



TST Group Holding Ltd.

Annual Report 2022

Published on April 17, 2023

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

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

Note to Readers:

If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language version shall prevail.

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

Name of Spokesperson: Ching-Wei Lin	Title: General Manager
Telephone: +886-2-2507-9938	Email address: IR@tstco.com
Name of Deputy Spokesperson: Hsiang-Ming Hung	Title: Chief Operating Officer (COO)
Telephone: +886-2-2507-9938	Email address: IR@tstco.com
Name of Domestic Agent: Hsiang-Ming Hung	Title: Chief Operating Officer (COO)
Telephone: +886-2-2507-9938	Email address: IR@tstco.com

II. Address and Telephone of Headquarters, Subsidiaries and Factories

(I) The 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
Name: T-Tron Investment Holdings 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 China

Name: Chintex Enterprises Limited
Address: Room 3076, Building B, No. 555, Dongchuang Rd., Minxing Dist., Shanghai City
Website: <http://www.tstco.com.hk>
Telephone: +8621-3251-3055
Name: Guangzhou Runwell Knits Textile
Address: Room 2007-2010, No. 140-148, Tiyu E. Rd., Tianhe Dist., Guangzhou City
Website: <http://www.tstco.com.hk>
Telephone: +8620-3887-8266
Name: Guangzhou Chintex Management Consulting Co., Ltd.
Address: Room 1901-1905, 1907-1912, No. 140-148, Tiyu E. Road, Tianhe Dist., 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, Nanjing E. Rd., Zhongshan Dist., 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: +84-28-3962-6698
 Name: Top Sports Textile Vietnam Co., Ltd
 Address: Lot B17.1, Street N11, Thanh Thanh Cong Industrial Zone, An Hoi Quarter, An Hoa Ward, Trang Bang Town, Tay Ninh Province, Vietnam
 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: Hsiang-Ming Hung
 Title: Chief Operating Officer (COO)
 Telephone: +886-2-2507-9938
 Email: IR@tstco.com

IV. Name, Address, Website and Telephone of Transfer Agency:

Name: Transfer Agency of CTBC
 Website: <http://www.ctbcbank.com.tw>
 Address: 5F., No.83, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City
 Telephone: +886-2-6636-5566

V. Name of CPA for the latest certified annual financial statements; Name, Address, Website and Telephone. of Accounting Firm:

Name of CPA: Man-Yu Juanlu, Ya-Hui Lin
 Name of Accounting Firm: PwC Taiwan
 Website: <http://www.pwc.tw>
 Address: 27F, No.333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City
 Telephone: +886-2-2729-6666

VI. Name of stock exchange for overseas listed securities and method for enquiry of overseas securities information: None

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

VIII. List of Board of Directors

Title	Name	Representative
Chairman	Xingmao Group Holdings Limited	Chin-Mao Lin
Director	Chia Mei Investment Co., Ltd.	Chiung-Shiung Tung
Director	Sunny Earn International Holdings Limited	Ching-Wei Lin
Director	Xingmao Group Holdings Limited	Hsiang-Ming Hung

Title	Name	Nationality	Academic Qualifications/Experience
Independent Director	King-Biau Lien	Republic of China	President, Tuntex Incorporation Independent Director, Tainan Enterprises Co., Ltd.
Independent Director	Kun-Ming Lee	Republic of China	Independent Director, The Leofoo Development Co., Ltd. Director, Castles Technology Co., Ltd. CPA Partner, K & B CPAs Firm
Independent Director	Heng-Yih Liu	Republic of China	Independent Director, The Leofoo Development Co., Ltd. Independent Director, WHA YU Industrial Co., Ltd. Supervisor, Sinfu Asset Management Company Full-time Associate Professor, College of Management, Yuan Ze University Director, Dynamic Holding Co., Ltd.

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One. Letter to Shareholders

Dear Shareholders:

This remained a year of uncertainties: inflationary pressure, extremely volatile raw material prices and overheated demand from the previous year. The year 2022 saw an inflection point: softening demand for fashion in the second half of the year, inventory adjustments by customers and weak demand in the Chinese domestic market. Sales dropped significantly. However, profits were still robust, thanks to the decline in raw material prices, increase in unit selling prices and depreciation of the Chinese yuan.

(1) Overview of 2022 Business Plan Implementations and Explanation of Operating Results and Achievements

1. Implementation of 2022 Business Plan

- (1) Increase of in-house capacity: The Company seeks to add its internal capacity to maximize gross margin and profits. In 2022, 57% of shipments were from in-house capacity.
- (2) Multiple production sites: In addition to the existing plant in Cambodia, the Company commenced the construction of a new plant in Vietnam during the second half of 2022, planning to complete construction and begin production in the second half of 2023. With the gradual ramp-up, the final capacity will be 3 million pounds per month on average.

2. Achievements of Implementation of 2022 Business Plan and Execution of Budget

The Company posted net sales of NT\$7,429 million in 2022, up by 0.14% or NT\$11 million from 2021. The operating profit was NT\$542 million in 2022, up by 32.76% or NT\$134 million from 2021. The net income reached NT\$442 million in 2022, up by 31.51% or NT\$106 million from 2021. The earnings per share was NT\$11.74 in 2022.

Comparison with guidance:

According to the Regulations Governing the Publication of Financial Forecasts of Public Companies, the Company did not provide financial forecast for 2022. Hence, there is no comparison with guidance.

3. Income Statement and Profitability Analysis

Unit: NT\$1,000

Item		Year	2022	2021
Income Statement (Summary)	Revenues		7,429,114	7,418,374
	Gross profits		1,263,307	1,084,222
	Operating profits		541,720	408,041
	Current profit/loss after-tax		442,041	336,132
Profitability	Return on assets (%)		9.81	7.69
	Return on equity (%)		16.02	13.70
	Operating profits as a percentage of paid-in capital (%)		141.18	129.54
	Net profits before-tax as a percentage of paid-in capital (%)		139.28	131.00
	Net margin (%)		5.95	4.53
	Basic EPS (NT\$)		11.74	8.94

(2) 2023 Business Plan

1. Industry integration

Plant construction in Vietnam is our focus this year. We will enhance the use of digital equipment, to boost production efficiency and quality with advanced technology. Higher capacity and better control over loss will be reflected in operational efficiency. The integration with the textile supply chain in Vietnam creates the supply chain management and cost control structure catering to market needs, to keep up with international competition and raw materials price movements.

2. New customer development

The global economy is in general unstable. That said, we will continue to deepen relations with and enhance satisfaction of our existing OEM clients. We will also develop new customers by targeting U.S. brands by providing quick responses, large varieties in small volumes, flexible production, high quality, and high value-added services. The expansion of international OEM customers will enhance our growth momentum.

3. Deepened efforts in the Chinese domestic market

We seek to enter the ready-made garment market in China by acquiring ready-made garment factories and combining our advantages in fabric manufacturing. We plan to deepen efforts in the Chinese domestic market by providing one-stop services.

(3) R&D Initiatives for 2023

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.

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

Chairman
XINGMAO GROUP HOLDINGS LIMITED
LIN, CHIN-MAO

Two. Company Profile

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

II. **Company background**

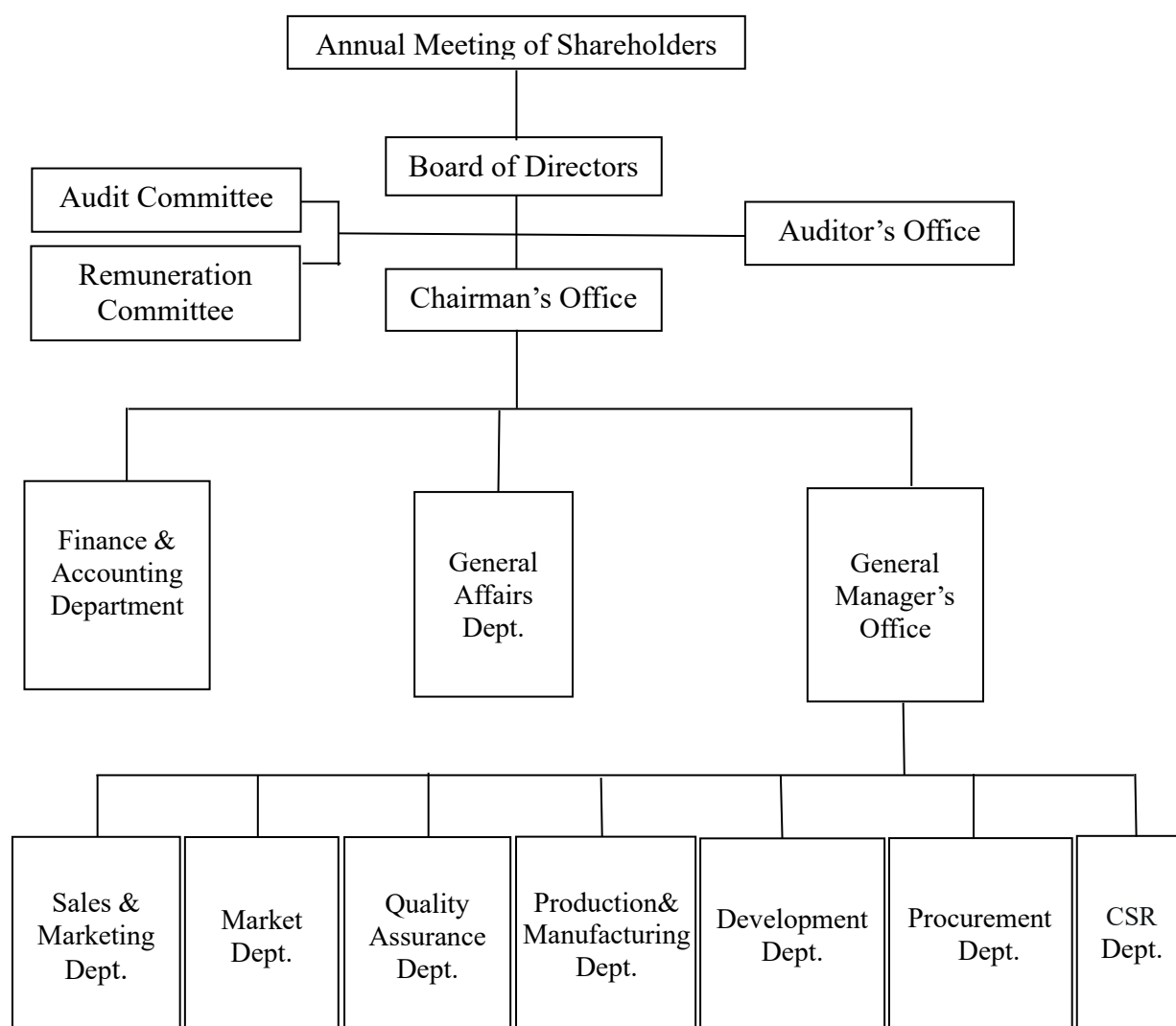
Year	Milestone
1995	Jupiter Textile Company Limited was established in Hong Kong in 1991 and renamed Top Star Textile Limited in 1995.
1995	Offices were set up in Guangdong, China, as the beginning of our supply chain in the coastal region of Southern China.
1997	We became Adidas's designated supplier 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	<p>We completed a cash injection of NT\$50 million in February to increase our paid-in capital to NT\$280 million.</p> <p>Top Sports Textile Ltd. expands plant.</p> <p>As required for business, we set up a subsidiary in Vietnam, Top Star Textile Vietnam Company Limited, via TST International Group Limited.</p> <p>T-Young International Industrial Limited completed its liquidation.</p> <p>We issued 3.5 million new shares before IPO, to bring our paid-in capital to NT\$315 million.</p> <p>In December, the Company was successfully listed on the Taiwan Stock Exchange.</p>
2020	<p>Buy back 151,000 treasury shares.</p> <p>We established a new subsidiary, Thrive Nation Group Limited, through TST International Group Limited.</p> <p>Building a weaving & dyeing integrated factory in Vietnam with an estimated investment of US\$35,000 thousand.</p>
2021	<p>We reinvested and established a new subsidiary in Vietnam, Top Sports Textile Vietnam Co., Ltd. through Thrive Nation Group Limited.</p> <p>Increase US\$20,000 thousand for the investment in the construction of the factory in Vietnam, totaling the investment amount was US\$55,000 thousand.</p>

Year	Milestone
2022	TST International Group Limited acquired a 100% equity interest in Zhen Jiang Tuntex Garment Co., Ltd. located in Jiangsu Province, China via Tuntex Incorporation (B.V.I) Co. Limited, which was finally acquired by the newly established subsidiary T-Tron Investment Holdings Limited in Hong Kong. Increase US\$20,000 thousand for the investment in the construction of the factory in Vietnam, totaling the investment amount was US\$75,000 thousand. Capitalization NT\$62,698 thousand of retained earnings, and the paid-in capital increase to NT\$377,698 thousand. After bonus issuance of 600,000 new restricted employee shares, the paid-in capital of NT\$383,698 thousand.
2023	T-Tron Investment Holdings Limited's completion of 100% shares of Zhen Jiang Tuntex Garment Co., Ltd. The office in Taiwan will change into the branch in Taiwan due to the Group's business and strategic consideration.

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.
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.
Market /Development 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.

Department	Functions
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.
Procurement Department	Procurement of raw materials and control of inventory levels
CSR Department	<ol style="list-style-type: none"> 1. To establish the direction and goals on the future strategy of social responsibility and sustainable development of the company, and to integrate resources, establish systems and promote the relative matters 2. To assist and guide those relevant units in the establishment and implementation of social responsibility and sustainable development management mechanisms. 3. The integration management on audit, feedback and improvement promotion of social responsibility and sustainable development. 4. To assist clients in inspecting plants and support the production areas on how to co-ordinate for clients' inspection on plant; the coordination and reply on the relative improvement after plant inspection; and to cooperate with factories to upgrade the performance of plant inspection. 5. Project planning, coordination, handling and feedback on important social responsibility issues.

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)

As of April 17, 2023 ; Unit: shares ; %

Title	Nationality or registration place	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholdings When Elected		Current Shareholdings		Spouse, Minor Children Current Shareholding		Shareholding by Nominee Arrangement		Main Experience (Education)	Current Positions in this Group and Other Companies	Other Managers, Directors or Supervisors who are spouses or within two degrees of kinship			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	HK	Xingmao Group Holdings Limited	-				10,640,000	33.78	12,768,000	33.28	-	-	-	-	-	-	-	-	-	-
	R.O.C.	Representative: Chin-Mao Lin	M (51-60)	Jun. 15, 2022	3 yrs	Jan. 09, 2019	2,570,000	8.16	3,084,000	8.04	-	-	16,356,000 (Note1)	42.63	Study in Dept. of Commerce, Daojiang High School of Commerce Chairman of Pong Fu (Shanghai) Investment Consulting Co., Ltd.	Chairman of Top Star Textile Ltd 、 Top Sports Textile Ltd 、 Bumper World Group Holdings Limited and TST International Group Limited Chairman of Domus Limited Chairman of Tat Cheong International Company Limited Chairman of Wise Sky International Limited Chairman of Chintex Investment Company Limited Chairman of Happy Time International Investment Limited Chairman of Big Loyal Group Limited Chairman of Xingmao Group Holdings Limited Chairman of Numerous Stars Limited Director of NEWA INSURANCE (CAMBODIA) PLC. Chairman of Pong Fu (Shanghai) Investment Consulting Co., Ltd. Director of Pong Fu (Shanghai) Investment Co., Ltd. Director of T-Tron Investment Holdings Limited President of TST Group Holding Ltd.	-	-	-	-

Title	Nationality or registration place	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholdings When Elected		Current Shareholdings		Spouse, Minor Children Current Shareholding		Shareholding by Nominee Arrangement		Main Experience (Education)	Current Positions in this Group and Other Companies	Other Managers, Directors or Supervisors who are spouses or within two degrees of kinship			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	B.V.I	Sunny Earn International Holdings Limited	-	Jun. 15, 2022	3 yrs	Jun. 15, 2022	1,380,000	4.38	1,656,000	4.32	-	-	-	-	-	-	-	-	-	-
	R.O.C.	Representative: Ching-Wei Lin	M (41-50)			Serve as a director from May 27, 2019 to June 14, 2022; as a representative of the director from June 15, 2022	90,000	0.29	108,000	0.28	-	-	1,656,000 (Note 2)	4.32	Study in Bachelor of Social Sciences in the University of Natal Vice General Manager of Sales of Top Star Textile Limited	General Manager & R&D Chief of TST Group Holding Ltd. Director of Sunny Earn International Holdings Limited Director & General Manager of Top Star Textile Ltd.	-	-	-	-
Director	HK	Xingmao Group Holdings Limited	-	Jun. 15, 2022	3 yrs	Jun. 15, 2022	10,640,000	33.78	12,768,000	33.28	-	-	-	-	-	-	-	-	-	-
	R.O.C.	Representative: Hsiang-Ming Hung	M (41-50)			Serve as a director from May 27, 2019 to June 14, 2022; as a representative of the director from June 15, 2022	79,000	0.25	94,800	0.25	-	-	-	-	Bachelor of Dept. of Information Management, Da-Yeh University Vice General Manager of Chintex Enterprises Limited	COO of TST Group Holding Ltd. COO of Top Star Textile Ltd. Director of T-Tron Investment Holdings Limited	-	-	-	-

Title	Nationality or registration place	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholdings When Elected		Current Shareholdings		Spouse, Minor Children Current Shareholding		Shareholding by Nominee Arrangement		Main Experience (Education)	Current Positions in this Group and Other Companies	Other Managers, Directors or Supervisors who are spouses or within two degrees of kinship			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C.	Chia Mei Investment Co., Ltd.	-	Jun. 15, 2022	3 yrs	May 27, 2019	150,000	0.48	180,000	0.47	-	-	-	-	-	-	-	-	-	-
	R.O.C.	Representative : Chiung-Shiung Tung	M (81-90)				-	-	-	-	-	-	-	-	Bachelor of Dept. of Business Administration, National Taipei University Representative of the juristic-person Chairman of Toshiba International Co., Ltd.	Representative of the juristic-person Director of Abico Plus Entertainment Limited. Representative of the juristic-person Director and Supervisor of Ability International Co., Ltd. Representative of the juristic-person Director of Ability Investment Co., Ltd. Representative of the juristic-person Director of Ability Enterprise Co., Ltd. Representative of juristic-person Supervisor of Toshiba International Co., Ltd.	-	-	-	-
Independent Director	R.O.C.	King-Biau Lien	M (71-80)	Jun. 15, 2022	3 yrs	Jan. 09, 2019	-	-	-	-	-	-	-	-	Bachelor of Dept. of Statistics, NCCU Executive President of Tuntex Incorporation	Independent Director, Tainan Enterprises Co., Ltd.	-	-	-	-
Independent Director	R.O.C.	Kun-Ming Lee	M (41-50)	Jun. 15, 2022	3 yrs	Jan. 09, 2019	-	-	-	-	-	-	-	-	Master of Business Administration - Tiffin University Assistant Manager of Deloitte & Touche CPA Partner, K & B CPAs Firm	Independent Director, The Leofoo Development Co., Ltd. Director of Castles Technology Co., Ltd. CPA Partner of K & B CPAs Firm	-	-	-	-
Independent Director	R.O.C.	Heng-Yih Liu	M (51-59)	Jun. 15, 2022	3 yrs	Jan. 09, 2019	-	-	-	-	-	-	-	-	Ph.D., Dept. of International Business, National Taiwan University Independent Director of The Leofoo Development Co., Ltd.	Independent Director, The Leofoo Development Co., Ltd. Independent Director, WHA YU Industrial Co., Ltd. Supervisor, Sinfu Asset Management Company Full-time Associate Professor, College of Management, Yuan Ze University Director, Dynamic Holding Co., Ltd.	-	-	-	-

The Company's Board of Directors consists of seven directors, including three independent directors. Each term is three years. No independent director has served three consecutive terms.

Note 1: Chin-Mao Lin owns 100% of Xingmao Group Holdings Limited, 100% of Big Loyal Group Limited and 100% of Happy Time International Investment Limited.

Note 2: Ching-Wei Lin owns 100% of Sunny Earn International Holdings Limited.

2. Major shareholders of juristic person shareholders:

As of April 17, 2023

Name of juristic person shareholder	Major shareholders of juristic person shareholders
Xingmao Group Holdings Limited	Chin-Mao Lin (100%)
Sunny Earn International Holdings Limited	Ching-Wei Lin(100%)
Chia Mei Investment Co., Ltd.	Yi-Chun Tung(20.00%)、Chun-Jen Tung(20.00%)、Chun-Yi Tung(20.00%)、Chiung-Shiung Tung(8.50%)、Pei-Yu Chen(5.00%)Hsiao-Chi Chang (5.00%)、Hsin-Yi Chou (5.00%)、JUST EARN INVESTMENT CO., LTD.(5.50%)、KAIJUN INVESTMENT CO., LTD.(5.50%)、SKY CENTURY CORP.(5.50%)

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

4. Disclosure of professional qualification of directors and supervisors and independence of independent directors:

Condition Name	Professional qualification and experience (Note 1)	Independence status	Number of companies for adjunct independent directors of other public offering companies
Xingmao Group Holdings Limited Representative: Chin-Mao Lin	1.Experience in the textile industry and related products. Possess operational judgment, operational management, decision-making and crisis management capabilities. 2.Not subject to any conditions defined in subparagraphs of Article 30 of the Company Act.	Regarding the independence of the board of directors, please refer to the following description of diversity and independence of the board of directors (2) Independence of the board of directors.	None

<div>Condition</div> <div>Name</div>	Professional qualification and experience (Note 1)	Independence status	Number of companies for adjunct independent directors of other public offering companies
Sunny Earn International Holdings Limited Representative: Ching-Wei Lin	1. More than 20 years of practical experience in the textile industry and related products. 2. Not subject to any conditions defined in subparagraphs of Article 30 of the Company Act.	Same as above	None
Xingmao Group Holdings Limited Representative: Hsiang-Ming Hung	1. More than 20 years of practical experience in the textile industry and related products. 2. Not subject to any conditions defined in subparagraphs of Article 30 of the Company Act.	Same as above	None
Chia Mei Investment Co., Ltd. Representative : Chiung-Shiung Tung	1. Possess rich qualifications in commercial and financial affairs. 2. Not subject to any conditions defined in subparagraphs of Article 30 of the Company Act.	Same as above	None

<div>Condition</div> <div>Name</div>	Professional qualification and experience (Note 1)	Independence status	Number of companies for adjunct independent directors of other public offering companies
King-Biau Lien	<p>1. Have more than five years of work experience, rich industry experience, operational judgment and management capabilities.</p> <p>2. Not subject to any conditions defined in subparagraphs of Article 30 of the Company Act.</p>	<p>1. Myself, my spouse, and relatives within the second degree have not served as directors, supervisors, or employees of the Company or other affiliated companies.</p> <p>2. Myself, my spouse, and relatives within the second degree (or in the name of others) do not hold any shares in the Company.</p> <p>3. Not serving as a director, supervisor or employee of any company with which the Company has a specific relationship.</p> <p>4. Having not provided any services of business, legal, finance or accounting to the Company and its affiliates and received no remuneration for the last two years.</p>	1

<div>Condition</div> <div>Name</div>	Professional qualification and experience (Note 1)	Independence status	Number of companies for adjunct independent directors of other public offering companies
Kun-Ming Lee	<p>1. Have more than five years of work experience, a certified accountant, good at finance, accounting, taxation and corporate governance.</p> <p>2. Not subject to any conditions defined in subparagraphs of Article 30 of the Company Act.</p>	<p>1. Myself, my spouse, and relatives within the second degree have not served as directors, supervisors, or employees of the Company or other affiliated companies.</p> <p>2. Myself, my spouse, and relatives within the second degree (or in the name of others) do not hold any shares in the Company.</p> <p>3. Not serving as a director, supervisor or employee of any company with which the Company has a specific relationship.</p> <p>4. Having not provided any services of business, legal, finance or accounting to the Company and its affiliates and received no remuneration for the last two years.</p>	1

<div>Condition</div> <div>Name</div>	Professional qualification and experience (Note 1)	Independence status	Number of companies for adjunct independent directors of other public offering companies
Heng-Yih Liu	1. Have more than five years of work experience, rich experience in organization management, industry, government and education. 2. Not subject to any conditions defined in subparagraphs of Article 30 of the Company Act.	1. Myself, my spouse, and relatives within the second degree have not served as directors, supervisors, or employees of the Company or other affiliated companies. 2. Myself, my spouse, and relatives within the second degree (or in the name of others) do not hold any shares in the Company. 3. Not serving as a director, supervisor or employee of any company with which the Company has a specific relationship. 4. Having not provided any services of business, legal, finance or accounting to the Company and its affiliates and received no remuneration for the last two years.	2

Note1: Please refer to Page 8 Table 1 Data on Directors (1) for shareholdings, education and experience and other positions concurrently held by individual directors with the Company or other companies.

5. Board diversity and independence

(1) Board diversity:

a. Diversity policy:

Diversity of the Board of Directors: According to the operation points of corporate governance and the procedure of director election at the Company, the election of directors at the Company must consider the overall arrangement of the Board of Directors. The members of the Board of Directors must be equipped with knowledge, skills and literacy

required by the duty execution. The overall abilities must include abilities of operation judgment, accounting and finance analysis, operation management, crisis handling, industry knowledge, prospective of international market, leadership and decision-making. The nomination and election of the members of the Board of Directors at the Company abide by company regulations, adopting the system of candidate nomination. Apart from the evaluation of candidate education, experience and qualification, consult stakeholders and comply with "Procedures for Election of Directors" and "Corporate Governance Best Practice Principles" to ensure the diversity and independence of the members of the Board of Directors.

b. Specific management goals:

The board of directors of the Company shall guide the company's strategy, supervise the management, and be accountable to the Company and its shareholders. The various procedures and arrangements of the corporate governance system shall ensure that, in exercising its authority, the board of directors complies with laws, regulations, the Articles of Incorporation, and the resolutions adopted by the shareholder meetings. All directors of the Company have the necessary knowledge, skills, literacy and industry decision-making and management capabilities to carry out business.

c. The current implementation of diversity among board members is as follows:

The Company's the second 7 directors list, including 3 members, who are the representative of Xingmao Group Holdings Limited Chin-Mao Lin and the representative of Sunny Earn International Holdings Limited Ching-Wei Lin as well as the representative of Xingmao Group Holdings Limited Hsiang-Ming Hung, that have been deeply involved in the industry for a long time, have deep industry knowledge, and have international market views on operation and management. Good at commercial and financial affairs, the representative of Chia Mei Investment Co., Ltd. Chiung-Shiung Tung. The three independent directors are good at industry knowledge, accounting and finance, and business management, namely King-Biau Lien, Kun-Ming Lee and Heng-Yih Liu.

The proportion of directors who are employees of the company is 43%, and the proportion of independent directors is 43%. 2 directors are over 70-year-old, 2 directors are 51-60-year-old, and 3 directors are under 50-year-old.

The current Please refer to the "The diversity of the board composition and the tasks carried out by board directors" on page 38 for relevant diversification implementation.

(2) Board independence:

Independence of the Board of Directors: The Board of the Company is composed of 7 Directors with experience operating companies or academic related experience, including 3 Independent Directors (taking up 43% of all Board members). An Audit Committee and Remuneration Committee involving all Independent Directors have been established for collaborating with the Board for decision making.

The Company has obtained written statements from three of the Independent Directors, which indicate that they fulfill the criteria in as regulated in Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and they follow regulations specified in Provision 14 item 2 of Securities and Exchange Act.

None of the above 3 independent directors concurrently serving as more than independent director of three companies which is other public offering companies

The Company is not engaged in businesses with the companies where they serve as Independent Directors. Also, a review on report of internal personnel indicates that none of the 7 Directors are spouses of or relatives within second degree kinship of the other Directors. Thus, it is regarded that the Company's Independent Directors can remain unbiased while performing their duties.

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

As of April 17, 2023 ; Unit: shares ; %

Title	Nationality	Name	Gender	Date Effective (yy/mm/dd)	Shareholdings		Spouse, Minor Children Current Shareholding		Shareholding by Nominee Arrangement		Main Experience (Education)	Current Positions in Other Companies	Other Managers, Directors or Supervisors who are spouses or within two degrees of kinship			R e m a r k
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	R.O.C.	Chin-Mao Lin	M	1992.01	3,084,000	8.04	-	-	16,356,000	42.63	Study in Dept. of Commerce, Daojiang High School of Commerce Chairman of Pong Fu (Shanghai) Investment Consulting Co., Ltd.	Chairman of Tat Cheong International Company Limited Chairman of Wise Sky International Limited Chairman of Chintex Investment Company Limited Chairman of Happy Time International Investment Limited Chairman of Big Loyal Group Limited Chairman of Xingmao Group Holdings Limited Chairman of Numerous Stars Limited Director of NEWA INSURANCE (CAMBODIA) PLC. Chairman of Pong Fu (Shanghai) Investment Consulting Co., Ltd. Director of Pong Fu (Shanghai) Investment Co., Ltd. President of TST Group Holding Ltd. Director of T-Tron Investment Holdings Limited	-	-	-	-
General Manager	R.O.C.	Ching-Wei Lin	M	2000.04.01	108,000	0.28	-	-	1,656,000	4.32	Study in Bachelor of Social Sciences in the University of Natal Vice General Manager of Sales of Top Star Textile Limited	Director of Sunny Earn International Holdings Limited Director & General Manager of Top Star Textile Ltd.	-	-	-	-
Chief Operating Officer (COO)	R.O.C.	Hsiang-Ming Hung	M	2000.11.01	94,800	0.25	-	-	-	-	Bachelor of Dept. of Information Management, Da-Yeh University Vice General Manager of Chintex Enterprises Limited	COO of Top Star Textile Ltd. Director of T-Tron Investment Holdings Limited	-	-	-	-
Chief Financial Officer (CFO)	HK	Tang Tat Shing	M	2017.03.01	36,000	0.09	-	-	60,000 (Note 1)	0.16	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	CFO of Top Star Textile Ltd	-	-	-	-
Audit Supervisor	R.O.C.	Wang Jing-Yi	F	2017.03.01	36,000	0.09	-	-	-	-	Bachelor of Business Administration in Accounting, Chung Yuan Christian University Audit Manager of PwC Taiwan	-	-	-	-	-

Note 1 : New Restricted Employee Shares, in custody of the investment account with CTBC Bank. Not vested as of the publication date of this annual report.

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 (2022)

1. Remuneration of general Directors & Independent Directors

Unit: NT\$ thousand ; thousand shares

Unit: TWD thousand & thousand shares

Title	Name	Directors' Remuneration								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)		Receiving Remuneration from any Investees or parent company other than the Subsidiaries of the Company	
		Remuneration (A)		Pension (B)		Directors' Remuneration from the Distribution of Earnings (C)		Fees for Performance of Business (D)				Wages, Bonus and Special Allowance, etc. (E)		Pension (F)		Employee Bonus from the Distribution of Earnings (G)							
		The Company	All Companies Specified in the Financial Statements	The Company	All Companies Specified in the Financial Statements	The Company	All Companies Specified in the Financial Statements	The Company	All Companies Specified in the Financial Statements	The Company	All Companies Specified in the Financial Statements	The Company	All Companies Specified in the Financial Statements	The Company	All Companies Specified in the Financial Statements	The Company		All Companies Specified in the Financial Statements		The Company	All Companies Specified in the Financial Statements		
																		Cash Bonus	Share Bonus	Cash Bonus	Share Bonus		
Chairman	Xingmao Group Holdings Limited	-	720	-	-	-	-	-	100	-	820 0.19%	-	-	-	-	-	-	-	-	-	-	820 0.19%	-
	Representative: Chin-Mao Lin	-	-	-	-	-	-	-	-	-	-	-	13,284	-	-	-	-	1,488	-	-	-	14,772 3.34%	-
Director	Sunny Earn International Holdings Limited	-	240	-	-	-	-	-	30	-	270 0.06%	-	-	-	-	-	-	-	-	-	-	270 0.06%	-
	Representative: Ching-Wei Lin(Note1)	-	240	-	-	-	-	-	40	-	280 0.06%	-	19,241	-	-	-	-	1,489	-	-	-	21,010 4.75%	-
Director	Xingmao Group Holdings Limited	-	720	-	-	-	-	-	100	-	820 0.19%	-	-	-	-	-	-	-	-	-	-	820 0.19%	-
	Representative: Hsiang-Ming Hung (Note1)	-	240	-	-	-	-	-	50	-	290 0.07%	-	17,103	-	-	-	-	1,488	-	-	-	18,881 4.27%	-
Director	Chia Mei Investment Co., Ltd.	-	480	-	-	-	-	-	80	-	560 0.13%	-	-	-	-	-	-	-	-	-	-	560 0.13%	-
	Representative: Chiung-Shiung Tung	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Independent Director	King-Biau Lien	-	720	-	-	-	-	-	80	-	800 0.18%	-	-	-	-	-	-	-	-	-	-	800 0.18%	-
Independent Director	Kun-Ming Lee	-	720	-	-	-	-	-	80	-	800 0.18%	-	-	-	-	-	-	-	-	-	-	800 0.18%	-
Independent Director	Heng-Yih Liu	-	720	-	-	-	-	-	80	-	800 0.18%	-	-	-	-	-	-	-	-	-	-	800 0.18%	-

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.

Note1: Serve as a director from May 27, 2019 to June 14, 2022; as a representative of the director from June 15, 2022.

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

Unit: NT\$ thousand

Title	Name	Wages (A)		Pension (B) (Note)		Bonus and Special Allowance t, etc. (C)		Employee Bonus Amount from Earnings Distribution (D)				Ratio (%) of the Aggregate Amount of A, B, C and D to the Net Income After-Tax		Receiving Remuneration from any Investees or parent company other Than the Subsidiaries of the Company
		The Company	All Companies Specified in the Financial Statements	The Company	All Companies Specified in the Financial Statements	The Company	All Companies Specified in the Financial Statements	The Company		Share Bonus	All Companies Specified in the Financial Statements	Share Bonus		
								Cash Bonus	Share Bonus					
President	Chin-Mao Lin	-	8,853	-	-	-	4,431	-	-	1,488	-	-	14,772 3.34%	-
General Manager	Ching-Wei Lin	-	6,920	-	-	-	12,321	-	-	1,489	-	-	20,730 4.69%	-
Chief Operating Officer (COO)	Hsiang-Ming Hung	-	5,269	-	-	-	11,834	-	-	1,488	-	-	18,591 4.21%	-

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

Unit: NT\$ thousand

Unit: NT\$ thousand

Title	Name	Wages (A)		Pension (B) (Note)		Bonus and Special Allowance t, etc. (C)	Employee Bonus Amount from Earnings Distribution (D)				Ratio (%) of the Aggregate Amount of A, B, C and D to the Net Income After-Tax		Receiving Remuneration from any Investees or parent company other Than the Subsidiaries of the Company	
		The Company	All Companies Specified in the Financial Statements	The Company	All Companies Specified in the Financial Statements		The Company	All Companies Specified in the Financial Statements		The Company	All Companies Specified in the Financial Statements			
								Share Bonus	Cash Bonus			Share Bonus		Cash Bonus
President	Chin-Mao Lin	-	8,853	-	-	-	4,431	-	-	1,488	-	-	14,772 3.34%	-
General Manager	Ching-Wei Lin	-	6,920	-	-	-	12,321	-	-	1,489	-	-	20,730 4.69%	-
Chief Operating Officer (COO)	Hsiang-Ming Hung	-	5,269	-	-	-	11,834	-	-	1,488	-	-	18,591 4.21%	-
Chief Financial Officer (CFO)	Tang-Tat Shing	-	3,790	-	-	-	5,679	-	-	-	-	-	9,469 2.14%	-

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

Unit: NT\$ thousand

	Title	Name	Share Bonus	Cash Bonus	Total	Ratio of the Aggregate Amount to the Net Income After-Tax (%)
Manger	President	Chin-Mao Lin	-	4,465	4,465	1%
	General Manager	Ching-Wei Lin				
	Chief Operating Officer (COO)	Hsiang-Ming Hung				

(II) The analyses of the percentages of the aggregate total compensations paid to the Company's directors and supervisors, General Managers and Vice General Manager of the 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 General Manager of the Company and all companies covered in the consolidated financial statements to the net earnings after taxes:

Unit: NT\$ thousand

Item	Year 2021		Year 2022	
	Amount	%	Amount	%
Director	4,500	1.34%	4,620	1.05%
General Manager and Vice General Manager	51,362	15.28%	54,093	12.24%
Net income (consolidated)	336,132	-	442,041	-

- The Policies, criteria, and Portfolios for the Payment of Remuneration, the Procedures for Determining Remuneration, and the Correlation with Business Performance and future risks.

A. The Policies, criteria, and Portfolios for the Payment of Remuneration

Subject to Article 30 of the Articles of Incorporation, A Director (except for 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. 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.

B. The Procedures for Determining Remuneration, and the Correlation with Business Performance

The Company has established Remuneration Committee, responsible for the design and review of performance assessments on directors and managers, as well as the remuneration policy, system, standard and structure. Periodic evaluations are conducted and remunerations to directors and managers are determined in reference to industry levels. The remunerations set by Remuneration Committee should not deviate significantly from financial performance. In case of a major decline in profits or long-term losses, the remuneration should not be higher from the previous. If the remuneration exceeds the prior year level, it is necessary to report to the shareholders' meeting.

The Company evaluated the performance of directors, independent directors, and managers according to Guidelines on Performance Assessments of Board of Directors. In addition to the Company's overall operating performance, industry outlook, business risks and trends, it is also necessary to provide reasonable remunerations by referring to personal performance achievement and contribution to the corporate performance. Relevant performance assessments and remuneration reasonableness are reviewed by Audit Committee. Payments are made after approval from the Board of Directors.

C. Correlation between operation performance and future risks

The Company's remunerations are determined in accordance with the Company's Articles of Incorporation and factors such as contributions to the Company and reference to the levels of the same industry. The relevant performance assessment and the rationality of remuneration are reviewed by the Remuneration Committee and the Board of Directors, and the remuneration system is reviewed from time to time in accordance with the actual operating conditions and relevant laws and regulations, to seek for the balance between the Company's sustainable operation and risk control.

IV. Corporate Governance

(I) Functioning of the Board of Directors

A total of 9 【A】 meetings of Directors was convened in 2022. Director attendance 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: Chin-Mao Lin	9	0	100.00	Re-elected on June 15, 2022
Director	Sunny Earn International Holdings Limited Representative: Ching-Wei Lin	5	0	100.00	Re-elected on June 15, 2022
Director	Ching-Wei Lin	3	1	75.00	Former
Director	Xingmao Group Holdings Limited Representative: Hsiang-Ming Hung	4	1	80.00	Re-elected on June 15, 2022
Director	Hsiang-Ming Hung	4	0	100.00	Former
Director	Chia Mei Investment Co., Ltd. Representative: Chiung-Shiung Tung	9	0	100.00	Re-elected on June 15, 2022
Independent Director	King-Biau Lien	9	0	100.00	Re-elected on June 15, 2022
Independent Director	Kun-Ming Lee	9	0	100.00	Re-elected on June 15, 2022
Independent Director	Heng-Yih Liu	9	0	100.00	Re-elected on June 15, 2022

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
Feb. 23, 2022/ the 23 rd meeting for the 1 st Board	<ul style="list-style-type: none"> ● Approve the proposal for the Group's acquisition of right-of-use assets from related parties. ● Approve the proposal for signing the memorandum which acquires the equity interest in Zhen Jiang Tuntex Garment Co., Ltd. through the Subsidiary. 	Approved by all independent directors
	Resolution result: Approved with consent of all attending directors	

Meeting date/session	Discussions	Opinions from all independent directors and the Company's response to these opinions
Mar. 21, 2022/ the 24 th meeting for the 1 st Board	<ul style="list-style-type: none"> ● Review the proposal for 2021 statement of internal control statement. ● Review of 2021 consolidated financial statements and business report. ● Review the proposal for 2021 distribution of earnings. ● Review the proposal for Issue of New Shares via Capitalization of 2021 Retained Earnings. ● Amendment of the Procedures for Acquisition or Disposal of Assets. ● Approve the proposal of the role of the Company acting as the financing co-guarantor that provides the financing limit and derivatives trading limit provided through Bank SinoPac, Hong Kong Branch to Top Star Textile Vietnam Co., Ltd. and Top Sports Textile Limited. ● Approve the proposal of the role of the Company acting as financing co-guarantor that provides the common bank financing limit and derivatives trading limit provided through Taishin International Bank, Hong Kong Branch to Top Star Textile Vietnam Co., Ltd., and Top Sports Textile Limited. ● Approve the proposal for changing the quota in making of Endorsements/Guarantees of Chintex Enterprises Limited. ● The evaluation of independence of the external CPA who certifies the Company's financial reports. 	Approved by all independent directors
May 12, 2022/ the 26 th meeting for the 1 st Board	<ul style="list-style-type: none"> ● Review Q1 of 2022 consolidated financial statements. 	Approved by all independent directors
Aug. 17, 2022/ the 3 rd meeting for the 2 nd Board	Resolution result: Approved with consent of all attending directors	
	<ul style="list-style-type: none"> ● Review Q2 of 2022 consolidated financial statement. ● Approve the proposal of the 2022 Budget Amendment. ● Approve the establishment of a new subsidiary in Hong Kong by TST International Group Limited, a subsidiary of the Company. ● Approve the proposal of Zhen Jiang Tuntex Garment Co., Ltd. acquisition of equity. ● Approve the proposal for providing the commonly used bank financing limit amount to Top Star Textile Limited and Top Sports Textile Limited as provided by Chinatrust Bank, Hong Kong Branch, in which the Company acts as the joint guarantor of the financing. 	Approved by all independent directors
	Resolution result: Approved with consent of all attending directors	

Meeting date/session	Discussions	Opinions from all independent directors and the Company's response to these opinions
Sep. 28, 2022/ the 4 th meeting for the 2 nd Board	<ul style="list-style-type: none"> ● Approve the proposal for additional investment in the establishment of factory in Vietnam. ● Approve proposal for additional capital injects to THRIVE NATION GROUP LIMITED through the subsidiary, TST International Group Limited. ● Approve proposal for additional capital injects to Top Sports Textile Vietnam Co., Ltd. through the subsidiary, THRIVE NATION GROUP LIMITED. ● Approve the proposal of the role of the Company acting as the financing co-guarantor that provides the financing limit, foreign exchange and derivatives trading limit provided through Dah Sing Bank to Top Star Textile Limited. 	Approved by all independent directors
Resolution result: Approved with consent of all attending directors		
Nov. 9, 2022/ the 5 th meeting for the 2 nd Board	<ul style="list-style-type: none"> ● Review Q3 of 2022 consolidated financial statement. ● Approve the proposal for 2023 operation plan and budget. ● Approve the proposal of 2023 audit plan ● Approval of the syndicated loan for Top Sports Textile Vietnam Co., Ltd. ● Issuance of New Restricted Employee Shares. ● Approve the proposal of the role of the Company acting as the financing co-guarantor that provides the financing limit provided through SinoPac Bank, China Branch to Chintex Enterprises Limited. ● Approve the proposal of the role of the Company acting as the financing co-guarantor that provides the financing limit provided through SinoPac Bank, Ho Chi Minh Branch to Top Sports Textile Vietnam Co., Ltd. ● Approve the proposal of the role of the Company acting as the financing co-guarantor that provides the financing limit provided through Chinatrust Bank, Ho Chi Minh Branch to Top Sports Textile Vietnam Co., Ltd. ● Approve the proposal of the role of the Company and Chintex Enterprises Limited acting as the financing co-guarantor that provides the financing limit provided through Standard Chartered Bank, Hong Kong Branch to Top Star Textile Limited. ● Approve the proposal for the loaning of funds to Top Sports Textile Vietnam Co., Ltd. as provided by the subsidiary, THRIVE NATION GROUP LIMITED. 	Approved by all independent directors

Meeting date/session	Discussions	Opinions from all independent directors and the Company's response to these opinions
Nov. 9, 2022/ the 5 th meeting for the 2 nd Board	● Approve the proposal for the loaning of funds to Top Sports Textile Vietnam Co., Ltd. as provided by the subsidiary, Top Star Textile 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
Mar. 21, 2022/ the 24 th meeting for the 1 st Board	Chin-Mao Lin Ching-Wei Lin Hsiang-Ming Hung	Proposal for 2021 performance evaluation of management and 2022 remunerations to management	Stakeholders	Absent when voting. Other attending directors approved unanimously
Nov. 9, 2022/ the 5 th meeting for the 2 rd Board	Chin-Mao Lin Chiung-Shiung Tung Ching-Wei Lin	Proposal for 2023 remunerations to directors	Personal gains	Absent when voting. Other attending directors approved unanimously
	King-Biau Lien Kun-Ming Lee Heng-Yih Liu	Proposal for 2023 remunerations to independent directors	Stakeholders	

III. TWSE/TPEX-listed companies are required to shall disclose the evaluation cycle and period, scope of evaluation, method and evaluation content for the self-evaluation of the Board of Directors, and the Board of Director evaluation execution status shall be indicated in the following table:

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 Board of Director evaluation execution status

Evaluation circle	Evaluation period	Evaluation scope	Evaluation method
Once a year	From January 1, 2022 to December 31, 2022	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.			

<p>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.</p>
<p>Evaluation Result</p>
<p>The result of 2022 self-evaluation of performance has been submitted to the Board of Directors and each functional committee on March 22, 2023. The results are as follows:</p> <p>1.The performance of the entire Board of Directors and each functional committee were “medium”.</p> <p>2.The self-evaluation result of the performance of individual was “medium”.</p>

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 continued to implement the real-time publication of significant resolutions of board of directors, and to proactively disclose the self-settled profit/loss for the year via Market Observation Post System (MOPS).
- (4) To strengthen the Board of Directors’ functions, the Company will establish Corporate Governance Officer in 2023 to assist the board in performance of supervisory duties.

(II) Functioning of Audit Committee

1. The Company's Audit Committee consists of three independent directors and the Audit Committee's function is to assist Board of Directors in fulfilling its oversight of the quality and integrity of the Company's performance in relation to accounting, auditing, financial reporting processes and financial controls. The major auditing items by the Audit Committee include:

- (1) Review the financial statements
- (2) Review the Internal Audit Plan
- (3) Review of issuance of new shares via capitalization of retained earnings, transfer of treasury shares to employees and issuance of new restricted employee shares
- (4) Review the material monetary loan, endorsement, or provision of guarantee and derivatives transaction
- (5) Review the acquisition of right-of-use assets from related party
- (6) Review the investment on production capability
- (7) Conduct the evaluation of independence of CPA
- (8) Equity Acquisitions

● Review of financial reports

The Board of Directors has prepared 2022 Business Report, financial statements and the proposal for earnings distribution. The financial statements have been audited by PwC Taiwan and issued with an audit report. The abovementioned Business Report, financial statements and the proposal for earnings distribution have been reviewed by Audit Committee and no non-compliance was found.

● Assessment of the internal control system effectiveness

Audit Committee reviews the periodic reports from the Company's audit department, CPAs and management, in order to assess the effectiveness of the Company's internal control system and procedures.

● Appointment and assessment of independence of CPAs

Audit Committee is tasked to supervise the independence of CPAs, to reasonably ensure the reliability of financial statements. Audit Committee designs the form of independence assessment by referring to No. 10 Bulletin of the Norm of Professional Ethics for Certified Public Accountants, to evaluate whether CPAs are related parties or have business relations or financial interest with the Company. On March 22, 2023, Audit Committee has reviewed and the Board of Directors approved that CPA Juanlu Man-Yu and Lin Ya-Hui of PwC Taiwan all meet the assessment standard for independence.

2. A total of 6 **【A】** meetings of Audit Committee was convened in 2022. Independent Director attendance 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	Heng-Yih Liu	6	0	100%	Re-elected on June 15, 2022
Independent Director	King-Biau Lien	6	0	100%	Re-elected on June 15, 2022
Independent Director	Kun-Ming Lee	6	0	100%	Re-elected on June 15, 2022
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	
Feb. 23, 2022/ the 23 rd meeting for the 1 st Board		● Approve the proposal for the Group's acquisition of right-of-use assets from related parties. ● Approve the proposal for signing the memorandum which acquires the equity interest in Zhen Jiang Tuntex Garment Co., Ltd. through the Subsidiary.		Approved by all independent directors	
		The Company's handling of independent directors' opinions: all present directors agreed			
Mar. 21, 2022/ the 24 th meeting for the 1 st Board		● Review the proposal for 2021 statement of internal control statement. ● Review of 2021 consolidated financial statements and business report. ● Review the proposal for 2021 distribution of earnings		Approved by all independent directors	

Meeting date/session	Proposal	Audit Committee Resolution Results
Mar.21, 2022/ the 24th meeting for the 1st Board	<ul style="list-style-type: none"> ●Review the proposal for Issue of New Shares via Capitalization of 2021 Retained Earnings. ●Amendment of the Procedures for Acquisition or Disposal of Assets. ●Approve the proposal of the role of the Company acting as the financing co-guarantor that provides the financing limit and derivatives trading limit provided through Bank SinoPac, Hong Kong Branch to Top Star Textile Vietnam Co., Ltd. and Top Sports Textile Limited. ●Approve the proposal of the role of the Company acting as financing co-guarantor that provides the common bank financing limit and derivatives trading limit provided through Taishin International Bank, Hong Kong Branch to Top Star Textile Vietnam Co., Ltd., and Top Sports Textile Limited. ●Approve the proposal for changing the quota in making of Endorsements/Guarantees of Chintex Enterprises Limited. ●The evaluation of independence of the external CPA who certifies the Company's financial reports. 	Approved by all independent directors
	The Company's handling of independent directors' opinions: all present directors agreed	
May 12, 2022/ the 26 th meeting for the 1 st Board	<ul style="list-style-type: none"> ●Review Q1 of 2022 consolidated financial statements. 	Approved by all independent directors
	The Company's handling of independent directors' opinions: all present directors agreed	
Aug. 17, 2022/ the 3 rd meeting for the 2 nd Board	<ul style="list-style-type: none"> ●Review Q2 of 2022 consolidated financial statement. ●Approve the proposal of the 2022 Budget Amendment. ●Approve the establishment of a new subsidiary in Hong Kong by TST International Group Limited, a subsidiary of the Company. ●Approve the proposal of Zhen Jiang Tuntex Garment Co., Ltd. acquisition of equity. ●Approve the proposal for providing the commonly used bank financing limit amount to Top Star Textile Limited and Top Sports Textile Limited as provided by Chinatrust Bank, Hong Kong Branch, in which the Company acts as the joint guarantor of the financing. 	Approved by all independent directors
	The Company's handling of independent directors' opinions: all present directors agreed	
Sep. 28, 2022/ the 4 th meeting for the 2 nd Board	<ul style="list-style-type: none"> ●Approve the proposal for additional investment in the establishment of factory in Vietnam. ●Approve proposal for additional capital injects to THRIVE NATION GROUP LIMITED through the subsidiary, TST International Group Limited. ●Approve proposal for additional capital injects to Top Sports Textile Vietnam Co., Ltd. through the subsidiary, THRIVE NATION GROUP LIMITED. 	Approved by all independent directors

Meeting date/session	Proposal	Audit Committee Resolution Results
Sep. 28, 2022/ the 4 th meeting for the 2 nd Board	<ul style="list-style-type: none">● Approve the proposal of the role of the Company acting as the financing co-guarantor that provides the financing limit, foreign exchange and derivatives trading limit provided through Dah Sing Bank to Top Star Textile Limited.	Approved by all independent directors
	The Company's handling of independent directors' opinions: all present directors agreed	
Nov. 9, 2022/ the 5 th meeting for the 2 nd Board	<ul style="list-style-type: none">● Review Q3 of 2022 consolidated financial statement.● Approve the proposal for 2023 operation plan and budget.● Approve the proposal of 2023 audit plan.● Approval of the syndicated loan for Top Sports Textile Vietnam Co., Ltd.● Issuance of New Restricted Employee Shares.● Approve the proposal of the role of the Company acting as the financing co-guarantor that provides the financing limit provided through SinoPac Bank, China Branch to Chintex Enterprises Limited.● Approve the proposal of the role of the Company acting as the financing co-guarantor that provides the financing limit provided through SinoPac Bank, Ho Chi Minh Branch to Top Sports Textile Vietnam Co., Ltd.● Approve the proposal of the role of the Company acting as the financing co-guarantor that provides the financing limit provided through Chinatrust Bank, Ho Chi Minh Branch to Top Sports Textile Vietnam Co., Ltd.● Approve the proposal of the role of the Company and Chintex Enterprises Limited acting as the financing co-guarantor that provides the financing limit provided through Standard Chartered Bank, Hong Kong Branch to Top Star Textile Limited.● Approve the proposal for the loaning of funds to Top Sports Textile Vietnam Co., Ltd. as provided by the subsidiary, THRIVE NATION GROUP LIMITED.● Approve the proposal for the loaning of funds to Top Sports Textile Vietnam Co., Ltd. as provided by the subsidiary, Top Star Textile 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):

(I) Communication policy between Independent Directors, Internal Audit Supervisors and CPA:

1. Internal audit Supervisor shall periodically report the following matters to the Audit Committee.
 - (1) Annual Internal Audit Plan
 - (2) Periodically report the implementation status of internal audit affairs to the Audit Committee.
2. Accountants participate in the audit committee at least once a year and report the annual audit results.
3. The internal auditor shall, on a monthly basis, submit audit work report (including audit findings and suggestion) to independent directors for review.
4. The internal audit officer shall attend the quarterly board meeting and report the recent audit findings, audit suggestions and improvement effect.
5. CPA shall conduct the opinion exchange at the quarterly board meeting in regards to the effect of change of laws and regulations, and the issue of material operation improvement.
6. Other: Whenever significant unusual circumstance occurs or independent directors, audit officer and CPA consider the independent communication is required, a meeting may be called for communication irregularly from time to time

(II) Communications between Independent Director, Audit Supervisor and CPA in 2022 :

Date	Attendees (Title / Name)	Communication Memos	Communication Results
Mar. 21, 2022 Audit Committee	Independent Director / King-Biau Lien Independent Director / Kun-Ming Lee Independent Director/ Heng-Yih Liu Audit Supervisor / Jing-Yi Wang Vice General Manager in PwC /Pao-Lin Chou	● Report 2021 audited progress statement of the audit plan and financial report preparation ability progress tracking	Approved by all independent directors
		● Audit findings of 2021 Consolidated financial report	
		1. Independence	
		2. The responsibility of auditor.	
		3. The audit scopes	
May 12, 2022 Audit Committee	Independent Director / King-Biau Lien Independent Director / Kun-Ming Lee Independent Director/ Heng-Yih Liu Audit Supervisor / Jing-Yi Wang CPA / Man-Yu Juanlu Vice General Manager in PwC /Pao-Lin Chou	4. Audit finds	Approved by all independent directors
		5. Listed / OTC company information security norms and practices	
		6. Matters concerned by the competent authority	
		● Report 2021 Statement of Internal Control System	
		● Report 2021 Audit Committee's Review Report	
		● CPA performs discussion and communication with interviewees on questions raised	Agree on Q2 2022 Key audit matters.
		● Report Q1 of 2022 audited progress statement of the audit plan and financial report preparation ability progress tracking	
		● Report for audit result of Q1 2022 consolidated financial reports	
		1. Independence	
		2. Auditor's responsibility to interim financial report review	
		3. Review scope	
		4. Findings on interim review	
		● Q2 2022 audit plan	
		1. Definition of audit scopes	
		2. Key audit matters	

Date	Attendees (Title / Name)	Communication Memos	Communication Results
Aug. 17, 2022 Audit Committee	Independent Director / King-Biau Lien Independent Director / Kun-Ming Lee Independent Director/ Heng-Yih Liu Audit Supervisor / Jing-Yi Wang CPA / Man-Yu Juanlu Vice General Manager in PwC /Pao-Lin Chou	● Report Q2 of 2022 audited progress statement of the audit plan and financial report preparation ability progress tracking.	Approved by all independent directors
		● Audit findings of Q2 2022 Consolidated financial report 1. Independence 2. The responsibility of auditor. 3. The audit scopes 4. Audit finds 5. Impact of the COVID-19 epidemic on the inspection and countermeasures Matters concerned by the competent authority. 6. Matters concerned by the competent authority	
Nov. 9, 2022 Audit Committee	Independent Director / King-Biau Lien Independent Director / Kun-Ming Lee Independent Director/ Heng-Yih Liu Audit Supervisor / Jing-Yi Wang CPA / Man-Yu Juanlu	● Report Q3 of 2022 audited progress statement of the audit plan and financial report preparation ability progress tracking	Approved by all independent directors
		● Report 2023 audit plan	
		● Report for audit result of Q3 2022 consolidated financial reports 1. Independence 2. Auditor's responsibility to interim financial report review 3. Review scopes 4. Findings on interim review	
		● New revisions to the Code of Ethics for International Accountants "Pre-approval Policy for Non-Audit Services" and "Disclosure at Public Expenses"	Agree on 2022 Key audit matters.
		● 2022 audit plan 1. Definition of audit scopes 2. Key audit matters	

(III) 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/TPEX Listed Companies

Evaluation Items	Facts of performance			Status on discrepancy and reasons in relation to Corporate Governance Best Practice Principles for TWSE/ TPEX 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, and will make an announcement on Market Observation Post System (MOPS) as well as the Company website.	No
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
(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 has assigned the Transfer Agency of CTBC to collect and disclose the updated information about its shareholders holding more than 10 percent of the outstanding shares, directors relating to the pledge, increase or decrease of share ownership, and other matters that may possibly trigger a change in the ownership of their shares. The Company ensures duly updating of information regarding of major shareholders and the ultimate control persons who have an actual control over the Company.	
(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 since 2019. 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.	

Evaluation Items	Facts of performance			Status on discrepancy and reasons in relation to Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies
	Yes	No	Descriptions in summary	
<p>3. Organization and Functions of Board of Directors</p> <p>(1) Does the Board of Directors prepare diversified guidelines in response to the organization of members and actualize the execution?</p> <p>(2) Does the company, besides establishing Compensation Committee and Audit Committee in accordance with laws, also voluntarily establish other committees with similar functions?</p> <p>(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?</p> <p>(4) Does the company periodically evaluate the independence of the certified public accountant?</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) The Company has set up the Procedures for 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.</p> <p>(2) The Company has set up Remuneration Committee and replaced supervisors with Audit Committee since 2019. Other functional committees will be established as required.</p> <p>(3) The Company's Procedures for Election of Board Directors require the Board to adjust its composition according to performance review results. The operational status of the Remuneration Committee and the Audit Committee of the Board of Directors and the directors' self-assessment is regularly assessed by means of a questionnaire survey every year. The assessment results of the most recent year were reported to the Board of Directors on March 22, 2023.</p> <p>(4) The Audit Committee of the Company conducts annual assessments of independence and suitability of CPAs. In addition to "Statement of Independence" and "Audit Quality Indicators (AQIs)" provided by CPAs, assessments are carried out by following the standards specified in Note 2 and a total of 13 AQIs. It has been confirmed that the CPAs have no other financial interest or business relation with the Company other than the service fees for attesting the financial statements and the reporting of the fundraising by issuance of marketable securities. Furthermore, the family members of the CPAs also do not violate the independence requirements. It has also been confirmed by reference to AQIs that the CPAs and the accounting firm outperform peers in terms of audit experience and training hours. Digital audit tools will be introduced over the next three years, to enhance audit quality.</p>	No

Evaluation Items	Facts of performance			Status on discrepancy and reasons in relation to Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies
	Yes	No	Descriptions in summary	
			The assessment results of the most recent year were discussed and approved by the Audit Committee on March 22, 2023 as well as submitted to the Board of Directors on March 22, 2023 for resolution on the independence and suitability assessments of CPAs.	No
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)?	✓		<p>The Company has been assigned IR Dept. to handle related matters about Corporate Governance. The main duties of the Corporate Governance are to provide the Directors with information required for performing the business, assisting the Directors in compliance with the laws, and to handle related matters to the Board and shareholders' meetings. Implementation status in 2022 is as follows:</p> <ol style="list-style-type: none"> 1. Assist independent directors and general directors to perform their duties, provide necessary information and arrange for continuing education for directors: <ol style="list-style-type: none"> (1) Regularly updated to the Board members regarding the Company's business operations and corporate governance regulations. (2) Review the confidentiality level of the relevant information and provide corporate information required by the directors to maintain smooth communication and interaction between directors and managers. (3) Arrange meetings with the head of internal audit or CPAs for independent directors who are in need of investigating the Company's financial or business operation, in accordance with the Corporate Governance Best Practice Principles. (4) Assist independent directors and general directors in drawing up annual further education plan and making arrangement for courses in accordance with the nature of the industry to which the Company belongs and the experience and background of directors. 2. Assist in the matters related to the rules of procedures of Board of Directors and Board of Shareholders as well as legal compliance with resolutions: <ol style="list-style-type: none"> (1) Report the implementation of corporate governance to the Board of Directors, independent directors and Audit Committee, and confirm whether the meetings of the Company's Board of Shareholders and Board of Directors are held in compliance with relevant laws and 	No

Evaluation Items	Facts of performance			Status on discrepancy and reasons in relation to Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies
	Yes	No	Descriptions in summary	
			<p>regulations and the Corporate Governance Best Practice Principles.</p> <p>(2) Assist and remind directors to perform or make formal resolutions at the meeting of Board of Directors in compliance with laws and regulations.</p> <p>(3) Be responsible for checking the release of the major information related to the important resolutions made by the Board of Directors and ensure the legality and accuracy of the contents of such information, so as to keep the consistency of investor's trading information.</p> <p>3. Maintain investor relations: Arrange the directors and major shareholders, institutional investors, exchange and communication with the major shareholders, institutional investors, and general shareholders, so that investors can obtain sufficient information to determine the market value of the enterprise and thus enable shareholders' equity to be well maintained.</p> <p>4. To draft the agendas of Board of Directors' Meeting and inform each director seven days prior to the meeting. Reminder should be made in advance when the agenda engaging in conflict of interests. Meeting minutes shall be made and deliver to the Board members within 20 days after the meeting.</p> <p>5. Handle registration of the date of shareholders' meetings, prepare meeting notices, agenda handbook, annual report, and meeting minutes for the Company's legal affairs within the prescribed period of the shareholders' meeting, and change registration of the Company.</p>	No
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?	✓		The Company has set up the website: the Social Responsibility \ the Stakeholders Engagement Section, and has sound communication channel with shareholders, employees, clients, banks, suppliers and other stakeholders. The Company shall provide sufficient business information in good faith to protect the interest of the Stakeholders. Please refer to Note 3 for further details.	No
6. Does the Company appoint a professional stock affair handling agency to process the affairs of shareholders' meeting?	✓		The Company has assigned the Transfer Agency of CTBC to provide registrar services and logistics at shareholder meetings.	No

Evaluation Items	Facts of performance			Status on discrepancy and reasons in relation to Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies
	Yes	No	Descriptions in summary	
<p>7. Information Opening</p> <p>(1) Does the company set up a website to disclose the financial business and the corporate governance information?</p> <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>✓</p>		<p>(1) The Company has set up webpages to disclose information regarding financials, operations, and corporate governance for the reference of shareholders and other 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>	No
<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>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 trust and honesty.</p>	No

Evaluation Items	Facts of performance			Status on discrepancy and reasons in relation to Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies
	Yes	No	Descriptions in summary	
			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. 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. 7. Implementation of risk management policies and risk measurement standards. Please refer to Note 5. 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. 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.	No

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 9th corporate governance assessment, the Company has started to make improvements in 2023, as explained below:

(a) Improved status:

Improved items	Improvement measures
The annual report does not specifically disclose the procedures and standards of the board of directors for evaluating the independence of the certified public accountant (please list important items)	The relevant information has been included in the 2021 annual report.
The Company's website has not disclosed the list of major shareholders, including shareholders with a shareholding ratio of more than 5%. If there are less than ten shareholders, the name of the top ten shareholders, the amount and proportion of shareholding should be disclosed	It has been be disclosed on the Company's website.
Communication channels for various types of stakeholders are not disclosed (specific windows and contact information are required)	It has been be disclosed on the Company's website.

(b) Items to be implemented: Preferential items and measures for improvement to be conducted in 2023 are as follows:

Items which have not been improved	Improvement measures
Convener of Audit Committee did not attend the annual shareholders' meeting in person.	The schedule is planned ahead. Convener of Audit Committee is invited to attend the shareholders' meeting.
No risk management policy or procedure has been established yet in 2022 for approval by the Board of Directors. The purpose is to disclose the scope, organizational structure and functioning of risk management. Meanwhile, reporting to the Board of Directors is required at least once a year.	The Risk Management Policy and Procedure were approved by the Board of Directors on March 22, 2023.
No Corporate Finance Officer has been established yet to take charge of corporate finance matters. The scope of responsibilities and the status of continuing education shall be disclosed on the Company website and in annual reports.	It is expected to be established in 2023. Relevant information will be disclosed on the Company website and in annual reports.

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

Director	Gender	Operational judgement	Accounting & financial analysis	Management capability	Crisis management	Industry knowledge	Global perspectives	Leadership	Decision-making
Xingmao Group Holdings Limited Representative: Chin-Mao Lin	-	✓	-	✓	✓	✓	✓	✓	✓
Chia Mei Investment Co., Ltd. Representative: Chiung-Shiung Tung	-	✓	✓	✓	✓	-	✓	✓	✓
Sunny Earn International Holdings Limited Representative: Ching-Wei Lin	-	✓	-	✓	✓	✓	✓	✓	✓
Xingmao Group Holdings Limited Representative: Hsiang-Ming Hung	-	✓	✓	✓	✓	✓	✓	✓	✓
King-Biau Lien	M	✓	-	✓	✓	✓	✓	✓	✓
Kun-Ming Lee	M	✓	✓	✓	✓	-	✓	✓	✓
Heng-Yih Liu	M	✓	-	✓	✓	-	✓	✓	✓

Note 2: Evaluation of independence and suitability of external CPAs of year 2022

CPA: Man-Yu Juanlu Education & Major Experience:	Accounting Firm: PwC Taiwan Education: Master Degree in Accounting, California State University, San Bernardino Major Experience: Certified Public Accountant of R.O.C.
CPA: Ya-Hui Lin Education & Major Experience:	Accounting Firm: PwC Taiwan Education: Master Degree in Economic Policy Group, Graduate School of National Development, National Taiwan University Major Experience: Certified Public Accountant of R.O.C.

Evaluation Item	Evaluation Result	Independence
1.The CPA have no significant financial stakes directly with the Company	Yes	Yes
2.There is no significant close commercial relationship between the CPA and the Company.	Yes	Yes
3.The CPA have no close business relationships and potential employment relationships with the Company	Yes	Yes
4.The CPA has never had any lending/loan of money with the Company.	Yes	Yes
5.The CPA has not received a gift or gift of great value to the directors and supervisor or managers of the Company or the Company (the value of which exceeds the standard of general social etiquette)	Yes	Yes
6.The CPA has not provided audit services to the Company for seven consecutive years.	Yes	Yes
7.The CPA has not held any shares of the Company.	Yes	Yes
8.The CPA himself, his spouse or dependent relatives, and his audit team have not held positions as directors, supervisors, managers of the Company or have a position with significant influence on the audit case during the audit period or within the last two years, and they also definitely will not hold the above said positions during the future audit period.	Yes	Yes
9.Whether the CPA has complied with the provisions of Statement No. 10 of Code of Professional Ethics for CPAs regarding the regulation on independence, and whether the "Statement of Independence" issued by the CPA has been obtained.	Yes	Yes

Evaluation result: the external CPAs meet the requirements of independence and suitability of the Company.

Note 3: Communication channels and dealings with stakeholders

Stakeholder	Key issues	Contact	Interactions / Communication channels
Investors	Company operations, financials, and corporate governance	Investor Relations email box: IR@tstco.com Tel: 02-2507-9938 (Manager Yang)	1.Periodical publication of financial statements and preparation of annual reports ° 2.Regular updates of financial and other material information via Market Observation Post System. 3.Regular capital market day events and shareholder meetings to report to investors.
Employees	Employee benefits	Investor Relations email box: IR@tstco.com Tel: 02-2507-9938 (Manager Yang)	1.Employee recruitment/dismissal, compensations, incentives, and benefits in a reasonable manner and according to relevant labor laws and regulations. 2.Training & education on an ad-hoc basis.
Customers	Customer relations	Investor Relations email box: IR@tstco.com Tel: 02-2507-9938 (Manager Yang)	1.Regular participation of supplier conferences organized by customers to understand their needs.
Suppliers	Supply chain management Product innovations	Investor Relations email box: IR@tstco.com Tel: 02-2507-9938 (Manager Yang)	1.Full communication with suppliers and signing of procurement contracts ° 2.Regular visits to suppliers to understand their needs.
Media	Company operations and financials	Investor Relations email box: IR@tstco.com Tel: 02-2507-9938 (Manager Yang)	1.Monthly release of operating information, quarterly 2.Release relevant business development trends from time to time. 3.Regularly hold legal person briefings and shareholders' meetings to explain and report on the company's operations and financial status.
Communities	Environmental issues Giving back to communities	Investor Relations email box: IR@tstco.com Tel: 02-2507-9938 (Manager Yang)	1.Actively participate in various community or social welfare campaigns.

Note 4: (1) Training & education for directors in 2022

Name	Date	Organizer	Title of programs	Hours
Chin-Mao Lin Chiung-Shiung Tung King-Biau Lien	May 4	TWSE 、Alliance Advisors and Taiwan Corporate Governance Association	Dual Summit – International Online Forum	2
King-Biau Lien	May 10	Taiwan Corporate Governance Association	Trends and Challenges of Information Security Governance	3
Hsiang-Ming Hung Heng-Yih Liu Kun-Ming Lee	May 12	TWSE 、Alliance Advisors and Taiwan Corporate Governance Association	Dual Summit – International Online Forum	2
Chin-Mao Lin Chiung-Shiung Tung	Jul. 7	TWSE and TPEx	Sustainable Development Roadmap and Industry Themes	2
Ching-Wei Lin Hsiang-Ming Hung	Jul. 13	TWSE and TPEx	Sustainable Development Roadmap and Industry Themes	2
King-Biau Lien	Jul. 20	TWSE and TPEx	Sustainable Development Roadmap and Industry Themes	2
Chin-Mao Lin Ching-Wei Lin Hsiang-Ming Hung Chiung-Shiung Tung	Jul. 27	Taiwan Corporate Governance Association	Must-Known Inheritance Mechanisms and Tax Issues for Family Enterprises and Wealth Sustainability	3
Chin-Mao Lin Ching-Wei Lin Hsiang-Ming Hung Chiung-Shiung Tung Heng-Yih Liu	Jul. 28	Taiwan Corporate Governance Association	Corporate Operation Related Tax Systems, Newest Tax Code Associated with Major Shareholders and Practical Guide	3
Heng-Yih Liu	Aug. 8	Taiwan Corporate Governance Association	Corporate Governance 3.0 – Sustainability Development Blueprint	3
Heng-Yih Liu	Aug. 8	Taiwan Corporate Governance Association	How Board of Directors Monitors ESG Risks and Create Corporate Competitiveness in Sustainability	3
King-Biau Lien	Aug. 9	Taiwan Corporate Governance Association	From CSR to ESG: Secrets of Business Management	3
Kun-Ming Lee	Aug. 12	Taiwan Corporate Governance Association	Net Zero, Carbon Neutrality and Corporate Compliance	3
Kun-Ming Lee	Aug. 12	Taiwan Corporate Governance Association	ESG Related Legal Issues to Be Considered by Board of Directors	3

(2) Training & education of executive managers and audit supervisors in 2022 :					
Title	Name	Date	Organizer	Title of programs	Hours
President	Chin-Mao Lin	May 4	TWSE 、Alliance Advisors and Taiwan Corporate Governance Association	Dual Summit – International Online Forum	2
		Jul. 7	TWSE and TPEx	Sustainable Development Roadmap and Industry Themes	2
		Jul. 27	Taiwan Corporate Governance Association	Must-Known Inheritance Mechanisms and Tax Issues for Family Enterprises and Wealth Sustainability	3
		Jul. 28	Taiwan Corporate Governance Association	Corporate Operation Related Tax Systems, Newest Tax Code Associated with Major Shareholders and Practical Guide	3
General Manager	Ching-Wei Lin	Jul. 13	TWSE and TPEx	Sustainable Development Roadmap and Industry Themes	2
		Jul. 27	Taiwan Corporate Governance Association	Must-Known Inheritance Mechanisms and Tax Issues for Family Enterprises and Wealth Sustainability	3
		Jul. 28	Taiwan Corporate Governance Association	Corporate Operation Related Tax Systems, Newest Tax Code Associated with Major Shareholders and Practical Guide	3
Chief Operating Officer (COO)	Hsiang-Ming Hung	May 12	TWSE 、Alliance Advisors and Taiwan Corporate Governance Association	Dual Summit – International Online Forum	2
		Jul. 13	TWSE and TPEx	Sustainable Development Roadmap and Industry Themes	2
		Jul. 27	Taiwan Corporate Governance Association	Must-Known Inheritance Mechanisms and Tax Issues for Family Enterprises and Wealth Sustainability	3
		Jul. 28	Taiwan Corporate Governance Association	Corporate Operation Related Tax Systems, Newest Tax Code Associated with Major Shareholders and Practical Guide	3
Chief Financial Officer (CFO)	Tat Shing Tang	From Nov. 24 to Nov. 25	Shih Chien University	Training course of continuing education program for accounting officers of issuers, securities firms and securities exchange	12
Audit Supervisor	Jing-Yi Wang	Jul. 26	Institute of Internal Auditors	“Insider Trading” and “False Financial Reporting”: Practical Issues and Countermeasures	6
		Sep. 29	Institute of Internal Auditors	Regulations and Case Studies: Loans, Endorsements/Guarantees and Asset Acquisitions/Disposals	6

Note5: Implementation of risk management policies and risk measurement standards

1. Organizational structure of risk management

The Board of Directors is the highest responsible unit for risk management of the Company. It approves risk management policies and related regulations, supervises the overall implementation of risk management, and ensures effective risk control.

2. Risk management policy

The Company has established the "Risk Management Policy and Procedures", which was approved by the Board of Directors on March 22, 2023, as the highest guiding principle for the Company's risk management. The risk management team regularly conducts risk factor identification every year to determine the relevant risks that may affect the sustainable development of the Company. In addition, the Company formulates and implements risk management policies for each risk, including management objectives, organizational structure, attribution of authority and responsibility, and risk management procedures to effectively identify, measure, and control the Company's risks and to manage the significant risks within an acceptable range.

(IV) The composition, responsibility and functioning of the Remuneration Committee:

1. Information of Remuneration Committee members:

April 17, 2023

Identity	Condition	Professional qualification and experience	Independence Status	Number of positions as Remuneration Committee member in other public companies
	Name			
Convener & Independent Director	Heng-Yih Liu	Note 1	1. Myself, my spouse, and relatives within the second degree have not served as directors, supervisors, or employees of the Company or other affiliated companies. 2. Myself, my spouse, and relatives within the second degree (or in the name of others) do not hold any shares in the Company. 3. Not serving as a director, supervisor or employee of any company with which the Company has a specific relationship. 4. Having not provided any services of business, legal, finance or accounting to the Company and its affiliates and received no remuneration for the last two years.	2
Independent Director	King-Biau Lien	Note 1	1. Myself, my spouse, and relatives within the second degree have not served as directors, supervisors, or employees of the Company or other affiliated companies. 2. Myself, my spouse, and relatives within the second degree (or in the name of others) do not hold any shares in the Company. 3. Not serving as a director, supervisor or employee of any company with which the Company has a specific relationship. 4. Having not provided any services of business, legal, finance or accounting to the Company and its affiliates and received no remuneration for the last two years.	1
Independent Director	Kun-Ming Lee	Note 1	1. Myself, my spouse, and relatives within the second degree have not served as directors, supervisors, or employees of the Company or other affiliated companies. 2. Myself, my spouse, and relatives within the second degree (or in the name of others) do not hold any shares in the Company. 3. Not serving as a director, supervisor or employee of any company with which the Company has a specific relationship. 4. Having not provided any services of business, legal, finance or accounting to the Company and its affiliates and received no remuneration for the last two years.	1

Note1 : Please refer to Page 13~15 for disclosure on professional qualifications of directors and independence of independent director.

2. Responsibility of the 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 the Remuneration Committee

- (1) Remuneration Committee consists of three members.
- (2) Tenure: From Jun. 15, 2022 to Jun. 14, 2025.

A total of 2 【A】 meetings of the Remuneration Committee was convened in 2022.
The attendance was as follows:

Title	Name	Times of Actual Attendance in Person 【B】	Times of Attendance by Proxy	Actual Attendance Ratio (%) 【B/A】 (Note)	Remarks
Convener	Heng-Yih Liu	2	0	100.00	Re-elected on June 15, 2022 Elected by the committee members, serving as the second convener on Nov. 9, 2022.
Commission member	King-Biau Lien	2	0	100.00	Re-elected on June 15, 2022
Commission member	Kun-Ming Lee	2	0	100.00	Re-elected on June 15, 2022

Other matters to be noted in the meeting minutes:

1. If the Board of Directors refuses to accept or modify suggestions of the Remuneration Committee, the meeting date, session, agenda content, results resolved by the Board of Directors, and the Company's treatment of opinion of the Remuneration Committee should be clearly stated (for example, if the Board of Directors approved a compensation structure that is better than that suggested by the Remuneration 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 Remuneration Committee and the opinion or reservations have been recorded or documented, the meeting date, session, agenda content, the opinion of all members of the Remuneration Committee, and the treatment of the members' opinion should be clearly stated: None
3. Discussion matters and resolution results of the Remuneration Committee and the Responses of the Company to opinions of its members:

Meeting date/session	Contents of proposal	Resolution result of the Remuneration Committee
Mar. 21, 2022/ the 11 th meeting for the 1 st Committee	1. Review the proposal for 2021 remunerations to employees and remunerations to directors 2. Proposal for 2021 performance evaluation of management and 2022 remunerations to management	Approved by all attending committee members
	Response of the Company to opinions of the Remuneration Committee s: Approved with consents of all attending directors	

Meeting date/session	Contents of proposal	Resolution result of the Remuneration Committee
Nov. 9, 2022/ the 1 st meeting for the 2 nd Committee	Elect the convener of the second session of the Remuneration Committee	After being elected by the members, Heng-Yih Liu, independent director, serves the convener of the second session of the Remuneration Committee.
	Response of the Company to opinions of the Remuneration Committee s: N/A	
Nov. 9, 2022/ the 1 st meeting for the 2 nd Committee	1.Proposal for 2023 remunerations to directors 2.Proposal for 2023 remunerations to independent directors	Approved by all attending committee members
	Response of the Company to opinions of the Remuneration Committee s: Approved with consents of all attending directors	

(V) Promote Sustainable Development and the status on discrepancy and reasons in relation to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies:

Evaluation Items	Facts of performance			Status on discrepancy and reasons in relation to Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies
	Yes	No	Description in Summary	
1. Has the Company established a governance structure and a designated (part time) unit for promoting sustainable development? Is the Board of Directors authorizing the senior management to handle and report the supervising situation to the Board of Directors?	✓		<p>The Board of the Company has promulgated "Sustainable Development Best Practice Principles" on August 31, 2018, and amended it as " Sustainable Development Best Practice Principles " on March 21, 2022, which will be reported to the 2022 shareholders' meeting. The company has set up a "Corporate Social Responsibility" department in 2021, to be managed by the General Manager, who is responsible for the proposal and implementation of sustainable development policies, systems or related management guidelines and specific promotion plans.</p> <p>Through regular meetings, the Company identifies sustainability issues of concern to the Company's operations and stakeholders, formulates corresponding policies and guidelines, prepares budgets related to sustainable development, plans and implements annual programs, and tracks the effectiveness of implementation with the aim of ensuring that sustainable development policies are fully integrated into the Company's daily operations.</p> <p>The results of the latest year's sustainability development execution and future planning were reported to the Board of Directors on March 22, 2023. The contents of the motion include (1) focusing on sustainability issues and formulating action plans to address them (2) revising goals and policies on sustainability-related issues and (3) monitoring the implementation of sustainability management and evaluating the execution status.</p> <p>The management team shall report to the Board of Directors on an annual basis. The management shall propose corporate strategies to the BOD, which shall evaluate the likelihood of success of these strategies and shall constantly review the progress of the strategies and urge the management team to make adjustments if necessary.</p>	No

Evaluation Items	Facts of performance			Status on discrepancy and reasons in relation to Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies
	Yes	No	Description in Summary	
2. 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?	✓		<p>This disclosure covers the Company's sustainability performance in its production sites for the period from Jan. 2022 to Dec. 2022. The environmental risk assessment boundary is based on Top Sports Textile Limited; the social and corporate governance risk assessment boundary is for the Group.</p> <p>According to the materiality principle of sustainable development, the Company carried out relevant risk assessment of essential issues, according to the risks after evaluation, formulated relevant policies. Please refer to Note 1.</p>	No
3. Environmental Issues (1) Does the Company establish a proper environmental management system in response to its industry characteristics?	✓		<p>(1)The Company has set up the corporate social responsibility department and formulated a sustainable development strategy, focusing on four aspects: products, environment, employees and community, setting environmental protection goals according to its industrial characteristics, supervising the sustainable practice of operating factories, and conducting evaluation and review.</p> <p>(a)Products: For green product certification, the Company demonstrates its commitment and ability to responsibly source and produce sustainable products by reducing the environmental footprint of their raw materials, as well as an emphasis on sustainable raw materials.</p> <p>(b)Environment: Energy conservation and emission reduction, energy management, water resource management, waste management, chemicals management, wastewater management, workplace management.</p> <p>(c)Top Sports Textile Limited, the Company's main production site, has obtained the ISO14001:2015 certificate, which is valid from July 31, 2020 to July 30, 2023.</p>	No
(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?	✓		(2)The Company is committed to improving the utilization efficiency of energy and water resources. Compared with 2017, in 2022, the energy consumption per unit of product will be reduced by about 33%,	

Evaluation Items	Facts of performance			Status on discrepancy and reasons in relation to Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies							
	Yes	No	Description in Summary								
(3) Does the Company assess existing and potential risks and opportunities associated with climate change and adopt the corresponding responses and measures?	✓		and the unit water consumption will be reduced by about 42%. (3)The Company is well aware that climate change is the responsibility of all human beings, and has made improvements in the production process to reduce carbon emissions and achieve energy conservation and environmental protection	No							
(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?	✓		(4) The Company is committed to the mission of "Growing Together, Going Green, and Sustainable Operations" and aims to reduce greenhouse gas emissions, water consumption, and waste generation by seeking reduction opportunities and formulating reduction plans to fulfill its green corporate social responsibility. The following data are all the scope of disclosure on Top Sports Textile Limited, the Company's main production site. Greenhouse gas: This covers direct emissions, such as in-plant process emissions, and indirect emissions, such as energy (purchased electricity), transportation (employee commuting and logistics), use of products (raw materials) and other indirect sources. Top Sports Textile Limited first commissioned a third-party certification organization in 2022 to check the greenhouse gas emission data in 2021, and has passed ISO 14064-1 certification. Greenhouse gas emissions in 2021 (t) : <table><tr><td>Scope 1</td><td>Scope 2</td><td>Unit product emissions (tCO2e/t)</td><td>Scope 3</td></tr><tr><td>44,553.40</td><td>14,798.32</td><td>3.47</td><td>164,219.82</td></tr></table>		Scope 1	Scope 2	Unit product emissions (tCO2e/t)	Scope 3	44,553.40	14,798.32	3.47
Scope 1	Scope 2	Unit product emissions (tCO2e/t)	Scope 3								
44,553.40	14,798.32	3.47	164,219.82								

Evaluation Items	Facts of performance			Status on discrepancy and reasons in relation to Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies																	
	Yes	No	Description in Summary																		
			<p>Greenhouse gas emissions in 2022 (t) (Not yet audited) :</p> <table><tr><th>Scope 1</th><th>Scope 2</th><th>Unit product emissions (tCO2e/t)</th><th>Scope 3</th></tr><tr><td>40,293.75</td><td>14,664.56</td><td>3.37</td><td>Not yet inventoried</td></tr></table> <p>By investing in high-efficiency energy-saving equipment such as cold stack pre-treatment machines, low bath ratio dyeing machines, high-efficiency setting machines, and rope washing machines, the Company is able to control greenhouse gas emissions while expanding its production capacity.</p> <p>In the future, we will continue to invest in high-efficiency energy-saving equipment and develop water and energy-saving processes.</p> <p>With 2021 as the base year, the initial plan is to achieve a 50% reduction in total greenhouse gas emissions in Scopes 1 and 2 by 2030. After setting the science-based carbon target, we will gradually start the greenhouse gas reductions based on the science-based carbon target.</p> <p>Water resources:</p> <p>The Company uses the EmeRet system to record water consumption data and commissions a third-party organization to certify the data (2021/1~2021/8 certified by TUV organization; 2021/9~2021/12 certified by BV organization)</p> <p>Water consumption in the last 2 years (t) :</p> <table><tr><th>Year</th><th>Total water consumption</th><th>Unit water consumption</th></tr><tr><td>2021</td><td>1,646,572.57</td><td>96.28</td></tr><tr><td>2022</td><td>1,495,294.35</td><td>91.78</td></tr></table> <p>The Company has reduced water consumption by investing in a series of water saving measures such as low bath ratio dyeing vats,</p>	Scope 1	Scope 2	Unit product emissions (tCO2e/t)	Scope 3	40,293.75	14,664.56	3.37	Not yet inventoried	Year	Total water consumption	Unit water consumption	2021	1,646,572.57	96.28	2022	1,495,294.35	91.78	No
Scope 1	Scope 2	Unit product emissions (tCO2e/t)	Scope 3																		
40,293.75	14,664.56	3.37	Not yet inventoried																		
Year	Total water consumption	Unit water consumption																			
2021	1,646,572.57	96.28																			
2022	1,495,294.35	91.78																			

Evaluation Items	Facts of performance			Status on discrepancy and reasons in relation to Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies															
	Yes	No	Description in Summary																
			<p>high efficiency rope washing machines and developing high fastness less water washing production processes.</p> <p>The Company will continue to invest in water-saving equipment, develop water-saving dyeing processes and improve water management. With 2021 as the base year, we plan to achieve a 10% reduction in water use per unit of product by 2025.</p> <p>Waste:</p> <p>The total weight of hazardous waste and non-hazardous waste are distinguished. The Company uses the EmeRet system to record the data related to waste generation and disposal, and commissions a third-party organization to certify the data (2021/1 ~ 2021/8 certified by TUV organization; 2021/9 ~ 2021/12 certified by BV organization)</p> <p>Waste (excluding household waste) generation (t) and zero waste to landfill rate in the past 2 years :</p> <table border="1"> <thead> <tr> <th>Year</th><th>Hazardous waste</th><th>Non-hazardous waste</th><th>Unit generation (t/t product)</th><th>Zero waste to landfill rate</th></tr> </thead> <tbody> <tr> <td>2021</td><td>6,167.88</td><td>868.71</td><td>0.41</td><td>88%</td></tr> <tr> <td>2022</td><td>4,013.67</td><td>1,031.82</td><td>0.31</td><td>98%</td></tr> </tbody> </table> <p>The Company controls waste production and increases the proportion of waste to be recycled through a series of measures such as optimizing production management, reducing the rate of non-conformity, and cooperating with qualified recycling units to realize energy conversion of cinder bricks and sludge.</p> <p>The Company will further increase the depth of cooperation with recycling units and enhance the volume of cinder and sludge recycling and treatment, with the aim of eventually achieving 100% "zero waste to landfill" by 2025.</p>	Year	Hazardous waste	Non-hazardous waste	Unit generation (t/t product)	Zero waste to landfill rate	2021	6,167.88	868.71	0.41	88%	2022	4,013.67	1,031.82	0.31	98%	No
Year	Hazardous waste	Non-hazardous waste	Unit generation (t/t product)	Zero waste to landfill rate															
2021	6,167.88	868.71	0.41	88%															
2022	4,013.67	1,031.82	0.31	98%															

Evaluation Items	Facts of performance			Status on discrepancy and reasons in relation to Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies								
	Yes	No	Description in Summary									
4. Maintenance of Community Public Welfare (1) Does the company establish related management policies and procedures in accordance with related laws and international covenants on human right?	✓		<p>(1)The Company complies with the local laws and regulations of its global operations. We recognize and observe international human rights conventions including but not limited to the United Nations Universal Declaration of Human Rights, the United Nations International Covenant on Economic, Social and Cultural Rights, the United Nations International Covenant on Civil and Political Rights, the United Nations Convention concerning the Abolition of Forced Labor, the International Labor Organization Declaration on Fundamental Principles and Rights at Work, and the International Labor Organization Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy. We also formulate relevant policies to safeguard the legal rights and interests of our employees accordingly.</p> <p>The Company's human rights management policies and specific plans are summarized as follows:</p> <table> <tr> <th>Human Rights Management Policy</th> <th>Specific Plans</th> </tr> <tr> <td>Prohibition of child labor</td> <td>Checking government-issued identification documents and verifying the age of applicants when hiring</td> </tr> <tr> <td>Prohibition of forced labor and compliance with local government labor laws</td> <td>Implementing the leave system to encourage employees to focus on work-life balance</td> </tr> <tr> <td>Establishment of human rights clauses in contracts with suppliers and implementation of audits</td> <td>Regularly reviewing contract terms and conditions, and conducting random on-site visits</td> </tr> </table>	Human Rights Management Policy	Specific Plans	Prohibition of child labor	Checking government-issued identification documents and verifying the age of applicants when hiring	Prohibition of forced labor and compliance with local government labor laws	Implementing the leave system to encourage employees to focus on work-life balance	Establishment of human rights clauses in contracts with suppliers and implementation of audits	Regularly reviewing contract terms and conditions, and conducting random on-site visits	No
Human Rights Management Policy	Specific Plans											
Prohibition of child labor	Checking government-issued identification documents and verifying the age of applicants when hiring											
Prohibition of forced labor and compliance with local government labor laws	Implementing the leave system to encourage employees to focus on work-life balance											
Establishment of human rights clauses in contracts with suppliers and implementation of audits	Regularly reviewing contract terms and conditions, and conducting random on-site visits											

Evaluation Items	Facts of performance			Status on discrepancy and reasons in relation to Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies
	Yes	No	Description in Summary	
<p>(2) Does the Company formulate and implemented an employee welfare scheme (including wages, holidays and other benefits) and reflected appropriately the business performance onto employee remunerations?</p> <p>(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?</p>	<p>✓</p> <p>✓</p>		<p>In 2022, the Company also conducted human rights protection-related training for employees, with a total of 933 hours and 246 participants completing the training. In the future, the Company will continue to emphasize human rights protection issues and promote related education and training to raise awareness of human rights protection and reduce the possibility of related risks.</p> <p>(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.</p> <p>(3)Top Sports Textile Limited, our production site, has obtained ISO 45001:2018 certification, which is valid from July 31, 2020 to July 30, 2023. In the future, we will obtain the certification on a regular basis and set up an Occupational Environmental Safety and Environmental Protection Committee (hereinafter referred to as HSE) in accordance with this standard to ensure the implementation of various management measures and to carry out the policy of "Safety First, Prevention First and Comprehensive Management".</p> <p>Prevention beforehand: The Company organizes each production plant and department to carry out HSE risk identification activities and formulate relevant preventive measures, so as to put the responsibility of occupational safety into practice for each department and individual</p> <p>Process control: The Company conducts regular occupational safety inspections on machinery and equipment, fire fighting and power supplies, personnel labor protection, chemical storage and transportation, etc., and the HSE</p>	No

Evaluation Items	Facts of performance			Status on discrepancy and reasons in relation to Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies
	Yes	No	Description in Summary	
(4) Does the Company establish effective career competency development and training plans for employees?	✓		<p>Committee follows up and revises the measures. The Company regularly organizes medical checkups for employees and has set up a medical office and permanent medical staff in the factory area to provide daily health care, maternal and child care, and emergency medical services for employees. The Company holds regular HSE meetings and tracks and reviews the effectiveness of implementation.</p> <p>Emergency disposal: In 2022, we organized 20 employees to participate in first-aid training and obtain certificates. The ratio of first-aiders to total number of employees is about 1:48 per shift, providing protection for employees' personal safety; the Company has formulated HSE-related emergency plans and clearly advised the personnel in charge of each measure to provide timely guidance and control the development of accidents, reduce human and financial losses and minimize social impacts.</p> <p>(4)The Company organizes internal and external training schemes each year, to facilitate effective development of professional expertise and career prospects for employees.</p>	No
(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?	✓		<p>(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.</p>	
(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?	✓		<p>(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.</p>	

Evaluation Items	Facts of performance			Status on discrepancy and reasons in relation to Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies
	Yes	No	Description in Summary	
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?		✓	Referring to GRI standards, the Company formulated the sustainable development report, as the basis for the company's internal management and communication with brand customers. In the future, depending on the needs, the Company will evaluate and obtain the assurance or guarantee opinions from a third certification entity.	No significant differences
6. If the Company promulgate its own rules for corporate governance practice according to “ Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies”, please describe the difference between its operation and these rules: In order to implement corporate social responsibility, the Company has established “Sustainable Development Practice Principles”, and it will continue to implement and execute it with all colleagues of the Company according to the norms and spirit of “Sustainable Development Practice Principles”.				
7. Other important information facilitating to understand the operation status of corporate social responsibility: None				

Note 1 : Description of risk assessments for material issues

Material Topics	Risk Assessment Item	Management Strategy
Environment	Environmental impact and management	<ul style="list-style-type: none"> The Company's production site, Top Sports Textile Limited, obtained the ISO 14001 certification in environmental and energy management in 2020 and will renew the certification going forward. Construction of the Company's climate risk identification procedures. Identification of physical risks and transition risks. Cross-functional discussions of potential financial impacts and countermeasures. Regular GHG inventory inspections are conducted according to ISO14064-1, to examine the impact of the Company's operation. Carbon reduction measures continue on the basis of carbon inventory results. The purpose is to effectively reduce Scope 1 emission risks and Scope 2 emissions due to consumption of purchased energy. The suppliers' carbon reduction capability is enhanced via optimization of supply chain management, so that the Company's Scope 3 emissions is reduced from upstream to downstream activities.
	Market oriented value	<ul style="list-style-type: none"> Resource consumption, pollution and emissions are reduced to the minimum with adoption of new technologies, new techniques, new equipment and new energy.
	GHG emissions	<ul style="list-style-type: none"> Sign-up for Science Based Targets initiative (SBTi) and annual inspections on GHG emissions, in order to formulate the overall carbon reduction targets and action plans for different stages. Gradual advancement of rooftop solar (RTS) and phaseout of coal projects. Exploration of the green energy market for improvement opportunities.
	Energy consumption	<ul style="list-style-type: none"> Prioritization of equipment replacement with models of high-efficiency and low energy consumption, such as cold pad batch (CPB) pre-treatment machines and continuous processing machines. Adoption of recycling facilities for waste water and heat, to heat up room temperature water to 50°C for direct use in dying procedures and reduce steam consumption. Establishment of energy efficiency management targets; periodic assessment of energy consumption and formulation of relevant improvement measures, to achieve sustainable development.
	Water resource consumption	<ul style="list-style-type: none"> Prioritization of equipment replacement with models of high-efficiency and low energy consumption, such as low-liquor-ratio dye vats, cold pad batch (CPB) pre-treatment machines and continuous processing machines.

Material Topics	Risk Assessment Item	Management Strategy
Environment	Water resource consumption	<ul style="list-style-type: none"> Establishment of energy efficiency management targets; periodic assessment of water resource consumption and formulation of relevant improvement measures, to achieve sustainable development.
	Chemical management	<ul style="list-style-type: none"> Full adoption of BVe3 and ZDHC platforms, continuing to enhance Manufacturing Restricted Substances List (MRSL) conformity for chemical management.
	Waste water and waste gases	<ul style="list-style-type: none"> Investment in the construction of a comprehensive waste water treatment and adoption of state-of-the-art reverse osmosis technology. Investment in the purifier of gases from foaming machines and the facilities to recycle waste heat, as well as water curtain desulphurization and dust collection for boilers. Continued tracking of the most updated local laws and regulations and requests from customers. Periodic testing of waste water and waste gases. Emissions after 100% achievement of legal standards.
	Waste management	<ul style="list-style-type: none"> Adoption of low-carbon dyeing technology. Investment in smart packaging equipment and sludge filtration and dehydration facilities. Enhancement of quality assurance measures by boosting the right first time (RFT) ratio in order to reduce waste. Proper classification and storage of wastes, to avoid the recycle value reduction due to cross contamination of different types of wastes and prevent environmental pollution caused by spills of hazardous wastes. Signing of waste collection and recycling agreements with qualified third parties. Tracking of the destination of wastes to enhance the zero-landfill ratio of wastes.
Society	Occupational safety	<ul style="list-style-type: none"> The Company's production site, Top Sports Textile Limited, obtained the ISO 45001 certification in environmental and energy management in 2020 and will renew the certification going forward.
	Employment	<ul style="list-style-type: none"> Remuneration Policy: No discrimination based on gender, age, race, religion, political affiliation, marital status, etc. Formulate and implement relevant standards for human rights management: prohibition of forced labor, prohibition of child labor, non-discrimination, respect for freedom of association, respect for privacy, emphasis on employee health, safety and work balance.
	Employee diversity and equal opportunity	
	Human rights assessment	
	Care measures	<ul style="list-style-type: none"> The Company has set up a care team to provide employees with mental health care measures.
	Education and Training	<ul style="list-style-type: none"> The Company builds a corporate university and organizes employee education and training programs from time to time to enrich employee skills, improve work ability and quality, and further increase operational performance to achieve the goal of enhancing corporate competitiveness.
Corporate Governance	Socioeconomic Compliance	<ul style="list-style-type: none"> Regularly review and actively follow up on changes in government regulations. Raise employees' compliance awareness via education, training, and compliance announcements. Through the implementation of the internal control mechanism, it is ensured that all personnel and operations of the Company are fully in compliance with relevant laws and regulations.
	Strengthening of board functions	<ul style="list-style-type: none"> Planning of continuing education topics for directors. Updating directors with the newest regulations, systems and policies each year. Purchase of liability insurance for directors to protect against litigation or claims for damages.
	Communication with stakeholders	<ul style="list-style-type: none"> The Company analyzes the key stakeholders and important issues pertinent to these stakeholders each year to mitigate business or litigation risks due to misunderstanding as a result of different perspectives between stakeholders and the Company. Establishment of a range of communication channels for proactive communication to reduce confrontation and misunderstanding. Creation of an investor mailbox for the spokesperson to handle and respond.
	Economic Performance	<ul style="list-style-type: none"> Investment of more resources in technology innovation, quality improvement, and reduction of manufacturing cost.
	Anti-corruption	<ul style="list-style-type: none"> Promote the Company's core value of "integrity" during training courses for new employees. Set up an independent mailbox for whistleblowing.

(VI) The Company's fulfillment of the integrity management situation and adopted measures and The Difference Situation and Reason to Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies

Evaluation Items	Facts of performance (Note 1)			Status on discrepancy and reasons in relation to Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	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
<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 prevention of dishonest behavior?</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

Evaluation Items	Facts of performance (Note 1)			Status on discrepancy and reasons in relation to Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Description in Summary	
(3) Does the Company stipulate a policy of preventing interest conflict, provide due statement channels, and actualize the execution?	✓		(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.	No
(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?	✓		(4) The Company has put in place an effective accounting and internal control system. Internal auditors periodically inspect the compliance to the abovementioned system.	
(5) Does the company hold internal, external educational training for ethical corporate management on a periodical basis?	✓		(5) The Company organizes internal and external training & education programs, on an ad-hoc basis and as required, to advocate the importance of ethics.	
3. Operation Status of Corporate Reporting System of an Offense				
(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?	✓		(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.	No
(2) Has the Company established the standard investigational procedures of receiving whistle-blowing reports, subsequent measures after investigations and the confidentiality mechanism?	✓		(2) The Company has set up an internal communication channel, managed by the Chairman's Office. Confidentiality of relevant information is ensured.	
(3) Does the company take measures to protect an offense reporting party from suffering improper disposition due to an offense report?	✓		(3) The Chairman's Office will protect the whistleblower from improper treatment.	
4. Strengthen Information Disclosure Does the company disclose the content of Ethical Corporate Management Best Practice Principles and promotion performance in its website and Market Observation Post Site?	✓		The Company has set up a corporate social responsibility system and discloses relevant information on our official website.	No

Evaluation Items	Facts of performance (Note 1)			Status on discrepancy and reasons in relation to Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies
	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 22, 2023

The Company's internal control system for 2022 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, transparent 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, 2022.
6. The Company has commissioned a CPA project to audit the external financial report reliability and assets security protection (prevent the assets from been acquired, used, or disposed of without authorization) related internal control system for the aforesaid period pursuant 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 the main content of the Company's annual report and public statement, and shall be made public. For any falsehood, concealment, or other illegality in the content made public, there will be involved in 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 22, 2023, 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: None

- (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:

Letter No. Taiwan-Stock-Listing-II-11117000241 of the Taiwan Stock Exchange Corporation stated that the Company violated the following matters:

- (1) The amount of endorsement/guarantee provided by the Company to a subsidiary in excess of thirty million NT dollars and five percent of net worth of financial statements in most recent year violated Subparagraph 22 of Paragraph 1 of Article 4 of Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities.
- (2) The acquisition of right-of-use assets from related party by the subsidiary violated Subparagraph 20 of Paragraph 1 of Article 4 of Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities.

For the above matters, proactive report was made upon finding thereof, and the occupational training for the responsible reporting unit has been enhanced. No same circumstance occurs again after receipt of the letter from the Exchange.

- (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
2022.06.15	1. Rectification of 2021 Consolidated Financial Statements and Report of Operating Results	The 2021 consolidated financial statements and business report were compiled by the Company. The consolidated financial have been audited by CPAs Man-Yu Juanlu and Ya-Hui Lin 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 2021 Distribution of Earnings	The Company's reported the earnings after tax of NT\$336,132,448 for 2021. After the allocation of NT\$52,345,901 to the statutory surplus reserve and adding to the unappropriated retained earnings at the beginning of the term of NT\$302,058,242, the distributable earnings in accumulation at NT\$585,844,789. The Company intends to distribute dividends at NT\$6.5 per share, consisting of NT\$4.5 in cash dividends per share (NT\$141,070,500 in total) and NT\$2 in stock dividends per share (NT\$62,698,000 in total). July 12, 2022 is set as the ex-dividend date, and all dividends have been distributed on August 16, 2022 in accordance with the resolution of the shareholders' meeting.
	3. The Election of Directors	Completion of the registered office to keep the register of directors on June 27, 2022, and the announcement has been made on the company's website.

Meeting date (yy/mm/dd)	Key decisions	Implementation
2022.06.15	4. Amendment of some articles of Regulations Governing the Acquisition and Disposal of Assets	Effective after the shareholders meeting.
	5. Issue of new shares via capitalization of retained earnings for 2021	The Company's capital increase from earnings was approved by the Taiwan Stock Exchange Corporation on July 29, 2022, and the new shares were publicly traded on August 16, 2022.
	6. Release on the prohibition of non-competition for the newly appointed directors and their representatives	The details have been published in the minutes of the meeting and announced on the Company's website.
	7. Amendment of some articles of Articles of Incorporation	Effective after the shareholders meeting.
	8. Amendment of some articles of Rules of Procedure for Shareholders Meetings	Effective after the shareholders meeting.

2. Important decisions from board meetings:

Meeting date	Key decisions	Implementation
2022.2.23	1. Approve the proposal for the Group' s acquisition of right-of-use assets from related parties.	Approved by all directors
	2. Approve the proposal for signing the memorandum which acquires the equity interest in Zhen Jiang Tuntex Garment Co., Ltd. through the Subsidiary.	
2022.3.21	1. Review the proposal for 2021 remunerations to employees and remunerations to directors.	Approved by all directors
	2. Review the proposal for 2021 statement of internal control statement.	
	3. Review of 2021 consolidated financial statements and business report.	
	4. Review the proposal for 2021 distribution of earnings.	
	5. Review the proposal for Issue of New Shares via Capitalization of 2021 Retained Earnings.	
	6. Amendment of the Procedures for Acquisition or Disposal of Assets.	
	7. Amendment of some articles of Corporate Social Responsibility Best Practice Principles.	
	8. Approve the proposal of the role of the Company acting as the financing co-guarantor that provides the financing limit and derivatives trading limit provided through Bank SinoPac, Hong Kong Branch to Top Star Textile Vietnam Co., Ltd. and Top Sports Textile Limited.	
	9. Approve the proposal of the role of the Company acting as financing co-guarantor that provides the common bank financing limit and derivatives trading limit provided through Taishin International Bank, Hong Kong Branch to Top Star Textile Vietnam Co., Ltd., and Top Sports Textile Limited.	
	10. Approve the proposal for changing the quota in making of Endorsements/Guarantees of Chintex Enterprises Limited.	
	11. The evaluation of independence of the external CPA who certifies the Company's financial reports.	
	12. Approve the proposal for receiving the nomination period for directors and independent directors' candidates, the number of independent directors to be elected and the place for receiving.	
	13. Approve the proposal for a slate of the directors and independent director candidates during the board of directors meeting.	

Meeting date	Key decisions	Implementation
2022.3.21	14. Release on the prohibition of non-competition for the newly appointed directors and their representatives.	Approved by all directors
	15. Convening of 2022 General Meeting of Shareholders.	
2022.4.28	1. Approve the proposal of The Election of Directors.	Approved by all directors
	2. Amendment of some articles of Articles of Incorporation.	
	3. Amendment of some articles of Rules of Procedure for Shareholders Meetings.	
	4. Convening of 2022 General Meeting of Shareholders (Adding Motion).	
2022.5.12	1. Review Q1 of 2022 consolidated financial statements.	Approved by all directors
	2. Approve 2022 renewal of liability insurances for directors and management.	
2022.6.15	1. Elect the chairman.	Approved by all directors
2022.6.23	1. Appointment Proposal of Members of the Second Remuneration Committee.	Approved by all directors
2022.8.17	1. Review Q2 of 2022 consolidated financial statement.	Approved by all directors
	2. Approve the proposal of the 2022 Budget Amendment.	
	3. Approve the establishment of a new subsidiary in Hong Kong by TST International Group Limited, a subsidiary of the Company.	
	4. Approve the proposal of Zhen Jiang Tuntex Garment Co., Ltd. acquisition of equity.	
	5. Approve the proposal for providing the commonly used bank financing limit amount to Top Star Textile Limited and Top Sports Textile Limited as provided by Chinatrust Bank, Hong Kong Branch, in which the Company acts as the joint guarantor of the financing.	
	6. Approve the proposal of the Company to repurchase treasury shares in 2020 the first and transfer of employees for the first time.	
2022.9.28	1. Approve the proposal for additional investment in the establishment of factory in Vietnam.	Approved by all directors
	2. Approve proposal for additional capital injects to THRIVE NATION GROUP LIMITED through the subsidiary, TST International Group Limited.	
	3. Approve proposal for additional capital injects to Top Sports Textile Vietnam Co., Ltd. through the subsidiary, THRIVE NATION GROUP LIMITED.	
	4. Approve the proposal of the role of the Company acting as the financing co-guarantor that provides the financing limit, foreign exchange and derivatives trading limit provided through Dah Sing Bank to Top Star Textile Limited.	
2022.11.09	1. Review Q3 of 2022 consolidated financial statements.	Approved by all directors
	2. Approve the proposal for 2023 operation plan and budget.	
	3. Approve the proposal of 2023 audit plan.	
	4. Approval of the syndicated loan for Top Sports Textile Vietnam Co., Ltd.	
	5. Issuance of new restrictive employee shares.	
	6. Approve the proposal of the role of the Company acting as the financing co-guarantor that provides the financing limit provided through SinoPac Bank, China Branch to Chintex Enterprises Limited.	

Meeting date	Key decisions	Implementation
2022.11.09	7. Approve the proposal of the role of the Company acting as the financing co-guarantor that provides the financing limit provided through SinoPac Bank, Ho Chi Minh Branch to Top Sports Textile Vietnam Co., Ltd.	Approved by all directors
	8. Approve the proposal of the role of the Company acting as the financing co-guarantor that provides the financing limit provided through Chinatrust Bank, Ho Chi Minh Branch to Top Sports Textile Vietnam Co., Ltd.	
	9. Approve the proposal of the role of the Company and Chintex Enterprises Limited acting as the financing co-guarantor that provides the financing limit provided through Standard Chartered Bank, Hong Kong Branch to Top Star Textile Limited.	
	10. Approve the proposal for the loaning of funds to Top Sports Textile Vietnam Co., Ltd. as provided by the subsidiary, THRIVE NATION GROUP LIMITED.	
	11. Approve the proposal for the loaning of funds to Top Sports Textile Vietnam Co., Ltd. as provided by the subsidiary, Top Star Textile Limited.	
	12. Amendment of some articles of Rules of Procedure for Board of Directors Meetings.	
	13. Amendment of some articles of Procedures for Handling Material Inside Information.	
2023.3.21	1. Review the proposal for 2022 remunerations to employees and remunerations to directors	Approved by all directors
	2. Review the proposal for 2022 statement of internal control statement.	
	3. Review of 2022 consolidated financial statements and business report.	
	4. Review the proposal for 2022 distribution of earnings	
	5. Approve the proposal for the Company's establishment of the branch in Taiwan.	
	6. Amendment of some articles of Articles of Incorporation.	
	7. Amendment of some articles of Sustainable Development Best Practice Principles.	
	8. Amendment of some articles of Corporate Governance Best Practice Principles.	
	9. Amendment of some articles of Management Procedure for Insider Trading.	
	10. Amendment of some articles of Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises.	
	11. Determination of Risk Management Policy and Procedures.	
	12. Pre-approval of the accounting firm who conducts external audits and the offering of non-assurance services by the alliance firms to the Company and subsidiaries.	
	13. The evaluation of independence of the external CPA who certifies the Company's financial reports.	
	14. Approve the proposal for the loaning of funds made by the Group.	
	15. Approve the proposal of the role of the Company acting as the financing co-guarantor that provides the financing limit and derivatives trading limit provided through Bank SinoPac, Hong Kong Branch to Top Star Textile Vietnam Co., Ltd. and Top Sports Textile Limited.	

Meeting date	Key decisions	Implementation
2023.3.21	16. Approve the proposal for providing the commonly used bank financing limit amount to Top Star Textile Limited and Top Sports Textile Limited as provided by Chinatrust Bank, Hong Kong Branch, in which the Company acts as the joint guarantor of the financing.	Approved by all directors
	17. Approve the proposal of the role of the Company acting as the financing co-guarantor that provides the financing limit, foreign exchange and derivatives trading limit provided through Citibank (Taiwan) to Top Star Textile Limited.	
	18. Approve the proposal of the role of the Company acting as financing co-guarantor that provides the common bank financing limit and derivatives trading limit provided through Taishin International Bank, Hong Kong Branch to Top Star Textile Vietnam Co., Ltd., and Top Sports Textile Limited.	
	19. Approve the proposal of the role of the Company and some of its subsidiaries acting as the financing co-guarantor that provides the financing limit provided through Hang Seng Bank, Hong Kong Branch to Top Star Textile Limited.	
	20. Approve the proposal of the role of the Company acting as the financing co-guarantor that provides the financing limit provided through SinoPac Bank, Ho Chi Minh Branch to Top Sports Textile Vietnam Co., Ltd.	
	21. 8. Approve the proposal of the role of the Company acting as the financing co-guarantor that provides the financing limit provided through Chinatrust Bank, Ho Chi Minh Branch to Top Sports Textile Vietnam Co., Ltd.	
	22. Approve the proposal of the role of the Company and Chintex Enterprises Limited acting as the financing co-guarantor that provides the financing limit provided through Standard Chartered Bank, Hong Kong Branch to Top Star Textile Limited.	
	23. Convening of 2023 General Meeting of Shareholders.	

- (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: None

V. Information on Certified Public Accountant's audit fees

- (I) The content of the amounts of both audit and non-audit fees paid to certified accountants and their affiliated firms and affiliated companies:

Unit: NT\$ thousand

Name of CPA firm	Name of CPA	Duration covered in the audit	Audit fees	Non-audit fees	Total	Remarks
PwC Taiwan	Man-Yu Juanlu	From Jan. 1, 2022 to Dec. 31, 2022	4,962	194	5,156	Non-audit fees are NT\$194 thousand for the reporting of fundraise and issuance of marketable securities.
	Ya-Hui Lin					

- (II) 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
- (III) Reduced amount, percentage and reason if audit fee is cut down by 10% or more than the previous year: Information of a change (replacement) in the Certified Public Accountants (CPAs): None

VI. Information on replacement of CPA

- (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

Unit: shares

Title	Name	Year 2022		As of April 17, 2023	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman cum major shareholders with 10% stakes	Xingmao Group Holdings Limited Representative: Chin-Mao Lin	2,128,000	-	-	-
Director	Xingmao Group Holdings Limited Representative: Hsiang-Ming Hung				
Director	Sunny Earn International Holdings Limited Representative: Ching-Wei Lin	276,000	-	-	-
Director	Chia Mei Investment Co., Ltd. Representative: Chiung-Shiung Tung	30,000	-	-	-
Independent Director	King-Biau Lien	-	-	-	-
Independent Director	Kun-Ming Lee	-	-	-	-
Independent Director	Heng-Yih Liu	-	-	-	-
President cum over 10% major shareholder	Chin-Mao Lin	514,000	-	-	-
General Manager	Ching-Wei Lin (Note1)	18,000	-	-	-
Chief Operating Officer (COO)	Hsiang-Ming Hung (Note1)	15,800	-	-	-
Chief Financial Officer (CFO)	Tat-Shing Tang (Note2)	66,000	-	(60,000)	-

Note1 : Has been elected as the director representative after the re-election of directors on June 15, 2022.

Note2 : In 2022, 60,000 new shares have been held, which are new restricted employee shares, in custody of the investment account with CTBC Bank. Not vested as of the publication date of this annual report.

- (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

As of April 17, 2023; Unit: 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: Chin-Mao Lin	12,768,000	33.28	-	-	-	-	Chin-Mao Lin	100% Shareholder	-
							Big Loyal Group Limited, and Happy Time International Investment Limited	Same Shareholder	-
Chin-Mao Lin	3,084,000	8.04	-	-	16,356,000	42.63	Xingmao Group Holdings Limited 、 Big Loyal Group Limited & Happy Time International Investment Limited	100% Shareholder	-
Big Loyal Group Limited Representative: Chin-Mao Lin	2,484,000	6.47	-	-	-	-	Chin-Mao Lin	100% Shareholder	-
							Xingmao Group Holdings Limited & Happy Time International Investment Limited	Same Shareholder	-
Excellent Treat Limited Representative Chang Fang	2,400,000	6.25	-	-	-	-	-	-	-
Sunny Earn International Holdings Limited Representative: Ching-Wei Lin	1,656,000	4.32	-	-	-	-	Ching-Wei Lin	100% Shareholder	-
Business Department of Standard Chartered in Custody for Credit Suisse - investment specialized account of Credit Suisse, Singapore	1,585,200	4.13	-	-	-	-	-	-	-
Abico Avy Co., Ltd. Representative: Chun-Jen Tung	1,527,600	3.98	-	-	-	-	Abico Asia Capital Corporation	Affiliated Company	-
Nova Genesis Limited Representative: Han Peng	1,242,000	3.24	-	-	-	-	-	-	-
Abico Asia Capital Corporation Representative: Fa-Ta Hsieh	1,236,000	3.22	-	-	-	-	Abico Avy Co., Ltd.	Affiliated Company	-
Happy Time International Investment Limited Representative: Chin-Mao Lin	1,104,000	2.88	-	-	-	-	Chin-Mao Lin	100% Shareholder	-
							Big Loyal Group Limited & Xingmao Group Holdings Limited	Same Shareholder	-

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

As of December 31, 2022; Unit: 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	21,000	100%	-	-	21,000	100%
TSP	22,000	100%	-	-	22,000	100%
Top Star	30,000	100%	-	-	30,000	100%
T-TRON	6,000	100%	-	-	6,000	100%
Chintex Enterprises Limited	Note 1	100%	-	-	Note 1	100%
Guangzhou Runwell Knits Textile	Note 1	100%	-	-	Note 1	100%
Guangzhou Chintex Management Consulting Co., Ltd.	Note 1	100%	-	-	Note 1	100%
Hubei Zhongsheng Textile	Note 1	35%	-	-	Note 1	35%
TST(Vietnam)	Note 1	100%	-	-	Note 1	100%
TSP(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:

Record Date: April 17, 2023 / Unit: thousand shares; NT\$ thousand

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	-	Note1
08/2022	NT\$10	NT\$0	60,000	600,000	37,770	377,698	6,270 thousand shares from the capitalization of retained earnings	-	Note2
12/2022	NT\$10	NT\$0	60,000	600,000	38,370	383,698	Issuance of 600,000 new restricted employee shares	-	Note3

Note1: Letter No. Taiwan-Stock-Listing-II-10817030851 of the Taiwan Stock Exchange Corporation.

Note2: It had been approved by Taiwan Stock Exchange Corporation on July 29, 2022.

Note3: The issuance of Official Letter FSC-Securities-Issuer No. 1110351662 had been approved by the Financial Supervisory Commission, Executive Yuan dated August 12, 2022.

Unit: Shares

Kind of Share	Authorized capital			Remarks
	Outstanding shares	Unissued shares	Total	
Registered ordinary shares	38,369,800	21,630,200	60,000,000	Listed Company

Note: 38,369,800 shares outstanding (including 76,000 treasury shares and issuance of 600,000 new restrictive employee shares)

(II) Structure of shareholders

As of April 17, 2023; Unit: Shares; %

Structure of Shareholder	Government agencies	Financial institutions	Other juristic persons	Individuals	Foreign institutions and foreigners	Treasury shares	Total
Quantity							
Number of shareholders	-	2	21	1,064	42	1	1,130
Shares held (Share)	-	155,000	3,704,350	9,900,213	24,534,237	76,000	38,369,800
Shareholding ratio (%)	-	0.40	9.65	25.80	63.95	0.20	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 9.49%.

(III) Facts of disperse of shareholding

As of April 17, 2023; Unit: Shares; %

Shareholding grading (shares)	Number of shareholders	Number of shares held	Shareholding ratio (%)
1 to 999	218	23,298	0.06
1,000 to 5,000	647	1,313,947	3.42
5,001 to 10,000	98	736,083	1.92
10,001 to 15,000	43	551,200	1.44
15,001 to 20,000	26	477,400	1.24
20,001 to 30,000	27	658,226	1.72
30,001 to 40,000	10	355,200	0.93
40,001 to 50,000	6	277,200	0.72
50,001 to 100,000	28	1,902,446	4.96
100,001 to 200,000	13	1,782,200	4.64
200,001 to 400,000	3	685,800	1.79
400,001 to 600,000	1	520,000	1.36
600,001 to 800,000	-	-	-
800,001 to 1,000,000	-	-	-
Above 1,000,001	10	29,086,800	75.80
Total	1,130	38,369,800	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

As of April 17, 2023; Unit: Shares

Name of Major shareholders	Shares	Number of shares held	Shareholding ratio (%)
Xingmao Group Holdings Limited Representative: Chin-Mao Lin		12,768,000	33.28
Chin-Mao Lin		3,084,000	8.04
Big Loyal Group Limited Representative: Chin-Mao Lin		2,484,000	6.47
Excellent Treat Limited Representative: Chang Fang		2,400,000	6.25
Sunny Earn International Holdings Limited Representative: Ching-Wei Lin		1,656,000	4.32
Business Department of Standard Chartered in Custody for Credit Suisse - investment specialized account of Credit Suisse, Singapore		1,585,200	4.13
Abico Avy Co., Ltd. Representative: Chun-Jen Tung		1,527,600	3.98
Nova Genesis Limited Representative: Han Peng		1,242,000	3.24
Abico Asia Capital Corporation Representative: Fa-Ta Hsieh		1,236,000	3.22
Happy Time International Investment Limited Representative: Chin-Mao Lin		1,104,000	2.88

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

Unit: NT\$ dollar; thousand shares

Item \ Year			Year 2021	Year 2022	As of March 31, 2023
Market price per share (\$)	Highest		171.5	147.5	122.00
	Lowest		130.5	99	99.20
	Average		147.56	120.89	113.40
Net Value per share (\$)	Before distribution		79.18	78.86	82.83
	After distribution		72.71	Note 2	-
Earnings per share	Weighted average shares		37,619	37,647	37,694
	Earnings per share (Note 1 & 7)	Before retrospective adjustment	10.72	-	-
		Retrospectively adjusted	8.94	11.74	4.21
Dividends per share	Cash dividends		4.5	Note 2	-
	Issuance of bonus shares	Stock Dividend from Retained Earnings	2	-	-
		Stock Dividend from Capital Reserve	-	-	-
	Retained Dividends		-	-	-
Analysis of Return on Investment	PE ratio (Note 3)		16.51	10.30	-
	Dividend-Price ratio (Note 4)		32.79	Note 2	-
	Cash dividends yield (Note 5)		3.05	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.

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.

Note 7: The retrospective adjustment to weighted average number of ordinary shares outstanding for the years ended December 31, 2022 and 2021 was retrospectively adjusted proportionately to the capitalization of retained earnings for the year ended December 31, 2022.

(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 of the Company has resolved the proposal on March 22, 2023, which intends to distribute dividends at NT\$7 in cash dividends per share (NT\$ 268,056,600 in total). Upon the approval of the Annual Meeting of Shareholders, it is proposed that the Board of Directors shall be authorized to determine the ex-dividend date and 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 2022 a total of NT\$4,465,057 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 2022 financial statement.

- (2) Remunerations to employees in stocks as a percentage of the earnings after-tax 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 (2021)

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

The Company distributed in 2021 a total of NT\$3,395,283 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 2021 financial statement.

(IX) Share repurchases:

1. Completed share repurchase program(s):

No. of the repurchase program	First
Purpose	Transfer to employees
Buy back period	From 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	75,000 ordinary shares
Cumulative number of shares held by the Company	76,000 ordinary shares
The ratio of the cumulative number of shares held by the company to the total number of issued shares	0.20%

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 :

1. Status of new shares with restricted employee rights that have not yet fully met the vesting conditions

April 17, 2023

Type of Restricted Employee Stock	The first New Restricted Employee Shares in 2020
Effective date of approval and Total number of shares	August 12, 2022 / 600,000 shares
Issuance date	November 9, 2022
Issuance shares of restricted employee stock	600,000 shares
Issuance shares of restricted employee stock is still possible	0 share
Issuance price	NT\$0
The ratio of issued shares of restricted employee stock to the total number of issued shares	1.56%
Vesting conditions of restricted employee stock	<ol style="list-style-type: none">1.If employees remain in service for the following periods after granting of new restrictive employee shares and achieve the personal performance indicators or corporate operational goals set by the Company, the maximum vesting percentages on the vesting date each year are as follows: : One year on the job : 30% Two years on the job : 30% Three years on the job : 40%2.Personal performance targets are defined as the work achievements of the most recent year during the vesting period and attainment of personal performance standards determined between the Company and individual employees.3. Corporate operational targets are based on net incomes and earnings per share, according to audited financial statements and internal performance measurements and reports. Indicator achievement is determined by the Company and individual employees.
Restriction of rights on restricted employee stock	<ol style="list-style-type: none">1.Except for inheritance, employees may not sell, pledge, transfer, gift, setup or dispose in other ways the new

Type of Restricted Employee Stock	The first New Restricted Employee Shares in 2020
	<p>restrictive employee shares after the granting of such shares but before fulfilment of vesting conditions.</p> <p>2.Except for the aforesaid limitations, the other rights attached to the granted new restricted employee shares before the fulfilment of vesting conditions are the same with the Company's issued ordinary shares. These rights include but not limit to cash dividends, stock dividends from capital surplus and subscription for rights issues. However, the unvested shares are not entitled to stock dividends or share subscriptions if the Company recalls shares without consideration and cancel these shares according to these regulations within 15 business days before book closure dates for cash dividends or issuance of bonus shares until the record date of rights for distribution.</p> <p>3.The issued new restrictive employee shares should be immediately handed to the trust. Before the attainment of vesting conditions, employees may not request to the trustee for return of the new restrictive employee shares for any reason or in any way. °</p> <p>4.If the Company reduces capital during the vesting period for non-statutory reasons, the new restrictive employee shares should be reduced pro rata. The cash refunded for paid-in capital reduction must be returned to the trust but handed to employees after the fulfilment of vesting conditions. If vesting conditions are not met, the Company will recover such cash.</p>
Custody of restricted employee stock	A total of 600,000 shares were delivered to the trustee for safekeeping.
The treatment for the restricted employee stock, of which the grantees fail to meet the vesting conditions	The Company shall buyback such shares at the gratis and cancel the shares.
Number of restricted employee stock that has been bought back	-
Number of vested restricted employee stock	-
Number of unvested restricted employee stock	600,000 shares
The ratio of number of unvested restricted employee stock to the total number of issued shares (%)	1.56%

Type of Restricted Employee Stock	The first New Restricted Employee Shares in 2020
The impact on shareholders' equity	<p>The Company measures the fair value of the shares on the date of grant and recognizes the related expenses in annual installments over the vesting period. The total potential expense is estimated to be approximately NT\$53,343 thousand. Based on the three years of the vesting period, the annual apportionment of the expense is NT\$31,628 thousand, NT\$14,873 thousand and NT\$6,842 thousand, respectively, and the impact on the diluted earnings per share is NT\$0.77, NT\$0.36 and NT\$0.15, respectively. On the whole, the impact on the dilution of the Company's earnings per share in future years is relatively limited and has no significant impact on shareholders' equity.</p>

2. Employee Restricted Stock Granted to Officers and the Top 10 Employees

April 17, 2023

	Title	Name	Number of Employee Restricted Stock Granted	The Ratio of Number of Employee Restricted Stock Granted to the Total Number of Issued Shares	Vested Employee Restricted Stock				Unvested Employee Restricted Stock			
					Number of Vested Employee Restricted Stock	Issuance Price	Total Issuance Amount	The Ratio of Number of Vested Employee Restricted Stock to the Total Number of Issued Share	Number of Unvested Employee Restricted Stock	Issuance Price	Total Issuance Amount	The Ratio of Number of Unvested Employee Restricted Stock to the Total Number of Issued Shares
Manager	CFO	TANG TAT SHING	60,000	0.16	-	NT\$0	-	-	60,000	NT\$0	-	0.16
Employee	TSP General Manager	ZHANG XINBIN	540,000	1.40	-	NT\$0	-	-	540,000	NT\$0	-	1.40
	Production Director	WEN GUANMEI										
	Marketing Director	GUO LIN										
	Vice General Manager, Market Development	HUNG KUN-NAN										
	Vice General Manager, Production	LAI YU-TING										
	Vice General Manager, Production Management	OUYANG NIANQING										
	Vice General Manager, Marketing	OUYANG WENXING										
	Vice General Manager, QA	CHEN FEI										
	Vice General Manager, Finance	XIE FENG										
	Vice General Manager, Procurement	FENG XIAOQIN										
	Vice General Manager, Dyeing Factory	LONG XIANGYANG										
	Head of Fabrics Factory	MENG SHIQIANG										

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

Unit: NT\$ thousand; %

Product	2022	
	Sales	Percentage of total sales
Cotton blend knitted fabrics	7,429,114	100.00
Others	-	-
Total	7,429,114	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

- A. R&D of new structures and anti-hair-loss of hoodie fabrics
- B. Vegetable dyes dyed cotton color fastness project
- C. Application of low-temperature plasma technology in production of knitted fabrics
- D. High-efficiency short-process moisture absorption and quick-drying fabric project
- E. Fabric digitalization

2. Industry Snapshot

(1) Current status and developments

A. Global market of fabrics and ready-made garments

According to the newly released data from the World Trade Statistical Review 2022 and the United Nations (UN Comtrade), global garment exports in 2021 fully bounced back to the pre-COVID level and exceeded US\$548.8 billion, a substantial increase of 21.9% from 2020. In contrast, the value of global textiles exports grew slower at 7.8% in 2021 (i.e., reached US\$354.2 billion), lagging behind most sectors. The high demand for textiles during the pandemic, with exports increasing rather than decreasing in 2020, also cuts into growth in 2021, which is still no worse than other industries overall, both before and after the pandemic.

Growth Rate of World GDP and Export



Textiles and clothing exports in 2022 were estimated based on data from WTO (2022) and World Bank (2022)

Chart: by Dr. Sheng Lu • Created with Datawrapper

Covid-19 did not fundamentally shift the competitive landscape of textile exports. China, the EU and India remained the world's three largest textile exporters in 2021. Together, these top three accounted for about 68% of world's textile exports in 2021, similar to about 67% before the pandemic (2018). On the other hand, middle-income developing countries have entered the development stage of expanding textile manufacturing. For example, Vietnam achieved a new high in textile exports in 2021, which are expected to overtake the U.S. in the coming years.

Top 10 exporters and importers of textiles, 2021

(Billion dollars and percentage)

	Value	Share in world exports/imports			
	2021	2000	2005	2010	2021
Exporters					
China (1)	145.58	10.33	20.21	30.40	41.36
European Union	73.42	33.36	32.46	25.34	20.86
Extra-EU exports	25.21	11.45	11.30	8.99	7.16
India	22.23	3.58	4.10	5.08	6.32
Türkiye	15.17	2.35	3.48	3.55	4.31
United States of America	13.12	7.01	6.10	4.81	3.73
Viet Nam (2)	11.20	0.19	0.36	1.21	3.18
Pakistan	9.19	2.90	3.49	3.10	2.61
Korea, Republic of	8.68	8.13	5.12	4.34	2.47
Chinese Taipei	8.55	7.61	4.78	3.84	2.43
Japan	6.24	4.49	3.40	2.80	1.77
Above 10	313.39	79.96	83.50	84.47	89.03
Importers					

Source: WTO (2022)

Over the past few years, the U.S. and China have been locked in a tariff battle, with U.S. apparel companies relying on supplies from China despite the Section 301 tariff on imports from the Mainland China. Due to rising costs, these companies are turning to other Asian regions such as Vietnam, Bangladesh and Cambodia for sourcing.

The Regional Comprehensive Economic Partnership (RCEP), which took effect on January 1, 2022, is expected to boost Asia's textile and apparel trade, further deepen regional economic integration, and cushion the impact of U.S.-China tariff war.

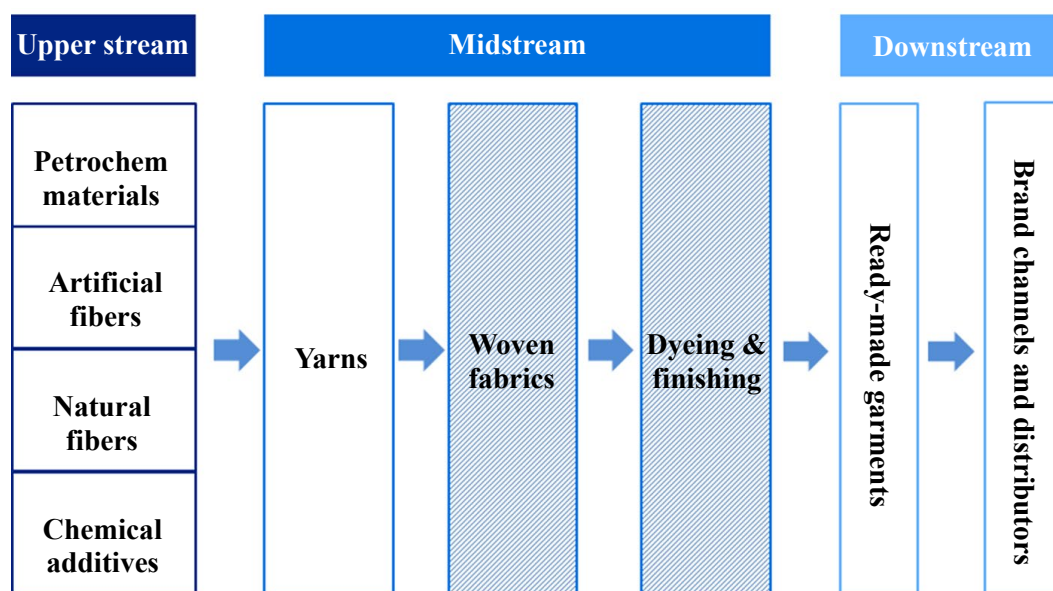
B. Global sports and fitness apparel market

Thanks to the significant increase in the vaccination rate in 2022, the number of shoppers from different regions has increased significantly, which has contributed to the recovery of the global textile industry in the first half of 2022. However, with the negative factors such as the ongoing war between Russia and Ukraine, the lifting of China's Covid-19 zero policy and the continued monetary tightening in major countries, the global economy is slowing down as people's shopping budgets for non-essential goods are reduced. In 2022, the global sportswear market size was US\$220.1 billion, up 1.88% from the previous year. In 2022, the functional sportswear market grew by 2.6%, the outdoor apparel market grew by 2.11%, and the fashion and casual sportswear market grew by 1.01%. Looking forward to 2023, brand inventories are expected to gradually decline. We are optimistic about the overall recovery and will continue to focus on the order intake situation and data changes. The compound average annual growth rate (CAGR) of overall sportswear is 6.5% during 2022-2027.

According to the data shared by Euromonitor International and Retail Dive, the sports and leisure apparel market has grown by about 42.2% from 2016 to 2021. In the post-epidemic era, consumers are more concerned about the comfort of apparel, and the market will show a trend of growth rather than decline. According to a report by Grand View Research, the global sports and leisure market is expected to grow at a compound average annual growth rate of 8.9% from 2022 to 2030, and the market size is expected to reach US\$662.56 billion in 2030.

(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 ferry 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

Unit: NT\$ thousand; %

Item	2022	2023Q1
R&D expenses	14,744	2,479
Net sales	7,429,114	1,461,352
As a percentage of net sales	0.20%	0.17%

(2) Successfully developed technologies/products

Year	R&D results	Details
2022	Commencement of the research project on the pass rate of quick-dry and moisture absorbent fabrics	To address the failure of knitted fabrics in quick dry tests, moisture absorption additives from Jingying, Enke, Huntsman at different concentration levels were used for padding of a variety of knitted fabrics. These fabrics were then baked without cleaning (to better calculate the volume of additives) in order to test the changes in quick-dry and moisture absorbent feature as a result of different concentration levels. Final results on whether the additives made from Jingying are effective and whether the fixation ratio of quick-dry moisture absorption additives reach standards after cleaning. Quick-dry moisture absorption feature is then realized after fixation optimization.

Year	R&D results	Details
2022	Commencement of the research project on deep color dyeing of aramid fabrics	To address the difficulty of deep color dyeing of aramid knitted fabrics, disperse dyes, cationic dyes and the combination of disperse dyes, cationic dyes were used to dye aramid fabrics. A systematic study was conducted on parameters such as dyeing durations, temperatures and pH values, in order to conclude the best option among the three dyeing approaches. The optimal technique was established for deep color dyeing of aramid fabrics after the analysis of the colors of dyed samples.
	Commencement of the research project on the development of machines for small-volume nebulizing and drying and dyeing techniques	On the basis of previous study on spraying dyeing machines and nebulizers for home use, a programmable and controllable machine has been created for small-scale nebulizing and drying. The preliminary test confirmed the feasibility of double coloring and even finishing on thick fabrics. The development of techniques and equipment utilization is progressing steadily.
	Commencement of the research project on anti-ultraviolet finishing on knitted fabrics	Anti-ultraviolet finishing was carried out on polyester knitted fabrics by padding at high temperatures and under high pressures. Nanometer titanium dioxides were dispersed in the dye and finishing was conducted according to the dyeing procedures. The anti-ultraviolet performance test on the fabrics showed that the ultraviolet protection factor (UPF) was 4 times of the original level. Both the anti-ultraviolet performance and wash durability performance were excellent.
	Commencement of the research project on plasma treatment for fabrics finishing	The finishing of knitted calicos with low-temperature plasma technology can effectively reduce the energy consumption and use of additives such as pure alkalis and hydrogen peroxide and enhance the dye coloring and color yields. The finishing of finished fabrics with this method improves the quick-dry and moisture absorbent performance, eliminates hairiness and enhances cleanliness. The research results are translated into the production project "Application of Low-Temperature Plasma Technology in Finishing of Knitted Fabrics".
	Commencement of the research project on the structure and forming technology of new types of knitted fabrics	This project was primarily the research on how to create multi-layer fabric structures with the existing Circular knitting machines. The study covers (1) analogical structures of basic knitted fabrics to enable 3D display of these structures; (2) analogical structures of complicated knitted fabrics to enable 3D display of these structures; (3) design of 3D vertically intermeshed weft knitted fabrics and the knitting and production techniques.
	Publication of the article "Plasma Treatment for Hydrophilicity of Polyester/Cotton Flannelette Knitted Fabrics, Performance and Features"	To address the poor hydrophilicity of polyester/cotton flannelette knitted fabrics, plasma treatment was conducted on the finishing of these fabrics. The impact of this technology on the microstructure, hydrophilicity, texture and tensile properties of polyester/cotton flannelette knitted fabrics was examined. This technique etches the fibers of polyester/cotton knitted fabrics and improves the hydrophilicity without changing the texture. The best technique for plasma treatment was identified.

Year	R&D results	Details
2022	Publication of the article “Structural Design and Technology for 3D Vertically Intermeshed Weft Knitted Fabrics”	To effectively improve the anti-pullout and anti-snagging performance of the air-layer fabrics, the filler yarns in the middle layer were intermeshed to achieve 3D knitted fabrics in the literal meaning. The structural of a 3D vertically intermeshed weft knitted design was designed, computerized digitalization was completed and knitting was done on a circular knitting machine.

4. Long-term and short-term development plans

(1) Short-term plans

A. Multi-production strategy

In addition to the existing plant in Cambodia, the Company commenced the construction of a new plant in Vietnam during the second half of 2022, planning to complete construction and begin production in the second half of 2023.

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

We will enhance the use of digital equipment, to boost production efficiency and quality with advanced technology. Higher capacity and better control over loss will be reflected in operational efficiency. The integration with the textile supply chain in Vietnam creates the supply chain management and cost control structure catering to market needs.

B. New customer development

The global economy is in general unstable. That said, we will continue to deepen relations with and enhance satisfaction of our existing OEM clients. We will also develop new customers by targeting U.S. brands by providing quick responses, large varieties in small volumes, flexible production, high quality, and high value-added services. The expansion of international OEM customers will enhance our growth momentum.

C. Deepened efforts in the Chinese domestic market

We seek to enter the ready-made garment market in China by acquiring ready-made garment factories and combining our advantages in fabric manufacturing. We plan to deepen efforts in the Chinese domestic market by providing one-stop services.

D. 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

Unit: NT\$ thousand; %

Region \ Year		2021		2022	
		Amount	Percentage	Amount	Percentage
Domestic sales		1,871,326	25.23	1,533,916	20.65
Exports	Southeast Asia	4,732,967	63.80	4,797,386	64.58
	South Asia	608,741	8.21	645,087	8.68
	Others	205,340	2.76	452,725	6.09
Total		7,418,374	100.00	7,429,114	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

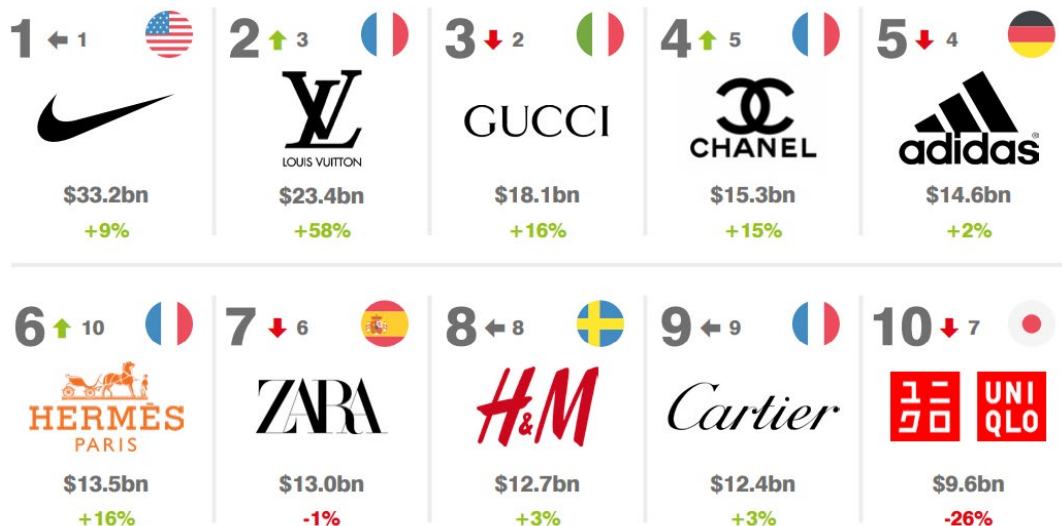
The term "athleisure" is coined by combining the words "athletics" and "leisure". This initially refers to the phenomenon of women wearing yoga outfits in the gym. Men later followed suit. It eventually evolved into a style combining sports and fashion. Athleisure has since become a new casual style.

In the post-pandemic era, with many people still working remotely from home, the athleisure trend has been further developed and reflects a new attitude towards traditional workwear. Increased health awareness has given many people a new appreciation for exercise and general fitness. It has also prompted people to become more discerning in their choice of clothing when it comes to fitness, personal life and leisure work, preferring comfortable clothing instead of fashion.

Among the top 10 apparel brands in 2022, Nike brand value increased by 9%, holding the top position, worth US\$33.2 billion. The closest sportswear competitor to Nike is adidas in fifth place, with a 2% increase in brand value to US\$14.6 billion. On the other hand, fast-fashion brands were greatly affected by the pandemic, remaining stable for the better and falling sharply for the worse. For example, H&M ranked eighth, with a 3% increase in brand value to US\$12.7 billion, while Uniqlo fell by more than a quarter (26%) to a value of US\$9.6 billion.

Top 10 Most Valuable Apparel Brands

© Brand Finance Plc 2022



Source: BRAND FINANCE APPAREL 50 2022

With inflation in 2022 reaching its highest level in at least 40 years in Europe and the United States, and the U.S. Federal Reserve raised interest rates by a total of 4.25 % in order to curb high inflation. In the second half of 2022, the supply chain became more reliable due to negative factors such as the Russia-Ukraine war, rising energy prices and interest rate hikes. 2023 will be a "challenging", "uncertain" and "unpredictable" year.

(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 Cambodia 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. Hence, 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 the favor of business from international brands by offering a diversity of quality products. In the process of cooperation, the Company and its subsidiaries have attracted many supplier awards from these customers because of the speed of product launches and capability to develop products according to requirements, such as 2021 Adidas GASA champion Speed, Speed award, Sustainability award, Agility award, PUMA’s Best R&D for Fabric Supplies, PUMA’s Best Global Supplier Award and Li Ning’s Best R&D Award. The products have been deeply affirmed by international brand manufacturers, so the main customers include Adidas, PUMA, GAP and NIKE, etc., which have been all over the world’s well-known brands.

(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.

(D) Regional Comprehensive Economic Partnership (RCEP)

The Company and its subsidiaries have production sites in China and Cambodia. The new plant in Vietnam is expected to ramp up in the second half of 2023 and will benefit from the RCEP (Regional Comprehensive Economic Partnership) with zero tariffs gradually applicable to 92% of trades. This will reduce the reliance on the U.S. market and mitigate the impact of the trade war initiated by the U.S. The trade agreement took effect on January 1, 2022, with 15 member statements, including the ten ASEAN countries (Indonesia, Cambodia, Myanmar, Laos, Vietnam, Brunei, Thailand, Singapore, the Philippines, and Malaysia), China, Japan, South Korea, Australia, and New Zealand. The RCEP will take effective on the Philippines on June 2, 2023, marking the new stage of full implementation of the world's largest free trade region.

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) 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 2021, the percentages of own production and outsourced production are close to 6:4.

Responding measures

The Company has enjoyed stabilization in profitability and growth in scale over recent years. In 2011, we built out own weaving, dyeing, and finishing facilities in Cambodia. It has continued to invest in production equipment to expand its production capacity and operating scale. Currently, it is preparing to set up the factory in Vietnam, which is expected to be completed construction and begin production in the second half of 2023. The gradual increase in production

capacity will help enhance our own production capabilities. 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.

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

Vietnam and 28 European Union member states 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 EU–Vietnam Free Trade Agreement (EVFTA) took effect on August 1, 2020. The Investment Protection Agreement between the European Union and the Socialist Republic of Vietnam (EVIPA) will become effective once approved by all the EU members (approved by 12 member states as of February 2022). After the signing of the EVFTA, the European Union will immediately eliminate 85.6% of tariff lines on imports from Vietnam. This is equivalent to 70.3% value of Vietnam’s exports to the European Union. Seven years after the EVFTA effectiveness, 99.2% of tariff lines will be cancelled. This is equivalent to 99.7% value of Vietnam’s exports to the European Union. The remaining 0.3% will be zero tariffs. This is the highest commitment gained by Vietnam among all the signed free trade agreements. It will help Vietnam to further integrate into the world economy. The EVFTA is a comprehensive and high-quality free trade agreement that ensures the balance of both parties’ interests. It will catalyze Vietnam’s exports and benefit Vietnam’s export of textiles to the European Union.

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 dyeing factory in Vietnam to integrate the supply chain resources in weaving, dyeing, and finishing in Vietnam. It is expected to ramp up in the second half of 2023. The EVFTA will benefit Vietnam’s export of textiles. The demand from ready garments for fabrics will continue to rise. These will bring substantial benefits to the Group.

(D) Stringent environmental standards

In recent years, the global awareness of the importance of environmental sustainability, all governments around the world (including China and Cambodia) and international organizations have been increasing the threshold for the statutory requirements in environmental protection.

The Company attaches great importance to the impact of its industry on the environment, 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 regularly annual testing. 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 on site 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 use Bluesign's raw materials from the input end, and strictly manage chemicals in the production process. The output end ensures that the products meet the management requirements of toxic and hazardous substances. 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 of manufacturing products in compliance with environmental regulations and catering to customers' requirements so that we can achieve sustainable developments.

(E) Concentration of OEM customers

Our end customers are global sports brands, which has added the sales of the international sports brand NIKE in 2021. 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

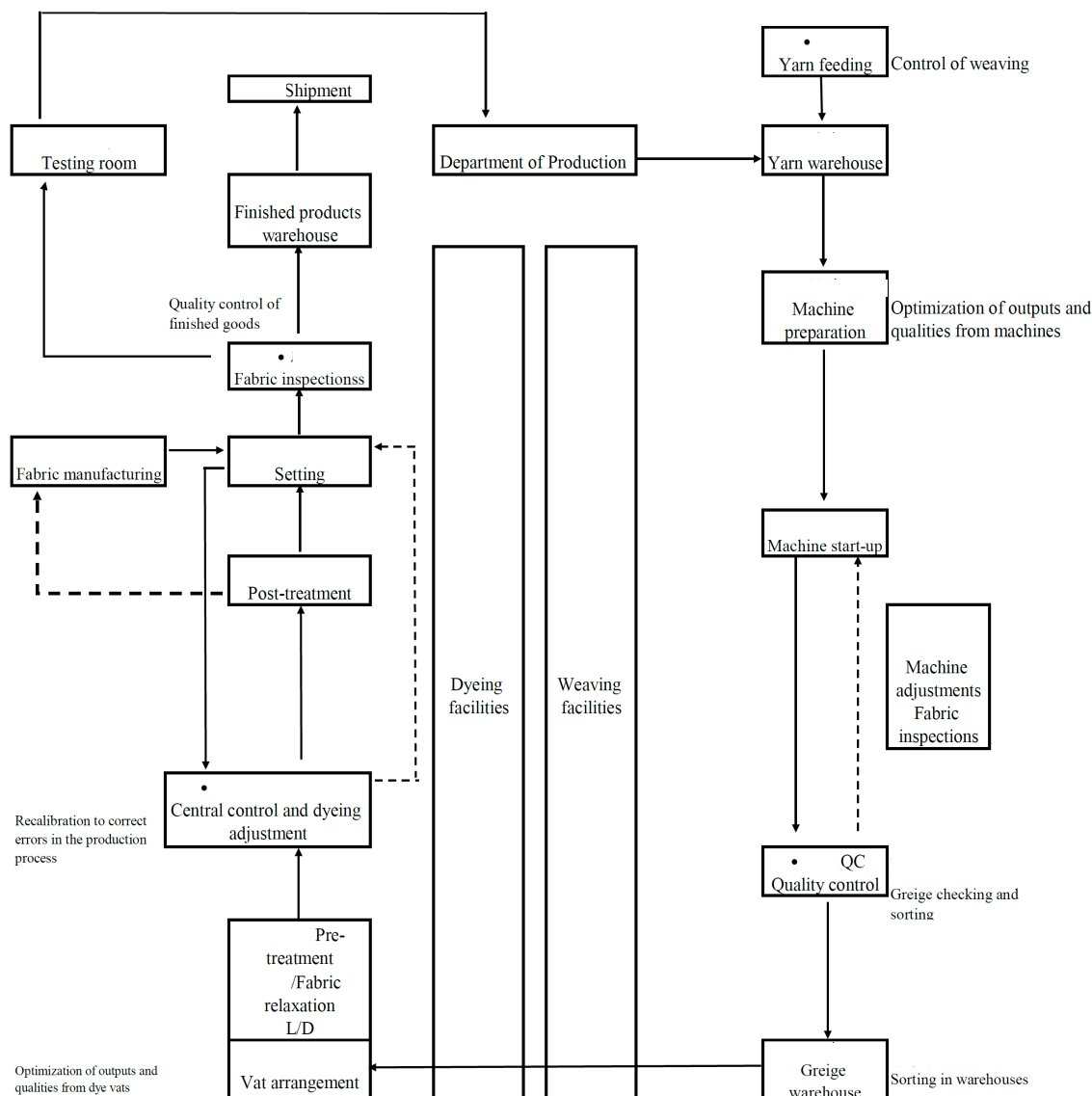
The Company is actively expanding clientele, and we have achieved results after years of efforts in communicating with customers and attracting new orders. Going forward, we will continue to deepen relations with existing customers, develop new products and new customers to boost revenues and mitigate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

(2) Manufacturing processes of staple products



3. Supply of major materials

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

The suppliers we used are all well-known domestic and foreign manufacturers, and we have a long-term partnership with each major supplier to ensure stable supply, and we also negotiate and bargain with them to ensure stable prices.

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:

Unit: NT\$ thousand

Items	Year 2021				Year 2022			
	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	1,524,309	23.27	Nil	Texhong Textile	916,318	18.45	Nil
2	HUAFU	987,682	15.08	Nil	HUAFU	731,505	14.73	Nil
3	A Company	854,544	13.05	Nil	-	-	-	-
	Others	3,183,198	48.60	-	Others	2,882,838	58.04	-
	Net input amount	6,549,733	100.00	-	Net input amount	4,966,697	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. The overall decrease in purchase amount was mainly due to the slowdown in market demand.

- (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:

Unit: NT\$ thousand

Items	Year 2021				Year 2022			
	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	Crystal Group	1,468,180	19.79	Nil	Crystal Group	1,424,743	19.18	Nil
2	MOHA	789,482	10.64	Nil	MOHA	881,552	11.87	Nil
	Others	5,160,712	69.57	Nil	Others	5,122,819	68.95	Nil
	Net input amount	7,418,374	100.00		Net input amount	7,429,114	100.00	

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

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

Unit: NT\$ thousand

Unit: NT\$ thousand

Sales volume /value			Year	Year 2021			Year 2022		
			Capacity	Volume	Value	Capacity	Volume	Value	
Major commodities									
Cotton	blend	knitted	44 million pounds	34.82 million pounds	2,633,219	47.12 million pounds	36.15 million pounds	3,178,416	
Others			—	—	—	—	—	—	
Total			44 million pounds	34.82 million pounds	2,633,219	47.12 million pounds	36.15 million pounds	3,178,416	

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

Unit: NT\$ thousand

Sales volume/ value	Year	Year 2021				Year 2022			
		Domestic sales		Export		Domestic sales		Export	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Major commodities									
Cotton blended knitted fabrics (internally manufactured)		—	—	35.30 million pounds	3,343,794	—	—	35.57 million pounds	3,979,621
Cotton blended knitted fabrics (externally manufactured)		18.53 million pounds	1,871,326	21.32 million pounds	2,198,753	13.85 million pounds	1,533,916	15.75 million pounds	1,914,091
Others		—	—	—	4,501	—	—	—	1,486
Total		18.53 million pounds	1,871,326	56.62 million pounds	5,547,048	13.85 million pounds	1,533,916	51.32 million pounds	5,895,198

Note: Domestic sales refer to sales in China.

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

Unit: Person

Year		2021	2022	As of April 17, 2023
Number of employees	Managers and above	55	56	59
	Employees	396	457	450
	Operators	735	702	704
	Total	1,186	1,215	1,213
Average ages		33.2	32.8	33.6
Average service seniority		4.7	4.3	4.9
Academic degree levels	Master (included above)	0.42%	0.66%	0.66%
	University/college	24.96%	21.98%	21.68%
	Below senior high school (inclusive)	74.62%	77.36%	77.66%

IV. Information of expenditures for environmental protection

- 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:

The Company's subsidiary in Cambodia, Top Sports Textile Ltd. ("TSP"), has established its own waste water treatment facilities. It has invested in the purifier of gases from foaming machines and the facilities to recycle waste heat, as well as water curtain desulphurization and dust collection for boiler gas. These measures have significantly reduced pollution and all achieved the local emission standards. With proactive and effective action, the Company has obtained four permits in emission of pollution, waste water, waste gas from boiler and sludges.

In addition to one to two waste water inspections conducted by the local environmental authorities (two standards for waste water emission: Standard II COD <120 for general waterbodies and Standard I COD <60 for protected waterbodies) and one waste gas inspection each year, TSP adheres to the ZDHC Wastewater Guidelines across the board. Third-party organizations are commissioned to carry out two waste water inspections each year, to ensure compliance by exceeding the emission standards. Moreover, TSP's waste water treatment facilities continue to upgrade equipment. The current system processes 7,000 cubic meters of water each day, in conformity with the emission standards for general waterbodies. Sludge drying equipment was introduced to reduce water contents, weight and volume of sludges. The recycling and reuse of sludges for energy generation has been contracted to qualified third parties

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

As of March 31, 2023; Unit: USD

Equipment name	Quantity	Acquisition date (yy/mm/dd)	Investment cost	Valuation (net of depreciation)	Purposes and benefits
Sedimentation pool for water treatment	1	2022.03.31	125,003	113,752	Enhancement for the efficiency of wastewater treatment
Buffer pool change to Domestication pool	1	2021.08.31	140,289	100,328	Enhancement for the efficiency of wastewater treatment
Buffer pool change to anaerobic pool	1	2020.07.30	117,545	61,124	Enhancement for the efficiency of wastewater treatment
Waste water online monitor system in water treatment	1	2020.07.28	42,909	22,313	Monitoring of sewage emission
Upgrade of wastewater treatment system	1	2018.10.01	1,250,000	578,604	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	15,683	Daily capacity of 5,000M ³
Wastewater treatment system	1	2012.06.01	1,100,000	155,794	Daily capacity of 3,000M 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
- 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

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, holiday gift, afternoon tea in pleasure, department dinners and employee commercial insurance, etc. 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 attach great importance to talent training, regard talent as an important asset of the Company. In order to enable colleagues at all levels to fully understand the content of the tasks and professional knowledge they undertake, to provide talent guarantee for the realization of the group's strategic goals, to cultivate future core business leaders, and to inherit and promote the corporate culture, to achieve the corporate mission and vision, to combine personal goals with corporate goals, and grow together, the Company has built a corporate university, we organize training, education sessions and book club from time to time. We hope our employees can constantly absorb new information, enhance their competence and work quality so that we can improve operating performances and boost competitiveness.

3. Retirement system

The Group's subsidiary in China adheres to the pension system under the regulations promulgated by the People's Republic of China's government by contributing to pensions based on a percentage of the average monthly wages of the previous year paid to employees. The contribution percentages were 14% to 16% in 2022 and 2021. Each employee's pension is managed by the local government. The group has no further obligation other than monthly contributions.

The Group's subsidiary in Hong Kong adheres to the regulations in the Hong Kong Special Administrative Region of the People's Republic of China by contributing to 5% of employees' incomes to the Hong Kong Mandatory Provident Fund System and is subject to the minimum and maximum income levels.

The Group's office in Taiwan contributes 6% of employees' monthly wages to employees' personal accounts with the Bureau of Labor Insurance, as required by the pension regulations set by the local government.

The Group's subsidiary in Vietnam contributes to social insurance for its employees in accordance with the Vietnam Social Insurance Law, and the contribution rate is based on a certain percentage of the base salary of local employees, including pension, sickness and maternity insurance, and occupational risks (workplace-related accidents and occupational diseases), among which the contribution rate for pension is 22%, i.e. 14% for the employer and 8% for the employees.

TSP, a subsidiary of the Group located in Cambodia, has applied the Cambodian pension system from October 1, 2022. In the first 5 years of implementation, the amount of pension contribution is equal to 4% of the average monthly income of employees, i.e. 2% for the employer and 2% for the employees.

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. Cyber security management

- (I) Describe the cyber security risk management architecture, cyber security policy, specific management solution and resources invested in cyber security management.

The Company continues to safeguard information and communications security and the key and confidential information, in order to protect the confidentiality, integrity and availability of information assets and ensure the Company's operational sustainability.

1. Management structure of information security

In order to protect the security of confidential information of the Company and its customers, the Company has set up the IT department to take charge of information security management and monitor, and has at the same time formulated the "Procedures for Notification and Response Mechanism for Information Security Incidents", by which the IT department shall take charge of the overall planning of establishment of the information security management system.

2. Cyber security policy

In order to strengthen the Company's information security management, strengthen supervision and improvement of the Company's internal information security protection, effectively reduce the risk of internal and external theft, improper use, breach, tampering or destruction of information assets due to human negligence, intentional or natural disasters, etc., and to assure the information security, and to establish a proper computer use environment to fully support various tasks, the relevant management procedures and response mechanism will be formulated to maintain the Company's information security.

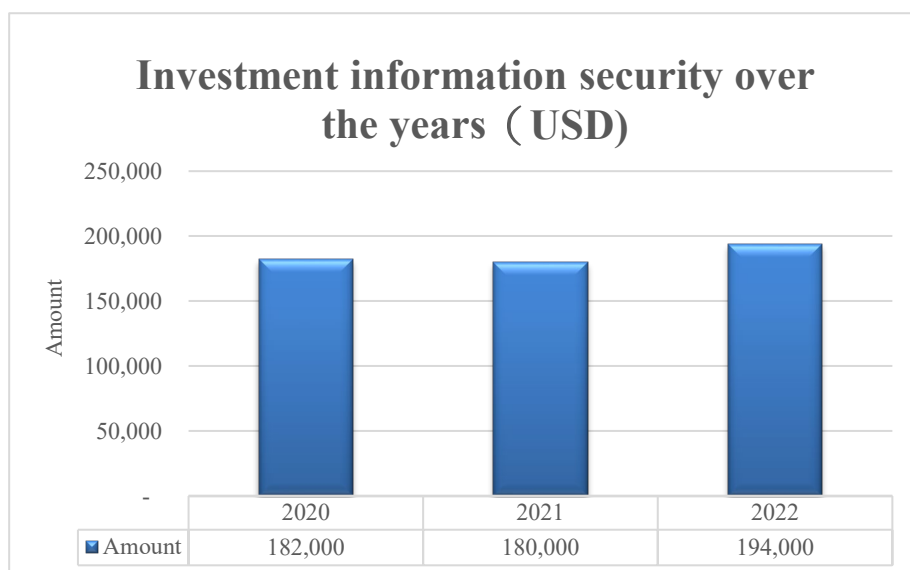
3. Information security management measures

To strengthen the Company's information and communications safety environment, we have established an active mechanism for information security control and abnormality reporting. The development is anchored on four aspects, i.e., server rooms, network management, anti-virus protection and information authorization. The purpose is to properly protect customer data and information security. Relevant management measures are explained below:

Scheme	Contents
Server rooms	<ul style="list-style-type: none"> ● Host computers and application servers are all installed at server rooms. The access to server rooms is controlled via proximity cards. Access records are retained. ● Independent air-conditioners are equipped within server rooms, to maintain an appropriate temperature for functioning of computers. ● UPS (uninterruptible power supply) is installed for host machines in the server rooms, to ensure continuous functioning of the server room in case of temporary blackout.
Network management	<ul style="list-style-type: none"> ● Connectivity with external networks, deployment of firewalls, filtering and blocking of abnormal packets. ● Deployment of online activity management and filtering systems; control of free Internet access; blocking of harmful websites or networks and contents not permitted by policy; strengthening of cybersecurity and prevent of misuse of broadband resources. ● Deployment of an email filtering system to inspect the security of incoming emails.
Anti-virus protection	<ul style="list-style-type: none"> ● Servers and personal computers are installed with anti-virus software. Virus codes are automatically updated, to ensure the blocking of newest viruses. This also detects and prevents the opening of potentially threatening executable files.
Information authorization	<ul style="list-style-type: none"> ● Colleagues submit applications via the Company's IT system for authorization to access applications. Once this is approved by line managers, IT system administrators establish system accounts and then application program administrators authorize the access to applications according to the application submitted. ● Appropriate strengths are required for account passwords. They must be a combination of alphanumeric characters and special signs, updated every 90 days. ● When proceeding with departure (dismissal) procedures, the outgoing colleagues shall submit applications for deletion of accounts on the IT system.

4. Invest resources in information security management

A. Input cost



Explanation : The Company spends approximately US\$70,000 on the information security related equipment and software on average each year. Other expenses are primarily personnel related and for training and education. Moreover, we increased our expenditures slightly on the purchase of protective software and training in 2022 to enhance service effectiveness.

B. The Company currently has seven employees involved in management of information security via sending of cybersecurity emails from time to time, training and education to enhance employees' awareness in the importance of information security and alert to all possible security risks. The purpose is to strengthen awareness and accountability in information security and comply with relevant laws and regulations.

Training programs during the year are as follows:

Class name	Training time	Type
Advocacy for Information and Communications Security	Anytime	Training & education, the Company website and emails
SQL classes	From 2022-7-28 to 2022-7-31	Taught by external professionals. Employees invited to the physical classes.

(II) Up to the printing of the annual report, Loss from Major Information Security Incidents, Potential Impact, and Corresponding Response Measures or Major cyber security events:

As of the print date of this annual report, there was no loss of operation or goodwill due to major cyber security incidents. The IT department is currently responsible for the notification and handling of cyber security incidents. The Company has formulated "Procedures for Notification and Response Mechanism for Information Security Incidents", including incident classification and the procedure for response mechanism. IT department is required to exclude and resolve information security incidents within the target processing time, and conduct relevant analysis and take corrective measures after the completion of the handling of the incident, and strengthen IT security.

VII. Key agreements

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

Nature of the contract	Company	Counterparty	Term of the contract	Highlights	Restrictive Clause
Outsourcing manufacturing	CHINTEX ENTERPRISES LIMITED	Company A	From Jul. 01, 2023 to December 31, 2023	Outsourced manufacturing of greiges and colored/finished fabrics	None
Right-of-use of land	Top Sports Textile Vietnam Co., Ltd.	Thanh Thanh Cong Industrial Zone	From May 07, 2021 to December 26, 2058	It is expected to be built factory in Vietnam	None
Right-of-use of land	Top Sports Textile Vietnam Co., Ltd.	Thanh Thanh Cong Industrial Zone	From Sep. 28, 2022 to December 26, 2058	It is expected to be built factory in Vietnam	None
Land leasing	TOP SPORTS TEXTILE LTD.	Chin-Mao Lin	From January 1, 2021 to December 31, 2028	Land renting for manufacturing facilities from Chintex in Manhattan Special Economic Zone, Svay Rieng	None
Memorandum of Understanding	TOP SPORTS TEXTILE LTD.	GAP Inc.	Effective Dec. 23, 2022	Agreement on trading conditions of supply	None
Memorandum of Understanding	TOP SPORTS TEXTILE LTD.	GAP Inc.	Effective Dec. 29, 2022	Agreement on trading conditions of supply	None
Memorandum of Understanding	TOP SPORTS TEXTILE LTD.	GAP Inc.	Effective Dec. 31, 2022	Agreement on trading conditions of supply	None
Memorandum of Understanding	TOP SPORTS TEXTILE LTD.	GAP Inc.	Effective Jan. 04, 2023	Agreement on trading conditions of supply	None
Bank loan	Top Star Textile Limited	Standard Chartered (Hong Kong)	Effective Jun. 19, 2020	Terms of credit extension by bank	None
Bank loan	Top Star Textile Limited	Hang Shen Bank (Hong Kong)	Effective Sep. 30, 2022	Terms of credit extension by bank	None
Bank loan	Top Star Textile Limited	Dah Sing Bank (Hong Kong)	Effective Oct. 17, 2022	Terms of credit extension by bank	None
Bank loan	CHINTEX ENTERPRISES LIMITED	Standard Chartered (China)	Effective Jun, 29, 2022	Terms of credit extension by bank	None
Bank loan	CHINTEX ENTERPRISES LIMITED	SinoPac Bank (China)	Effective Feb. 28, 2023	Terms of credit extension by bank	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)

Unit: NT\$ thousand

Item \ Year		Financial information for the past five years					Financial information as of March 31, 2023 (Note 2)
		2018	2019	2020	2021	2022	
Current Assets		2,111,947	2,985,110	2,938,842	3,767,233	2,718,456	2,883,065
Property, plant and equipment		628,138	908,610	803,289	776,276	1,125,414	1,281,151
Intangible assets		329	247	181	510	406	58,653
Other assets		29,224	136,039	273,483	313,515	467,750	549,590
Total assets		2,769,638	4,030,006	4,015,795	4,857,534	4,312,026	4,772,459
Current liabilities	Before distribution	1,756,449	1,541,423	1,494,402	2,284,891	1,208,765	1,503,184
	After distribution	1,756,449	1,793,423	1,698,171	2,425,962	(Note1)	-
Non-current liabilities		75,723	147,309	107,354	78,585	77,483	91,164
Total liabilities	Before distribution	1,832,172	1,688,732	1,601,756	2,363,476	1,286,248	1,594,348
	After distribution	1,832,172	1,940,732	1,805,525	2,504,547	(Note1)	-
The Equity contributed to the owners of Parent Company		937,466	2,341,274	2,414,039	2,494,058	3,025,778	3,178,111
Capital stock	Before distribution	230,000	315,000	315,000	315,000	383,698	383,698
	After distribution	230,000	315,000	315,000	377,698	(Note 1)	-
Capital surplus		603,900	1,614,016	1,614,016	1,614,016	1,661,359	1,661,359
Retained earnings	Before distribution	147,076	535,204	699,244	831,607	1,068,164	1,226,774
	After distribution	147,076	283,204	495,475	627,838	(Note 1)	-
Other equity		(43,510)	(122,946)	(193,419)	(245,763)	(76,973)	(83,250)
Treasury stock		-	-	(20,802)	(20,802)	(10,470)	(10,470)
Non-controlled Equity		-	-	-	-	-	-
Total equity	Before distribution	937,466	2,341,274	2,414,039	2,494,058	3,025,778	3,178,111
	After distribution	937,466	2,089,274	2,210,270	2,352,987	(Note 1)	-

Note1: The distribution of 2022 earnings had yet to be resolved in a shareholder meeting.

Note2: The reviewed consolidated financial statements for the first quarter of 2023.

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

Unit: NT\$ dollar for EPS ; NT\$ thousand for other items

Item \ Year	Financial information for the past five years					Financial information as of March 31, 2023(Note1)
	2018	2019	2020	2021	2022	
Operating revenues	5,769,670	7,358,438	5,389,194	7,418,374	7,429,114	1,461,352
Gross operating profit	883,908	1,276,221	1,169,454	1,084,222	1,263,307	397,272
Other incomes and expenses (net)	-	-	-	-	-	-
Operating gain/loss	334,936	551,958	555,037	408,041	541,720	198,938
Non-Operating revenues and expenditures	9,477	(31,522)	(17,504)	4,600	(7,324)	3,508
Net profit (loss) before tax	344,413	520,436	537,533	412,641	534,396	202,446
Net profit (loss) for the year of continuing operations	263,274	388,128	416,040	336,132	442,041	158,610
Loss from discontinued operations	-	-	-	-	-	-
Net profit (loss) for the year	263,274	388,128	416,040	336,132	442,041	158,610
Other comprehensive income for the year (net after-tax)	(11,365)	(79,436)	(70,473)	(52,344)	216,862	(14,184)
Total amount of comprehensive incomes for the year	251,909	308,692	345,567	283,788	658,903	144,426
Net profit contributed to the owners of Parent Company	263,274	388,128	416,040	336,132	442,041	158,610
Total amount of comprehensive income contributed to the owners of Parent Company	251,909	308,692	345,567	283,788	658,903	144,426
Earnings per share (Note 2)	8.99	11.37	11.04	8.94	11.74	4.21

Note1: The reviewed consolidated financial statements for the first quarter of 2023.

Note2: The retrospective adjustment to weighted average number of ordinary shares outstanding for the years ended December 31, 2018 to 2022 was retrospectively adjusted proportionately to the capitalization of retained earnings for the year ended December 31, 2022.

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

Year	Name of Firm	CPA	Audit Opinions
2018	PwC Taiwan	Man-Yu Juanlu Ya-Hui Lin	Unqualified opinion
2019	PwC Taiwan	Man-Yu Juanlu Ya-Hui Lin	Unqualified opinion
2020	PwC Taiwan	Man-Yu Juanlu Ya-Hui Lin	Unqualified opinion
2021	PwC Taiwan	Man-Yu Juanlu Ya-Hui Lin	Unqualified opinion
2022	PwC Taiwan	Man-Yu Juanlu Ya-Hui Lin	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 as of March 31, 2023(Note 1)
			2018	2019	2020	2021	2022	
Capital Structure (%)	Liabilities to assets ratio (%)		66.15	41.90	39.89	48.66	29.83	33.41
	Long-term funds to property, plant and equipment ratio (%)		161.30	273.89	313.88	331.41	275.74	255.18
Liquidity (%)	Current ratio (%)		120.24	193.66	196.66	164.88	224.90	191.80
	Quick Ratio (%)		72.26	138.25	143.95	96.69	146.91	134.65
	Interest coverage ratio (times)		23.95	20.93	74.31	68.67	57.84	101.52
Operating ability	Accounts receivable turnover rate (times)		7.95	8.58	6.35	7.03	7.38	7.39
	Average days of accounts receivable (days)		46	42	57	52	49	49
	Inventory turnover rate (times)		6.50	7.09	5.14	5.40	4.93	4.72
	Accounts payable turnover rate (times)		6.66	6.26	3.87	4.36	4.96	5.39
	Average days of sales (days)		56	52	71	68	74	77
	Property, plant and equipment turnover rate (times)		9.85	9.58	6.30	9.39	7.81	4.86
	Total asset turnover rate (times)		2.36	2.16	1.34	1.67	1.62	1.29
Profitability	Return on assets (%)		11.25	11.99	10.48	7.69	9.81	14.11
	Return on equity (%)		30.23	23.68	17.50	13.70	16.02	20.45
	Net gains before tax to paid-in capital ratio (%)		149.74	165.22	170.65	131.00	139.28	211.05
	Net gain ratio (%)		4.56	5.27	7.72	4.53	5.95	10.85
	Earnings per share (\$) (Note 2)		8.99	11.37	11.04	8.94	11.74	4.21
Cash flow	Cash flow ratio (%)		11.86	51.98	53.78	(12.32)	72.41	59.69
	Cash flow adequacy ratio (%)		Note 3	Note 3	129.57	63.48	74.88	78.81
	Cash reinvestment ratio (%)		15.41	29.07	19.00	(17.07)	21.70	25.27
Leverage	Operating leverage		2.80	2.80	3.22	4.25	3.93	3.22
	Financial leverage		1.05	1.05	1.01	1.02	1.02	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) Lower Liabilities to assets ratio: Mainly due to the slowdown in market demand and lower stockpile, accounts payable and short-term borrowings both decreased compared with last year.						
		(2) Higher Current ratio: Affected by the decline in demand from end consumers and the decline in the price of international raw cotton yarn, resulting in bank loans, payables and inventories decreased compared with last year.						
		(3) Higher Return on assets and Net gain ratio: Thanks to the decline in raw material prices, increase in unit selling prices and depreciation of the Chinese yuan, gross profit and net profit after tax increased.						
		(4) Higher Cash flow ratio and Cash reinvestment ratio: With inflation weakening consumer demand, there is an inventory surplus problem in the global garment channel, which tightens the demand for suppliers. Thus, reducing the stocking volume, so making funds more abundant than last year.						

Note 1: The reviewed consolidated financial statements for the first quarter of 2023.

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

Unit: NT\$ thousand; %

Accounting Item \ Year	2021	2022	Discrepancy	
			Amount	%
Current assets	3,767,233	2,718,456	(1,048,777)	(27.84)
Property, plant and equipment	776,276	1,125,414	349,138	44.98
Intangible assets	510	406	(104)	(20.39)
Other assets	313,515	467,750	154,235	49.20
Total assets	4,857,534	4,312,026	(545,508)	(11.23)
Current liabilities	2,284,891	1,208,765	(1,076,126)	(47.10)
Non-current liabilities	78,585	77,483	(1,102)	(1.40)
Total liabilities	2,363,476	1,286,248	(1,077,228)	(45.58)
Capital stock	315,000	383,698	68,698	21.81
Capital surplus	1,614,016	1,661,359	47,343	2.93
Retained earnings	831,607	1,068,164	236,557	28.45
Other equity	(245,763)	(76,973)	168,790	(68.68)
Treasury stock	(20,802)	(10,470)	10,332	(49.67)
Non-controlled Equity	-	-	-	-
Total equity	2,494,058	3,025,778	531,720	21.32
Major changes:				
1. The decrease in current assets was mainly the slowdown in market demand and lower stockpile, resulting in a decrease in inventory.				
2. The increase in property, plant and equipment was mainly construction of a factory in Vietnam.				
3. The increase in other assets was mainly from obtaining the right-of-use assets, the land, to build a new factory in Vietnam.				
4. The decrease in current liabilities and total liabilities were the slow market demand and lower stockpile, resulting in a decrease in bank loans and account payables.				
5. The increase in share capital was mainly due to issue new shares from capitalization of retained earnings.				
6. The increase in retained earnings was mainly due to the continuance of operating profit.				
7. An increase in other equity primarily due to translational gains from overseas assets and liabilities denominated in foreign currencies				

Note: Audited consolidated financial statements

II. Individual financial statement

(I) Analysis and comparison of financial performances:

Unit: NT\$ thousand

Item \ Year	2021	2022	Amount in increase (decrease)	Ratio (%) of change
Operating revenues	7,418,374	7,429,114	10,740	0.14
Operating cost	6,334,152	6,165,807	(168,345)	(2.66)
Gross profit	1,084,222	1,263,307	179,085	16.52
Operating expenses	676,181	721,587	45,406	6.72
Other incomes and expenses (net)	-	-	-	-
Net operating income	408,041	541,720	133,679	32.76
Non-Operating revenues and expenditures	4,600	(7,324)	(11,924)	(259.22)
Before tax net profit	412,641	534,396	121,755	29.51
Income Tax Expense	76,509	92,355	15,846	20.71
Net profit (loss) for the year	336,132	442,041	105,909	31.51
Other comprehensive income (Net after-tax)	(52,344)	216,862	269,206	(514.30)
Total amount of comprehensive income	283,788	658,903	375,115	132.18
Net profit contributed to the owners of Parent Company	336,132	442,041	105,909	31.51
Net profit contributed to the owners of Non-controlled Equity	-	-	-	-
Total amount of comprehensive income contributed to the owners of Parent Company	283,788	658,903	375,115	132.18
Total amount of comprehensive income contributed to the owners of Non-controlled Equity	-	-	-	-
Major changes:				
1. The increase in before tax net profit 、net profit (loss) for the year and net profit contributed to the owners of Parent Company: Although affected by the drop in demand from end consumers, the price of international raw material cotton yarn dropped and the sales unit price increased, resulting in an increase in profit.				
2. The increase in other expenses: Impairment loss due to cleaning up related assets such as machinery and equipment.				
3. The decrease in Other comprehensive income (Net after-tax): Mainly due to translational changes from overseas assets and liabilities denominated in foreign currencies.				

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 has not disclosed the financial forecast for 2023, so it does not intend to disclose the expected sales volume.

III. Cash flow:

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

Unit: NT\$ thousand

Item \ Year	2021	2022	Ratio (%) of Increase (decrease)
Cash provided (used) in operating activities	(281,475)	875,278	(410.96)
Cash provided (used) in investment activities	(139,662)	(489,581)	250.55
Cash provided (used) in financing activities	(61,236)	(331,201)	440.86
Analytical descriptions of the increase/decrease ratio:			
(1) The change of net cash flows in operating activities from “used” to “provided” was mainly due to inflation, the demand of end consumers has been reduced, and there is an inventory surplus problem in the global garment channel, which has tightened the demand for suppliers. Last year was abundant.			
(2) The increase in net cash flows used in investing activities was mainly due to construction of factories in Vietnam.			
(3) The increase in net cash flows used in financing activities was mainly due to sufficient funds to repay short-term borrowings from the bank.			

(II) Improvement plan for inadequate turnover:

As we expect to remain profitable in 2023, there is no liquidity concern.

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

Unit: NT\$ thousand

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
907,417	603,420	(354,946)	1,155,891	—	—
Analyses into changes in cash flow in 2023:					
(1) Operating activities: Mainly cash inflows from operating profits, and net changes in accounts receivable, inventories, and accounts payable.					
(2) Investing and financing activities: Mainly used for investment in setting up 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\$75,000, which is expected to be supported by the group’s own funds, bank loans or other methods. This plan is expected to be completed in the second half of 2023. After completion, the release of production capacity will be able to increase the annual production capacity of the Group by approximately 36 million pounds, which can further increase the Company's 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 to these regulations.

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

Unit: NT\$ thousand

Investee	Holdings % direct (indirect)	Recognized gains/losses in 2022	Reason for gains/losses	Improvement measure
Bumper (BVI)	100	40,893	Investment gains/losses recognized by the holding company	N/A
TST(BVI)	100	427,390	Investment gains/losses recognized by the holding company	N/A
THRIVE	100	(18,480)	Investment gains/losses recognized by the holding company	N/A
T-TRON	100	222	Investment gains/losses recognized by the holding company	N/A
Top Star	100	437,643	Good operating status	N/A
Chintex Enterprises Limited	100	26,657	Good operating status	N/A
Guangzhou Runwell Knits Textile	100	(10,805)	China recession	Streamline Spending
TSP	100	(21,927)	The terminal demand is reduced, and the economic scale effect is not reached	Streamlining Costs
Guangzhou Chintex Management Consulting Co., Ltd.	100	7,707	Good operating status	N/A
TST (Vietnam)	100	6,911	Reorganization of the Group's operating structure	N/A
TSP (Vietnam)	100	(6,643)	For the pre-preparatory stage of building of the factory	-
Hubei Zhong sheng Textile Co., Ltd.	35	-	Operation suspended	N/A

(III) Investment plan for the next 12 months:

The plant in Vietnam is under construction, with an investment of US\$75,000 thousand. It is expected to be completed construction and begin production in the second half of 2023.

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 income 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\$1,247 thousand and NT\$4,049 thousand (or 0.02%及 0.05% of sales), respectively, in 2021 and 2022. This suggests limited influence of interest rate changes on the Company's operations. As the Company and its subsidiaries continue to expand its 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 rate, 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 are the exchange gains recognized by the Company and its subsidiaries during the most recent years.

Unit: NT\$ thousand		
	2021	2022
Exchange gains	(8,735)	(4,632)
As a percentage of sales (%)	0.12%	0.06%

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 are highly related to the exchange rates of USD and CNY.

In 2022, central banks around the world raised interest rates to combat inflation. The Fed hiked interest rates multiple times. With the US dollars as the functional currency, the Company recognized exchange gains when issuing dividends in the NT dollars. For exporting of products made in China, we receive payments in the US dollars and bears production costs in RMB. The Fed raised interest rates five times in 2022 but the People's Bank of China maintained a loose monetary policy. The interest rate spread between the U.S. and China was even more favorable to the US dollars.

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 maintain a good relationship with financial institutions to access their insight into 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 position 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 the 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 Investment – 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.R&D of new structures for hoodie fabrics	USD 100,000
	2.R&D of knitted fabrics with moisture wicking function	
	3.Development of multi-functional sports fabrics	
	4.Anti-hair-loss treatment of hoodie fabrics	
	5.Application of low-temperature plasma technology for treatment of knitted fabrics	
	6.Green and highly effective nebulizing and dyeing technology	
Fabric development and improvement	1.Development of high value-added fabrics	USD 200,000
	2.Development of functional fabrics	
Product operation promotion	1.Fabric digitalization and product packaging	USD 130,000
	2.Promotion and marketing on ecommerce platforms	

(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, 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 technological changes (Including information security risks) and industrial evolution 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. In respect of cyber security risks, information technology evolves rapidly, and related cyber-attacks are frequently reported. The relative protection mechanisms established by existing technologies cannot completely prevent them. Follow-up recovery and encryption mechanisms for confidential data are established to reduce the impact of Influence of technological changes (Including information security risks) and industrial evolution on the Company's financials and operations and the proposed responding measures. During the most recent year and as of the print date of this annual report, the Company has not seen any significant impact on its financials or operations due to technological changes (including information security risks) or industry evolution.

- (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 changes in the corporate image.

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

We seek to enter the ready-made garment market in China by acquiring ready-made garment factories and combining our advantages in fabric manufacturing. We plan to deepen efforts in the Chinese domestic market by providing one-stop services.

Pay close attention to changes in China's economy and the global situation, timely adjust the most beneficial strategy for the Company, and the direction of long-term development.

- (VIII) Expected benefits and potential risks of capacity expansions, and the proposed responding measures:

As of the print date of this annual report, the Company has no plan to expand the plant.

- (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:

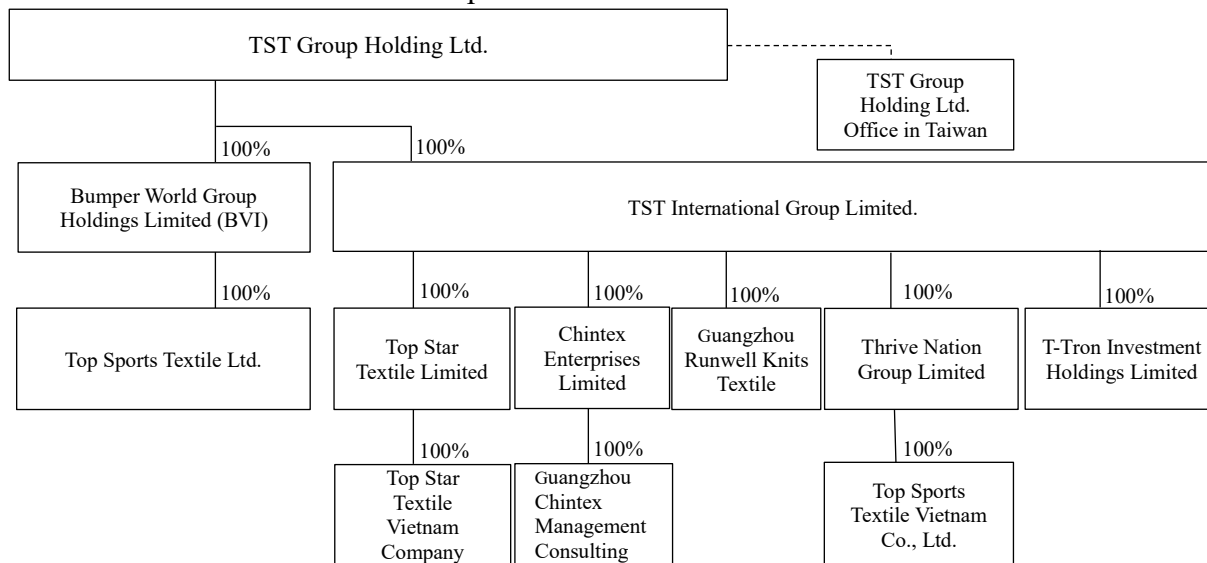
The Company is a holding company registered in the Cayman Islands, with operations in the Cayman Islands, Hong Kong, China, Cambodia, and Vietnam. Any change in the macroeconomy and political environments and volatility of exchange rates for the location of registration and operating activities will 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, 2022: Unit: NT\$ thousand unless otherwise indicated for foreign currencies

Company name	Date of incorporation (yy/mm/dd)	Address	Paid-in Capital	Main Business Line
Bumper World Group Holdings Limited	2010/01/04	Jayla Place, 2nd Floor, P.O Box 216, Road Town, Tortola, British Virgin Islands	689,540	General investment business
TST International Group Limited	2004/07/26	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	631,075	General investment business
T-Tron Investment Holdings Limited	2022/09/07	Room 1301, 13/F, New East Ocean Centre, 9 Science Museum Road, Kowloon, Hong Kong	107,792	General investment business
TOP SPORTS TEXTILE LTD.	2011/04/11	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	2019/06/06	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
Top Sports Textile Vietnam Co., Ltd.	2021/03/27	Lot No. B17.1, Street N11, Thanh Thanh Cong Industrial Zone, An Hoi Quarter, An Hoa Ward, Trang Bang Town, Tay Ninh Province, Vietnam	589,403	Manufacture and production of textiles
Guangzhou Runwell Knits Textile	2010/05/31	Room 2007-2010, No. 140-148, Tiyu E. Rd., Tianhe Dist., Guangzhou City	63,539	Sales of textiles
Chintex Enterprises Limited	2006/07/31	Room 3076, Building B, No. 555 Dongchuan Road, Minhang District, Shanghai	166,034	Sales of textiles
Guangzhou Chintex Management Consulting Co., Ltd.	2018/07/10	Room 1901-1905, 1907-1912, No. 140-148, Tiyu E. Road, Tianhe Dist., Guangzhou City	4,409	Management & consultation services
Hubei Zhongsheng Textile Co., Ltd. (Note 1)	2010/5/28	Hanzheng Industrial Park, Economic Development Zone, Hanchuan City, Hubei Province	16,756	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 Top Sports Textile Vietnam Co., Ltd.

T-Tron Investment Holdings Limited is the holding company of the Company's future garment factory.

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

Chintex Enterprises Limited produces and sells fabrics in China for the Company.

Guangzhou Runwell Knits Textile 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.

Top Sports Textile Vietnam Co., Ltd. is the overseas production base of the Company's cloth.

Guangzhou Chintex 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, 2022: Unit: NT\$ thousand

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	Chin-Mao Lin	-	-
TST International Group Limited	Director and General Manager	Chin-Mao Lin	-	-
Thrive Nation Group Limited	Director and General Manager	Chin-Mao Lin	-	-
T-Tron Investment Holdings Limited	Director	Chin-Mao Lin Hsiang-Ming Hung		
TOP SPORTS TEXTILE LTD.	Director and General Manager	Chin-Mao Lin	-	-
Top Star Textile Limited	Director	Chin-Mao Lin	-	-
	Director and General Manager	Chin-Mao Lin	-	-
Top Star Textile Vietnam Company Limited	General Manager	Yu-Ting Lai	-	-
Top Sports Textile Vietnam Co., Ltd.	Director	Chin-Mao Lin	-	-
Guangzhou Runwell Knits Textile	Director and General Manager	Chiu Yi Kao	-	-
Chintex Enterprises Limited	Director and General Manager	Hsin Yi Hsiao	-	-
Guangzhou Chintex Management Consulting Co., Ltd.	Director and General Manager	Hsin Yi Hsiao	-	-

(VI) Affiliates' Business Operating Highlights

As of December 31, 2022: Unit: NT\$ thousand

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	547,978	0	547,978	0	(100)	(21,464)	(0.93)
TST International Group Limited	209,860	2,476,324	15,072	2,461,252	0	(105)	427,390	61.06
Thrive Nation Group Limited	631,075	617,381	0	617,381	0	(514)	(18,480)	(0.88)
T-Tron Investment Holdings Limited	107,792	108,021	0	108,021	0	(78)	222	0.04
TOP SPORTS TEXTILE LTD.	660,660	1,351,018	819,901	531,117	1,038,182	(3,023)	(21,927)	(1.00)
Top Star Textile Limited	110,097	1,476,313	646,510	829,803	5,896,303	479,964	437,643	14.59
Top Star Textile Vietnam Company Limited	30,040	4,337	10,226	(5,889)	30,326	(10,740)	6,911	Note 1
Top Sports Textile Vietnam Co., Ltd.	589,403	672,723	58,266	614,457	0	(11,613)	(6,643)	Note 1
Chintex Enterprises Limited	166,034	861,392	339,149	522,243	3,348,984	14,592	26,657	Note 1
Guangzhou Runwell Knits Textile	63,539	180,483	88,906	91,577	1,855,965	(11,271)	(10,805)	Note 1
Guangzhou Chintex Management Consulting Co., Ltd.	4,409	71,209	46,374	24,835	105,316	6,363	7,707	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. Matters of material impact on shareholders' equity or securities prices specified in Subparagraph 2 of Paragraph 3 of Article 36 of the Securities and Exchange Act, have occurred during the most recent year and as of the print date of this annual report.: None

VI. Explanation of the differences between the Company's Articles of Association and the provisions on the protection of shareholders' rights of the Republic of China

Upon review of the Company's Amended and Restated Memorandum and Articles of Association (the “**Articles of Association**”), except for the matters described below, the Company has established the relevant regulations to protect the shareholders' rights in accordance with the Checklist of Shareholders' Rights Protection to the extent permitted by the laws of the Cayman Islands. The reasons for the differences between the Company's Articles of Association and the Checklist for the Protection of Shareholders' Rights, the requirements of the country of incorporation, if any, and the effect on the rights of our shareholders are explained as follows.

Matters	Regulations of the Articles of Association	Reasons for Differences and Explanations
<p>1. The company shall not cancel its shares, unless a resolution on capital reduction has been adopted by its shareholders' meeting; and capital reduction shall be effected in proportion to the percentage of shares held by the shareholders.</p> <p>2. The company reducing its capital may return share capital to shareholders by distributing property other than cash; the returned property and the amount of such substitutive capital reduction shall be approved by a prior resolution at the shareholders' meeting and be agreed by the shareholders who are going to receive such property.</p> <p>3. Before the shareholders' meeting, the board of directors shall first have the value of such property and the amount of such substitutive capital reduction set forth in the preceding paragraph audited and certified by a Taiwan certified public accountant.</p>	<p>Article 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>Article 14.1 Subject to the provisions of the Statute, the Applicable Public</p>	<p>1. The Cayman Companies Act has a specific provision (section 14) allowing for a reduction of issued share capital, which requires that such reduction be authorised by the shareholders by way of special resolution and which is further subject to confirmation by the Cayman court.</p> <p>2. Other than pursuant to section 14 of the Cayman Companies Act, the issued share capital of a company may only be cancelled if such shares are repurchased, surrendered or redeemed by the company pursuant to section 37 or 37B of the Cayman Companies Act.</p> <p>3. Section 37 of the Cayman Companies Act provides that a company may purchase its own shares in such manner and upon such terms as may be authorised by the company's articles of association or by a resolution of the shareholders. Other than section 37, the Cayman Companies Act does not include specific provisions (i) requiring repurchases to be effected in proportion to the percentage of the shares held by the shareholders, (ii) setting out the required approvals for distributing property other than cash, or (iii) requiring a valuation of the property to be distributed. Provisions dealing with these requirements should therefore be included in the articles of association of the company.</p> <p>4. Article 10.7 of the Company's Articles of Association differs slightly from the important matters for the shareholders' rights protection listed on the left in that the reduction of issued shares is subject to the</p>

Matters	Regulations of the Articles of Association	Reasons for Differences and Explanations
	<p>Company Rules and the Articles, the Company may by Special Resolution:</p> <p>(a) change its name;</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>procedure of share repurchase for cancellation under the Cayman Companies Act. The Company does not have the right to cancel the shares still held by shareholders. Given this difference, Articles 14.1 and 10.7 of the Company's Articles of Association provide that the procedure for the reduction of the Company's capital shall be by way of share repurchase, which is a consequence of the provisions of the Cayman Companies Act. However, the Company's Articles of Association do not restrict the procedure for reducing the Company's capital.</p>
<p>1. Procedures for the company to enter into stock option agreements with its employees or grant employee stock option certificates.</p> <p>2. Employee stock option certificates are not assignable, except to the heirs of the recipients.</p>	<p>Article 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>The Cayman Companies Act does not include specific provisions dealing with employee share option schemes / warrant schemes. The procedures for issuing employee stock option certificates or warrants and provisions dealing with whether such certificates or warrants are transferable should be dealt with in the employee stock option agreements / warrant agreement. It is noted that although Articles 11.1 to 11.4 of the Company's Articles of Association have been amended in accordance with the important matters for the shareholders' rights protection listed in the left, according to the Cayman law, if a restriction of the transfer of employee stock option certificates needs to be applied, the restriction shall be dealt with in the employee stock option agreements / warrant agreement.</p>

Matters	Regulations of the Articles of Association	Reasons for Differences and Explanations
	<p>Article 11.2 Options, warrants or other similar instruments issued in accordance with Article 11.1 above are not transferable save by inheritance.</p> <p>Article 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 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>Article 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 annual meeting shall be convened at least once every year within six months of the end of the fiscal year. Shareholders' meetings shall be convened by the board of directors.</p> <p>2. The articles of association may specify that shareholders' meetings may be held by video conference or other means announced by the competent authorities of the Company</p>	<p>Article 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>1. Items 1 to 6, 8 and 9 on the left are not different from the Company's Articles of Association.</p> <p>2. Article 16.8 of the Company's Articles of Association differs slightly from Item 7 on the left regarding the important matters for the shareholders' rights protection and is explained as follows.</p> <p>According to the Taiwan Stock Exchange's letter No.</p>

Matters	Regulations of the Articles of Association	Reasons for Differences and Explanations
<p>Act. However, due to natural disasters, events, or other force majeure, the competent authority of the Company Act may announce that a shareholders' meeting may be held by video conference or by its announcement within a period without adding the provisions in the articles of association.</p> <p>3. If a shareholders' meeting is held by video conference, the shareholders who participate in a video conference are deemed to be present in person.</p> <p>4. The conditions, procedures, and other matters to be followed by the Company in connection with the shareholders' meeting by video conference shall be in accordance with the regulations of the R.O.C. related to securities.</p> <p>5. The shareholders' meeting that is held in person shall be held in Taiwan. If a shareholders' meeting in person is held outside Taiwan, it shall be reported to the TSE for approval within two days after the resolution of the board of directors or the approval of the convening from the competent authority acquired by the shareholders.</p> <p>6. Shareholders holding 1% or more of the total issued shares may present to the company a proposal at a shareholders' meeting in written or digital notice. Other than the following situation, proposals proposed by shareholder(s) shall be included in the agenda by the board of directors where: (i) the proposal involves matters which cannot be resolved at a shareholders'</p>	<p>Article 16.3 The Company shall hold an annual general meeting every year.</p> <p>Article 16.4 The general meetings shall be held at such time and place as the Directors shall decide, or by video conference or in any manner prescribed by the Applicable Public Company Rules, provided that unless otherwise provided by the Statute or this Article 16.4, the in-person general meetings shall be held in Taiwan in the event the Company has acquired public company status. For in-person 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 in-person general meeting or within two days after the shareholder(s) obtain(s) the approval from competent authorities to convene the same. In addition, where an in-person general meeting is to be held 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>Article 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>0991701319 dated April 13, 1999: "Note: 2. (3) A foreign issuer shall provide in its articles of association the right of minority shareholders to request the convening of an extraordinary meeting of shareholders, provided that it does not violate the laws of the place of the foreign issuer's incorporation, and the part of the competent authority that permits the convening may be deleted." Therefore, Article 16.8 of the Company's Articles of Association stipulates that "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>

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<p>meeting; (ii) the number of shares held by the shareholder is less than 1% of the total issued shares, (iii) the proposal is raised outside the deadline fixed for accepting such proposal; (iv) the proposal exceeds 300 words or includes more than one proposal. If the proposal is to urge the company to promote public interest or to fulfil its social responsibilities, the Board may include the proposal.</p> <p>7. Shareholders continuously holding 3% or more of the total issued shares for a year or longer may submit a proposal to the board of directors, setting forth the subjects for discussion and reasons, to request convention of a special shareholders' meeting. If the board of directors fails to give a notice for convening a special shareholders' meeting within 15 days of the submission, such shareholders may convene a special meeting after obtaining approval from the competent authorities.</p> <p>8. Shareholders continuously holding 50% or more of the total number of outstanding shares of a company for a period of three months or a longer time may convene an extraordinary shareholders' meeting. The calculation of the holding period and number of shares shall be determined based on the shareholding on the book closing date.</p> <p>9. The following matters shall be specified in the notice for convening a shareholders' meeting and may not be proposed by ad hoc motions; the essential contents may be posted on the website</p>	<p>Article 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>Article 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>Article 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>Article 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>	

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<p>designated by the competent authority in charge of securities affairs or the company, and such website shall be indicated in the notice:</p> <ol style="list-style-type: none"> (1) Election or discharge of directors and supervisors; (2) Amendment to the articles of association; (3) reduction of capital (4) application for the approval of ceasing its status as a public company (5) Winding-up, merger, share swap or spin-off; (6) Entering into, amending or terminating an agreement for leasing its entire business, entrusting its business operation or conduct regularly joint operation with others; (7) Transfer of its business or property in whole or in part; (8) Acceptance of all the business or property from others which will have a significant impact on the company's operations; (9) Private placement of equity-based securities; (10) Waiver of non-competition prohibitions on directors; (11) Distribution of dividends and bonuses in whole or in part by means of issuing new shares; (12) Distribution of legal reserve fund from profit and capital reserve from share premium or gift, by means of issuing new shares or by cash to existing shareholders. 	<p>Article 17.5 Matters pertaining to</p> <ol style="list-style-type: none"> (a) election or discharge of Directors, (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, <p>shall be indicated in the notice of</p>	

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	<p>general meeting, with a summary of the material content to be discussed, and shall not be brought up as an 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>Article 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</p>	

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	<p>fulfil its social responsibilities of the Company, the board of Director may include such proposal(s) in the agenda.</p> <p>Article 18.11 A general meeting may be held via video conference or other methods instructed or demanded by the FSC or TWSE. If a general meeting is held via video conference, a shareholder attends the meeting via video shall be deemed to as attending the meeting in person. If a general meeting is held via video conference, it shall comply with the Applicable Public Company Rules.</p> <p>Article 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 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</p>	

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	(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>1. The Company shall include electronic means as one way to exercise voting rights when holding shareholders' meetings.</p> <p>2. The method for exercising voting right in writing or via electronic transmission shall be specified in the notice for convening the shareholders' meeting. A shareholder exercising his voting rights in writing or via electronic transmission shall be deemed to have attended the shareholders' meeting in person, but shall be deemed to have waived his voting rights in respect of any ad hoc motions and amendments to the original proposals at the shareholders' meeting. If a shareholder exercises his/her/its voting rights in writing or via electronic transmission, his/her/its vote shall be delivered to the company two days prior to the date of the shareholders' meeting; if two or more votes are delivered to the company, the first vote received shall prevail; unless an explicit statement to revoke the previous vote is made with the</p>	<p>Article 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. 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. 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</p>	<p>1. Shareholders may not exercise their voting rights in a shareholder meeting in writing or by way of electronic transmission. They may, however, appoint a proxy to vote their shares at a meeting and such a proxy may be appointed in writing or by way of electronic transmission if the articles of association of the company so provide.</p> <p>2. A shareholder exercising his voting rights by proxy may not be deemed to have attended the shareholder meeting in person.</p> <p>3. The articles of association of the company may be amended to include provisions dealing with delivery of proxies to the company.</p> <p>4. There is no specific statutory provision under the Cayman Companies Act regarding revocation of proxies by a member. Under common law principles, the vote of a member attending in person at a shareholder meeting will always prevail, regardless of any contrary provision in the articles of association of the company. However, the articles of association of the company may include provisions relating to the</p>

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<p>vote which comes later.</p> <p>3. If a shareholder has exercised his/her/its voting rights in writing or via electronic transmission, but then decides to attend the shareholders' meeting in person, such shareholder shall, at least two days prior to the date of the shareholders' meeting, revoke his/her/its vote by the same method which the shareholder had previously used to exercise his/her/its voting rights. In the event the shareholder does not revoke such exercise of voting rights in time, the exercise of voting rights in writing or via electronic transmission shall prevail.</p> <p>4. If a shareholder exercises his/her/its voting rights in writing or via electronic transmission and executes an instrument appointing a proxy to attend a shareholders' meeting on his/her/its behalf, then the voting rights exercised by the proxy shall prevail.</p>	<p>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 calculation of votes in respect of such resolution but shall nevertheless be included in the calculation of quorum for the meeting.</p> <p>Article 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</p>	<p>revocation of proxy otherwise than by the relevant member's attendance at the shareholder meeting in person.</p> <p>5. See paragraph 1 above.</p> <p>6. However, it should be noted that Article 19.6 of the Articles of Association provides that "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." Although Cayman law does not consider a shareholder who exercises their voting rights in this manner to be recognized as physically present at a shareholders' meeting, such shareholder shall be entitled to substantially all the rights of a shareholder who exercises their voting rights in writing or electronically in accordance with the laws of the R.O.C., which shall not affect the rights of the shareholders of the Company.</p>

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	<p>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>Article 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>Article 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 meeting in person or to exercise his/her/its voting power by way</p>	

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	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.	
If a shareholders' meeting is convened or a resolution is passed in violation of any law or regulations or the articles of association, a shareholder may file a petition against the company with the Taipei District Court for revocation of such resolution.	Article 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.	<ol style="list-style-type: none"> 1. It is doubtful whether that provision will be enforceable if it is incorporated into the articles of association of the company, because the courts of the Cayman Islands are unlikely to recognise and enforce foreign judgment which is not a monetary judgment, without any re-examination of merits of the underlying dispute. 2. Article 18.7 of the Company's Articles of Association differs slightly from the important matters for the shareholders' rights protection listed on the left. The important matters for the shareholders' rights protections listed on the left are provisions for the statutory revocation of shareholders' rights of appeal, the legal effect of which cannot be achieved by the provisions of the Articles of Association and requires a legal provision granting shareholders the right of revocation. Although Article 18.7 of the Company's Articles of Association differs slightly from the provisions on the important matters for the shareholders' rights protection and listed on the left, the Company's Articles of Association do not

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		<p>restrict the shareholders' right to file lawsuits or remedies in court if the convening procedure or the resolution method of a shareholders' meeting violates the law or the Articles of Association.</p> <p>It is up to the court (whether in the R.O.C. or the Cayman Islands or any other jurisdictional court) to determine whether the applicable law gives the shareholders the right to dismiss the lawsuit and decide according to its jurisdiction. These differences are due to the nature of the shareholders' right to revoke. However, the Company's Articles of Association do not limit the shareholders' rights to bring actions or remedies in court.</p>
<p>The following resolutions shall be adopted by a majority vote of more than half of the shareholders representing two-thirds or more of the total issued shares at a shareholder's meeting. If the total number of shares represented by the shareholders present at the shareholders' meeting is less than two-thirds of the total issued shares, a resolution may be adopted by a majority vote of two-thirds or more of the attending shareholders who represent more than half of the total issued shares:</p> <p>1. That (i) an agreement for leasing the entire business, entrusting the business or conducting regularly joint operation with others be signed, amended or terminated; (ii) the business or property be transferred in whole or in part; or (iii) all the business or property be acquired from others, which</p>	<p>Article 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>Article 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</p>	<p>1. Section 60 of the Cayman Companies Act provides that a resolution is a "special resolution (a "Special Resolution") when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a Special Resolution has been duly given, except that the articles of association may be amended to specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that any such majority (being not less than two-thirds) may differ as between matters required to be approved by a Special Resolution. Written resolutions signed by all the members entitled to vote for the time being of the company</p>

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<p>will have a significant impact on the company's operations;</p> <p>2. That the articles of association be amended;</p> <p>3. If the amendment of the articles of association may prejudice the rights of preferred shareholders, a resolution adopted by a preferred shareholders' meeting will be required;</p> <p>4. That dividends and bonuses be distributed by means of rights issue in whole or in part;</p> <p>5. That the company be wound up, merged or spun off; and</p> <p>6. Share Swap</p>	<p>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>Article 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>(b) alter or add to these Articles;</p> <p>(d) reduce its share capital and any capital redemption reserve fund; and</p> <p>Article 14.2 Subject to the provisions of the Statute, the Applicable Public Company Rules, the Articles and unless otherwise provided under Article 14.6, the Company shall by a Supermajority Resolution:</p> <p>(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>(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>(g) enter into, amend, or terminate any agreement for lease of the Company's whole business, or for entrusted</p>	<p>may take effect as Special Resolutions if this is authorised by the articles of association of the company. In computing the majority regarding a Special Resolution when a poll is demanded, regard shall be had to the number of votes to which each member is entitled by the articles of association of the company.</p> <p>2. Matters that are subject to the sanction of a Special Resolution under the Cayman Companies Act include, without limitation: (i) alteration or addition to the articles of association of the company (section 24); (ii) alteration or addition to the memorandum with respect to any objects, powers or other matters specified therein (section 10); (iii) voluntary winding up for reasons other than its inability to pay its debts when they fall due (section 90 and section 116); (iv) sanctioning a merger or consolidation (section 233). Matters that require a Special Resolution under the Cayman Companies Act cannot be passed by a lesser majority.</p> <p>3. The Cayman Companies Act does not provide that a specific majority is required for the other matters listed in the first column, but the articles of association may be amended to include such a requirement.</p> <p>Some of the provisions of the Company's Articles of Association differ slightly from the important matters for the protection of shareholders' rights listed on the left, as follows.</p> <p>1. Articles of Association Article 1.1 (1) Articles of Association</p>

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	<p>business, or for frequent joint operation with others; (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;</p> <p>Article 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 (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 (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>Article 1.1 of the Articles of Association stipulates that "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. Matters subject to Special Resolution shall, in accordance with the Cayman Companies Act, include, but not be limited to: (i) amendments or additions to the Articles of Association (Article 24 of the Cayman Companies Act); (ii) amendments or additions to the Memorandum of Association relating to the objects, powers or other matters expressly stated therein (Article 10 of the Cayman Companies Act); (iii) voluntary dissolution for reasons other than the inability to pay its debts as they become due (Articles 90 and 116 of the Cayman Companies Act). (iii) voluntary dissolution for reasons other than the inability to pay its debts as they become due (Articles 90 and 116 of the Cayman Companies Act). (iv) merger or consolidation with another company (Article 233 of the Cayman Companies Act). Moreover, Article 18.1 of the Articles of Association stipulated that "No business shall be transacted at any general meeting unless a quorum is present. Unless otherwise provided in the Statute, the Articles and the Applicable Public Company Rules, Members present in person or by proxy, representing more than one-half of the total</p>

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		<p>outstanding Shares, shall constitute a quorum for any general meeting.” In other words, for a Special Resolution to be made, at least two-thirds of the votes cast by the shareholders present in person or by proxy representing at least one-half of the total number of issued shares of the company must exercise their voting rights and approve it.</p> <p>(2) Reasons for Differences</p> <p>Special Resolutions are required by the Cayman Companies Act, and under the Cayman Companies Act, matters that should be resolved by Special Resolution should be determined by the shareholders by Special Resolution in accordance with the Articles of Association, and no resolution should be made for such matters below the threshold for Special Resolutions under the Cayman Companies Act. Therefore, among the issues prescribed in the Articles of Association as “Special; Resolution” for the important matters for the shareholders' rights protection, the matters that are subject to Special Resolution under the Cayman Companies Act shall remain as “Special Resolution” in the Articles of Association, and the other issues prescribed as “Supermajority Resolution” for the important matters for the shareholders' rights protection shall be added to the Articles of Association.</p> <p>2. Articles of Association Article 14.3.</p> <p>(1) Articles of Association</p> <p>Article 14.3 of the Articles of Association" stipulates that “Subject to the provisions of the Statute, the Articles, and the Applicable Public Company Rules, with regard to the</p>

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		<p>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>(2) Reasons for Difference.</p> <p>Under the Cayman Companies Act, if a company resolves to voluntarily dissolve for reasons other than its inability to pay its debts as they fall due, a Special Resolution is required, whereas in the case of a company resolving to voluntarily dissolve for its inability to pay its debts as they fall due, only an ordinary resolution is required. It is clear from the above that these differences are due to Cayman law. Therefore, the Articles of Association provide for a Supermajority Resolution for “voluntary dissolution of the Company because of its inability to pay its debts as they fall due”, and the matters other than those set forth in Article 14.3(a) are reserved as “Special Resolutions ” under the Cayman Companies Act.</p>
<p>Compensation payable to directors, if not prescribed in the articles of association, shall be determined at a shareholders' meeting and may not be recognized retroactively.</p>	<p>Article 30.1</p> <p>A Director (except for 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</p>	<p>There is no specific statutory provision under the Cayman Companies Act regarding the determination of the remuneration of directors, but the articles of association of the company may be amended to include such provisions.</p> <p>Although the Company's Articles of Association do not provide for the compensation of directors or</p>

Matters	Regulations of the Articles of Association	Reasons for Differences and Explanations
	<p>the board of Directors for discussion and approval.</p> <p>Article 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>Article 32.10 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</p>	<p>stipulate that the shareholders' meeting should agree upon the compensation, the Company's Board of Directors has established a compensation committee in accordance with the meaning of the Ministry of Economic Affairs' Interpretation No. 09302030870 dated March 8, 2004, 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”, so the difference between the Company's Articles of Association and the important matters for the shareholders' rights protection listed in the left should not have adverse effect on the Company's shareholders' rights.</p>

Matters	Regulations of the Articles of Association	Reasons for Differences and Explanations
	<p>position that a member of the compensation committee may 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>Article 32.11 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 32.11 shall mean executive officers as defined by the rules and procedures governing the compensation</p>	

Matters	Regulations of the Articles of Association	Reasons for Differences and Explanations
<p>If a director, in the course of performing his duties, has committed any act resulting in material damages to the company or in serious violation of applicable laws and regulations, but not discharged by a resolution of the shareholders' meeting, the shareholder(s) holding 3% or more of the total number of outstanding shares of the company may, within 30 days after that shareholders' meeting, file a petition with the Taipei District Court for discharging of such director.</p>	<p>committee.</p> <p>Article 28.2</p> <p>In the event of any of the following events having occurred in relation to any Director, the office of such Director shall be vacated automatically:</p> <p>(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, 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>1. There is no specific statutory provision under the Cayman Companies Act which allows minority shareholders to apply to the courts in the Cayman Islands to remove a director.</p> <p>2. In general, the removal procedure is set out in the articles of association of the company and usually approval from shareholders by way of an ordinary resolution is required.</p> <p>3. Based on established case law regarding the remedies of an aggrieved shareholder, the proper plaintiff in an action in respect of a wrong alleged to be done to a company is, prima facie, the company itself, not an individual shareholder or a group of minority shareholders. There are only a few exceptions to this rule, one of which is that where what has been done amounts to a fraud on the minority and the wrongdoers are themselves in control of the company.</p> <p>4. It is doubtful whether that provision will be enforceable if it is incorporated into the articles of association of the company, because the courts of the Cayman Islands are unlikely to recognise and enforce foreign judgment which is not a monetary judgment, without any re-examination of merits of the underlying dispute. A director can be removed according to the procedures set out in the articles of association of the company.</p> <p>Article 28.2(m) of the Company's Articles of Incorporation differs slightly from the provisions listed on the left, as described below.</p> <p>(1) Articles of Association</p>

Matters	Regulations of the Articles of Association	Reasons for Differences and Explanations
		<p>Article 28.2 of the Articles of Association stipulated that “ In the event of any of the following events having occurred in relation to any Director, the office of such Director shall be vacated automatically:(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, 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.” is slightly different from the important matters for shareholders' rights protection listed on the left.</p> <p>(2) Reasons for difference Since the Cayman courts do not recognize and enforce foreign judgments without substantive adjudication of the dispute which is not a monetary judgment Therefore, even if the important</p>

Matters	Regulations of the Articles of Association	Reasons for Differences and Explanations
		<p>matters for the shareholders' rights protection listed on the left is stipulated in the Articles of Association, the judgment of the Taipei District Court on the dismissal of a director may not be recognized and enforced by the Cayman Court. Because of this, we hereby stipulate in the Articles of Association that shareholders should file a complaint with a court of competent jurisdiction. These differences are due to the recognition and enforcement of foreign judgments under Cayman law, and the shareholders may still dismiss the directors in accordance with the Articles of Association.</p>
<ol style="list-style-type: none"> 1. Supervisors shall be elected by the shareholders' meeting, and at least one supervisor must reside in Taiwan. 2. The tenure of a supervisor shall not exceed three years, but he may be eligible for re-election. 3. If all supervisors have been discharged from their office, the board of directors must convene a special shareholders' meeting to elect new supervisors within 60 days. 4. Supervisors shall supervise the business operations of the company and may at any time or from time to time investigate the business and financial conditions of the company, examine, transcribe and copy the accounting books and documents, and request the board of directors or managerial personnel to make reports thereon. 5. Supervisors shall audit the statements and records prepared by the board of directors for submission to the shareholders' meeting and 	<p>Article 32.6</p> <p>Notwithstanding anything to the contrary contained in Articles 32.1 to 32.11, unless otherwise 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 chairman, 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</p>	<p>There is no equivalent concept of "Supervisor" of a company under the Cayman Companies Act and it is not clear what the effect would be of including provisions purporting to create a role of Supervisor in the articles of association of the company.</p> <p>In accordance with the first paragraph of Article 28-4 of Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings, "A foreign issuer shall establish an audit committee". The Company has already established an audit committee consisting of all independent directors (Article 32.6 of the Articles of Association), so there is no need to establish supervisors.</p>

Matters	Regulations of the Articles of Association	Reasons for Differences and Explanations
<p>shall report their findings and opinions at the shareholders' meeting.</p> <p>6. Supervisors may appoint, on behalf of the company, certified public accountants and legal counsels to assist on the performance of duties.</p> <p>7. Supervisors may attend the board meetings and express their opinions. If the board of directors or any director, in the course of performing his duties, commits any act in violation of applicable laws, regulations, the articles of association or resolutions of the shareholders' meeting, supervisors shall notify the board of directors or a director to cease such act.</p> <p>8. Supervisors may independently and individually exercise their supervision power.</p> <p>9. Supervisors shall not be concurrently a director, a managerial officer or employee of the company.</p>	<p>committee in accordance with these Articles and the Applicable Public Company Rules.</p>	
<p>1. One or more shareholders continuously holding 13% or more of the total issued shares for six months a year or longer may request, in written, the supervisors to file a petition with the Taipei District Court against the directors for and on behalf of the Company.</p> <p>2. If the supervisors fail to file a petition within thirty days after the shareholders' request, such shareholders may file a petition with the Taipei District Court for and on behalf of the Company.</p> <p>3. The supervisors or independent directors of the audit committee may convene a general meeting in the event that the board of directors fails</p>	<p>Article 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. There is no equivalent concept of "Supervisor" of a company under the Cayman Companies Act and it is not clear what the effect would be of including provisions purporting to create a role of Supervisor in the articles of association of the company.</p> <p>2. Based on established case law regarding the remedies of an aggrieved shareholder, the proper plaintiff in an action in respect of a wrong alleged to be done to a company is, prima facie, the company itself, not an individual shareholder or a group of minority shareholders. There are only a few exceptions to this rule, one of which is that where</p>

Matters	Regulations of the Articles of Association	Reasons for Differences and Explanations
or cannot convene a general meeting, or for the benefit of the company when necessary.		<p>what has been done amounts to a fraud on the minority and the wrongdoers are themselves in control of the company.</p> <p>3. It is doubtful whether that provision will be enforceable if it is incorporated into the articles of association of the company, because the courts of the Cayman Islands are unlikely to recognise and enforce foreign judgment which is not a monetary judgment, without any re-examination of merits of the underlying dispute.</p>
If a director or a supervisor (if applicable) of the company pledges more than 50% of the shares being held by him/her/it at the time when he/she/it was elected ("Original Shares"), (i) the voting rights associated with the pledged shares that are in excess of 50% of the Original Shares will be prohibited from being exercised; and (ii) the pledged shares for which voting right cannot be exercised as described above shall not be counted towards the number of votes of shareholders present at a shareholders' meeting.	<p>Article 24.3</p> <p>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 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.</p>	<p>There is no statutory provision under the Cayman Companies Act which provides that shares held by the company's directors shall have no voting rights, but the articles of association of the company can be amended to include such a provision. In accordance with the first paragraph of Article 28-4 of the Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings, "A foreign issuer shall establish an audit committee." The Company has already established an audit committee consisting of all independent directors, and there is no need to establish supervisors. Therefore, the provisions in the Articles of Association do not include the provisions related to supervisors.</p>
Where a juristic person acts as a shareholder of a company, its authorized representative may also be elected as a director or supervisor of the company. If there is a plural number of such authorized representatives, each of them may be so elected, but such authorized representatives may not concurrently be selected or serve as the director or	<p>Article 27.4</p> <p>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.</p>	<p>1. There is no specific statutory provision under the Cayman Companies Act regarding the election of the authorised representative(s) of a corporate shareholder as a director, but the articles of association may be amended to include such provisions.</p> <p>2. There is no equivalent concept of "Supervisor" of a</p>

Matters	Regulations of the Articles of Association	Reasons for Differences and Explanations
supervisor of the company.		<p>company under the Cayman Companies Act and it is not clear what the effect would be of including provisions purporting to create a role of Supervisor in the articles of association of the company.</p> <p>3. In accordance with the second paragraph of Article 28-4 of the Guidelines Governing the Listing of Marketable Securities on the Taiwan Stock Exchange, "A foreign issuer shall establish an audit committee." The Company has already established an audit committee consisting of all independent directors, and there is no need to establish supervisors. Therefore, the provisions in the Articles of Association do not include the provisions related to supervisors.</p>
<p>1. The director of company shall faithfully carry out their duties with care in conducting the business operation of the company; and if he/she/it has acted contrary to the above, shall be liable for the damages to be sustained by the company therefrom. In case such action is made for himself/herself/itself or on behalf of another person in violation of the provisions above, the meeting of shareholders may, by a resolution, consider the earnings in such an act as earnings of the company.</p> <p>2. If the director of company has, in the course of conducting the business operations, violated any provision of the applicable laws and/or regulations and</p>	<p>Article 26.5</p> <p>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 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</p>	<p>1. There is no specific statutory provision under the Cayman Companies Act regarding directors' duties. Under common law principles, a director of a company owes to the company (a) fiduciary duties of loyalty, honesty and good faith and (b) duties of care, diligence and skill. The company may make a claim against a director which has breached such duties. In addition, if a director breaches his duties by making a secret profit, the company may seek for an account of those profits from the director.</p> <p>2. Under common law principles, a director in the course of conducting the business operations of the company is acting on behalf of the company, and his</p>

Matters	Regulations of the Articles of Association	Reasons for Differences and Explanations
<p>thus caused damage to any other person, he/she/it shall be liable, jointly and severally with the company, for the damage to such other person.</p> <p>3. The managerial officer or supervisor of company acting within the scope of their duties, shall be in the same position with the director of the company.</p>	<p>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>actions would be considered actions of the company. If such action causes damage to any third party, the company, and not the director, will be liable to the third for such action. A third party seeking to recover his loss will not be able to rely on an equivalent provision in the articles of association of the company and impose liability on the director, as a third party who is not a shareholder cannot enforce the provisions of the articles of association. Where the company is liable to the third party and if this was caused by a breach of duty by a director, the company can seek to be indemnified by the director for such loss.</p> <p>3. Managers generally do not have fiduciary duties to the company. Amending the articles of association of the company to include such a provision would not be enforceable against the manager as the manager is not a party to the articles of association. Such duties will need to be imposed on the manager contractually.</p> <p>4. With respect to Article 26.5 of the Articles of Association, if a director's breach of their duty of loyalty to the Company's business causes damage to another person, the person does not necessarily have a basis for the claim right against the director under the Cayman law or directly claim for compensation, even if it is stipulated in the Articles of Association that the director shall be jointly and severally</p>

Matters	Regulations of the Articles of Association	Reasons for Differences and Explanations
		<p>liable for compensation with the Company, such basis for the claim right cannot be established.</p> <p>5. In addition, although Article 26.5 of the Articles of Association provides that such obligation shall also apply to the manager, it shall be contractually binding on the manager under Cayman law. Accordingly, the Company and the manager shall enter into a specific contractual agreement to give effect to the manager's obligations concerning the important matters for the shareholders' rights protection hereunder.</p>

Audit Committee's Review Report

The Board of Directors prepares and submits the 2022 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 2023 Annual General Shareholders' Meeting of TST Group Holding Ltd.

TST Group Holding Ltd.

Audit Committee Convener: LIU, HENG-YIH

March 22, 2023

**TST GROUP HOLDING LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2022 AND 2021**

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, 2022 AND 2021 CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
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INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR22000252

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, 2022 and 2021, 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, 2022 and 2021, 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 that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of the most significance in our audit of the Group's 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2022 consolidated financial statements 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, 2022, the balances of inventories and allowance for inventory valuation losses were NT\$984,081 thousand and NT\$41,394 thousand, respectively.

The Group is primarily engaged in the manufacturing and sales of cotton fabric 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 or net realisable value. For inventory that is over a certain age, the loss is recognised based on the net 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, checked the related supporting documents and verified with the data obtained from observing the annual physical count of inventory.
3. Inspected and tested the preparation logic and the basis of market value used in the net realisable value report 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 that came into effect 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 the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and 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 auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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 auditors' 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 22, 2023

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets			December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 907,417	21	\$ 740,504	15
1150	Notes receivable, net	6(3)	87,804	2	202,085	4
1170	Accounts receivable, net	6(3)	619,428	14	1,103,868	23
1200	Other receivables	6(4)	92,370	2	112,117	3
130X	Inventory	6(5)	942,687	22	1,557,951	32
1470	Other current assets	6(1) and 8	68,750	2	50,708	1
11XX	Total current assets		2,718,456	63	3,767,233	78
Non-current assets						
1600	Property, plant and equipment	6(6)	1,125,414	26	776,276	16
1755	Right-of-use assets	6(7)	425,874	10	269,127	5
1780	Intangible assets		406	-	510	-
1840	Deferred tax assets	6(24)	10,960	-	8,215	-
1900	Other non-current assets		30,916	1	36,173	1
15XX	Total non-current assets		1,593,570	37	1,090,301	22
1XXX	Total assets		\$ 4,312,026	100	\$ 4,857,534	100

(Continued)

TST GROUP HOLDING LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Liabilities						
Current liabilities						
2100	Short-term borrowings	6(9)	\$ 46,902	1	\$ 216,881	4
2150	Notes payable		64,464	1	487,372	10
2170	Accounts payable		647,474	15	1,159,044	24
2180	Accounts payable to related parties	7	-	-	125,611	3
2200	Other payables	6(10)	292,933	7	223,287	5
2220	Other payables to related parties	7	2,198	-	1,018	-
2230	Current income tax liabilities		80,436	2	44,623	1
2280	Current lease liabilities		24,381	1	19,366	-
2320	Long-term liabilities, current portion	6(11)	68	-	245	-
2399	Other current liabilities	6(17)	49,909	1	7,444	-
21XX	Total current liabilities		1,208,765	28	2,284,891	47
Non-current liabilities						
2540	Long-term borrowings	6(11)	-	-	61	-
2570	Deferred income tax liabilities	6(24)	15,874	-	14,304	-
2580	Non-current lease liabilities		61,136	2	63,794	2
2600	Net defined benefit liability - non-current		473	-	426	-
25XX	Total non-current liabilities		77,483	2	78,585	2
2XXX	Total liabilities		1,286,248	30	2,363,476	49
Equity						
	Share capital	6(14)				
3110	Share capital - common stock		383,698	9	315,000	6
	Capital surplus	6(15)				
3200	Capital surplus		1,661,359	38	1,614,016	33
	Retained earnings	6(16)				
3320	Special reserve		245,763	6	193,419	4
3350	Unappropriated retained earnings		822,401	19	638,188	13
	Other equity interest					
3400	Other equity interest		(76,973)	(2)	(245,763)	(5)
3500	Treasury shares	6(14)	(10,470)	-	(20,802)	-
3XXX	Total equity		3,025,778	70	2,494,058	51
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant event after the balance sheet date	11				
3X2X	Total liabilities and equity		\$ 4,312,026	100	\$ 4,857,534	100

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

TST GROUP HOLDING LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

			Year ended December 31			
			2022		2021	
Items	Notes		AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(17)	\$ 7,429,114	100	\$ 7,418,374	100
5000	Operating costs	6(5)(22)(23) and 7	(6,165,807)	(83)	(6,334,152)	(85)
5900	Net operating margin		1,263,307	17	1,084,222	15
5950	Net operating margin		1,263,307	17	1,084,222	15
	Operating expenses	6(12)(22)(23)				
6100	Selling expenses		(145,970)	(2)	(184,933)	(2)
6200	General and administrative expenses		(559,110)	(8)	(488,947)	(7)
6300	Research and development expenses		(14,744)	-	(11,074)	-
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9		(1,763)	-	8,773	-
6000	Total operating expenses		(721,587)	(10)	(676,181)	(9)
6900	Operating profit		541,720	7	408,041	6
	Non-operating income and expenses					
7100	Interest income	6(18)	7,534	-	7,039	-
7010	Other income	6(19)	30,149	-	18,094	-
7020	Other gains and losses	6(20)	(35,606)	-	(14,435)	-
7050	Finance costs	6(21)	(9,401)	-	(6,098)	-
7000	Total non-operating income and expenses		(7,324)	-	4,600	-
7900	Profit before income tax		534,396	7	412,641	6
7950	Income tax expense	6(24)	(92,355)	(1)	(76,509)	(1)
8000	Profit for the year from continuing operations		442,041	6	336,132	5
8200	Profit for the year		\$ 442,041	6	\$ 336,132	5
	Other comprehensive income					
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation of foreign financial statements		\$ 216,862	3	(\$ 52,344)	(1)
8360	Other comprehensive income (loss) that will be reclassified to profit or loss		216,862	3	(52,344)	(1)
8300	Other comprehensive income for the year		\$ 216,862	3	(\$ 52,344)	(1)
8500	Total comprehensive income for the year		\$ 658,903	9	\$ 283,788	4
	Profit attributable to:					
8610	Owners of the parent		\$ 442,041	6	\$ 336,132	5
	Comprehensive income attributable to:					
8710	Owners of the parent		\$ 658,903	9	\$ 283,788	4
	Basic earnings per share	6(25)				
9750	Basic earnings per share		\$ 11.74		\$ 8.94	
	Diluted earnings per share	6(25)				
9850	Diluted earnings per share		\$ 11.72		\$ 8.93	

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Notes	Equity attributable to owners of the parent								
	Capital Reserves			Retained Earnings		Other equity interest			Total equity
	Share capital - common stock	Capital surplus, additional paid-in capital	Capital Surplus, restricted stock	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Other equity, others	Treasury shares	
<u>2021</u>									
Balance at January 1, 2021	\$ 315,000	\$ 1,614,016	\$ -	\$ 122,946	\$ 576,298	(\$ 193,419)	\$ -	(\$ 20,802)	\$ 2,414,039
Profit	-	-	-	-	336,132	-	-	-	336,132
Other comprehensive loss	-	-	-	-	-	(52,344)	-	-	(52,344)
Total comprehensive income (loss)	-	-	-	-	336,132	(52,344)	-	-	283,788
Appropriation of earnings	6(16)								
Special reserve	-	-	-	70,473	(70,473)	-	-	-	-
Cash dividends	-	-	-	-	(203,769)	-	-	-	(203,769)
Balance at December 31, 2021	\$ 315,000	\$ 1,614,016	\$ -	\$ 193,419	\$ 638,188	(\$ 245,763)	\$ -	(\$ 20,802)	\$ 2,494,058
<u>2022</u>									
Balance at January 1, 2022	\$ 315,000	\$ 1,614,016	\$ -	\$ 193,419	\$ 638,188	(\$ 245,763)	\$ -	(\$ 20,802)	\$ 2,494,058
Profit	-	-	-	-	442,041	-	-	-	442,041
Other comprehensive income	-	-	-	-	-	216,862	-	-	216,862
Total comprehensive income (loss)	-	-	-	-	442,041	216,862	-	-	658,903
Appropriation of earnings	6(16)								
Special reserve	-	-	-	52,344	(52,344)	-	-	-	-
Cash dividends	-	-	-	-	(141,071)	-	-	-	(141,071)
Stock dividends of ordinary share	6(14)	62,698	-	-	(62,698)	-	-	-	-
Treasury shares sold to employees	6(13)(14)	-	-	-	(1,715)	-	-	10,332	8,617
Issuance of employee restricted stock	6(13)(14)	6,000	47,343	-	-	-	(53,343)	-	-
Compensation cost of share-based payment		-	-	-	-	-	5,271	-	5,271
Balance at December 31, 2022	\$ 383,698	\$ 1,614,016	\$ 47,343	\$ 245,763	\$ 822,401	(\$ 28,901)	(\$ 48,072)	(\$ 10,470)	\$ 3,025,778

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, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 534,396	\$ 412,641
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(22)	155,492	131,044
Amortization	6(22)	112	70
Expected credit loss (gain)	12(2)	1,763	(8,773)
Interest income	6(18)	(7,534)	(7,039)
Interest expense	6(21)	9,401	6,098
Compensation cost of share-based payment	6(13)	5,271	-
Loss on disposal of property, plant and equipment	6(20)	6,268	721
Impairment loss	6(20)	18,090	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		114,281	(161,171)
Accounts receivable, net		482,677	(330,101)
Other receivables		19,747	(64,208)
Inventory		615,264	(770,319)
Other current assets		(15,374)	(4,700)
Changes in operating liabilities			
Notes payable		(422,908)	231,862
Accounts payable to related parties		(125,611)	125,611
Accounts payable		(511,570)	281,419
Other payable to related parties		1,180	110
Other payables		17,411	(23,414)
Other current liabilities		42,465	6,109
Cash inflow (outflow) generated from operations		940,821	(174,040)
Interest received		7,534	7,039
Interest paid		(9,401)	(6,098)
Income taxes paid		(63,676)	(108,376)
Net cash flows from (used in) operating activities		875,278	(281,475)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
(Increase) decrease in other financial assets		(2,668)	834
Acquisition of property, plant and equipment	6(26)	(350,259)	(103,716)
Proceeds from disposal of property, plant and equipment		2,206	3,581
Decrease in refundable deposits		663	3,192
Acquisition of intangible assets		-	(399)
Acquisition of right-of-use assets	6(26)	(144,117)	(39,627)
Decrease (increase) in other non-current assets		4,594	(3,527)
Net cash flows used in investing activities		(489,581)	(139,662)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term loans		(169,979)	172,406
Repayments of long-term debt		(238)	(7,381)
Increase (decrease) in guarantee deposits received		47	(13)
Payments of lease liabilities		(28,577)	(22,479)
Cash dividends paid	6(16)	(141,071)	(203,769)
Treasury shares sold to employees		8,617	-
Net cash flows used in financing activities		(331,201)	(61,236)
Effect of foreign exchange translations		112,417	(27,674)
Net increase (decrease) in cash and cash equivalents		166,913	(510,047)
Cash and cash equivalents at beginning of year		740,504	1,250,551
Cash and cash equivalents at end of year		\$ 907,417	\$ 740,504

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, 2022 AND 2021

(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 stocks of the Company were officially listed on the Taiwan Stock Exchange (“TWSE”) on 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 22, 2023.

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”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

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

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

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

(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 2023 are as follows:

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

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 that came into effect 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 IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group 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, 2022	December 31, 2021	
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%	100%	
TST	T-TRON INVESTMENT HOLDINGS LIMITED (T-TRON)	Holding company	100%	0%	Note
TST	TOP STAR TEXTILE LIMITED (Top Star)	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	TOP STAR TEXTILE VIEINAM COMPANY LIMITED (TST Vietnam)	Manufacturing company	100%	100%	
THRIVE	Top Sports Textile Vietnam Co., Ltd. (TSP Vietnam)	Manufacturing company	100%	100%	

Note : The Group acquired 100% control in T-TRON on September 7, 2022.

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=NTD 29.8044 and USD1=NTD 28.0088 for the years ended December 31, 2022 and 2021, respectively. The closing exchange rates as of December 31, 2022 and 2021 were USD1=NTD 30.710 and USD1=NTD 27.680, 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. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(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

- A. 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.

B. Restricted stocks:

- (a) Restricted stocks issued to employees 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.
- (b) For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Group recognises the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.
- (c) For restricted stocks where employees do not need to pay to acquire those stocks, if the Group will pay the employees who resign during the vesting period to repurchase the stocks, the Group estimates such payments that will be made and recognises such amounts as compensation cost and liability at the grant date, in accordance with the terms of restricted stocks.

(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 according to 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 shares that have 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. Due to the rapid technology innovation, 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, 2022 are provided in Note 6(5).

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and revolving funds	\$ 936	\$ 706
Checking accounts and demand deposits	502,337	739,798
Time deposits	430,627	23,815
	<u>933,900</u>	<u>764,319</u>
Restricted and transferred to other current assets	(26,483)	(23,815)
	<u>\$ 907,417</u>	<u>\$ 740,504</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, 2022</u>	<u>December 31, 2021</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	\$ 25,293	\$ 22,797
Valuation adjustments	(25,293)	(22,797)
	<u>\$ -</u>	<u>\$ -</u>

(3) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	\$ 87,804	\$ 202,085
Accounts receivable	\$ 622,614	\$ 1,105,145
Less: Allowance for bad debts	(3,186)	(1,277)
	<u>\$ 619,428</u>	<u>\$ 1,103,868</u>

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

	December 31, 2022		December 31, 2021	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 544,337	\$ 87,804	\$ 1,029,324	\$ 202,085
Up to 30 days	76,459	-	71,786	-
31 to 60 days	671	-	3,795	-
61 to 90 days	53	-	-	-
Over 90 days	1,094	-	240	-
	<u>\$ 622,614</u>	<u>\$ 87,804</u>	<u>\$ 1,105,145</u>	<u>\$ 202,085</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2022 and 2021, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2021, the balance of accounts receivable (including notes receivable) from contracts with customers amounted to \$816,095.
- C. As at December 31, 2022 and 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was \$87,804 and \$202,085, \$619,428 and \$1,103,868, respectively.
- D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(4) Other receivables

	December 31, 2022	December 31, 2021
Tax refund receivable	\$ 91,854	\$ 110,320
Others	516	1,797
	<u>\$ 92,370</u>	<u>\$ 112,117</u>

(5) Inventories

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 396,127	(\$ 10,167)	\$ 385,960
Work in progress	418,572	(21,493)	397,079
Finished goods	169,382	(9,734)	159,648
	<u>\$ 984,081</u>	<u>(\$ 41,394)</u>	<u>\$ 942,687</u>

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 578,624	(\$ 6,911)	\$ 571,713
Work in progress	655,266	(16,531)	638,735
Finished goods	355,947	(8,444)	347,503
	<u>\$ 1,589,837</u>	<u>(\$ 31,886)</u>	<u>\$ 1,557,951</u>

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2022	2021
Cost of goods sold	\$ 6,150,920	\$ 6,332,041
Loss on decline in (gain on reversal of) market value (Note)	7,574 (2,877)
Others	7,313	4,988
	<u>\$ 6,165,807</u>	<u>\$ 6,334,152</u>

Note: Gain on reversal of decline in market value arose from inventory clearance.

(6) Property, plant and equipment

2022

	Unfinished construction and equipment under						
	Buildings and structures	Machinery	Office equipment	Transportation equipment	Other equipment	acceptance	Total
At January 1							
Cost	\$ 271,672	\$ 955,454	\$ 15,938	\$ 36,560	\$ 18,646	\$ 26,008	\$ 1,324,278
Accumulated depreciation and impairment	(62,077)	(437,616)	(9,294)	(33,652)	(5,363)	-	(548,002)
	<u>\$ 209,595</u>	<u>\$ 517,838</u>	<u>\$ 6,644</u>	<u>\$ 2,908</u>	<u>\$ 13,283</u>	<u>\$ 26,008</u>	<u>\$ 776,276</u>
At January 1	\$ 209,595	\$ 517,838	\$ 6,644	\$ 2,908	\$ 13,283	\$ 26,008	\$ 776,276
Additions	26,733	103,136	6,946	3,290	15,331	247,058	402,494
Disposals	-	(6,082)	(32)	(274)	(2,086)	-	(8,474)
Reclassifications	8,901	8,251	215	-	-	(17,471)	(104)
Depreciation charge	(17,369)	(95,646)	(2,134)	(1,331)	(3,690)	-	(120,170)
Impairment loss	-	(14,072)	-	-	-	-	(14,072)
Effect of foreign exchange	23,436	56,179	615	259	1,031	7,944	89,464
At December 31	<u>\$ 251,296</u>	<u>\$ 569,604</u>	<u>\$ 12,254</u>	<u>\$ 4,852</u>	<u>\$ 23,869</u>	<u>\$ 263,539</u>	<u>\$ 1,125,414</u>
At December 31							
Cost	\$ 348,972	\$ 1,135,092	\$ 24,083	\$ 39,676	\$ 31,758	\$ 263,539	\$ 1,843,120
Accumulated depreciation and impairment	(97,676)	(565,488)	(11,829)	(34,824)	(7,889)	-	(717,706)
	<u>\$ 251,296</u>	<u>\$ 569,604</u>	<u>\$ 12,254</u>	<u>\$ 4,852</u>	<u>\$ 23,869</u>	<u>\$ 263,539</u>	<u>\$ 1,125,414</u>

2021

	Buildings and structures	Machinery	Office equipment	Transportation equipment	Other equipment	Unfinished construction and equipment under acceptance	Total
At January 1							
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>
At January 1	\$ 208,367	\$ 543,307	\$ 8,906	\$ 5,270	\$ 12,880	\$ 24,559	\$ 803,289
Additions	18,069	48,138	278	-	7,314	29,969	103,768
Disposals	- (392)	(280)	(107)	(3,523)	- (4,302)
Reclassifications	1,683	24,770	-	-	- (27,871)	(1,418)
Depreciation charge	(12,616)	(83,008)	(2,088)	(2,168)	(3,154)	- (103,034)
Effect of foreign exchange	(5,908)	(14,977)	(172)	(87)	(234)	(649)	(22,027)
At December 31	<u>\$ 209,595</u>	<u>\$ 517,838</u>	<u>\$ 6,644</u>	<u>\$ 2,908</u>	<u>\$ 13,283</u>	<u>\$ 26,008</u>	<u>\$ 776,276</u>
At December 31							
Cost	\$ 271,672	\$ 955,454	\$ 15,938	\$ 36,560	\$ 18,646	\$ 26,008	\$ 1,324,278
Accumulated depreciation and impairment	(62,077)	(437,616)	(9,294)	(33,652)	(5,363)	-	(548,002)
	<u>\$ 209,595</u>	<u>\$ 517,838</u>	<u>\$ 6,644</u>	<u>\$ 2,908</u>	<u>\$ 13,283</u>	<u>\$ 26,008</u>	<u>\$ 776,276</u>

(7) Leasing arrangements - lessee

A. The Group leases various assets including land and buildings. Rental contracts are typically made for periods of 1 to 38 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, 2022</u>	<u>December 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 365,821	\$ 211,303
Buildings	60,053	57,824
	<u>\$ 425,874</u>	<u>\$ 269,127</u>
	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 9,425	\$ 6,297
Buildings	25,897	21,713
	<u>\$ 35,322</u>	<u>\$ 28,010</u>

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

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
<u>Items affecting profit or loss</u>	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Interest expense on lease liabilities	\$ 5,352	\$ 4,851
Expense on short-term lease contracts	3,899	7,104
Impairment loss	4,018	-

E. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$210,318 and \$218,150, respectively.

F. For the years ended December 31, 2022 and 2021, the Group's total cash outflow for leases were \$37,828 and \$34,434, respectively.

(8) Impairment loss on non-financial assets

A. The Group recognized impairment loss for the years ended December 31, 2022 and 2021 were \$18,090 and \$0, respectively. Details of such loss are as follows:

	<u>Year ended December 31, 2022</u>	
	<u>Recognised in profit or loss</u>	<u>Recognised in other comprehensive income</u>
Impairment loss — machinery	\$ 14,072	\$ -
Impairment loss — right-of-use assets	4,018	-
	<u>\$ 18,090</u>	<u>\$ -</u>

	Year ended December 31, 2021	
	Recognised in profit or loss	Recognised in other comprehensive income
Impairment loss — machinery	\$ -	\$ -
Impairment loss — right-of-use assets	-	-
	<u>\$ -</u>	<u>\$ -</u>

B. The impairment loss reported by operating segments is as follows:

	Year ended December 31, 2022	
	Recognised in profit or loss	Recognised in other comprehensive income
Vietnam	\$ 18,090	\$ -

	Year ended December 31, 2021	
	Recognised in profit or loss	Recognised in other comprehensive income
Vietnam	\$ -	\$ -

C. In 2022, the Group's Vietnam factory prepared to discontinue its operations and had no plan to restart production, resulting in the impairment of its machinery and equipment and right-of-use assets. Accordingly, for the year ended December 31, 2022, the Group recognised impairment loss on machinery and equipment and right-of-use assets in the amount of \$18,090 which is equivalent to the carrying amount of such assets.

(9) Short-term borrowings

Type of Borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 46,902</u>	4.24%~5.74%	-

Type of Borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 216,881</u>	1.05%~1.75%	-

(10) Other payables

	December 31, 2022	December 31, 2021
Salary and bonus payable	\$ 154,149	\$ 129,434
Plant construction payable	56,953	-
Machinery and equipment payable	11,325	16,043
Others	70,506	77,810
	<u>\$ 292,933</u>	<u>\$ 223,287</u>

(11) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	December 31, 2022
Long-term bank borrowings			
Hang Seng Bank unsecured borrowings	Borrowing period is from March 15, 2018 to March 14, 2023; interest is payable monthly	LIBOR +2.00%	\$ 68
Less: Current portion			(68)
			<u>\$ -</u>

Type of borrowings	Borrowing period and repayment term	Interest rate range	December 31, 2021
Long-term bank borrowings			
Hang Seng Bank unsecured borrowings	Borrowing period is from March 15, 2018 to March 14, 2023; interest is payable monthly	LIBOR +2.00%	\$ 306
Less: Current portion			(245)
			<u>\$ 61</u>

Information about the long-term borrowings that were pledged to others as collateral is provided in Note 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, 2022 and 2021 was 14%~16% 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, 2022 and 2021 were \$21,004 and \$17,352, respectively.

(13) Share-based payment

A. For the year ended December 31, 2022, the Group's share-based payment arrangements were as follows:

(a) Treasury stock transferred to employees

Type of arrangement	Grant date	Quantity granted (thousand shares)	Contract period	Vesting conditions
Treasury stock transferred to employees	2022.08.17	151	-	Note

Note: For the full-time employees of the Company and domestic and foreign subsidiaries who have been employed before the record date or have made special contributions to the Company and were approved by the chairman of the Board of Directors, the actual specific subscription qualifications and subscription quantities are determined by the Board of Directors.

(b) Restricted stocks to employees

Type of arrangement	Grant date	Quantity granted (thousand shares)	Contract period	Vesting conditions
Restricted stocks to employees	2022.11.09	600	3 years	3 years service

The restricted stocks issued by the Group cannot be sold, pledged, transferred, donated, set, or disposed in any other method during the vesting period, but voting right and dividend right are not restricted on these stocks. Employees are required to return the stocks but not required to return the dividends received if they resign during the vesting period.

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

B. On August 17, 2022, the Board of Directors resolved to transfer 151,000 repurchased treasury shares to the employees who meet the Company's regulations on repurchased shares transferred to employees with a transfer price of NT\$114.89 (in dollars) per share. As of December 31, 2022, 75,000 shares had been transferred.

C. The fair value of stock options granted is measured using the Black-Scholes model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Strike price (in dollars)	Expected price volatility	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Restricted stocks to employees	After 1 year of service	\$ 102.5	\$ -	14.26%	\$ -	1.2437%	\$ 98.25
Restricted stocks to employees	After 2 years of service	\$ 102.5	\$ -	31.06%	\$ -	1.3252%	\$ 94.18
Restricted stocks to employees	After 3 years of service	\$ 102.5	\$ -	40.33%	\$ -	1.4412%	\$ 90.28

D. Expense incurred on share-based payment transactions is shown below:

	2022	2021
Equity-settled	\$ 5,271	\$ -

E. December 31, 2021: None.

(14) Share capital

A. As of December 31, 2022, the Company's authorised capital was \$600,000, consisting of 60,000 thousand shares of ordinary stock and the paid-in capital was \$383,698 with a par value of NT\$10 (in dollars) per share.

Movements in the number of the Company's ordinary shares outstanding (shares in thousands) are as follows:

	December 31, 2022	December 31, 2021
At January 1	\$ 31,349	\$ 31,349
Stock dividends of ordinary shares	6,270	-
Treasury shares sold to employees	75	-
Issuance of employee restricted stock	600	-
At December 31	\$ 38,294	\$ 31,349

B. The shareholders during its meeting on August 11, 2021 adopted a resolution to issue employee restricted ordinary shares. The issuance had been approved by the Financial Supervisory Committee on August 12, 2022 and the shares shall be issued within one year. The capital increase had been approved by Taiwan Stock Exchange Corporation on December 16, 2022 and the effective date for the issuance of new shares and the capital increase was set on November 9, 2022. The total number of shares issued amounted to 600 thousand shares for no consideration, at an issue price of NT\$0 (in dollars) per share. The employee restricted ordinary shares issued are subject to certain transfer restrictions before their vesting conditions are met. Other than these restrictions, the rights and obligations of these shares issued are the same as other issued ordinary shares.

C. On June 15, 2022, the shareholders resolved to increase capital from retained earnings and to issue new shares amounting to \$62,698, consisting of 6,270 thousand shares with a par value of NT\$10 (in dollars) per share. The capital increase had been approved by Taiwan Stock Exchange Corporation on July 29, 2022. The effective date of ex-rights on distribution of shares through capital increase was set on July 18, 2022.

D. Treasury shares

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

Name of company		December 31, 2022	
<u>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	\$ 76,000	\$ 10,470
Name of company		December 31, 2021	
<u>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 years ended December 31, 2021 and 2020 resolved by the stockholders at the stockholders' meeting on June 15, 2022 and August 11, 2021, respectively, are as follows:

Year ended December 31, 2021		
	Amount	Dividend per share (in dollars)
Special reserve	\$ 52,344	
Cash dividends	141,071	\$ 4.50
Stock dividends	62,698	2.00
	<u>\$ 256,113</u>	

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

- E. The distribution of earnings for the year ended December 31, 2022 proposed by the Board of Directors on March 22, 2023 is as follows:

Year ended December 31, 2022		
	Amount	Dividends per share (in dollars)
Special reserve	(\$ 216,862)	
Cash dividends	268,057	\$ 7.00
	<u>\$ 51,195</u>	

- F. For the information relating to employees' compensation and directors' and supervisors' remuneration, refer to Note 6(22).

(17) Operating revenue

	Years ended December 31,	
	2022	2021
Revenue from contracts with customers - textile	\$ 7,429,114	\$ 7,418,374

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			
<u>2022</u>	(including Hong Kong)	Cambodia	Vietnam	Total
Total segment revenue	\$ 11,101,251	\$ 1,038,182	\$ 30,326	\$ 12,169,759
Inter-segment revenue	(3,672,295)	(1,038,182)	(30,168)	(4,740,645)
Revenue from external customer contracts	<u>\$ 7,428,956</u>	<u>\$ -</u>	<u>\$ 158</u>	<u>\$ 7,429,114</u>
Timing of revenue recognition				
At a point in time	<u>\$ 7,428,956</u>	<u>\$ -</u>	<u>\$ 158</u>	<u>\$ 7,429,114</u>

	China			
<u>2021</u>	(including Hong Kong)	Cambodia	Vietnam	Total
Total segment revenue	\$ 11,575,608	\$ 1,068,278	\$ 29,254	\$ 12,673,140
Inter-segment revenue	(4,158,824)	(1,068,278)	(27,664)	(5,254,766)
Revenue from external customer contracts	<u>\$ 7,416,784</u>	<u>\$ -</u>	<u>\$ 1,590</u>	<u>\$ 7,418,374</u>
Timing of revenue recognition				
At a point in time	<u>\$ 7,416,784</u>	<u>\$ -</u>	<u>\$ 1,590</u>	<u>\$ 7,418,374</u>

B. Contract liabilities

The Group has recognised the following revenue-related liabilities:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>January 1, 2021</u>
Contract liabilities - advance sales receipts (shown as other current liabilities)	<u>\$ 5,885</u>	<u>\$ 7,444</u>	<u>\$ 1,335</u>

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

	Years ended December 31,	
	2022	2021
Advance sales receipts	<u>\$ 7,444</u>	<u>\$ 1,329</u>

(18) Interest income

Years ended December 31,	
2022	2021
\$ 7,534	\$ 7,039

(19) Other income

Years ended December 31,	
2022	2021
\$ 12,991	\$ 17,421
17,158	673
\$ 30,149	\$ 18,094

(20) Other gains and losses

Years ended December 31,	
2022	2021
(\$ 18,090)	\$ -
(6,268)	(721)
(4,632)	(8,735)
(6,616)	(4,979)
(\$ 35,606)	(\$ 14,435)

(21) Finance costs

Years ended December 31,	
2022	2021
\$ 4,049	\$ 1,247
5,352	4,851
\$ 9,401	\$ 6,098

(22) Expenses by nature

Years ended December 31,	
2022	2021
\$ 578,121	\$ 503,623
155,492	131,044
112	70
\$ 733,725	\$ 634,737

(23) Employee benefit expense

	Years ended December 31,	
	2022	2021
Wages and salaries	\$ 533,151	\$ 464,154
Labour and health insurance fees	11,795	10,906
Pension costs	21,004	17,352
Other personnel expenses	12,171	11,211
	<u>\$ 578,121</u>	<u>\$ 503,623</u>

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 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, 2022 and 2021, employees' compensation was accrued at \$4,465 and \$3,395, respectively; while no directors' and supervisors' remuneration was accrued for both years.

For the years ended December 31, 2022 and 2021 the employees' compensation were estimated and accrued based on 1% of distributable profit of current year as of the end of reporting period. Employees' compensation and directors' and supervisors' remuneration for 2021 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2021 financial statements.

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

(24) Income tax

A. Income tax expense

Components of income tax expense:

	Years ended December 31,	
	2022	2021
Current tax:		
Current tax on profits for the year	\$ 94,706	\$ 110,101
Prior year income tax over estimation	(21)	(18)
Deferred tax:		
Origination and reversal of temporary differences	(2,330)	(33,574)
Income tax expense	<u>\$ 92,355</u>	<u>\$ 76,509</u>

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2022	2021
Tax calculated based on profit before tax and statutory tax rate (Note)	\$ 93,948	\$ 84,276
Effects from items that should be adjusted in accordance with tax regulations	(1,572)	(7,749)
Prior year income tax over estimation	(21)	(18)
Income tax expense	<u>\$ 92,355</u>	<u>\$ 76,509</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:

	2022			
	January 1	Recognised in profit or loss	Exchange difference	December 31
—Deferred tax assets:				
Allowance for uncollectible accounts in excess of tax limits	\$ 254	\$ 264	\$ 27	\$ 545
Unrealised inventory valuation loss	6,029	2,201	281	8,511
Book-tax difference on right-of-use assets	463	(130)	7	340
Unrealised impairment loss	1,444	-	23	1,467
Others	25	67	5	97
	<u>\$ 8,215</u>	<u>\$ 2,402</u>	<u>\$ 343</u>	<u>\$ 10,960</u>
—Deferred tax liabilities:				
Book-tax difference on depreciation life	(\$ 717)	(\$ 72)	(\$ 13)	(\$ 802)
Investment income	(13,587)	-	(1,485)	(15,072)
	<u>(\$ 14,304)</u>	<u>(\$ 72)</u>	<u>(\$ 1,498)</u>	<u>(\$ 15,874)</u>
	<u>(\$ 6,089)</u>	<u>\$ 2,330</u>	<u>(\$ 1,155)</u>	<u>(\$ 4,914)</u>

2021				
	<u>January 1</u>	<u>Recognised in profit or loss</u>	<u>Exchange difference</u>	<u>December 31</u>
— Deferred tax assets:				
Allowance for uncollectible accounts in excess of tax limits	\$ -	\$ 256	(\$ 2)	\$ 254
Unrealised inventory valuation loss	-	6,054	(25)	6,029
Book-tax difference on right-of-use assets	-	462	1	463
Unrealised impairment loss	-	1,443	1	1,444
Others	-	26	(1)	25
	<u>\$ -</u>	<u>\$ 8,241</u>	<u>(\$ 26)</u>	<u>\$ 8,215</u>
— Deferred tax liabilities:				
Book-tax difference on depreciation life	(\$ 66)	(\$ 652)	\$ 1	(\$ 717)
Investment income	(40,402)	25,985	830	(13,587)
	<u>(\$ 40,468)</u>	<u>\$ 25,333</u>	<u>\$ 831</u>	<u>(\$ 14,304)</u>
	<u>(\$ 40,468)</u>	<u>\$ 33,574</u>	<u>\$ 805</u>	<u>(\$ 6,089)</u>

D. Under the regulations of the 2013 tax incentives based on sector of Vietnam, the Group's qualified subsidiaries, TOP STAR TEXTILE VIETNAM COMPANY LIMITED and Top Sports Textile Vietnam Co., Ltd., are 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 10 years'.

(25) Earnings per share

Year ended December 31, 2022			
		Retrospective adjustment to weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
	<u>Amount after tax</u>		
<u>Basic earnings per share</u>			
Profit for the year	<u>\$ 442,041</u>	<u>37,647</u>	<u>\$ 11.74</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	45	
Employee restricted stock	<u>-</u>	<u>18</u>	
Profit for the year plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 442,041</u>	<u>37,710</u>	<u>\$ 11.72</u>
Year ended December 31, 2021			
		Retrospective adjustment to weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
	<u>Amount after tax</u>		
<u>Basic earnings per share</u>			
Profit for the year	<u>\$ 336,132</u>	<u>37,619</u>	<u>\$ 8.94</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>-</u>	<u>25</u>	
Profit for the year plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 336,132</u>	<u>37,644</u>	<u>\$ 8.93</u>

The weighted average number of ordinary shares outstanding for the years ended December 31, 2022 and 2021 was retrospectively adjusted proportionately to the capitalization of unappropriated earnings for the year ended December 31, 2022.

(26) Supplemental cash flow information

Investing activities with partial cash payments

	Years ended December 31,	
	2022	2021
Purchase of property, plant and equipment	\$ 402,494	\$ 103,768
Add: Opening balance of payable on equipment	16,043	15,991
Less: Ending balance of payable on equipment	(11,325)	(16,043)
Ending balance of plant construction payable	(56,953)	-
Cash paid during the year	<u>\$ 350,259</u>	<u>\$ 103,716</u>

	Years ended December 31,	
	2022	2021
Purchase of right-of-use assets	\$ 210,318	\$ 218,150
Less: Opening balance of prepayment for right-of-use assets	-	(156,993)
Changes in other non-cash items	(66,201)	(21,530)
Cash paid during the year	<u>\$ 144,117</u>	<u>\$ 39,627</u>

(27) Changes in liabilities from financing activities

The Company's changes in liabilities from financing activities for the years ended December 31, 2022 and 2021 are the changes in financing cash flows. 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
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 INVESTMENT CO., LTD.	Other related party
PENG TAI-PING	Other related party (Note)
GUANGDONG JINGYING TEXTILE TECHNOLOGY CO., LTD.	Other related party (Note)
Spruce Fashion Design Inc	Other related party (Note)

Note: PENG TAI-PING was the general manager of the Group's subsidiary, TSP Vietnam, and also the chairman of GUANGDONG JINGYING TEXTILE TECHNOLOGY CO., LTD. and Spruce Fashion Design Inc. before September 30, 2022. However, he was no longer a related party since there was no such circumstance starting from October 1, 2022.

(2) Significant related party transactions

The following disclosures are based on transactions with counterparties who are considered as related parties.

A. Purchases:

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Purchases of services:		
Other related parties	\$ <u>336,709</u>	\$ <u>385,412</u>

Services are purchased from other related parties on normal commercial terms and conditions.

B. Payables to related parties:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts payable:		
GUANGDONG JINGYING TEXTILE TECHNOLOGY CO., LTD.	<u>\$ -</u>	<u>\$ 125,611</u>
Other payables - other:		
Other related parties	<u>\$ 2,198</u>	<u>\$ 1,018</u>

The payables to related parties arise mainly from provision of services and are due based on the normal commercial terms.

C. Leasing arrangements - lessee

(a) The Group leases property from key management and other related parties. The lease terms are from 2021 to 2028 and rent expenses are paid in the period based on agreements.

(b) Acquisition of right-of-use assets

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Key management		
LIN CHIN-MAO	\$ 21,653	\$ -
Other related parties	<u>36,379</u>	<u>4,975</u>
	<u>\$ 58,032</u>	<u>\$ 4,975</u>

(c) Rent expense

	<u>Years ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Key management	\$ -	\$ 422
Other related parties	<u>31</u>	<u>607</u>
	<u>\$ 31</u>	<u>\$ 1,029</u>

(d) Lease liability

i. Outstanding balance:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
LIN CHIN-MAO	\$ 39,262	\$ 39,507
TAT CHEONG	9,831	-
LIN CHING-WEI	7,951	8,688
Other related parties	<u>10,976</u>	<u>10,167</u>
	<u>\$ 68,020</u>	<u>\$ 58,362</u>

ii. Interest expense

	Years ended December 31,	
	2022	2021
LIN CHIN-MAO	\$ 2,717	\$ 2,819
LIN CHING-WEI	419	470
Other related parties	869	609
	<u>\$ 4,005</u>	<u>\$ 3,898</u>

D. Service fees

	Years ended December 31,	
	2022	2021
Other related parties	<u>\$ 1,781</u>	<u>\$ 1,687</u>

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

E. Construction in process

	Years ended December 31,	
	2022	2021
Other related parties	<u>\$ 8,538</u>	<u>\$ 6,673</u>

The Group entered into a design contract for building the plant with other related parties and the consideration was paid monthly.

(3) Key management compensation

	Years ended December 31,	
	2022	2021
Salaries and other short-term employee benefits	\$ 68,928	\$ 67,235
Post-employment benefits	274	260
	<u>\$ 69,202</u>	<u>\$ 67,495</u>

8. Pledged Assets

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

Pledged asset	Book value		Purpose
	December 31, 2022	December 31, 2021	
Bank borrowings (shown as other current assets)	<u>\$ 26,483</u>	<u>\$ 23,815</u>	Bank borrowings facilities

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

A. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2022
Property, plant and equipment	<u>\$ 723,003</u>

- B. As of December 31, 2022, the Group's issued but unused letter of credit for importing raw materials amounted to \$99,347.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

- (1) On August 22, 2022, the Group signed a stock purchase agreement with Tuntex Incorporation (B.V.I.) Co. Limited through the subsidiary, T-TRON INVESTMENT HOLDINGS LIMITED, to acquire a 100% equity interest in Zhen Jiang Tuntex Garment Co., Ltd. Further, the supplementary agreement of stock purchase was completed on December 26, 2022, which determined the acquisition consideration amounting to US\$6.2 million and the settlement date was set on January 1, 2023 based on mutual agreement. After signing the supplementary agreement of stock purchase, Zhen Jiang Tuntex Garment Co., Ltd. applied with the local competent authorities for the change in the registration, which was completed in January 2023.
- (2) Details of the appropriations of 2022 earnings as proposed by the Board of Directors on March 22, 2023 are provided in Note 6(15).

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 \$1,708,641 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 \$1,140,029. 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 NTD, USD, HKD, RMB and VND. 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 and VND). 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, 2022		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
HKD:USD	\$ 7,995	0.1283	\$ 31,485
USD:VND	1,992	0.00004	61,183
<u>Financial liabilities</u>			
<u>Monetary items</u>			
RMB:USD	\$ 28,731	0.1436	\$ 126,645
HKD:USD	44,800	0.1283	176,424

	December 31, 2021			
	Foreign currency amount			Book value
	(in thousands)		Exchange rate	(NTD)
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
HKD:USD	\$	9,426	0.1282	\$ 32,814
USD:VND		6,763	0.00004	187,210
<u>Financial liabilities</u>				
<u>Monetary items</u>				
RMB:USD	\$	49,667	0.1569	\$ 215,755
HKD:USD		30,218	0.1282	107,242

iii. Total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2022 and 2021 amounted to (\$4,632) and (\$8,735), respectively.

iv. Analysis of foreign currency market risk arising from significant foreign exchange variation;

	Year ended December 31, 2022				
	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	\$	-
USD:VND	1%	\$	612		-
<u>Financial liabilities</u>					
<u>Monetary items</u>					
RMB:USD	1%	\$	1,266	\$	-
HKD:USD	1%		1,764		-

Year ended December 31, 2021				
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%	\$	328	\$ -
USD:VND	1%		1,872	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
RMB:USD	1%	\$	2,158	\$ -
HKD:USD	1%		1,072	-

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, 2022 and 2021 would have increased/decreased by \$470 and \$2,172, respectively. The main factor is that changes in interest expense result from 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, 2022 and 2021, 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, 2022</u>						
Expected loss rate	0.05%	0.07%	0.00%	0.00%	100.00%	
Total book value	\$ 628,477	\$ 67,361	\$ -	\$ -	\$ 1,094	\$ 696,932
Loss allowance	\$ 289	\$ 49	\$ -	\$ -	\$ 1,094	\$ 1,432
<u>At December 31, 2021</u>						
Expected loss rate	0.07%	0.23%	0%	0%	100.00%	
Total book value	\$ 1,231,023	\$ 71,599	\$ -	\$ -	\$ 240	\$ 1,302,862
Loss allowance	\$ 874	\$ 162	\$ -	\$ -	\$ 240	\$ 1,276

Further, as of December 31, 2022 and 2021, the Group's accounts receivable amounted to \$13,486 and \$4,368, respectively, and the impairment loss recognised under individual assessment amounted to \$1,754 and \$1, for the years then ended, 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:

	2022	2021
At January 1	\$ 1,277	\$ 10,187
Provision for impairment	1,763	-
Reversal of impairment loss	-	(8,773)
Effect of exchange rate changes	146	(137)
At December 31	<u>\$ 3,186</u>	<u>\$ 1,277</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, 2022 and 2021 were \$2,312,623 and \$1,293,327, 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, 2022	Less than 1 year	Over 1 year
Short-term borrowings	\$ 46,902	\$ -
Notes payable	64,464	-
Accounts payable	647,474	-
Other payables (including related parties)	295,131	-
Lease liability	28,385	68,129
Long-term borrowings (including current portion)	69	-
Guarantee deposits received	44,024	473
December 31, 2021	Less than 1 year	Over 1 year
Short-term borrowings	\$ 216,881	\$ -
Notes payable	487,372	-
Accounts payable (including related parties)	1,284,655	-
Other payables (including related parties)	224,305	-
Lease liabilities	21,441	71,807
Long-term borrowings (including current portion)	246	61
Guarantee deposits received	-	426

(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 (including related parties) 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.

13. Supplementary Disclosures

(1) Significant transactions information

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

(2) Information on investees

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

(3) Information on investments in Mainland China

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

(4) Major shareholders information

Major shareholders information: 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, Cambodia and Vietnam. 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, 2022					
	China				
	(including Hong Kong)	Cambodia	Vietnam	Adjustments and write-offs	Total
Revenue from external customers	\$ 7,428,956	\$ -	\$ 158	\$ -	\$ 7,429,114
Internal revenue	3,672,295	1,038,182	30,168	(4,740,645)	-
Total revenue	\$ 11,101,251	\$ 1,038,182	\$ 30,326	(\$ 4,740,645)	\$ 7,429,114
Segment income (loss)	\$ 1,401,507	(\$ 21,927)	\$ 268	(\$ 845,452)	\$ 534,396
Segment income (loss), including:					
Depreciation and amortisation	\$ 20,542	\$ 122,439	\$ 12,623		\$ 155,604
Interest income	\$ 7,514	\$ 18	\$ 2		\$ 7,534
Interest expense	\$ 4,205	\$ 3,852	\$ 1,344		\$ 9,401
Income tax expense	\$ 92,355	\$ -	\$ -		\$ 92,355
Total segment assets	\$ 9,374,042	\$ 1,351,018	\$ 677,062	(\$ 7,090,096)	\$ 4,312,026
Total segment liabilities	\$ 1,145,165	\$ 819,901	\$ 68,493	(\$ 747,311)	\$ 1,286,248
Capital expenditure	\$ 11,273	\$ 193,082	\$ 198,139	\$ -	\$ 402,494

Year ended December 31, 2021

	China (including Hong Kong)	Cambodia	Vietnam	Adjustments and write-offs	Total
Revenue from external customers	\$ 7,416,784	\$ -	\$ 1,590	\$ -	\$ 7,418,374
Internal revenue	4,158,824	1,068,278	27,664	(5,254,766)	-
Total revenue	\$ 11,575,608	\$ 1,068,278	\$ 29,254	(\$ 5,254,766)	\$ 7,418,374
Segment income (loss)	\$ 1,010,493	\$ 140,397	(\$ 19,065)	(\$ 719,184)	\$ 412,641
Segment income (loss), including:					
Depreciation and amortisation	\$ 21,192	\$ 100,433	\$ 9,489		\$ 131,114
Interest income	\$ 7,036	\$ 3	\$ -		\$ 7,039
Interest expense	\$ 2,480	\$ 2,751	\$ 867		\$ 6,098
Income tax expense	\$ 48,430	\$ 28,079	\$ -		\$ 76,509
Total segment assets	\$ 8,818,424	\$ 1,262,491	\$ 439,924	(\$ 5,663,305)	\$ 4,857,534
Total segment liabilities	\$ 2,573,517	\$ 763,412	\$ 52,851	(\$ 1,026,304)	\$ 2,363,476
Capital expenditure	\$ 6,227	\$ 83,891	\$ 13,650	\$ -	\$ 103,768

(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

Refer to Note 6 (16) for the related information.

(6) Geographical information

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

	Years ended December 31,			
	2022		2021	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 2,102,820	\$ 3,042	\$ 1,871,739	623
Singapore	1,919,332	-	1,798,600	-
China	1,533,916	62,303	1,871,326	57,461
Hong Kong	478,101	39,529	601,466	27,830
Thailand	343,274	-	168,039	-
Korea	285,349	-	278,402	-
Cambodia	188,553	917,292	221,992	771,983
Vietnam	534	560,444	58,909	224,189
Others	577,235	-	547,901	-
	<u>\$ 7,429,114</u>	<u>\$ 1,582,610</u>	<u>\$ 7,418,374</u>	<u>\$ 1,082,086</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, right-of-use assets, intangible assets and other non-current assets.

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2022 and 2021 is as follows:

	Years ended December 31,			
	2022		2021	
	Revenue	Segment	Revenue	Segment
CSG	\$ 1,154,376	China (including Hong Kong)	\$ 1,257,538	China (including Hong Kong)
MG	819,078	China (including Hong Kong)	768,550	China (including Hong Kong)

TST Group Holding Ltd. and Subsidiaries

Loans to others

Year ended December 31, 2022

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 December 31, 2022 (Note 3)	Balance at December 31, 2022 (Note 8)	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
					Item	Value											
1	TST International Group Limited	THRIVE NATION GROUP LIMITED	Other receivables - related parties	Y	\$ 230,325	\$ 230,325	\$ -	-	Short-term financing	\$ -	Working capital	\$ -	None	\$ -	\$ 1,969,002	\$ 1,969,002	
1	TST International Group Limited	Top Star Textile Limited	Other receivables - related parties	Y	153,550	153,550	-	TAIFX+1.5%	Short-term financing	-	Working capital	-	None	-	1,969,002	1,969,002	
1	TST International Group Limited	TOP SPORTS TEXTILE LTD.	Other receivables - related parties	Y	921,300	460,650	214,970	TAIFX+1.5%	Short-term financing	-	Working capital	-	None	-	1,969,002	1,969,002	
1	TST International Group Limited	TOP STAR TEXTILE VIETNAM COMPANY LIMITED	Other receivables - related parties	Y	30,710	-	-	-	Short-term financing	-	Working capital	-	None	-	1,969,002	1,969,002	
2	BUMPER WORLD GROUP HOLDINGS LIMITED	TOP SPORTS TEXTILE LTD.	Other receivables - related parties	Y	61,420	15,355	15,355	TAIFX+1.5%	Short-term financing	-	Working capital	-	None	-	2,420,622	2,420,622	
3	Top Star Textile Limited	CHINTEX ENTERPRISES LIMITED	Other receivables - related parties	Y	92,130	92,130	-	4%	Short-term financing	-	Working capital	-	None	-	2,461,252	2,461,252	
3	Top Star Textile Limited	THRIVE NATION GROUP LIMITED	Other receivables - related parties	Y	307,100	-	-	-	Short-term financing	-	Working capital	-	None	-	2,461,252	2,461,252	
3	Top Star Textile Limited	TOP SPORTS TEXTILE LTD.	Other receivables - related parties	Y	307,100	307,100	153,550	TAIFX+1.5%	Short-term financing	-	Working capital	-	None	-	2,461,252	2,461,252	

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2022 (Note 3)	Balance at December 31, 2022 (Note 8)	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
													Item	Value			
3	Top Star Textile Limited	TOP STAR TEXTILE VIETNAM COMPANY LIMITED	Other receivables - related parties	Y	\$ 16,891	\$ -	\$ -	-	Short-term financing	\$ -	Working capital	\$ -	None	\$ -	\$ 2,461,252	\$ 2,461,252	
3	Top Star Textile Limited	Top Sports Textile Vietnam Co., Ltd.	Other receivables - related parties	Y	153,550	153,550	-	TAIFX+1.5%	Short-term financing	-	Working capital	-	None	-	2,461,252	2,461,252	
4	THRIVE NATION GROUP LIMITED	TOP STAR TEXTILE VIETNAM COMPANY LIMITED	Other receivables - related parties	Y	12,284	-	-	-	Short-term financing	-	Working capital	-	None	-	617,381	617,381	
4	THRIVE NATION GROUP LIMITED	Top Sports Textile Vietnam Co., Ltd.	Other receivables - related parties	Y	184,260	184,260	-	TAIFX+1.5%	Short-term financing	-	Working capital	-	None	-	617,381	617,381	

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.

Note 3: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2022.

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.

THRIVE NATION 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 100% of the parent's net assets; the limit on loans granted to a single party is 100% 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, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Company name	Party being endorsed/guaranteed	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2022 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2022 (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
			Relationship with the endorser/ guarantor (Note 2)											
0	TST Group Holding Ltd.	TOP SPORTS TEXTILE LTD.	2	\$ 15,128,890	\$ 583,490	\$ 583,490	\$ 111,354	\$ -	19.28	\$ 15,128,890	Y	N	N	-
0	TST Group Holding Ltd.	Top Star Textile Limited	2	15,128,890	2,026,246	1,769,418	61	-	58.48	15,128,890	Y	N	N	-
0	TST Group Holding Ltd.	Top Sports Textile Vietnam Co., Ltd.	2	15,128,890	1,596,920	1,443,370	-	-	47.70	15,128,890	Y	N	N	-
0	TST Group Holding Ltd.	CHINTEX ENTERPRISES LIMITED	2	15,128,890	474,009	474,009	-	-	15.67	15,128,890	Y	N	Y	-
1	TST International Group Limited	Top Star Textile Limited	4	12,306,260	245,680	245,680	-	-	8.12	12,306,260	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 subsidiaries, whose 100% voting shares are owned directly and indirectly by the company, limit on endorsements/guarantees provided is 5 times of the endorser/guarantor'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 endorser/guarantor'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, 2022

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, 2022				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, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:					Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
						Relationship with the counterparty	Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount			
Top Sports Textile Vietnam Co., Ltd.	Engaging others to build plant on rented land	2022.06.10 (Note 1)	(Note 2)	The amount of \$143,896 (including tax) had been paid based on the contract	AZB JOINT STOCK COMPANY	-	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Building plant for operating use	None
Top Sports Textile Vietnam Co., Ltd.	Land use right	2022.09.28 (Note 3)	\$147,856 (tax excluded) (Note 4)	The amount had been fully paid based on the contract	THANH THANH CONG INDUSTRIAL ZONE JOINT-STOCK COMPANY	-	Not applicable	Not applicable	Not applicable	Not applicable	Appraisal report (Note 5)	Building plant for operating use	None

Note 1: Date of the event is the bid-winning notification day. The formal contract date is July 12, 2022.

Note 2: The amount on the bid-winning notification day was VND 478 billion (in dollars) (approximately NTD 598 million (in dollars)), while the formal contract amount was VND 418.7 billion (in dollars) (excluding value increment tax), which was translated based on VAN 1=NTD 0.001303 on December 31, 2022, which was approximately NTD 545,540 thousand (in dollars).

Note 3: Date of the event referred to herein is the date of board resolution.

Note 4: The amount was translated at the exchange rate of USD/NTD30.435.

Note 5: According to the appraisal report of Vietnam Standard Finance & Deal Service Company Ltd., the appraised amount was approximately USD 6,123,502 (in dollars) ~ USD 6,560,895 (in dollars), which was approximately NTD 186,369 thousand (in dollars) ~ NTD 199,681 thousand (in dollars) , excluding 10% of value increment tax.

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, 2022

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

							Differences in transaction terms compared to third party transactions				
Transaction							(Note 1)		Notes/accounts receivable (payable)		
		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)
Purchaser/seller	Counterparty										
TOP STAR TEXTILE LIMITED	TOP SPORTS TEXTILE LTD.	Associates within the Group	Purchases	\$ 1,036,920	21.52	Mutual agreement	-	-	(\$ 147,855)	28.24	-
TOP SPORTS TEXTILE LTD.	TOP STAR TEXTILE LIMITED	Associates within the Group	Sales	(1,036,920)	99.88	Mutual agreement	-	-	147,855	99.13	-
TOP STAR TEXTILE LIMITED	GUANGZHOU RUNWELL KNITS TEXTILE	Associates within the Group	Purchases	1,855,965	39.77	Mutual agreement	-	-	(125,377)	23.94	-
GUANGZHOU RUNWELL KNITS TEXTILE	TOP STAR TEXTILE LIMITED	Associates within the Group	Sales	(1,855,965)	100.00	Mutual agreement	-	-	125,377	100.00	-
GUANGZHOU RUNWELL KNITS TEXTILE	CHINTEX ENTERPRISES LIMITED	Associates within the Group	Purchases	1,815,068	100.00	Mutual agreement	-	-	(70,804)	100.00	-
CHINTEX ENTERPRISES LIMITED	GUANGZHOU RUNWELL KNITS TEXTILE	Associates within the Group	Sales	(1,815,068)	54.16	Mutual agreement	-	-	70,804	18.62	-
CHINTEX ENTERPRISES LIMITED	GUANGDONG JINGYING TEXTILE TECHNOLOGY CO., LTD.	Other related party	Purchases	336,709	12.37	Mutual agreement	-	-	-	-	Note4

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 (in dollars) per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 4: Details of relationship with other related parties are provided in Note 7.

TST Group Holding Ltd. and Subsidiaries
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
December 31, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022 (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	\$ 125,377	10.89	\$ -	-	\$ 125,377	-
TOP SPORTS TEXTILE LTD.	TOP STAR TEXTILE LIMITED	Associates within the Group	147,855	4.69	-	-	145,999	-

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 (in dollars) 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, 2022

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
1	TOP STAR TEXTILE LIMITED	TOP SPORTS TEXTILE LTD.	3	Purchases	\$ 1,036,920	-	13.96
1	TOP STAR TEXTILE LIMITED	TOP SPORTS TEXTILE LTD.	3	Accounts payable	147,855	-	3.43
1	TOP STAR TEXTILE LIMITED	GUANGZHOU RUNWELL KNITS TEXTILE	3	Purchases	1,855,965	-	24.98
1	TOP STAR TEXTILE LIMITED	GUANGZHOU RUNWELL KNITS TEXTILE	3	Accounts payable	125,377	-	2.91
2	GUANGZHOU RUNWELL KNITS TEXTILE	CHINTEX ENTERPRISES LIMITED	3	Purchases	1,815,068	-	24.43
2	GUANGZHOU RUNWELL KNITS TEXTILE	CHINTEX ENTERPRISES LIMITED	3	Accounts payable	70,804	-	1.64

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, 2022

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, 2022			Net profit (loss) of the investee for the year ended December 31, 2022 (Note 2(2))	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 2(3))	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership	Book value			
TST Group Holding Ltd.	BUMPER WORLD GROUP HOLDINGS LIMITED	British Virgin Islands	Holding Company	\$ 689,540	\$ 689,540	\$ 23,000,000	100.00	\$ 547,978	(\$ 21,464)	\$ 40,893	Subsidiary
TST Group Holding Ltd.	TST International Group Limited	British Virgin Islands	Holding Company	209,860	209,860	7,000,000	100.00	2,461,252	427,390	427,390	Subsidiary
TST International Group Limited	THRIVE NATION GROUP LIMITED	British Virgin Islands	Holding company	631,075	421,600	21,000,000	100.00	617,381	(18,480)	(18,480)	Second-tier subsidiary
TST International Group Limited	T-TRON INVESTMENT HOLDINGS LIMITED	Hong Kong	Holding company	107,792	-	6,000,000	100.00	108,021	222	222	Second-tier subsidiary
BUMPER WORLD GROUP HOLDINGS LIMITED	TOP SPORTS TEXTILE LTD.	Cambodia	Manufacture of textile	660,660	660,660	22,000,000	100.00	531,117	(21,927)	(21,927)	Second-tier subsidiary
TST International Group Limited	TOP STAR TEXTILE LIMITED	Hong Kong	Sale of textile	110,097	110,097	30,000,000	100.00	829,803	437,643	437,643	Second-tier subsidiary
TOP STAR TEXTILE LIMITED	TOP STAR TEXTILE VIETNAM COMPANY LIMITED	Vietnam	Manufacture of textile	30,040	30,040	-	100.00	(5,889)	6,911	6,911	Second-tier subsidiary
THRIVE NATION GROUP LIMITED	Top Sports Textile Vietnam Company Limited	Vietnam	Manufacture of textile	589,403	401,360	-	100.00	614,457	(6,643)	(6,643)	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, 2022’ 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, 2022’ 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, 2022’ 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, 2022

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	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China	Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2022 (Note 2)	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
				as of January 1, 2022	Remitted to Mainland China	Remitted back to Taiwan	as of December 31, 2022						
GUANGZHOU RUNWELL KNITS TEXTILE	Sale of textile	\$ 63,539	2	\$ -	\$ -	\$ -	\$ -	(\$ 10,805)	100.00	(\$ 10,805)	\$ 91,577	\$ -	Notes 2(2)B and 4
CHINTEX ENTERPRISES LIMITED	Sale of textile	166,034	2	-	-	-	-	26,657	100.00	26,657	522,243	-	Notes 2(2)B and 4
GUANGZHOU CHINTEX MANAGEMENT CONSULTING CO., LTD.	Management consulting services	4,409	2	-	-	-	-	7,707	100.00	7,707	24,835	-	Notes 2(2)B and 5
HUBEI CHUNG SHENG TEXTILE CO., LTD.	Sale of textile	16,756	2	-	-	-	-	-	35.00	-	-	-	Notes 2(2)C and 5
Company name	China as of December 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs(MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA	Note 6	Note 6	Note 6	Note 6	Note 6	Note 6	Note 6	Note 6	Note 6	Note 6

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, 2022' 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 were audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 - B.The financial statements were 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, 2022

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, 2022	%	Balance at December 31, 2022	Purpose	Maximum balance during the year ended December 31, 2022	Balance at December 31, 2022	Interest rate	Interest during the year ended December 31, 2022	Others
GUANGZHOU RUNWELL KNITS TEXTILE	(\$ 1,855,965)	24.98	\$ -	-	(\$ 125,377)	2.91	\$ -	-	\$ -	\$ -	-	\$ -	-
CHINTEX ENTERPRISES LIMITED	-	-	-	-	-	-	474,009	-	92,130	92,130	4%	731	-

TST Group Holding Ltd. and Subsidiaries

Major shareholders information

December 31, 2022

Table 11

Name of major shareholders	Shares	Ownership (%)
	Name of shares held	
Xingmao Group Holdings Limited	12,768,000	33.27%
LIN CHIN-MAO	3,084,000	8.03%
Big Loyal Group Limited	2,484,000	6.47%
Excellent Treat Limited	2,400,000	6.25%

Note 1: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference in calculation basis.

Note 2: If the aforementioned data contains shares which were held in trust by the shareholders, the data was disclosed as separate account of client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio includes the self-owned shares and shares held in trust, at the same time, the shareholder has the power to decide how to allocate the trust assets. For the information of reported share equity of insider, please refer to Market Observation Post System.