,438</u>
Segment income (loss)	<u>\$ 1,324,129</u>	<u>(\$ 5,362)</u>	<u>(\$ 6,776)</u>	<u>(\$ 791,555)</u>	<u>\$ 520,436</u>
Segment income (loss), including:					
Depreciation and amortisation	<u>\$ 23,221</u>	<u>\$ 78,376</u>	<u>\$ 2,467</u>		<u>\$ 104,064</u>
Interest income	<u>\$ 2,868</u>	<u>\$ -</u>	<u>\$ 2</u>		<u>\$ 2,870</u>
Interest expense	<u>\$ 22,634</u>	<u>\$ 3,086</u>	<u>\$ 389</u>		<u>\$ 26,109</u>
Income tax expense	<u>\$ 132,308</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 132,308</u>
Total segment assets	<u>\$ 7,607,791</u>	<u>\$ 1,221,556</u>	<u>\$ 56,480</u>	<u>(\$ 4,855,821)</u>	<u>\$ 4,030,006</u>
Total segment liabilities	<u>\$ 2,155,523</u>	<u>\$ 1,138,632</u>	<u>\$ 33,030</u>	<u>(\$ 1,638,453)</u>	<u>\$ 1,688,732</u>
Capital expenditure	<u>\$ 339</u>	<u>\$ 398,970</u>	<u>\$ 28,867</u>	<u>\$ -</u>	<u>\$ 428,176</u>

(4) Reconciliation for segment income (loss)

- A. The Group's chief operating decision-maker assesses segment performance and decides resource allocations based on profit before tax, thus reconciliation is not necessary.
- B. The amounts provided to the chief operating decision maker with respect to total assets and total liabilities are measured in a manner consistent with that of the financial statements.

(5) Information on products and services

Please refer to Note 6 (17) for the related information.

(6) Geographical information

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

Years ended December 31,				
2020			2019	
	Non-current		Non-current	
	Revenue	Assets	Revenue	Assets
Taiwan	\$ 1,542,990	\$ -	\$ 1,793,361	\$ -
China	1,316,411	54,027	2,289,808	56,236
Singapore	902,344	-	1,000,502	-
Hong Kong	456,825	31,971	784,542	40,846
Tailand	383,373	-	320,056	-
Indonesia	147,432	-	400,956	-
Cambodia	112,451	806,646	64,327	905,749
Others	527,368	184,309	704,886	42,065
	<u>\$ 5,389,194</u>	<u>\$ 1,076,953</u>	<u>\$ 7,358,438</u>	<u>\$ 1,044,896</u>

The Group's geographical revenue information is determined based on the countries where the customers operate. Non-current assets refer to property, plant and equipment, intangible assets and other non-current assets.

(7) Major customer information

The important customer information of the Group in 2020 is as follows:

	2020	
	Revenue	Segment
DT	\$ 559,099	China(including Hong Kong)

There was no such situation in 2019.

TST Group Holding Ltd. and 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 (Note 2)	Is a related party	Maximum outstanding balance during the year ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Footnote
					December 31, 2020 (Note 3)	December 31, 2020 (Note 8)							Item	Value			
0	TST Group Holding Ltd.	TOP STAR TEXTILE LIMITED	Other receivables - related parties	Y	\$ 142,400	\$ 142,400	\$ -	LIBOR+2%	Short-term financing	-	Working capital	-	None	-	\$ 241,404	\$ 965,616	
0	TST Group Holding Ltd.	TOP SPORTS TEXTILE LTD.	Other receivables - related parties	Y	227,840	85,440	85,440	LIBOR+2%	Short-term financing	-	Working capital	-	None	-	241,404	965,616	
1	TST International Group Limited	CHINTEX ENTERPRISES LIMITED	Other receivables - related parties	Y	56,960	-	-	-	Short-term financing	-	Working capital	-	None	-	1,540,102	1,540,102	
1	TST International Group Limited	BUMPER WORLD GROUP HOLDINGS LIMITED	Other receivables - related parties	Y	438,022	-	-	-	Short-term financing	-	Working capital	-	None	-	1,540,102	1,540,102	
1	TST International Group Limited	TOP STAR TEXTILE LIMITED	Other receivables - related parties	Y	370,240	370,240	-	LIBOR+2%	Short-term financing	-	Working capital	-	None	-	1,540,102	1,540,102	
1	TST International Group Limited	TOP SPORTS TEXTILE LTD.	Other receivables - related parties	Y	1,107,872	854,400	356,000	LIBOR+3% LIBOR+2%	Short-term financing	-	Working capital	-	None	-	1,540,102	1,540,102	
2	BUMPER WORLD GROUP HOLDINGS LIMITED	TOP SPORTS TEXTILE LTD.	Other receivables - related parties	Y	42,720	42,720	14,240	LIBOR+3%	Short-term financing	-	Working capital	-	None	-	1,931,231	1,931,231	

No.			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 doubtful accounts	Collateral	Limit on loans granted to a single party	Ceiling on total loans granted		
(Note 1)	Creditor	Borrower	(Note 2)		(Note 3)	(Note 8)			(Note 4)	(Note 5)	(Note 6)	accounts	Item Value	(Note 7)	(Note 7)	Footnote	
3	TOP STAR TEXTILE LIMITED	CHINTEX ENTERPRISES LIMITED	Other receivables - related parties	Y	85,440	85,440	-	4%	Short-term financing	-	Working capital	-	None	-	1,925,127	1,925,127	
3	TOP STAR TEXTILE LIMITED	TOP SPORTS TEXTILE LTD.	Other receivables - related parties	Y	427,200	142,400	-	LIBOR+2%	Short-term financing	-	Working capital	-	None	-	1,925,127	1,925,127	
3	TOP STAR TEXTILE LIMITED	TOP STAR TEXTILE VIETNAM LIMITED	Other receivables - related parties	Y	11,392	11,392	5,696	LIBOR+2%	Short-term financing	-	Working capital	-	None	-	1,925,127	1,925,127	

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

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

Note 2: Fill in the name of account in which the loans are recognised, such as receivables-related parties, current account with stockholders, prepayments, temporary payments, etc.

TST Group Holding Ltd.:

The ceiling on total loans granted to the companies, who have business relationship with the Company, is 20% of the Company's net assets based on the latest financial statements; the limit on loans granted to a single party is the amount of business transactions between both sides.

The amount of business transactions refers to the higher amount of purchases or sales between both sides in the most recent year but the limit is 10% of the Company's net assets based on the latest financial statements.

The ceiling on total loans granted to the companies for short-term financing is 40% of the Company's net assets; the limit on loans granted to a single party is 10% of the Company's net assets.

TST International Group Limited:

The ceiling on total loans granted to the companies, who have business relationship with the Company, is 20% of the Company's net assets based on the latest financial statements; the limit on loans granted to a single party is the amount of business transactions between both sides.

The amount of business transactions refers to the higher amount of purchases or sales between both sides in the most recent year but the limit is 10% of the Company's net assets based on the latest financial statements.

The ceiling on total loans granted to the companies for short-term financing is 40% of the Company's net assets; the limit on loans granted to a single party is 10% of the Company's net assets.

The ceiling on total loans granted to the foreign subsidiaries, whose voting rights are 100% owned directly and indirectly by parent, is 80% of the Company's net assets; the limit on loans granted to a single party is 80% of the Company's net assets.

TOP STAR TEXTILE LIMITED:

The ceiling on total loans granted to the companies, who have business relationship with the Company, is 20% of the Company's net assets based on the latest financial statements; the limit on loans granted to a single party is the amount of business transactions between both sides.

The amount of business transactions refers to the higher amount of purchases or sales between both sides in the most recent year but the limit is 10% of the Company's net assets based on the latest financial statements.

The ceiling on total loans granted to the companies for short-term financing is 40% of the Company's net assets; the limit on loans granted to a single party is 10% of the Company's net assets.

The ceiling on total loans granted to the foreign subsidiaries, whose voting rights are 100% owned directly and indirectly by parent, is 100% of the parent's net assets; the limit on loans granted to a single party is 100% of the parent's net assets.

BUMPER WORLD GROUP HOLDINGS LIMITED:

The ceiling on total loans granted to the companies, who have business relationship with the Company, is 20% of the Company's net assets based on the latest financial statements; the limit on loans granted to a single party is the amount of business transactions between both sides.

The amount of business transactions refers to the higher amount of purchases or sales between both sides in the most recent year but the limit is 10% of the Company's net assets based on the latest financial statements.

The ceiling on total loans granted to the companies for short-term financing is 40% of the Company's net assets; the limit on loans granted to a single party is 10% of the Company's net assets.

The ceiling on total loans granted to the foreign subsidiaries, whose voting rights are 100% owned directly and indirectly by parent, is 80% of the parent's net assets; the limit on loans granted to a single party is 80% of the parent's net assets.

Note 4: The column of 'Nature of loan' shall fill in 'Business transaction or 'Short-term financing'.

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6: Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7: Fill in limit on loans granted to a single party and ceiling on total loans granted as prescribed in the creditor company's "Procedures for Provision of Loans", and state each individual party to which the loans have been provided and the calculation for ceiling on total loans granted in the footnote.

Note 8: The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the board of directors of a public company has authorized the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

TST Group Holding Ltd. and Subsidiaries
Provision of endorsements and guarantees to others
Year ended December 31, 2020

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note)	Endorser/ guarantor	Party being endorsed/guaranteed Company name (Note 2)	Relationship with the endorser/ guarantor (Note 3)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2020 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2020 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements /guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
0	TST Group Holding Ltd	Top Sports Textile Ltd	2	\$ 12,070,195	\$ 356,000	\$ 356,000	\$ 131,891	-	14.75	\$ 12,070,195	Y	N	N	-
0	TST Group Holding Ltd	Top Star Textile Limited	2	12,070,195	944,340	944,340	65,276	-	39.12	12,070,195	Y	N	N	-
0	TST Group Holding Ltd	CHINTEX ENTERPRISES LIMITED	2	12,070,195	279,360	279,360	91,905	-	11.57	12,070,195	Y	N	Y	-
1	TST International Group Limited	Top Star Textile Limited	4	9,625,635	681,897	227,840	18,597	-	9.44	9,625,635	N	N	N	-

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

- (1) Having business relationship.
- (2) The endorser/guarantor company owns directly or indirectly more than 50% voting shares of the endorsed/guaranteed company.
- (3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5) Mutual guarantee of the trade in the same industry or between the common builders as required by the construction contract.
- (6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) The joint performance guarantee of the pre-sale house sales contract among companies in the same industry in accordance with Consumer Protection Law.

Note 3: Ceiling on total amount of endorsements/guarantees provided and limit on endorsements/guarantees provided for a single party:

TST Group Holding Ltd.:

The Company's ceiling on total amount of endorsements/guarantees provided is 80% of the Company's net assets based on the latest financial statements; limit on endorsements/guarantees provided for a single party is 20% of the Company's net assets based on the latest financial statements.

The Company's limit on endorsements/guarantees provided for a single party, who has business relationship with the Company, except limited by the aforementioned rules, is the amount of business transactions in the most recent year before endorsements/guarantees (the higher amount of purchases or sales between both sides).

The endorsements/guarantees between the companies, whose 90% voting shares are owned directly and indirectly by the Company, are qualified with the limit of 10% of the Company's net assets.

Except for endorsements/guarantees between the companies, whose 100% voting shares are owned directly and indirectly by parent, limit on endorsements/guarantees provided is 5 times of the Company's net assets.

TST International Group Limited:

The Company's ceiling on total amount of endorsements/guarantees provided is 80% of the Company's net assets based on the latest financial statements; limit on endorsements/guarantees provided for a single party is 20% of the Company's net assets based on the latest financial statements.

The Company's limit on endorsements/guarantees provided for a single party, who has business relationship with the Company, except limited by the aforementioned rules,

is the amount of business transactions in the most recent year before endorsements/guarantees (the higher amount of purchases or sales between both sides).

The endorsements/guarantees between the companies, whose 90% voting shares are owned directly and indirectly by the Company, are qualified with the limit of 10% of the Company's net assets.

Except for endorsements/guarantees between the companies, whose 100% voting shares are owned directly and indirectly by parent, limit on endorsements/guarantees provided is 5 times of the Company's net assets.

TOP STAR TEXTILE LIMITED:

The Company's ceiling on total amount of endorsements/guarantees provided is 80% of the Company's net assets based on the latest financial statements;

limit on endorsements/guarantees provided for a single party is 20% of the Company's net assets based on the latest financial statements.

The Company's limit on endorsements/guarantees provided for a single party, who has business relationship with the Company, except limited by the aforementioned rules,

is the amount of business transactions in the most recent year before endorsements/guarantees (the higher amount of purchases or sales between both sides).

The endorsements/guarantees between the companies, whose 90% voting shares are owned directly and indirectly by the Company, are qualified with the limit of 10% of the Company's net assets.

Except for endorsements/guarantees between the companies, whose 100% voting shares are owned directly and indirectly by parent, limit on endorsements/guarantees provided is 5 times of the Company's net assets.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

TST Group Holding Ltd. and Subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2020

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2020				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
TST International Group Limited	NINGPO YING XING KNITS TEXTILE CO., LTD.	None	Note 5	6,300,000	\$ -	9.00	\$ -	None

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Note 5: Financial assets at fair value through profit or loss - non-current.

TST Group Holding Ltd. and Subsidiaries
Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more
Year ended December 31, 2020

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Name of company (Note 1)	Name of property	Transaction date (Note 2)	Transaction amount (Excluding tax) (Note 4)	Status of payment	Counter-party	Relationship with the company	If the counter-party is a related party, disclose the previous transfer information				References for determining price (Note 3)	Purpose of acquisition and current situation	Other agreed
							Owner	Relationship with the company	Date of transfer	Amount			
Top Sports Textile Vietnam Company Limited	Right-of-use land	December 15, 2020	198,515	80% deposit has been paid	Thanh Thanh Cong Industrial Zone	None	NA	NA	NA	NA	Valuation report	Build a factory for business use	None

Note 1: This investment proposal was approved by the company's board of directors on December 15, 2020. However, at the time of the board's resolution, the Vietnamese subsidiary (Top Sports Textile Vietnam Company Limited) had not yet been established and the subsidiary THRIVE NATION GROUP LIMITED was the first to replace it. Pay the price.

Note 2: The date of the fact is based on the date of the board resolution.

Note 3: According to the valuation report of Vietnam Standard Finance & Deal Service Company Ltd, the estimated value is approximately USD6,527,826~USD7,035,546, approximately NT\$188,066 thousand~202,694 thousand. This amount does not include the cost of acquisition.

Note 4: USD/NTD28.81

TST Group Holding Ltd. and Subsidiaries
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2020

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction		Differences in transaction terms compared to third party transactions (Note 1)				Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes /accounts receivable (payable)	Footnote (Note 2)
TOP STAR TEXTILE LIMITED	TOP SPORTS TEXTILE LTD.	Associates within the Group	Purchases	\$ 852,726	23.38	Mutual agreement	-	-	(\$ 227,750)	26.65	-
TOP SPORTS TEXTILE LTD.	TOP STAR TEXTILE LIMITED	Associates within the Group	Sales	(852,726)	100.00	Mutual agreement	-	-	227,750	100.00	-
TOP STAR TEXTILE LIMITED	GUANGZHOU RUNWELL KNITS TEXTILE	Associates within the Group	Purchases	1,604,263	43.87	Mutual agreement	-	-	(281,623)	32.96	-
GUANGZHOU RUNWELL KNITS TEXTILE	TOP STAR TEXTILE LIMITED	Associates within the Group	Sales	(1,604,263)	100.00	Mutual agreement	-	-	281,623	100.00	-
GUANGZHOU RUNWELL KNITS TEXTILE	CHINTEX ENTERPRISES LIMITED	Associates within the Group	Purchases	1,565,064	100.00	Mutual agreement	-	-	(189,658)	100.00	-
CHINTEX ENTERPRISES LIMITED	GUANGZHOU RUNWELL KNITS TEXTILE	Associates within the Group	Sales	(1,565,064)	53.97	Mutual agreement	-	-	189,658	44.00	-

Note 1: If terms of related-party transactions are different from third-party transactions, explain the differences and reasons in the 'Unit price' and 'Credit term' columns.

Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

TST Group Holding Ltd. and Subsidiaries
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
December 31, 2020

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2020 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
GUANGZHOU RUNWELL KNITS TEXTILE	TOP STAR TEXTILE LIMITED	Associates within the Group	\$ 281,623	5.95	-	-	\$ 281,623	-
CHINTEX ENTERPRISES LIMITED	GUANGZHOU RUNWELL KNITS TEXTILE	Associates within the Group	189,658	8.25	-	-	173,720	-
TOP SPORTS TEXTILE LTD.	TOP STAR TEXTILE LIMITED	Associates within the Group	227,750	4.29	-	-	141,441	-

Note 1: Fill in separately the balances of accounts receivable-related parties, notes receivable-related parties, other receivables-related parties....

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

TST Group Holding Ltd. and Subsidiaries
Significant inter-company transactions during the reporting period
Year ended December 31, 2020

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Company name	Counterparty	Relationship	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
(Note 1)							
1	TOP STAR TEXTILE LIMITED	TOP SPORTS TEXTILE LTD.	3	Purchases	\$ 852,726	-	15.82
1	TOP STAR TEXTILE LIMITED	TOP SPORTS TEXTILE LTD.	3	Accounts payable	227,750	-	5.67
1	TOP STAR TEXTILE LIMITED	GUANGZHOU RUNWELL KNITS TEXTILE	3	Purchases	1,604,263	-	29.77
1	TOP STAR TEXTILE LIMITED	GUANGZHOU RUNWELL KNITS TEXTILE	3	Accounts payable	281,623	-	7.01
2	GUANGZHOU RUNWELL KNITS TEXTILE	CHINTEX ENTERPRISES LIMITED	3	Purchases	1,565,064	-	29.04
2	GUANGZHOU RUNWELL KNITS TEXTILE	CHINTEX ENTERPRISES LIMITED	3	Accounts payable	189,658	-	4.72

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: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

TST Group Holding Ltd. and Subsidiaries
Information on investees
Year ended December 31, 2020

Table 8

Table 8										Expressed in thousands of NTD (Except as otherwise indicated)		
Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			Net profit (loss)	Investment income (loss)	Footnote	
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership	Book value	of the investee for the year ended December 31, 2020 (Note 2(2))	recognised by the Company for the year ended December 31, 2020 (Note 2(3))		
TST Group Holding Ltd.	BUMPER WORLD GROUP HOLDINGS LIMITED	British Virgin Islands	Holding Company	\$ 689,540	\$ 689,540	\$ 23,000,000	100.00	\$ 368,287	\$ 37,125	\$ 36,138	Subsidiary	
TST Group Holding Ltd.	TST International Group Limited	British Virgin Islands	Holding Company	209,860	209,860	7,000,000	100.00	1,925,127	396,723	396,723	Subsidiary	
TST International Group Limited	THRIVE NATION GROUP LIMITED	British Virgin Islands	Holding Company	227,840	-	8,000,001	100.00	227,722 (	123) (	123)	Second-tier subsidiary
BUMPER WORLD GROUP HOLDINGS LIMITED	TOP SPORTS TEXTILE LTD.	Cambodia	Manufacture of textile	660,660	359,760	22,000,000	100.00	399,296	37,063	37,063	Second-tier subsidiary	
TST International Group Limited	TOP STAR TEXTILE LIMITED	Hong Kong	Sale of textile	110,097	9,569	30,000,000	100.00	543,893	212,786	212,786	Second-tier subsidiary	
TOP STAR TEXTILE LIMITED	TOP STAR TEXTILE VIETNAM COMPANY LIMITED	Vietnam	Manufacture of textile	30,040	30,040	-	100.00	(326) (	23,384) (	23,384)	Second-tier subsidiary

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1)The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at December 31, 2019' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column..
- (2)The 'Net profit (loss) of the investee for the year ended December 31, 2019' column should fill in amount of net profit (loss) of the investee for this period.
- (3)The 'Investment income (loss) recognised by the Company for the year ended December 31, 2019' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

TST Group Holding Ltd. and Subsidiaries
Information on investments in Mainland China
Year ended December 31, 2020

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	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 for the year ended December 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2020 (Note 2)		Book value of investments in Mainland China as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020	Footnote
						Remitted to China	Remitted back to Taiwan									
GUANGZHOU RUNWELL KNITS TEXTILE	Sale of textile	\$ 62,896	2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,954	100.00	\$ 14,954	\$ 139,659	\$ -	-	Notes 2(2)B and 4
CHINTEX ENTERPRISES LIMITED	Sale of textile	164,354	2	-	-	-	-	-	-	157,055	100.00	157,055	690,525	-	-	Notes 2(2)B and 4
GUANGZHOU CHINTEX MANAGEMENT CONSULTING CO., LTD.	Management consulting services	4,365	2	-	-	-	-	-	-	3,675	100.00	3,675	14,615	-	-	Notes 2(2)B and 5
HUBEI CHUNG SHENG TEXTILE CO., LTD.	Sale of textile	16,586	2	-	-	-	-	-	-	-	35.00	-	-	-	-	Notes 2(2)C and 5

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China..
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others

Note 2: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2019' column:

- (1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:
 - A. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 - B. The financial statements that are audited and attested by R.O.C. parent company's CPA.
 - C. Others.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4: Invest through TST International Group Limited.

Note 5: Invest through CHINTEX ENTERPRISES LIMITED.

Note 6: The Company is not the company established in Republic of China, which is not applicable.

TST Group Holding Ltd. and 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 10

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals			Financing				
	Amount	%	Amount	%	Balance at December 31, 2020	%	Balance at December 31, 2020	Purpose	Maximum	Balance at December 31, 2020	Interest rate	Interest during the year ended December 31, 2020	Others	
									balance during the year ended December 31, 2020					
GUANGZHOU RUNWELL (\$ KNITS TEXTILE	1,604,263)	29.77	\$ -	-	(\$ 281,623)	7.01	\$ -	-	\$ -	\$ -	-	\$ -	-	
CHINTEX ENTERPRISES LIMITED	-	-	-	-	-	-	279,360	-	85,440	85,440	4%	-	-	

TST Group Holding Ltd. and Subsidiaries
Major Shareholder Information
December 31, 2020

Table 11

Shareholder's Name	Shares	Percentage
Xingmao Group	10,640,000	33.77%
LIN CHIN MAO	2,570,000	8.15%
Big Loyal Group	2,070,000	6.57%
Excellent Treat Limited	2,000,000	6.34%

Note 1: The information of major shareholders in this table is based on the last business day of the end of each quarter by TDCC, and calculates that shareholders hold more than 5% of the company's ordinary shares and special shares that have completed unregistered delivery (including treasury shares). As for the share capital recorded in the company's financial report and the company's actual number of shares delivered without physical registration, there may be differences or differences due to different calculation bases.

Note 2: In the case of the above information, if the shareholder delivers the shares to the trust, it is disclosed in individual accounts by the trustee who opened the trust account by the trustee.
As for the shareholder's declaration of insider's shareholding in accordance with the Securities and Exchange Act, the shareholding includes his own shareholding plus the shares delivered to the trust and the right to use the trust property. For information on insider's equity declaration, please refer to MOPS.