

**TST GROUP HOLDING LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2023 AND 2022**

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.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR23000428

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, 2023 and 2022, 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 material 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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, 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 Financial Statement Audit and Attestation Engagements of 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 2023 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 2023 consolidated financial statements are stated as follows:

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, 2023, the balances of inventories and allowance for inventory valuation losses were NT\$837,085 thousand and NT\$30,162 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 realizable value. For inventories that have exceeded a certain age and inventories that are individually identified as obsolete and damaged, the net realizable value is calculated based on historical information on the extent of inventory disposal.

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 value calculation of selected samples.

Complex transactions – business combination

Description

Refer to Note 4(27) to the consolidated financial statements for accounting policies relating to business combinations, and Note 6(29) for a description of the details of the transaction. TST Group Holding acquired 100% equity interest in Zhen Jiang Tuntex Garment Co., Ltd. for a cash consideration in January 2023, and accordingly, acquired control over the company. The equity transactions of Zhen Jiang Tuntex Garment Co., Ltd. were accounted for using IFRS 3, "Business Combination". As the recognition and measurement of goodwill generated by the equity transaction is based on the management's forecast and outlook on the future operations of Zhen Jiang Tuntex Garment Co., Ltd., which involves management's subjective judgment and estimation, and equity transactions and business mergers have certain complexity and uniqueness, the above business combination has a significant effect on the financial statements. Thus, the business combination 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. Discussed with the management to understand the purpose, evaluation process and the method used in determining the consideration of this equity transaction, and reviewed the board meeting minutes and equity transaction contract to confirm whether the relevant resolutions were consistent with the content of the equity transaction contract.
2. Assessed the suitability and objectivity of the external evaluation expert appointed by the management, and reviewed the rationality of the original data and major assumptions used in the recognition and measurement of goodwill in the acquisition price allocation report issued by the external evaluation expert, including:

- (1) Reviewing the evaluation methods and calculation formula settings used by external evaluation experts.
 - (2) Reviewing the discount rate used and comparing it with the return rate of similar assets in the market.
 - (3) Identifying the intangible assets in the evaluation.
3. Reviewed the accounting treatment of the business combination, as well as the presentation and disclosure in the financial statements.

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.

Auditors' 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 auditors' 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.

Lin, Ya-Hui

Lin, Po-Chuan

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 13, 2024

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

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

TST GROUP HOLDING LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Assets			December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 503,436	10	\$ 907,417	21
1150	Notes receivable, net	6(3)	133,773	3	87,804	2
1170	Accounts receivable, net	6(3)	576,522	12	619,428	14
1200	Other receivables	6(4)	171,290	3	92,370	2
130X	Inventory	6(5)	806,923	16	942,687	22
1470	Other current assets	6(1) and 8	87,816	2	68,750	2
11XX	Total current assets		2,279,760	46	2,718,456	63
Non-current assets						
1600	Property, plant and equipment	6(6) and 7	2,106,229	42	1,125,414	26
1755	Right-of-use assets	6(7), 7 and 8	399,783	8	425,874	10
1780	Intangible assets	6(8)	58,526	1	406	-
1840	Deferred tax assets	6(26)	19,347	1	10,960	-
1900	Other non-current assets	6(10)	116,791	2	30,916	1
15XX	Total non-current assets		2,700,676	54	1,593,570	37
1XXX	Total assets		\$ 4,980,436	100	\$ 4,312,026	100

(Continued)

TST GROUP HOLDING LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			Notes		December 31, 2023		December 31, 2022			
					AMOUNT	%	AMOUNT	%		
Liabilities										
Current liabilities										
2100	Short-term borrowings	6(11)	\$	208,236	4	\$	46,902	1		
2150	Notes payable			104,280	2		64,464	1		
2170	Accounts payable			555,301	11		647,474	15		
2200	Other payables	6(12)		334,830	7		292,933	7		
2220	Other payables - related parties	7		163	-		2,198	-		
2230	Current income tax liabilities			75,707	1		80,436	2		
2280	Current lease liabilities	7		26,704	1		24,381	1		
2320	Long-term liabilities, current portion	6(13)		-	-		68	-		
2399	Other current liabilities	6(19)		204	-		49,909	1		
21XX	Total current liabilities			1,305,425	26		1,208,765	28		
Non-current liabilities										
2540	Long-term borrowings	6(13)		447,793	9		-	-		
2570	Deferred income tax liabilities	6(26)		22,775	1		15,874	-		
2580	Non-current lease liabilities	7		46,383	1		61,136	2		
2600	Other non-current liability			473	-		473	-		
25XX	Total non-current liabilities			517,424	11		77,483	2		
2XXX	Total liabilities			1,822,849	37		1,286,248	30		
Equity										
	Share capital	6(16)								
3110	Common stock			382,938	8		383,698	9		
	Capital surplus	6(17)								
3200	Capital surplus			1,658,111	33		1,661,359	38		
	Retained earnings	6(18)								
3320	Special reserve			28,901	-		245,763	6		
3350	Unappropriated retained earnings			1,172,942	23		822,401	19		
	Other equity interest									
3400	Other equity interest		(	85,305)	(	1)	(	76,973)	(	2)
3500	Treasury shares	6(16)		-	-	(	10,470)	-		
3XXX	Total equity			3,157,587	63		3,025,778	70		
	Significant contingent liabilities and unrecognised contract commitments	9								
	Significant event after the balance sheet date	11								
3X2X	Total liabilities and equity		\$	4,980,436	100	\$	4,312,026	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, 2023 AND 2022

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

			Year ended December 31			
			2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(19)		\$ 5,187,113	100	\$ 7,429,114	100
5000 Operating costs	6(5)(24)(25) and 7		(3,948,097)	(76)	(6,165,807)	(83)
5900 Net operating margin			1,239,016	24	1,263,307	17
Operating expenses	6(24)(25) and 7					
6100 Selling expenses			(105,351)	(2)	(145,970)	(2)
6200 General and administrative expenses			(630,709)	(12)	(559,110)	(8)
6300 Research and development expenses			(6,725)	-	(14,744)	-
6450 Impairment gain and reversal of impairment loss (impairment loss) determined in accordance with IFRS 9	12(2)		2,929	-	(1,763)	-
6000 Total operating expenses			(739,856)	(14)	(721,587)	(10)
6900 Operating profit			499,160	10	541,720	7
Non-operating income and expenses						
7100 Interest income	6(20)		19,232	-	7,534	-
7010 Other income	6(21)		35,248	1	30,149	-
7020 Other gains and losses	6(22)		(17,915)	(1)	(35,606)	-
7050 Finance costs	6(23) and 7		(12,073)	-	(9,401)	-
7000 Total non-operating income and expenses			24,492	-	(7,324)	-
7900 Profit before income tax			523,652	10	534,396	7
7950 Income tax expense	6(26)		(115,454)	(2)	(92,355)	(1)
8200 Profit for the year			\$ 408,198	8	\$ 442,041	6
Other comprehensive income						
Components of other comprehensive income that will be reclassified to profit or loss						
8361 Exchange differences on translation			(\$ 37,167)	(1)	\$ 216,862	3
8300 Other comprehensive (loss) income for the year, net of tax			(\$ 37,167)	(1)	\$ 216,862	3
8500 Total comprehensive income for the year			\$ 371,031	7	\$ 658,903	9
Profit attributable to:						
8610 Owners of the parent			\$ 408,198	8	\$ 442,041	6
Comprehensive income attributable to:						
8710 Owners of the parent			\$ 371,031	7	\$ 658,903	9
Basic earnings per share	6(27)					
9750 Basic earnings per share			\$ 10.82		\$ 11.74	
Diluted earnings per share	6(27)					
9850 Diluted earnings per share			\$ 10.69		\$ 11.72	

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent							
		Share capital - common stock	Capital Reserves	Retained Earnings	Other Equity Interest	Financial statements translation differences of foreign operations	Other equity, others	Treasury shares	Total equity
			Capital surplus, additional paid-in capital	Capital Surplus, restricted stock	Special reserve	Unappropriated retained earnings			
2022									
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		-	-	-	-	442,041	216,862	-	658,903
Appropriations of earnings	6(18)								
Special reserve appropriated		-	-	-	52,344	(52,344)	-	-	-
Cash dividends		-	-	-	-	(141,071)	-	-	(141,071)
Stock dividends		62,698	-	-	-	(62,698)	-	-	-
Treasury shares sold to employees		-	-	-	-	(1,715)	-	-	10,332 8,617
Issuance of employee restricted stock	6(16)	6,000	-	47,343	-	-	(53,343)	-	-
Compensation cost of share-based payment	6(15)	-	-	-	-	-	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
2023									
Balance at January 1, 2023		\$ 383,698	\$ 1,614,016	\$ 47,343	\$ 245,763	\$ 822,401	(\$ 28,901)	(\$ 48,072)	(\$ 10,470) \$ 3,025,778
Profit		-	-	-	-	408,198	-	-	408,198
Other comprehensive loss		-	-	-	-	-	(37,167)	-	(37,167)
Total comprehensive income (loss)		-	-	-	-	408,198	(37,167)	-	371,031
Appropriations of earnings	6(18)								
Reversal of special reserve		-	-	-	(216,862)	216,862	-	-	-
Cash dividends		-	-	-	-	(268,057)	-	-	(268,057)
Change of employee restricted stock		-	29,828	(29,828)	-	-	-	-	-
Compensation cost of share-based payment	6(15)	-	-	-	-	-	28,835	-	28,835
Treasury stock retired	6(15)(16)	(760)	(3,248)	-	-	(6,462)	-	-	10,470 -
Balance at December 31, 2023		\$ 382,938	\$ 1,640,596	\$ 17,515	\$ 28,901	\$ 1,172,942	(\$ 66,068)	(\$ 19,237)	\$ - \$ 3,157,587

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Years ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 523,652	\$ 534,396
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(24)	175,999	155,492
Amortization	6(24)	822	112
Expected credit (gain) loss	12(2)	(2,929)	1,763
Interest income	6(20)	(19,232)	(7,534)
Interest expense	6(23)	12,073	9,401
Share-based payments	6(15)	28,835	5,271
Gain from lease modification	6(7)(22)	(6,295)	-
(Gain) loss on disposal of property, plant and equipment	6(22)	(4,948)	6,268
Impairment loss	6(9)(22)	4,673	18,090
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net	(	45,969)	114,281
Accounts receivable, net		54,391	482,677
Other receivables	(	76,356)	19,747
Inventory		142,134	615,264
Other current assets	(	17,829)	(15,374)
Changes in operating liabilities			
Notes payable		39,816	(422,908)
Accounts payable to related parties		-	(125,611)
Accounts payable	(	96,230)	(511,570)
Other payables to related parties	(	2,035)	1,180
Other payables	(	26,466)	17,411
Other current liabilities	(	50,203)	42,465
Cash inflow generated from operations		633,903	940,821
Interest received		19,232	7,534
Interest paid	(	12,073)	(9,401)
Income taxes paid	(	118,574)	(63,676)
Net cash flows from operating activities		<u>522,488</u>	<u>875,278</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in other financial assets	(	209)	(2,668)
Net cash outflow from acquired subsidiaries	6(29)	(106,202)	-
Acquisition of property, plant and equipment	6(28)	(1,063,851)	(350,259)
Proceeds from disposal of property, plant and equipment		7,823	2,206
(Increase) decrease in refundable deposits		1,763	663
Acquisition of intangible assets	6(8)	(168)	-
Acquisition of right-of-use assets	6(28)	-	(144,117)
Increase (decrease) in other non-current assets	(	84,112)	4,594
Net cash flows used in investing activities		<u>(1,248,482)</u>	<u>(489,581)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term loans		161,334	(169,979)
Increase in long-term debt		447,793	-
Repayments of long-term debt	(	68)	(238)
Increase in guarantee deposits received		-	47
Payments of lease liabilities	(	27,739)	(28,577)
Cash dividends paid	6(18)	(268,057)	(141,071)
Treasury shares sold to employees		-	8,617
Net cash flows from (used in) financing activities		<u>313,263</u>	<u>(331,201)</u>
Effect of foreign exchange translations		8,750	112,417
Net (decrease) increase in cash and cash equivalents	(	403,981)	166,913
Cash and cash equivalents at beginning of year		907,417	740,504
Cash and cash equivalents at end of year		<u>\$ 503,436</u>	<u>\$ 907,417</u>

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, 2023 AND 2022

(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 13, 2024.

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[®]) Accounting Standards 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 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
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 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.

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

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
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
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	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.

(3) IFRS Accounting Standards 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 Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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 Material 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, 2023	December 31, 2022	
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%	100%	Note 1
TST	TOP STAR TEXTILE LIMITED (Top Star)	Sales company	100%	100%	
TST	CHINTEX ENTERPRISES LIMITED (CHINTEX)	Sales company	100%	100%	
TST	GUANGZHOU RUNWELL KNITS TEXTILE (RUNWELL)	Sales company	100%	100%	
CHINTEX ENTERPRISES LIMITED	GUANGZHOU CHINTEX MANAGEMENT CONSULTING CO., LTD. (GUANGZHOU CHINTEX)	Management consulting company	100%	100%	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2023	December 31, 2022	
Top Star	TOP STAR TEXTILE VIETNAM COMPANY LIMITED (TST Vietnam)	Manufacturing company	100%	100%	
THRIVE	Top Sports Textile Vietnam Co., Ltd. (TSP Vietnam)	Manufacturing company	100%	100%	
T-TRON	Zhen Jiang Tuntex Garment Co., Ltd. (Zhen Jiang Tuntex)	Manufacturing company	100%	-	Note 2

Note 1 : The Group acquired 100% equity interest in T-TRON on September 7, 2022.

Note 2 : The Group acquired 100% equity interest in Zhen Jiang Tuntex on January 1, 2023.

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 31.1548 and USD1=NTD 29.8044 for the years ended December 31, 2023 and 2022, respectively. The closing exchange rates as of December 31, 2023 and 2022 were USD1=NTD 30.705 and USD1=NTD 30.710, 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	2 ~ 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

- A. Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 10 years.
- B. Goodwill arises in a business combination accounted for by applying the acquisition method.

(16) Impairment of non-financial assets

- A. 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. Except goodwill, 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.
- B. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(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 and does not give rise to equal taxable and deductible temporary differences. 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 carrying amount 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) Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(28) 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, 2023 are provided in Note 6(5).

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 859	\$ 936
Checking accounts and demand deposits	477,528	502,337
Time deposits	<u>51,741</u>	<u>430,627</u>
	530,128	933,900
Restricted and transferred to other current assets	(<u>26,692</u>)	(<u>26,483</u>)
	<u>\$ 503,436</u>	<u>\$ 907,417</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, 2023</u>	<u>December 31, 2022</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	\$ 25,288	\$ 25,293
Valuation adjustments	(25,288)	(25,293)
	<u>\$ -</u>	<u>\$ -</u>

(3) Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	<u>\$ 133,773</u>	<u>\$ 87,804</u>
Accounts receivable	\$ 576,816	\$ 622,614
Less: Allowance for bad debts	(294)	(3,186)
	<u>\$ 576,522</u>	<u>\$ 619,428</u>

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

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
Not past due	\$ 477,748	\$ 133,773	\$ 544,337	\$ 87,804
Up to 30 days	77,128	-	76,459	-
31 to 60 days	19,019	-	671	-
61 to 90 days	2,921	-	53	-
Over 90 days	-	-	1,094	-
	<u>\$ 576,816</u>	<u>\$ 133,773</u>	<u>\$ 622,614</u>	<u>\$ 87,804</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2023 and 2022, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2022, the balance of accounts receivable (including notes receivable) from contracts with customers amounted to \$1,307,230.
- C. As of December 31, 2023 and 2022, 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 \$133,773 and \$87,804, \$576,522 and \$619,428, respectively.
- D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(4) Other receivables

	December 31, 2023	December 31, 2022
Tax refund receivable	\$ 171,019	\$ 91,854
Others	271	516
	<u>\$ 171,290</u>	<u>\$ 92,370</u>

(5) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Carrying amount
Raw materials	\$ 283,520	(\$ 9,886)	\$ 273,634
Work in progress	384,928	(13,624)	371,304
Finished goods	168,637	(6,652)	161,985
	<u>\$ 837,085</u>	<u>(\$ 30,162)</u>	<u>\$ 806,923</u>

	December 31, 2022		
	Cost	Allowance for valuation loss	Carrying amount
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>

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2023	2022
Cost of goods sold	\$ 3,951,226	\$ 6,150,920
(Gain on reversal of) loss on decline in market value (Note)	(10,983)	7,574
Others	7,854	7,313
	<u>\$ 3,948,097</u>	<u>\$ 6,165,807</u>

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

(6) Property, plant and equipment

2023

	2023						
	Buildings and structures	Machinery	Office equipment	Transportation equipment	Other equipment	Unfinished construction and equipment under acceptance	Total
At January 1							
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>
At January 1	\$ 251,296	\$ 569,604	\$ 12,254	\$ 4,852	\$ 23,869	\$ 263,539	\$ 1,125,414
Additions	4,980	13,163	519	4,900	7,605	1,078,104	1,109,271
Acquired from business combination	-	45,331	2,495	1,603	4,847	-	54,276
Disposals	- (	2,589) (	40) (	246) (	-	- (	2,875)
Reclassifications	9,539	40,555 (	3,604)	2,527 (	2,614) (	46,864) (	461)
Depreciation charge	(19,789)	(100,128)	(2,911)	(2,008)	(12,134)	- (	136,970)
Impairment loss	- (	4,673)	-	-	-	- (	4,673)
Effect of foreign exchange	14	398	38	(149)	(159)	(37,895)	(37,753)
At December 31	<u>\$ 246,040</u>	<u>\$ 561,661</u>	<u>\$ 8,751</u>	<u>\$ 11,479</u>	<u>\$ 21,414</u>	<u>\$ 1,256,884</u>	<u>\$ 2,106,229</u>
At December 31							
Cost	\$ 361,343	\$ 1,242,591	\$ 25,008	\$ 37,390	\$ 30,408	\$ 1,256,884	\$ 2,953,624
Accumulated depreciation and impairment	(115,303)	(680,930)	(16,257)	(25,911)	(8,994)	-	(847,395)
	<u>\$ 246,040</u>	<u>\$ 561,661</u>	<u>\$ 8,751</u>	<u>\$ 11,479</u>	<u>\$ 21,414</u>	<u>\$ 1,256,884</u>	<u>\$ 2,106,229</u>

2022

	Buildings and structures	Machinery	Office equipment	Transportation equipment	Other equipment	Unfinished construction and equipment under 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	<u>23,436</u>	<u>56,179</u>	<u>615</u>	<u>259</u>	<u>1,031</u>	<u>7,944</u>	<u>89,464</u>
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>

The increase in unfinished projects and equipment to be inspected in 2023 of \$1,078,104 was mainly due to the Group's expansion of production scale in response to long-term growth trends, new investments in companies such as Top Sports Textile Vietnam Company Limited, and increased costs for factory construction and other projects.

(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:

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Land	\$ 344,597	\$ 365,821
Buildings	52,942	60,053
Transportation equipment	2,244	-
	<u>\$ 399,783</u>	<u>\$ 425,874</u>
	Years ended December 31,	
	2023	2022
	Depreciation charge	Depreciation charge
Land	\$ 11,780	\$ 9,425
Buildings	27,249	25,897
	<u>\$ 39,029</u>	<u>\$ 35,322</u>

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

	Years ended December 31,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 4,696	\$ 5,352
Expense on short-term lease contracts	9,405	3,899
Gain from lease modification	6,295	-
Impairment loss	-	4,018

D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$23,973 and \$210,318, respectively.

E. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were \$41,840 and \$37,828, respectively.

(8) Intangible Assets

	2023		
	Software	Goodwill	Total
At January 1			
Cost	\$ 1,113	\$ -	\$ 1,113
Accumulated amortisation and impairment	(707)	-	(707)
	<u>\$ 406</u>	<u>\$ -</u>	<u>\$ 406</u>
Opening net book amount as at January 1	\$ 406	\$ -	\$ 406
Additions	168	-	168
Acquired from business combination	5,873	52,490	58,363
Amortisation charge	(822)	-	(822)
Net exchange differences	(93)	504	411
Closing net book amount as at December 31	<u>\$ 5,532</u>	<u>\$ 52,994</u>	<u>\$ 58,526</u>
At December 31			
Cost	\$ 7,034	\$ 52,994	\$ 60,028
Accumulated amortisation and impairment	(1,502)	-	(1,502)
	<u>\$ 5,532</u>	<u>\$ 52,994</u>	<u>\$ 58,526</u>
	2022		
	Software	Goodwill	Total
At January 1			
Cost	\$ 1,096	\$ -	\$ 1,096
Accumulated amortisation and impairment	(586)	-	(586)
	<u>\$ 510</u>	<u>\$ -</u>	<u>\$ 510</u>
Opening net book amount as at January 1	\$ 510	\$ -	\$ 510
Amortisation charge	(112)	-	(112)
Net exchange differences	8	-	8
Closing net book amount as at December 31	<u>\$ 406</u>	<u>\$ -</u>	<u>\$ 406</u>
At December 31			
Cost	\$ 1,113	\$ -	\$ 1,113
Accumulated amortisation and impairment	(707)	-	(707)
	<u>\$ 406</u>	<u>\$ -</u>	<u>\$ 406</u>

- A. As of December 31, 2023, the goodwill was allocated to the operating department in China (including Hong Kong). The cash-generating unit of the Group identified by the operating department was Zhen Jiang Tuntex Garment Co., Ltd. The recoverable amount was assessed based on the value in use, which was determined based on pre-tax cash flow forecasts from the five-year financial budget. Cash flows beyond that five-year period are extrapolated using the estimated growth rates described below.
- B. The Group's recoverable amount calculated based on value in use exceeds the carrying amount, thus goodwill is not impaired. The main assumptions used to calculate value in use are as follows:

	<u>Zhen Jiang Tuntex Garment</u>
2023	
Gross profit margin	-36%~-37%
Growth rate	110%~160%
Discount rate	8.69%

(9) Impairment loss on non-financial assets

- A. The Group recognised impairment loss for the years ended December 31, 2023 and 2022 in the amount of \$4,673 and \$18,090, respectively. Details of such loss are as follows:

	<u>Year ended December 31, 2023</u>	
	<u>Recognised in profit or loss</u>	<u>Recognised in other comprehensive income</u>
Impairment loss — machinery	\$ 4,673	\$ -
Impairment loss — right-of-use assets	-	-
	<u>\$ 4,673</u>	<u>\$ -</u>
	<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>

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

	<u>Year ended December 31, 2023</u>	
	<u>Recognised in profit or loss</u>	<u>Recognised in other comprehensive income</u>
Cambodia	\$ 4,673	\$ -
Vietnam	-	-
	<u>\$ 4,673</u>	<u>\$ -</u>

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

C. In 2023, the Group's machinery and equipment in its Cambodia factory were considered outdated and unusable. 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 years ended December 31, 2023 and 2022, the Group recognised impairment loss on machinery and equipment and right-of-use assets in the amount of \$4,673 and \$18,090 which is equivalent to the carrying amount of such assets, respectively.

(10) Other non-current assets

	December 31, 2023	December 31, 2022
Prepayments for equipment	\$ 86,871	\$ 3,486
Others	29,920	27,430
	<u>\$ 116,791</u>	<u>\$ 30,916</u>

(11) Short-term borrowings

Type of Borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 208,236</u>	3.42%~6.51%	-
Type of Borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 46,902</u>	4.24%~5.74%	-

(12) Other payables

	December 31, 2023	December 31, 2022
Salary and bonus payable	\$ 149,664	\$ 154,149
Machinery and equipment payable	113,698	11,325
Plant construction payable	-	56,953
Others	71,468	70,506
	<u>\$ 334,830</u>	<u>\$ 292,933</u>

(13) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	December 31, 2023
Long-term bank borrowings			
CTBC Bank	From August 10, 2023 (the first drawdown) to August 10, 2028, interest is payable monthly and the principal is payable semi-annually after a grace period of two years from the date of the first drawdown, for a total of seven installments. 10% of the principal is due for the first installment, and 15% of the principal for each succeeding installment.	VNIBOR +1.7%	\$ 447,793
BANK SINOPAC			
Taipei Fubon Bank			
secured borrowings			
Less: Current portion			-
			\$ 447,793

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

The Group signed a joint credit facility with three banks including China Trust Commercial Bank Co., Ltd. in April 2023. The main contents are as follows:

- A. Credit limit: The total credit limit of this joint credit facility is an equivalent value of US\$36 million, comprising VND3,536,550,000 thousand and US\$21,000 thousand and cannot be used on a recurring basis.
- B. Credit period: The credit period covers the period from the date of first drawdown to the expiration date of 5 years.
- C. The principal is payable semi-annually after a grace period of 2 years from the first drawdown date, a total of 7 installments, with 10% of the principal due for the first installment and 15% for each succeeding installment.
- D. Collateral: Part of the right-of-use assets of the subsidiary, Top Sports Textile Vietnam Co., Ltd.
- land and some real estate, plants and equipment. Refer to Note 8 for details.

E. Before the debt is fully paid off during the duration of this credit facility, the borrower promises to maintain the following financial ratios and standards:

- (a) The current ratio shall not be less than 100% ;
- (b) The ratio of liabilities to net worth shall not be higher than 100% ;
- (c) The interest coverage ratio shall not be less than 3 times ;
- (d) The net worth shall not be less than NT\$2 billion.

The financial ratios and standards mentioned above are calculated based on the financial statements verified and certified by accountants.

(14) 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, 2023 and 2022 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, 2023 and 2022 were \$36,258 and \$21,004, respectively.

(15) Share-based payment

A. For the years ended December 31, 2023 and 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.

In the fourth quarter of 2023, the Group lifted the restriction on 180,000 shares due to the vesting of new shares with partial restrictions on employee rights.

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. In addition, on May 11, 2023, the board of directors passed a resolution to cancel 76,000 treasury shares. Refer to Note 6(16) for details.

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:

	Years Ended December 31,	
	2023	2022
Equity-settled	\$ 28,835	\$ 5,271

(16) Share capital

A. As of December 31, 2023, the Company's authorised capital was \$600,000, consisting of 60,000 thousand shares of ordinary stock and the paid-in capital was \$382,938 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:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
At January 1	\$ 37,694	\$ 31,349
Stock dividends of ordinary shares	-	6,270
Treasury shares sold to employees	-	75
Employee restricted stock	180	-
At December 31	<u>\$ 37,874</u>	<u>\$ 37,694</u>

Information about the employee restricted stock is provided in Note 6(15).

B. Treasury shares

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

As of December 31, 2023 : None.

<u>Name of company holding the shares</u>	<u>Reason for reacquisition</u>	<u>December 31, 2022</u>	
		<u>Number of shares</u>	<u>Carrying amount</u>
The Company	To be reissued to employees	\$ 76,000	\$ 10,470

(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.

(e) The Company's board of directors approved the cancellation of 76,000 treasury shares on May 11, 2023. The base date for capital reduction was set on May 25, 2023, and was approved by the Taiwan Stock Exchange Co., Ltd. on May 30, 2023.

(17) 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.

(18) 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, 2022 and 2021 resolved by the stockholders at the stockholders' meeting on June 15, 2023 and June 15, 2022, respectively, are as follows:

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

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

E. The distribution of earnings for the year ended December 31, 2023 proposed by the Board of Directors on March 13, 2024 is as follows:

	Year ended December 31, 2023	
	Amount	Dividends per share (in dollars)
Special reserve appropriated	\$ 37,167	
Cash dividends	153,175	\$ 4.00
	<u>\$ 190,342</u>	

(19) Operating revenue

	Years ended December 31,	
	2023	2022
Revenue from contracts with customers - textile	<u>\$ 5,187,113</u>	<u>\$ 7,429,114</u>

A. Disaggregation of revenue from contracts with customers

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

	China (including Hong Kong)				
		Cambodia	Vietnam	Total	
<u>2023</u>					
Total segment revenue	\$ 6,822,553	\$ 1,123,920	\$ 243	\$ 7,946,716	
Inter-segment revenue	(1,635,440)	(1,123,920)	(243)	(2,759,603)	
Revenue from external customer contracts	<u>\$ 5,187,113</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,187,113</u>	
Timing of revenue recognition					
At a point in time	<u>\$ 5,187,113</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,187,113</u>	
	China (including Hong Kong)				
		Cambodia	Vietnam	Total	
<u>2022</u>					
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>	

B. Contract liabilities

The Group has recognised the following revenue-related liabilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract liabilities - advance sales receipts (shown as other current liabilities)	\$ <u>204</u>	\$ <u>5,885</u>	\$ <u>7,444</u>

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

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Advance sales receipts	\$ <u>5,885</u>	\$ <u>7,444</u>

(20) Interest income

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	\$ <u>19,232</u>	\$ <u>7,534</u>

(21) Other income

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Government grants	\$ 11,491	\$ 12,991
Other income	23,757	17,158
	\$ <u>35,248</u>	\$ <u>30,149</u>

(22) Other gains and losses

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Gain from lease modification	\$ 6,295	\$ -
Foreign exchange losses	(15,299)	(4,632)
Impairment loss	(4,673)	(18,090)
Gains (losses) on disposal of property, plant and equipment	4,948	(6,268)
Other losses	(9,186)	(6,616)
	\$ <u>17,915</u>	\$ <u>35,606</u>

(23) Finance costs

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Interest expense	\$ 7,377	\$ 4,049
Bank loan	4,696	5,352
Lease expense	\$ <u>12,073</u>	\$ <u>9,401</u>

(24) Expenses by nature

	Years ended December 31,	
	2023	2022
Employee benefit expense	\$ 747,701	\$ 578,121
Depreciation charge	175,999	155,492
Amortisation charge	822	112
	<u>\$ 924,522</u>	<u>\$ 733,725</u>

(25) Employee benefit expense

	Years ended December 31,	
	2023	2022
Wages and salaries	\$ 662,735	\$ 533,151
Labour and health insurance fees	24,675	11,795
Pension costs	36,258	21,004
Other personnel expenses	24,033	12,171
	<u>\$ 747,701</u>	<u>\$ 578,121</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, 2023 and 2022, employees' compensation was accrued at \$4,123 and \$4,465, respectively; while no directors' and supervisors' remuneration was accrued for both years.

For the years ended December 31, 2023 and 2022, 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 2022 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2022 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.

(26) Income tax

A. Income tax expense

Components of income tax expense:

	Years ended December 31,	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ 127,380	\$ 94,706
Prior year income tax over estimation	(13,177)	(21)
Total current tax	<u>\$ 114,203</u>	<u>\$ 94,685</u>
Deferred tax:		
Origination and reversal of temporary differences	\$ 1,251	(\$ 2,330)
Total deferred tax	<u>1,251</u>	<u>(2,330)</u>
Income tax expense	<u>\$ 115,454</u>	<u>\$ 92,355</u>

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate (Note)	\$ 117,917	\$ 93,948
Effects from items that should be adjusted in accordance with tax regulations	10,714	(1,572)
Prior year income tax over estimation	(13,177)	(21)
Income tax expense	<u>\$ 115,454</u>	<u>\$ 92,355</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:

2023				
	<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	\$ 545	(\$ 489)	\$ 7	\$ 63
Unrealised inventory valuation loss	8,511	(3,064)	20	5,467
Book-tax difference on right-of-use assets	340	41	(15)	366
Unrealised impairment loss	1,467	-	(2)	1,465
Taxable loss	-	12,050	(2)	12,048
Others	97	(161)	2	(62)
Subtotal	<u>\$ 10,960</u>	<u>\$ 8,377</u>	<u>\$ 10</u>	<u>\$ 19,347</u>
— Deferred tax liabilities:				
Book-tax difference on depreciation life	(\$ 802)	(\$ 7,126)	\$ 223	(\$ 7,705)
Investment income	(15,072)	-	2	(15,070)
Subtotal	<u>(\$ 15,874)</u>	<u>(\$ 7,126)</u>	<u>\$ 225</u>	<u>(\$ 22,775)</u>
Total	<u>(\$ 4,914)</u>	<u>\$ 1,251</u>	<u>\$ 235</u>	<u>(\$ 3,428)</u>
2022				
	<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	\$ 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
Subtotal	<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)
Subtotal	<u>(\$ 14,304)</u>	<u>(\$ 72)</u>	<u>(\$ 1,498)</u>	<u>(\$ 15,874)</u>
Total	<u>(\$ 6,089)</u>	<u>\$ 2,330</u>	<u>(\$ 1,155)</u>	<u>(\$ 4,914)</u>

D. Under the regulations of the 2013 tax incentives 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'.

E. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2023				
Year incurred	Amount filed	Unused amount	Deferred tax assets	Expiry year
2023	\$ 48,608	\$ 48,608	\$ -	2028

(27) Earnings per share

	Year ended December 31, 2023		
	Amount after tax	Retrospective adjustment to weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit for the year	<u>\$ 408,198</u>	<u>37,720</u>	<u>\$ 10.82</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	32	
Employee restricted stock	<u>-</u>	<u>426</u>	
Profit for the year plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 408,198</u>	<u>38,178</u>	<u>\$ 10.69</u>

	Year ended December 31, 2022		
	Amount after tax	Retrospective adjustment to weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<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	-	18	
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>

(28) Supplemental cash flow information

Investing activities with partial cash payments

	Years ended December 31,	
	2023	2022
Purchase of property, plant and equipment	\$ 1,109,271	\$ 402,494
Add: Opening balance of payable on equipment	11,325	16,043
Add: Opening balance of plant construction payable	56,953	-
Less: Ending balance of payable on equipment	(113,698)	(11,325)
Ending balance of plant construction payable	-	(56,953)
Cash paid during the year	<u>\$ 1,063,851</u>	<u>\$ 350,259</u>

	Years ended December 31,	
	2023	2022
Purchase of right-of-use assets	\$ 23,973	\$ 210,318
Add: Ending balance of prepayment for right-of-use assets	-	-
Less: Opening balance of prepayment for right-of-use assets	-	-
Changes in other non-cash items	(23,973)	(66,201)
Cash paid during the year	<u>\$ -</u>	<u>\$ 144,117</u>

(29) Business combination

- A. In order to strengthen its layout in the garment market, the Group acquired 100% equity interest in Zhen Jiang Tuntex Garment Co., Ltd. (hereinafter referred to as Zhen Jiang Tuntex) on January 1, 2023, for a cash consideration of US\$6.2 million, approximately NT\$188,558 thousand, and gained control of Zhen Jiang Tuntex.
- B. The following table summarises the consideration paid for Zhen Jiang Tuntex and the fair values of the assets acquired and liabilities assumed at the acquisition date:

	<u>January 1, 2023</u>
Purchase consideration	
Cash	\$ 188,558
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	82,356
Accounts receivable	8,556
Inventories	6,370
Other current assets	3,132
Property, plant and equipment	54,276
Deferred tax assets	12,360
Intangible assets	5,873
Accounts payable	(4,057)
Other payables	(22,943)
Other current liabilities	(498)
Deferred income tax liabilities	(9,357)
Total identifiable net assets-	<u>\$ 136,068</u>
Goodwill	<u>\$ 52,490</u>

The Group merged with Zhen Jiang Tuntex on January 1, 2023. The operating income and pre-tax net loss contributed by Zhen Jiang Tuntex were \$54,977 and \$103,189 respectively.

(30) Changes in liabilities from financing activities

The Company's changes in liabilities from financing activities for the years ended December 31, 2023 and 2022 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>2023</u>	<u>2022</u>
Purchases of services:		
Other related parties	\$ -	\$ 336,709

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

B. Payables to related parties:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other payables - other:		
Other related parties	<u>\$ 163</u>	<u>\$ 2,198</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>2023</u>	<u>2022</u>
Key management		
LIN CHIN-MAO	\$ -	\$ 21,653
Other related parties	<u>1,176</u>	<u>36,379</u>
	<u>\$ 1,176</u>	<u>\$ 58,032</u>

(c) Rent expense

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Key management	\$ 2,578	\$ -
Other related parties	<u>29</u>	<u>131</u>
	<u>\$ 2,607</u>	<u>\$ 131</u>

The Group signs a lease contract with a related party. The rent is determined according to general commercial terms and the payment method is as agreed in the contract.

(d) Lease liability

i. Outstanding balance:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
LIN CHIN-MAO	\$ 32,035	\$ 39,262
LIN CHING-WEI	6,025	7,951
TAT CHEONG	4,970	9,831
Other related parties	<u>8,662</u>	<u>10,976</u>
	<u>\$ 51,692</u>	<u>\$ 68,020</u>

ii. Interest expense

	Years ended December 31,	
	2023	2022
LIN CHIN-MAO	\$ 2,377	\$ 2,717
LIN CHING-WEI	332	419
Other related parties	638	869
	<u>\$ 3,347</u>	<u>\$ 4,005</u>

D. Service fees

	Years ended December 31,	
	2023	2022
Other related parties	<u>\$ 1,755</u>	<u>\$ 1,781</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,	
	2023	2022
Other related parties	<u>\$ -</u>	<u>\$ 8,538</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,	
	2023	2022
Salaries and other short-term employee benefits	\$ 75,539	\$ 68,928
Post-employment benefits	287	274
Share-based payment	2,884	-
	<u>\$ 78,710</u>	<u>\$ 69,202</u>

8. Pledged Assets

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

Pledged asset	Book value		Purpose
	December 31, 2023	December 31, 2022	
Bank borrowings (shown as other current assets)	\$ 26,692	\$ 26,483	Bank borrowing facilities
Right-of-use asset - Land	187,418	-	Bank borrowings
Property, plant and equipment	1,017,008	-	Bank borrowings
	<u>\$ 1,231,118</u>	<u>\$ 26,483</u>	

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:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Property, plant and equipment	<u>\$ 260,316</u>	<u>\$ 723,003</u>

B. As of December 31, 2023 and 2022, the Group's issued but unused letter of credit for importing raw materials amounted to \$139,228 and \$99,347, respectively.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

Details of the appropriations of 2023 earnings as proposed by the Board of Directors on March 13, 2024 are provided in Note 6(18).

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 \$1,388,407 and the carrying amount of financial liabilities at amortised cost (including short-term borrowings, notes payable, accounts payable, other payables (including related parties), long-term borrowings (including current portion) and guarantee deposits received) amounted to \$1,651,076. The carrying amount of the lease liability is \$73,087. 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, 2023		
	Foreign currency amount (in thousands)	Exchange rate	Carrying amount (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
HKD:USD	\$ 14,387	0.1279	\$ 56,526
<u>Financial liabilities</u>			
<u>Monetary items</u>			
HKD:USD	\$ 5,806	0.1279	\$ 22,814
RMB:USD	7,582	0.1412	32,807
USD:VND	3,233	24,250	99,283
KHR:USD	5,776,900	4,083	43,443

December 31, 2022				
	Foreign currency amount			Carrying amount
	(in thousands)		Exchange rate	(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
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, 2023 and 2022 amounted to (\$15,299) and (\$4,632), respectively.				
iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:				

	Year ended December 31, 2023				
	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%	\$	565	\$	-
<u>Financial liabilities</u>					
<u>Monetary items</u>					
HKD:USD	1%	\$	228	\$	-
RMB:USD	1%		328		-
USD:VND	1%		993		-
KHR:USD	1%		434		-

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	-

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, 2023 and 2022 would have decreased/increased by \$6,560 and \$470, 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 its 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 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. The Group adopts the 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, 2023 and 2022, 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, 2023</u>						
Expected loss rate	0.03%	0.03%	0.03%	0.03%	0.00%	
Total book value	\$ 608,939	\$ 73,100	\$ 16,595	\$ 1,987	\$ -	\$ 700,621
Loss allowance	\$ 179	\$ 22	\$ 5	\$ 1	\$ -	\$ 207
<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

Further, as of December 31, 2023 and 2022, the Group's accounts receivable and notes receivable amounted to \$9,968 and \$13,486, respectively, and the impairment loss recognised under individual assessment amounted to \$87 and \$1,754, 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:

	2023	2022
At January 1	\$ 3,186	\$ 1,277
Provision for impairment	-	1,763
Reversal of impairment loss	(2,929)	-
Effect of exchange rate changes	37	146
At December 31	<u>\$ 294</u>	<u>\$ 3,186</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, 2023 and 2022 were \$2,715,858 and \$2,312,623, 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, 2023	Less than 1 year	Over 1 year
Short-term borrowings	\$ 208,236	\$ -
Notes payable	104,280	-
Accounts payable	555,301	-
Other payables (including related parties)	334,993	-
Lease liability	32,781	50,180
Long-term borrowings (including current portion)	12,922	475,970
Guarantee deposits received	-	473
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 liabilities	28,385	68,129
Long-term borrowings (including current portion)	69	-
Guarantee deposits received	44,024	473

(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 carrying amount 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 carrying amount 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, 2023				
	China				
	(including Hong Kong)	Cambodia	Vietnam	Adjustments and write-offs	Total
Revenue from external customers	\$ 5,187,113	\$ -	\$ -	\$ -	\$ 5,187,113
Internal revenue	1,635,440	1,123,920	243	(2,759,603)	-
Total revenue	<u>\$ 6,822,553</u>	<u>\$ 1,123,920</u>	<u>\$ 243</u>	<u>(\$ 2,759,603)</u>	<u>\$ 5,187,113</u>
Segment income (loss)	<u>\$ 1,302,789</u>	<u>\$ 18,093</u>	<u>(\$ 84,889)</u>	<u>(\$ 712,341)</u>	<u>\$ 523,652</u>
Segment income (loss), including:					
Depreciation and amortisation	\$ 46,545	\$ 119,869	\$ 10,407		\$ 176,821
Interest income	\$ 18,695	\$ 50	\$ 487		\$ 19,232
Interest expense	\$ 3,171	\$ 4,594	\$ 4,308		\$ 12,073
Impairment loss	\$ -	\$ 4,673	\$ -		\$ 4,673
Income tax expense	\$ 124,988	(\$ 9,712)	\$ 178		\$ 115,454
Total segment assets	<u>\$ 9,766,405</u>	<u>\$ 1,261,449</u>	<u>\$ 1,851,349</u>	<u>(\$ 7,898,767)</u>	<u>\$ 4,980,436</u>
Total segment liabilities	<u>\$ 1,176,245</u>	<u>\$ 703,015</u>	<u>\$ 1,282,948</u>	<u>(\$ 1,339,359)</u>	<u>\$ 1,822,849</u>
Capital expenditure	<u>\$ 2,841</u>	<u>\$ 65,337</u>	<u>\$ 1,041,093</u>	<u>\$ -</u>	<u>\$ 1,109,271</u>

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	<u>\$ 11,101,251</u>	<u>\$ 1,038,182</u>	<u>\$ 30,326</u>	<u>(\$ 4,740,645)</u>	<u>\$ 7,429,114</u>
Segment income (loss)	<u>\$ 1,401,507</u>	<u>(\$ 21,927)</u>	<u>\$ 268</u>	<u>(\$ 845,452)</u>	<u>\$ 534,396</u>
Segment income (loss), including:					
Depreciation and amortisation	<u>\$ 20,542</u>	<u>\$ 122,439</u>	<u>\$ 12,623</u>		<u>\$ 155,604</u>
Interest income	<u>\$ 7,514</u>	<u>\$ 18</u>	<u>\$ 2</u>		<u>\$ 7,534</u>
Interest expense	<u>\$ 4,205</u>	<u>\$ 3,852</u>	<u>\$ 1,344</u>		<u>\$ 9,401</u>
Impairment loss	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,090</u>		<u>\$ 18,090</u>
Income tax expense	<u>\$ 92,355</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 92,355</u>
Total segment assets	<u>\$ 9,374,042</u>	<u>\$ 1,351,018</u>	<u>\$ 677,062</u>	<u>(\$ 7,090,096)</u>	<u>\$ 4,312,026</u>
Total segment liabilities	<u>\$ 1,145,165</u>	<u>\$ 819,901</u>	<u>\$ 68,493</u>	<u>(\$ 747,311)</u>	<u>\$ 1,286,248</u>
Capital expenditure	<u>\$ 11,273</u>	<u>\$ 193,082</u>	<u>\$ 198,139</u>	<u>\$ -</u>	<u>\$ 402,494</u>

(4) Reconciliation for segment income (loss)

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

(5) Information on products and services

Refer to Note 6 (19) for the related information.

(6) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	Years ended December 31,			
	2023		2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 1,449,409	\$ 5,923	\$ 2,102,820	\$ 3,042
Singapore	1,310,299	-	1,919,332	-
China	872,619	157,783	1,533,916	62,303
Hong Kong	492,976	35,037	478,101	39,529
Korea	303,646	-	285,349	-
Cambodia	269,481	854,503	188,553	917,292
Thailand	180,916	-	343,274	-
Vietnam	117,290	1,628,083	534	560,444
Others	190,477	-	577,235	-
	<u>\$ 5,187,113</u>	<u>\$ 2,681,329</u>	<u>\$ 7,429,114</u>	<u>\$ 1,582,610</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, 2023 and 2022 is as follows:

	Years ended December 31,			
	2023		2022	
	Revenue	Ratio	Revenue	Ratio
MG	\$ 687,630	13.26%	\$ 819,078	11.03%
TMI	685,896	13.22%	731,701	9.85%
CSG	682,014	13.15%	1,154,376	15.54%

TST Group Holding Ltd. and Subsidiaries

Loans to others

Year ended December 31, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.			General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2023	Balance at December 31, 2023	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	
(Note 1)	Creditor	Borrower	(Note 2)		(Note 3)	(Note 8)			(Note 4)	(Note 5)	(Note 6)		Item	Value	(Note 7)	(Note 7)	Footnote
1	TST International Group Limited	THRIVE NATION GROUP LIMITED	Other receivables - related parties	Y	\$ 230,288	\$ 214,935	\$ 29,784	TAIFX+1.5%	Short-term financing	\$ -	Working capital	\$ -	None	\$ -	\$ 2,056,370	\$ 2,056,370	-
1	TST International Group Limited	Top Star Textile Limited	Other receivables - related parties	Y	153,525	-	-	TAIFX+1.5%	Short-term financing	-	Working capital	-	None	-	2,056,370	2,056,370	-
1	TST International Group Limited	TOP SPORTS TEXTILE LIMITED.	Other receivables - related parties	Y	767,625	307,050	307,050	TAIFX+1.5%	Short-term financing	-	Working capital	-	None	-	2,056,370	2,056,370	-
2	BUMPER WORLD GROUP HOLDINGS LIMITED	TOP SPORTS TEXTILE LTD.	Other receivables - related parties	Y	15,353	-	-	TAIFX+1.5%	Short-term financing	-	Working capital	-	None	-	2,526,070	2,526,070	-
3	TOP STAR TEXTILE LIMITED	CHINTEX ENTERPRISES LIMITED	Other receivables - related parties	Y	92,115	92,115	-	3.5%	Short-term financing	-	Working capital	-	None	-	2,570,463	2,570,463	-
3	TOP STAR TEXTILE LIMITED	TOP SPORTS TEXTILE LTD.	Other receivables - related parties	Y	399,165	399,165	-	TAIFX+1.5%	Short-term financing	-	Working capital	-	None	-	2,570,463	2,570,463	-
3	TOP STAR TEXTILE LIMITED	Top Sports Textile Vietnam CO., Ltd.	Other receivables - related parties	Y	921,150	767,625	560,366	TAIFX+1.5%	Short-term financing	-	Working capital	-	None	-	2,570,463	2,570,463	-
4	THRIVE NATION GROUP LIMITED	Top Sports Textile Vietnam CO., Ltd.	Other receivables - related parties	Y	245,640	61,410	46,058	TAIFX+1.5%	Short-term financing	-	Working capital	-	None	-	583,704	583,704	-
5	CHINTEX ENTERPRIS ES LIMITED	Zhen Jiang Tuntex Garment Co., Ltd.	Other receivables - related parties	Y	130,066	130,066	30,306	3.5%	Short-term financing	-	Working capital	-	None	-	2,570,463	2,570,463	-

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

(1) The Company is ‘0’.

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

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

TST 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 Company’s net assets; the limit on loans granted to a single party is 100% of the Company’s net assets.

CHINTEX ENTERPRISES 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, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023 (Note 4 、 8)	Outstanding endorsement/ guarantee amount at December 31, 2023 (Note 5 、 8)	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
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	TST Group Holding Ltd.	TOP SPORTS TEXTILE LTD.	2	\$ 15,787,935	\$ 1,166,790	\$ 583,395	\$ 112,135	\$ -	18.48	\$ 15,787,935	Y	N	N	-
0	TST Group Holding Ltd.	Top Star Textile Limited	2	15,787,935	3,180,547	2,366,864	108,634	-	74.96	15,787,935	Y	N	N	-
0	TST Group Holding Ltd.	Top Sports Textile Vietnam CO., Ltd.	2	15,787,935	2,026,530	1,765,538	539,549	-	55.91	15,787,935	Y	N	N	-
0	TST Group Holding Ltd.	CHINTEX ENTERPRISES LIMITED	2	15,787,935	682,757	682,757	-	-	21.62	15,787,935	Y	N	Y	-
1	TST International Group Limited	Top Star Textile Limited	4	12,852,315	245,640	-	-	-	-	12,852,315	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 chariman 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.

Note 8: Instructions for double calculation of balance:

(1)The balance of TST Group Holding Ltd.'s endorsement guarantee for Top Star Textile Limited is NT\$117,846 thousand (HKD 30,000 thousand), which is double counting.

(2)The balance of TST Group Holding Ltd.'s endorsement guarantee for CHINTEX ENTERPRISES LIMITED is NT\$216,747 thousand (RMB 50,000 thousand), which is double counting.

The above is because the bank's board of directors convened before the expiration of the old contract to approve the renewal. From the date of approval by the board of directors to the start date of the new contract, the balance of the endorsement guarantee was double-counted until the balance of the old contract automatically expired after the new contract came into effect.

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, 2023

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, 2023				Footnote (Note 4)
				Number of shares	Carrying amount (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, 2023

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.	Land use right	2022.06.10 (Note 1)	(Note 2)	The amount of \$606,651 (including tax) had been paid based on the contract (Note 3)	AZB JOINT STOCK COMPANY	-	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	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: As of December 31, 2023, the contracted amount was VND 513.7 billion (excluding value-added tax). According to the conversion of VAN1=NTD0.001266 on December 31, 2023, it was approximately NT\$650,357 thousand.

Note 3: The price paid from the signing date to December 31, 2023.

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, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction		Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Percentage of total notes /accounts receivable (payable)		Footnote (Note 2)
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance		
TOP STAR TEXTILE LIMITED	TOP SPORTS TEXTILE LTD.	Associate within the Group	Purchases	\$ 1,123,591	32.26	Mutual agreement	-	-	(\$ 181,101)	39.19	-
TOP SPORTS TEXTILE LTD.	TOP STAR TEXTILE LIMITED	Associate within the Group	Sales	(1,123,591)	99.97	Mutual agreement	-	-	181,101	99.82	-
TOP STAR TEXTILE LIMITED	GUANGZHOU RUNWELL KNITS TEXTILE	Associate within the Group	Purchases	739,401	21.38	Mutual agreement	-	-	(91,240)	19.75	-
GUANGZHOU RUNWELL KNITS TEXTILE	TOP STAR TEXTILE LIMITED	Associate within the Group	Sales	(739,401)	100.00	Mutual agreement	-	-	91,240	100.00	-
GUANGZHOU RUNWELL KNITS TEXTILE	CHINTEX ENTERPRISES LIMITED	Associate within the Group	Purchases	720,020	100.00	Mutual agreement	-	-	(58,265)	100.00	-
CHINTEX ENTERPRISES LIMITED	GUANGZHOU RUNWELL KNITS TEXTILE	Associate within the Group	Sales	(720,020)	46.71	Mutual agreement	-	-	58,265	16.46	-

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

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

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

Note 4: For relationships with other related parties, please refer to Note 7 for details.

TST Group Holding Ltd. and Subsidiaries
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
December 31, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023 (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	Associate within the Group	\$ 91,240	6.83	\$ -	-	\$ 52,160	\$ -
TOP SPORTS TEXTILE LTD.	TOP STAR TEXTILE LIMITED	Associate within the Group	181,101	6.83	-	-	120,362	-
TST International Group Limited	TOP SPORTS TEXTILE LTD.	Associate within the Group	307,050	Note 3	-	-	-	-
TOP STAR TEXTILE LIMITED	Top Sports Textile Vietnam Co., Ltd.	Associate within the Group	560,366	Note 3	-	-	-	-

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

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

Note3: This is the consolidation of other receivables from fund transactions between individuals, so there is no need to calculate the turnover rate.

TST Group Holding Ltd. and Subsidiaries
Significant inter-company transactions during the reporting period
Year ended December 31, 2023

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Number					Transaction		Percentage of consolidated total operating revenues or total assets
					Amount	Transaction terms	
(Note 1)	Company name	Counterparty	Relationship	General ledger account	Amount	Transaction terms	(Note 3)
1	TOP STAR TEXTILE LIMITED	TOP SPORTS TEXTILE LTD.	3	Purchases	\$ 1,123,591	-	21.66
1	TOP STAR TEXTILE LIMITED	TOP SPORTS TEXTILE LTD.	3	Accounts payable	181,101	-	3.64
1	TOP STAR TEXTILE LIMITED	GUANGZHOU RUNWELL KNITS TEXTILE	3	Purchases	739,401	-	14.25
1	TOP STAR TEXTILE LIMITED	GUANGZHOU RUNWELL KNITS TEXTILE	3	Accounts payable	91,240	-	1.83
2	GUANGZHOU RUNWELL KNITS TEXTILE	CHINTEX ENTERPRISES LIMITED	3	Purchases	720,020	-	13.88
2	GUANGZHOU RUNWELL KNITS TEXTILE	CHINTEX ENTERPRISES LIMITED	3	Accounts payable	58,265	-	1.17
3	TST International Group Limited	TOP SPORTS TEXTILE LTD.	3	Other receivable	307,050	-	6.17
4	TOP STAR TEXTILE LIMITED	Top Sports Textile Vietnam Co., Ltd.	3	Other receivable	560,366	-	11.25

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, 2023

Table 8

Table 8											Expressed in thousands of NTD (Except as otherwise indicated)
Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023 (Note 2(2))	Investment income (loss) recognised by the Company for the year ended December 31, 2023 (Note 2(3))	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership	Carrying amount			
TST Group Holding Ltd.	BUMPER WORLD GROUP HOLDINGS LIMITED	British Virgin Islands	Holding Company	\$ 689,540	\$ 689,540	\$ 23,000,000	100.00	\$ 576,023	\$ 28,538	\$ 28,538	Subsidiary
TST Group Holding Ltd.	TST International Group Limited	British Virgin Islands	Holding Company	209,860	209,860	7,000,000	100.00	2,570,463	429,137	429,137	Subsidiary
TST International Group Limited	THRIVE NATION GROUP LIMITED	British Virgin Islands	Holding Company	689,798	631,075	23,500,000	100.00	583,704 (	94,024) (	94,024)	Second-tier subsidiary
TST International Group Limited	T-TRON INVESTMENT HOLDINGS LIMITED	Hong Kong	Holding Company	190,780	107,792	6,500,000	100.00	81,214 (	108,550) (	108,550)	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	558,434	27,805	27,805	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	916,161	555,049	555,049	Second-tier subsidiary
TOP STAR TEXTILE LIMITED	TOP STAR TEXTILE VIETNAM COMPANY LIMITED	Vietnam	Manufacture of textile	30,040	30,040	-	100.00	2,097	8,069	8,069	Second-tier subsidiary
THRIVE NATION GROUP LIMITED	Top Sports Textile Vietnam Co., Ltd.	Vietnam	Manufacture of textile	650,383	589,403	-	100.00	566,304 (	93,136) (	93,136)	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, 2023’ 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, 2023’ 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, 2023’ 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, 2023

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023 (Note 2)		Carrying amount of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
				Remitted to Mainland China	Remitted back to Taiwan	(\$	\$							
GUANGZHOU RUNWELL KNITS TEXTILE	Sale of textile	\$ 62,470	2	\$ -	\$ -	\$ -	\$ -	(\$ 13,946)	100.00	(\$ 13,946)	\$	76,357	\$ -	Notes 2(2)B and 4
CHINTEX ENTERPRISES LIMITED	Sale of textile	163,239	2	-	-	-	-	69,317	100.00	69,317		581,440	-	Notes 2(2)B and 4
GUANGZHOU CHINTEX MANAGEMENT CONSULTING CO., LTD.	Management consulting services	4,335	2	-	-	-	-	4,729	100.00	4,729		29,056	-	Notes 2(2)B and 5
HUBEI CHUNG SHENG TEXTILE CO., LTD.	Sale of textile	16,474	2	-	-	-	-	-	35.00	-		-	-	Notes 2(2)C and 5
Zhen Jiang Tuntex Garment Co., Ltd.	Manufacture of garments	102,708	2	-	-	-	-	(102,566)	100.00	(102,566)		80,903	-	Notes 2(2)B and 6
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	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 7	Note 7	Note 7											

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, 2023' 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: Invest through T-TRON HOLDINGS LIMITED.

Note 7: 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, 2023

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, 2023	%	Balance at December 31, 2023	Purpose	Maximum balance during the year ended December 31, 2023	Balance at December 31, 2023	Interest rate	Interest during the year ended December 31, 2023	Others
GUANGZHOU RUNWELL KNITS TEXTILE CHINTEX ENTERPRISES LIMITED	(\$ 739,401)	14.25	\$ -	-	(\$ 91,240)	1.83	\$ -	-	\$ -	\$ -	-	\$ -	-
Zhen Jiang Tuntex Garment Co., Ltd.	-	-	-	-	-	-	-	-	92,115 Business needs	92,115	3.5%	-	-
	-	-	-	-	-	-	-	-	130,066	130,066	3.5%	296	-

TST Group Holding Ltd. and Subsidiaries

Major shareholders information

December 31, 2023

Table 11

Name of major shareholders	Shares	Ownership (%)
	Name of shares held	
Xingmao Group Holdings Limited	12,768,000	33.34%
Big Loyal Group Limited	2,484,000	6.48%
LIN CHIN MAO	2,450,000	6.39%
Excellent Treat Limited	2,400,000	6.26%

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.