

Stock code: 2929

**TOPBI International Holdings Limited Company
and Subsidiaries
Consolidated Financial Statements
For the years ended December 31, 2020 and 2019
Together with Independent Auditors' Report**

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.

TOPBI International Holdings Limited Company and Subsidiaries
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TOPBI International Holdings Limited Company and Subsidiaries
Letter of Representation

For the year ended December 31, 2020, pursuant to “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”, the entities that are required to be included in the consolidated financial statements of affiliates, are the same entities required to be included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No. 10, “Consolidated Financial Statements”. In addition, the relevant information required to be disclosed in the consolidated financial statements of affiliates is included in the aforementioned consolidated financial statements. Accordingly, it is not required to prepare a separate set of consolidated financial statements of affiliates.

Hereby declare,

TOPBI International Holdings Limited Company

Zhou, Xun Cai
Chairman

April 23, 2021

Independent Auditors' Report

TOPBI International Holdings Limited Company

Opinion

We have audited the accompanying consolidated balance sheets of TOPBI International Holdings Limited Company (the "Company") and its subsidiaries (collectively referred as the "Group") as of December 31, 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year ended December 31, 2020, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the **Independent auditors' responsibilities for the audit of the consolidated financial statements** section of our report. We are independent of the Group in accordance with the Code of professional Ethics for Certificate Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with this Code. Based on our audits, we believe that our audits provide a reasonable basis for our opinion.

Independent Auditors' Report (Continued)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. 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. We determined the key audit matters should be communicated in our audit report are as follows:

Evaluation of cash and cash equivalents

Please refer to Note 4(6) to the consolidated financial statements for the accounting policies of evaluation of cash and cash equivalents; and please refer to Note 6(1) to the consolidated financial statements for the details description of cash and cash equivalents accounts.

As of December 31, 2020, the balances of cash and cash equivalents of the Group is \$2,247,551 thousand, accounting for 39% of the total consolidated assets, due to the significant proportion of balances and the inherent risks; we therefore considered the cash and cash equivalents as the key audit matters for the year.

Our audit procedures included, but are not limited to, obtaining the list of bank deposits balances in the account of the Group, and verifying them to the bank statements; checking the receipt and payment vouchers of major cash and cash equivalents transaction; to check all bank confirmations whether it matches the bank deposit balance in the account, and check whether there are restrictions on bank deposits.

Independent Auditors' Report (Continued)

Revenue recognition

Please refer to Note 4(23) to the consolidated financial statements for the accounting policies of revenue recognition; and please refer to Note 6(21) to the consolidated financial statements for the details description of revenue.

The main operating income of the Group is the sale of its private label children clothing. The Group mainly fulfill the performance obligations at the point of time when the goods are delivered, and the sales revenue will be recognized at that point of time. As of December 31, 2020, the portion of operating income which are outstanding for collection as the key audit matter for the year.

The audit procedures performed by us include the understanding of recognition process of sales revenue transaction of the Group, and the assessment of whether the revenue recognition meets the requirements of the International Financial Reporting Standard No. 15 "Revenue from Contracts with Customer"; and execute the test whether the relevant control points of the sales and collection cycle are valid; obtain the sales details and check the general ledger, and select the vouchers of relevant sales transaction; obtain the audit confirmation letter and review the subsequent collection of payment after balance sheet date, in order to confirm whether there are major abnormalities in sales revenue.

Other matters

The Group's consolidated financial statements for the year ended December 31, 2019 were audited by other auditors and the Independent Auditors' Report was issued on March 30, 2020 with an unqualified opinion.

Independent Auditors' Report (Continued)

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charges with governance, including members of the Audit Committee, are responsible for overseeing the Group's financial reporting process.

Independent auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards 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.

Independent Auditors' Report (Continued)

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 report. However, future events or conditions may cause the Group to cease to continue as a going concern.

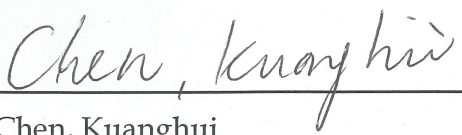
Independent Auditors' Report (Continued)

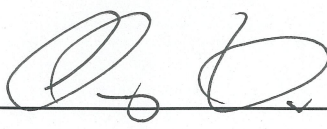
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the footnote disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentations.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of audit of the Group. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationship and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our 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.


Chen, Kuanghui


Kuo, Chenyu

For and on behalf of ShineWing CPAs

April 23, 2021

Taipei, Taiwan

Republic of China

Notice to Readers

The accompanying consolidated financial statements are not intended to present the financial position, results of financial operations and cash flows in accordance with accounting principles and practice generally accepted in countries and jurisdictions other than the Republic of China. The standard, 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, ShineWing CPAs 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.

TOPBI International Holdings Limited Company and Subsidiaries

Consolidated balance sheets

December 31, 2020 and 2019

(Expressed in thousands of New Taiwan dollars)

		December 31,			
Assets	Notes	2020	%	2019	%
Current assets					
Cash and cash equivalents	6.(1)	\$ 2,247,551	39	\$ 1,056,966	13
Financial assets at fair value through profit or loss - current	6(2)	-	-	2,385,637	29
Financial assets at amortized cost - current	6.(3)	1,575,720	27	1,506,750	19
Accounts receivable, net	6.(4)	1,081,264	19	2,569,995	32
Other receivables	6.(5)	26,586	-	9,790	-
Current income tax assets		21,152	-	-	-
Inventories	6.(6)	21,230	-	48,866	1
Prepayments	6.(11)	251,691	5	177	-
Other current assets		755	-	700	-
		5,225,949	90	7,578,881	94
Non-current assets					
Financial assets at amortized cost – non - current	6.(3)	-	-	9,010	-
Property, plant and equipment	6.(7)	256,292	5	279,093	3
Right-of-use asset	6.(8)	202,077	3	204,528	3
Deferred tax assets	6.(27)	117,041	2	6,909	-
Refundable deposits	6.(11)	219	-	215	-
		575,629	10	499,755	6
Total assets		\$ 5,801,578	100	\$ 8,078,636	100

(Continued on next page)

TOPBI International Holdings Limited Company and Subsidiaries

Consolidated balance sheets

December 31, 2020 and 2019

(Expressed in thousands of New Taiwan dollars)

(Continued from previous page)

Liabilities and equity	Notes	December 31,			
		2020	%	2019	%
Current liabilities					
Short-term borrowings		\$ 420,225	8	\$ 276,104	4
Accounts payable	6.(14), 7	1,511,043	26	1,469,359	18
Other payables	6.(15)	72,655	1	143,354	2
Other payables to related parties		7,954	-	354	-
Current tax liabilities	6.(22)	-	-	133,881	2
Current lease liabilities	6.(13)	-	-	45,049	-
Other current liabilities		5	-	4	-
		<u>2,011,882</u>	<u>35</u>	<u>2,068,105</u>	<u>26</u>
Non-current liabilities					
Long-term borrowings	6.(13)	-	-	45,049	-
Deferred tax liabilities	6.(27)	298,384	5	293,476	4
Deposits received		1,542	-	2,765	-
		<u>299,926</u>	<u>5</u>	<u>341,290</u>	<u>4</u>
Total liabilities		<u>2,311,808</u>	<u>40</u>	<u>2,409,395</u>	<u>30</u>
Equity attributable to shareholders of the parent					
Ordinary shares	6.(17)	1,094,938	19	949,553	12
Capital surplus	6.(18)	1,520,022	26	1,520,022	19
Retained earnings:	6.(19)				
Legal reserve		593,778	10	480,296	6
Special reserve		536,182	9	322,542	4
Unappropriated earnings		222,841	4	2,933,011	36
Other equity interest	6.(20)	(460,839)	(8)	(536,183)	(7)
Treasury shares		(17,152)	-	-	-
Total equity		<u>3,489,770</u>	<u>60</u>	<u>5,669,241</u>	<u>70</u>
Total liabilities and equity		\$ 5,801,578	100	\$ 8,078,636	100

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

TOPBI International Holdings Limited Company and Subsidiaries

Consolidated statement of comprehensive income

For the years ended December 31, 2020 and 2019

(Expressed in thousands of New Taiwan dollars)

	Notes	For the year ended December 31,			
		2020	%	2019	%
Revenue	6.(21)	\$ 2,808,383	100	\$ 7,169,864	100
Cost of revenue	6.(6)	(4,165,935)	(148)	(4,366,958)	(61)
Gross profit (loss)		(1,357,552)	(48)	2,802,906	39
Operating expenses					
Selling expenses	6.(24)	(807,786)	(29)	(999,171)	(14)
General & administrative expenses	6.(24)	(139,875)	(5)	(162,906)	(2)
Research and development expenses	6.(24)	(85,899)	(3)	(86,373)	(1)
		(1,033,560)	(37)	(1,248,450)	(17)
Profit (loss) from operations		(2,391,112)	(85)	1,554,456	22
Non-operating income and expenses					
Other income	6.(22)	64,942	2	81,002	1
Other gains and losses	6.(23)	50,692	2	(40,476)	(1)
Finance costs	6.(26)	(9,489)	-	(38,358)	-
		106,145	4	2,168	-
Profit (loss) before income tax		(2,284,967)	(81)	1,556,624	22
Income tax expenses	6.(27)	63,468	2	(421,805)	(6)
Net profit (loss) for the year		(2,221,499)	(79)	1,134,819	16
Other comprehensive income (loss)					
Component of other comprehensive income that will not be reclassified to profit or loss					
Exchange differences arising on translation to the presentation currency		75,344	3	(213,642)	(3)
Income tax expenses related to components that will not be reclassified to profit or loss		-	-	-	-
Total other comprehensive income (loss) for the year		75,344	3	(213,642)	(3)
Total comprehensive income (loss) for the year		(2,146,155)	(76)	921,177	13
Net income (loss) attributable to shareholders of the parent		(\$ 2,221,499)	(79)	\$ 1,134,819	16
Total comprehensive income (loss) attributable to shareholders of the parent		(\$ 2,146,155)	(76)	\$ 921,177	13
Earnings (loss) per share (In New Taiwan dollars)	6.(28)				
Basic earnings (loss) per share		(\$ 20.31)		\$ 12.01	

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

TOPBI International Holdings Limited Company and Subsidiaries

Consolidated statement of changes in equity

For the years ended December 31, 2020 and 2019

(Expressed in thousands of New Taiwan dollars)

Equity attributable to shareholders of the parent

	Retained earnings					Other equity interest	Treasury Shares	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translating the financial statements of foreign operations		
Balance, January 1, 2019	\$ 826,451	\$ 1,517,887	\$ 384,933	\$ 226,909	\$ 2,307,804	(\$ 322,541)	(\$ 35,165)	\$ 4,969,278
Appropriation of prior year's earnings:								
Legal reserve	-	-	95,363	-	(95,363)	-	-	-
Special capital reserve	-	-	-	95,633	(95,633)	-	-	-
Cash dividends	-	-	-	-	(258,514)	-	-	(258,514)
Share dividends	123,102	-	-	-	(123,102)	-	-	-
Buy-back of treasury shares	-	-	-	-	-	-	(12,894)	(12,894)
Exercise of employee share options	-	-	-	-	-	-	48,059	48,059
Transfer of treasury shares to employee compensation costs	-	2,135	-	-	-	-	-	2,135
	949,553	1,520,022	480,296	322,542	1,798,192	(322,541)	-	4,748,064
Net profit for the year	-	-	-	-	1,134,819	-	-	1,134,819
Other comprehensive income (loss) for the year	-	-	-	-	-	(213,642)	-	(213,642)
Total other comprehensive income (loss) for the year	-	-	-	-	1,134,819	(213,642)	-	921,177
Balance, December 31, 2019	949,553	1,520,022	480,296	322,542	2,933,011	(536,183)	-	5,669,241
Appropriation of prior year's earnings:								
Legal reserve	-	-	113,482	-	(113,482)	-	-	-
Special capital reserve	-	-	-	213,640	(213,640)	-	-	-
Cash dividends	-	-	-	-	(16,164)	-	-	(16,164)
Share dividends	145,385	-	-	-	(145,385)	-	-	-
Buy-back of treasury shares	-	-	-	-	-	-	(17,152)	(17,152)
	1,094,938	1,520,022	593,778	536,182	2,444,340	(536,183)	(17,152)	5,635,925
Net loss for the year	-	-	-	-	(2,221,499)	-	-	(2,221,499)
Other comprehensive income (loss) for the year	-	-	-	-	-	75,344	-	75,344
Total other comprehensive income (loss) for the year	-	-	-	-	(2,221,499)	75,344	-	(2,146,155)
Balance, December 31, 2020	\$ 1,094,938	\$ 1,520,022	\$ 593,778	\$ 536,182	\$ 222,841	(\$ 460,839)	(\$ 17,152)	\$ 3,489,770

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

TOPBI International Holdings Limited Company and Subsidiaries

Consolidated statement of cash flows

For the years ended December 31, 2020 and 2019

(Expressed in thousands of New Taiwan dollars)

	For the year ended December 31,	
	2020	2019
Cash flows from operating activities		
Income before (loss) income tax for the year	(\$ 2,284,967)	\$ 1,556,624
Adjustments for:		
Income and expenses having no effect on cash flows		
Depreciation	26,921	28,634
Amortization expenses	-	3,210
Gain on financial assets at fair value through profit or loss	(62,384)	(18,581)
Allowance of inventory for decline in market value and obsolescence	35,114	5,642
Interest expense	9,489	38,358
Interest income	(35,308)	(34,620)
Compensation cost of share-based payments	-	2,135
Impairment loss on other intangible assets	-	14,298
Loss on disposal of property, plant and equipment	6,145	-
Changes in operating assets and liabilities		
Decrease (increase) in accounts receivable	1,488,731	(123,181)
Decrease (increase) in other receivables	59	(16)
Increase in inventories	(7,478)	(4,433)
Increase in prepayments	(251,514)	-
Increase other current assets	(55)	(32)
Increase in accounts payable	41,684	48,507
Decrease in other payables	(63,716)	(3,024)
Increase in other current liabilities	1	1
Cash (used in) generated from operations	(1,097,278)	1,513,522
Income taxes paid	(196,789)	(365,593)
Net cash (used in) generated from operating activities	(1,294,067)	1,147,929

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TOPBI International Holdings Limited Company and Subsidiaries

Consolidated statement of cash flows

For the years ended December 31, 2020 and 2019

(Expressed in thousands of New Taiwan dollars)

(Continued from previous page)

	For the year ended December 31,	
	2020	2019
Cash flows from investing activities		
Acquisition of financial assets at amortized cost	(1,562,760)	(1,574,559)
Proceed from sale of financial assets at amortized cost	1,528,435	1,296,880
Proceed from sales (acquisition) of financial assets at fair value through profit or loss	2,467,970	(2,459,600)
Acquisition of property, plant and equipment	-	(23)
Interest received	18,453	24,932
Net cash generated from (used in) investing activities	2,452,098	(2,712,370)
Cash flows from financing activities		
Increase in short-term borrowings	394,828	479,918
Repayments of short-term borrowings	(70,737)	(1,580,393)
Repayments of long-term borrowings	(87,690)	-
Decrease guarantee deposits received	(1,259)	-
Payment of cash dividend	(16,164)	(258,514)
Exercise of employee share options	-	48,059
Payments for buy-back of treasury shares	(17,152)	(12,894)
Interest paid	(8,872)	(49,507)
Net cash generated from (used in) financing activities	192,954	(1,373,331)
Effect of exchange rate changes on cash and cash equivalents	(160,400)	(12,101)
(Decrease) increase in cash and cash equivalents	1,190,585	(2,949,873)
Cash and cash equivalents at beginning of year	1,056,966	4,006,839
Cash and cash equivalents at end of year	\$ 2,247,551	\$ 1,056,966

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

TOPBI International Holdings Limited Company and Subsidiaries

Notes to the consolidated financial statements

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

1. History and organization

TOPBI International Holdings Limited (the “Company”) was incorporated in the British Cayman Islands in October 2012. The Company was established after an organizational restructuring for listing on the Taiwan Stock Exchange (“TWSE”). The Company’s shares have been listed and traded on the TWSE since December 30, 2013. The functional currency of the Company is Renminbi (“CN¥”). Since the Company’s shares are listed on the TWSE, in order to increase the comparison and consistency of the financial statements, the consolidated financial statements are presented in the New Taiwan dollar. The consolidated financial statements comprised the Company and its subsidiaries (collectively referred as the “Group”), the Group is primarily engaged in design, development and sales of its private label children’s clothing and accessories.

2. The date of authorization for issuance of the consolidated financial statements and procedures for authorization

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on April 23, 2021.

3. Application of new standards, amendments and interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IAS”) and interpretations as endorsed by the Financial Supervisory Commission (“FSC”).

A. IFRSs, IAS and interpretations endorsed by the FSC effective from 2020 are as follows:

New standards, interpretations and amendments	Main amendments	IASB effective date
Disclosure Initiative – Definition of Material (amendments to IAS 1 and IAS 8)	This amendment clarifies the definition of materiality. This information is material: if the	January 1, 2020

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omission, misstatement or confusion of information can be reasonably expected to influence the economic decisions made by the primary users of general-purpose financial statements based on the financial information provided by those financial statements, which provide financial information about a specific reporting entities.

Definition of a Businesses
(amendments to IFRS 3)

The amendments clarify the definition of a business, that to be considered a business an acquired set of the activities and assets, must include, at a minimum, an input and a substantive process that together must significantly contribute to creating outputs; narrowed the definitions of a business by focusing on the outputs on goods and services provided to customers and removing the reference to the ability to reduce costs, removing the assessment of whether the market participants have capable of acquiring the business and continuing to produce outputs; remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. In addition, entities can choose to apply a concentration test, when the fair value of the acquired total assets is mostly derived from a

January 1, 2020

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	single asset (or a group of similar assets), no further evaluation is required to determine that the acquired asset is not a business.	
Interest Rate Benchmark Reform (amendments to IFRS 9, IAS 39 and IFRS 7)	This amendment is to provide certain reliefs related to hedging accounting, which will prevent those who have previously adopted hedging accounting from being terminated due to changes in interest rate indicators, and require disclosure of relevant information that uses this relief.	January 1, 2020
Covid-19 – Related Rent Concessions (amendments to IFRS 16)	The amendment provide a practical expedient that permits lessees, if all of the following conditions are met to apply rent concessions occurring as a direct consequence of the covid-19 pandemic and may choose not to assess whether it is a lease modification, and any change in lease payments caused by the rent concession will be treated as a variable lease payment during the concession period: (1) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (2) any reduction in lease payments affects only payments due on or before 30 June 2021; and (3) there is no substantive change to other terms and conditions of the lease.	June 1, 2020 (Early application from January 1, 2020 is allowed by FSC)

B. The Group assessed the above standards and interpretations and there is no significant impact to the Group's financial position and financial performance.

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

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

New standards, interpretations and amendments	Main amendments	IASB effective date
Amendments to IFRS 4, "Extension of the Temporary Exemption from Applying IFRS 9"	The temporary exemption from applying IFRS 9 been extended to January 1, 2023.	January 1, 2021
Interest Rate Benchmark Reform – Phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	This amendment addresses the problems arising during the change of interest rate indicators, including one interest rate indicator replaced with another interest rate indicator. For the IBOR-based contracts, it provides accounting treatment for the changes in the basis for determining the contractual cash flow as a result of IBOR reform; and for those adopting hedging accounting, the reliefs are provided in phase 1 for the expiration date of the non-contractually specified risk components in the hedging relationship, an additional temporary relief for adopting the specific hedging accounting, and the additional IFRS 7 disclosures related to the IBOR reform.	January 1, 2021

B. The Group assessed the above standards and interpretations and there is no significant impact to the Group's financial position and financial performance.

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

A. The Group has not yet applied the following new standards and amendments issued by IASB but not yet endorsed by the FSC:

New standards, interpretations and amendments	Main amendments	IASB effective date
Reference to the Conceptual Framework (amendments to IFRS 3)	The amendments updated the definition of assets and liabilities reference to the "Conceptual Framework for Financial Reporting" issued in 2018 in respect of how an acquirer to determine what constitutes an asset or a liability during a business merger. Due to the above amendment, the amendment also added an exception to the recognition principle of IFRS 3 for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. Due to the above index amendment, this amendment adds an exception to the recognition principle for liabilities and contingent liabilities. For certain types of liability and contingent liabilities, reference should be made to IAS 37 "Provisions, Contingent Liabilities and Contingent" or International Financial Reporting Interpretations Committee ("IFRIC") 21 Levies", instead of the aforementioned "Conceptual Framework of Financial Reporting" issued in 2018. At the same time, this amendment also clarifies that the acquirer shall not recognize contingent assets under IAS 37 on the acquisition date.	January 1, 2022

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Sale or Contribution of Assets Between An Investor and Its Associate or Joint Venture (amendments to IFRS 10 and IAS 28)	The amendment revised the accounting treatment in sales or purchase of assets between joint venture and its associate. The gains and losses resulting from transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognized in full in the investor's financial statements.	To be determine by IASB
IFRS 17 'Insurance Contracts'	This Standard replaces IFRS 4 'Insurance Contracts' and establishes the principles for the recognition, measurement, presentation and disclosure of Insurance and reinsurance contracts that it issues by the entities. This standard applies to all insurance contracts (including reinsurance contracts) that an entity issues and to reinsurance contracts that it holds; and investment contracts with discretionary participation features it issues, provided that the entity also issues insurance contracts. Embedded derivatives, distinct investment components and distinct performance obligations should be separated from insurance contracts. On initial recognition, each portfolio of insurance contracts issued shall be divided into a minimum of three groups by the entities: onerous, no significant possibility of becoming onerous and the remaining contracts in the portfolio. This Standard requires a current measurement model where estimates are re-measured at each reporting period. Measurements are based on discounted contract and probability-weighted cash flows, risk adjustments, and	January 1, 2023

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the expected profit from the unearned portion of the contract (contractual service margins).

An entity may apply a simplified approach to the measurement for some of insurance contracts (premium allocation approach).

The entity should recognize the revenue generated by a group of insurance contract during the period when the entity provides insurance coverage and when the entity releases the risk. The entity should recognize the loss immediately, if a group of insurance contracts becomes onerous. The entity should present insurance income, insurance service fees, and insurance finance income and expenses separately and its shall also disclose the amount, judgment and risk information from the insurance contract.

Insurance Contracts
(amendments to IFRS 17)

This amendment includes the deferral of effective date, the expected recovery of the cash flow obtained by insurance, the contractual service margin attributable to investment services, the reinsurance contract held, the recovery of losses and other amendments. These amendments have not changed the basics of the standard in principle.

January 1, 2023

Classification of Liabilities as
Current or Non-current
(amendments to IAS 1)

This amendment clarifies that the classification of liabilities is based on the rights existing at the end of the reporting period. At the end of the reporting period, the enterprise does not have the right to defer the settlement period of liabilities for

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	at least 12 months after the reporting period, and the liabilities should be classified as current. In addition, this amendment defines "settlement" of a liability is the extinguishment of the liability with cash or other economic resources or the enterprise's own equity instruments.	
Property, Plant and Equipment - Proceeds before Intended Use (amendments to IAS 16)	This amendment prohibits enterprise from deducting the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management, such as samples produced for testing whether the asset is operating normally. The price of selling such items and the cost of production should be recognized in profit or loss. This amendment also stated that testing whether an asset is operating normally means assessing its technical and physical performance, and has nothing to do with the financial performance of the asset.	January 1, 2022
Onerous Contracts - Cost of Fulfilling a Contract (amendments to IAS 37)	This amendment clarifies that the cost of fulfilling the contract includes the cost directly related to the contract. The cost directly related to the contract is composed of the allocation of the incremental cost of fulfilling the contract and other costs directly related to the fulfilling of the contract.	January 1, 2022
Annual improvements - 2018-2020 cycle	(1) IFRS 1 "Subsidiary as first-time adopter" This amendment allows the subsidiaries select to adopt IFRS 1 that are exempted from paragraph D16(a) of IFRS No. 1, when measuring cumulative conversion	January 1, 2022

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differences, should use the carrying amount of cumulative conversion differences included in the parent company's consolidated financial statements on the date of the parent company's convert to IFRS. This amendment also applies to affiliates and joint ventures that are exempted from paragraph D16(a) of IFRS 1.

- (2) Amendments to IFRS 9 "Fees in the '10 per cent' Test for Derecognition of Financial Liabilities"

This amendment stipulates that the expenses that should be included in the 10% test of financial liabilities are excluded. Enterprise may pay the costs or fees to third parties or lenders. According to this amendment, the cost or expense paid to third parties is not included in the 10% test.

- (3) IAS 41 "Taxation in Fair Value Measurements"

This amendment of IAS 41 is to remove the requirement of using pre-tax cash flows when measuring the fair value of a biological asset.

B. The Group assessed the above standards and interpretations and there is no significant impact to the Group's financial position and financial performance.

4. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

(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” and the International Financial Reporting Standards, International Accounting Standards, IFRIC interpretations, and SIC Interpretations as endorsed by the FSC.

(2) Basis of preparation

- A. Except for the financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured by financial instruments measured at fair value, the accompanying consolidated financial statements have been prepared under the historical cost basis.
- B. The following significant accounting policies applied consistently to all periods of coverage of the consolidated financial statements.
- C. The preparation of financial statements that comply with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC interpretations, and SIC Interpretations as endorsed by the FSC requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment 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 unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (C) Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interest. Total comprehensive income is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling 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 recognized 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 recognized in profit or loss. All amounts previously recognized 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 recognized 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. The gains or losses should transfer directly to retained

earnings if the gain or loss from disposal of underlying assets is transferred to retained earnings at disposal.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Note
			December 31,		
			2020	2019	
The Company	TOPBI Children Apparel Co., Limited (“HK TOPBI”)	Investment	100%	100%	-
HK TOPBI	Fujian SOD Textile & Industry Goods Crop., Ltd. (“Fujian SOD”)	Investment	100%	100%	-
HK TOPBI	Fujian Shengrenda Medical Technology Co., Ltd. (“Shengrenda”)	Manufacturing and sales of medical equipment and medical supplies	100%	-	-
HK TOPBI	TOPBI (China) Fashion Corp., Ltd. (“TOPBI China”)	Sales of private label children’s clothing	73.42%	73.42%	-
Fujian SOD	TOPBI China.	Sales of private label children’s clothing	26.58%	26.58%	-

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. Details of the Company's issued shares held by the subsidiaries: None

G. Subsidiaries that have non-controlling interests that are material to the Group: None

Note: On June 24, 2019, the Company resolved by the board of directors to terminate the operation and proceed the deregistration of Fujian SOD, and transfer the equity of TOPBI China which held by Fujian SOD to HK TOPBI, But the Company's board of directors resolved on May 11, 2020 to cancel the deregistration and equity transfer of Fujian SOD.

(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 functional currency of the Company is CN¥, in order to comply with local filing requirements and regulations, the consolidated financial statements are presented in New Taiwan dollars, which is the Group's presentation currency.

Foreign currency translation and balances

- A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction or valuation where items are re-measured, except for those that comply with cash flow hedging and net investment hedging and are deferred to other comprehensive gains and losses. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- 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 recognized 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 recognized in profit or loss. 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.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets:

- (A) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (B) Assets held mainly for trading purposes;
- (C) Assets that are expected to be realized within twelve months from the balance sheet date; or
- (D) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

The Group classified its assets that do not meet above criteria as non-current assets.

B. Liabilities that meet one of the following criteria are classified as current liabilities:

- (A) Liabilities that are expected to be paid off within the normal operating cycle;
- (B) Liabilities arising mainly from trading activities;
- (C) Liabilities that are to be paid off within twelve months from the balance sheet date; or
- (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.

The Group classified its liabilities that do not meet above criteria as non-current liabilities.

(6) Cash and cash equivalents

- A. For the purpose of the statements of cash flows, cash and cash equivalents consists of cash on hand, cash in bank, short-term, highly liquid investments, which were within three months of maturity when acquired, and repayable bank overdraft, as part of the cash management. Bank overdraft items listed under short-term borrowings in current liabilities on the balance sheet.
- B. Cash equivalents refer to short-term, highly liquid investments that also meet the following conditions:
 - (A) Readily convertible to known amount of cash.
 - (B) Subject to an insignificant risk of changes in interest rates.

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

- A. Financial assets that are not measured at amortized cost or measured at fair value through other comprehensive income. Financial assets measured at amortized cost or at fair value through other comprehensive income; and the Group designated the initial recognition of the financial assets measured at fair value through profit or loss when it is possible to eliminate or significantly reduce the measurement or recognition of inconsistencies.
- B. The Group's financial assets measured at fair value through profit or loss in accordance with customary transactions are accounted for using trade date.
- C. The Group initially recognize the financial assets at fair value and related transaction costs are recognized in profit or loss, and subsequent fair value gains and losses are recognized in profit or loss.
- D. When the right to receive dividends is established, the economic benefits related to dividends are likely to flow in, and when the amount of dividends can be reliably measured, the Group recognizes dividend income in profit or loss.

(8) Financial assets at amortized cost

- A. Financial assets at amortized cost are those that meet all of the following criteria:
 - (A) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (B) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Notes and accounts receivable

- A. In accordance with terms and conditions of the contracts, entitle a legal right to unconditionally receive consideration in exchange of notes and receivables for transferred goods or rendered services.
- B. Short-term notes and accounts receivable without bearing interest are measured at initial invoice amount by the Group as effect of discounting is immaterial.

(10) Impairment of financial assets

On each balance sheet date, the Group's investment in debt instruments measured at fair value through other comprehensive income and financial assets measured at amortized cost, and accounts receivable or contractual assets, lease receivables, loan commitments and financial guarantee contracts

with significant financial components, after considering all reasonable and corroborative information (including forward-looking), the loss allowance is measured on the 12-month expected credit losses for those who have not significantly increased the credit risk since the initial recognition. For those who have significantly increased the credit risk since the initial recognition, the loss allowance is measured by the expected credit losses during the period of existence; the accounts receivable or contract assets that do not contain significant financial components are measured by the lifetime expected credit loss.

(11) Derecognition of financial assets

The Group derecognizes a financial asset when:

- A. The contractual rights to receive the cash flows from the financial asset expired.
- B. The contractual rights to receive cash flows from 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 from the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(12) Leasing arrangements as lessor - Lease receivables/lease

- A. Based on the term of a lease contract, a lease is classified as finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.
 - (A) At commencement of the lease term, a finance lease should be recorded as a receivable, at an amount equal to the net investment (including original direct costs) in the lease. The difference between total lease receivables and present value should be recorded as 'unearned finance lease income'.

(B) The lessor should recognize finance income based on a pattern reflecting a constant periodic rate of return on the lessor's net investment outstanding in respect of the finance lease.

(C) Associated lease payments (excluding service costs) offset the total investment in the lease during the period would reduce the principal and unearned finance income.

B. Lease income from an operating lease (net of any incentives given to lessee) is recognized in profit and loss on a straight-line basis over the lease term.

(13) Inventories

Inventories are mainly merchandise and stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

(14) Property, plant and equipment

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

B. Subsequent costs are included in the asset's carrying amount or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other 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.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. 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 machinery and equipment, transportation equipment, office equipment, are 5~10 years.

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

- A. Lease assets are recognized as a right-of-use asset and lease liabilities at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is recognized at cost, includes:
 - (A) The initial measured amount of the lease liability; and

(B) Any lease payments made at or before the commencement date.

The right-of use assets is measured using the cost model subsequently and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

(16) Intangible assets

Computer software is recognized at the cost of acquisition and is amortized on a straight-line basis over the estimated useful life of 5 years.

(17) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to dispose or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(18) Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(19) Notes and accounts payable

- A. Accounts payable refer to debts arising from purchase of goods or services and notes due to operation and non-operation.
- B. Short-term notes and accounts payable without bearing interest are measured at initial invoice amount by the Group as effect of discounting is immaterial.

(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 recognized as expenses in that period when the employees render service.

B. Pensions

Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' compensation and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the shareholders at their shareholders' meeting subsequently, the differences should be recognized based on the accounting for changes in estimates.

(21) Share-based payment arrangements

A. Employee share options

The employee share option granted to employees is the transfer of treasury shares held by the Group. The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding adjustment in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately. The grant date of treasury shares transferred to employees is the date on which the board of directors approves the transaction.

The Group revises the estimated number of employee share options that are expected to vest on each balance sheet date. The impact of the revision of the original estimates is recognized to profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital reserve - employee stock options is adjusted.

B. Restricted shares for employees

The fair value at the grant date of the restricted shares for employees is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding adjustment in other equity - unearned employee compensation. It is recognized as an expense in full at the grant date if vested immediately.

When restricted shares for employees are issued, other equity - unearned employee compensation is recognized on the grant date, with a corresponding adjustment in capital surplus - restricted shares for employees. Dividends paid to employees on restricted shares that do not need to be returned if employees resign in the vesting period and are recognized as expenses when the dividends are declared with a corresponding adjustment in retained earnings and capital surplus - restricted shares for employees.

The Group revises the estimated number of restricted shares for employees that are expected to vest on each balance sheet date. The impact of the revision of the original estimates is recognized to profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - restricted shares for employees.

(22) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operated and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulation. It establishes provisions where appropriated based on the amounts expected to be paid to the tax authorities.
- C. Deferred income tax is recognized, using the balance sheet 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 income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, 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 income 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 income tax asset is realized or the

deferred income tax liability is settled.

- D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(23) Revenue recognition

After the Group identifies performance obligations in the customer contract, it allocates the transaction price to each performance obligation, and recognizes revenue when each performance obligation is met.

For contracts where the time interval between the transfer of goods and the receipt of the consideration is within one year, the transaction price of the major financial components of the contract will not be adjusted.

Revenue from merchandise sales from the sale of private label children's clothing. The Group recognizes revenue and accounts receivable at the point of time when merchandises are delivered at shipping point to customer along with the transfer of the right of setting price, the right-of-use, the main responsibility for resale, and the risks of obsolescence of products to the customers. The private label children's clothing sold online is recognized as revenue when the product arrives at the customer's designated location.

(24) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the strategic business unit. The strategic business unit, who is responsible for allocating resources and assessing performance of the operation segments, has been identified as the board of directors that makes strategic decisions.

5. Critical accounting judgments, estimates and key sources of assumption uncertainty

The preparation of these consolidated financial statements requires management to make critical judgments 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. The information is addressed below:

(1) Critical judgments in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

The Group makes estimates and assumptions based on the expectation of future events that are believed to be reasonable under the circumstances at the end of the reporting period. The resulting accounting estimates might be different from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgments and estimates. Due to the rapid changes in the environment, the Group assesses the value of inventory on the balance sheet date due to obsolescence, or no market sales value, and writes down the cost

of inventory to the net realizable value. This inventory evaluation is mainly based on the estimated demand on product in a specific period in the future, therefore, there might be material changes to the evaluation.

As of December 31, 2020, the Group's carrying amount of inventories is \$21,230 thousand.

6. Details of significant accounts

(1) Cash and cash equivalents

	December 31,	
	2020	2019
Cash on hand and working capital	\$ 20	\$ 16
Checking accounts and demand deposits	934,431	1,056,950
Time deposits	1,313,100	-
Total	<u>\$ 2,247,551</u>	<u>\$ 1,056,966</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, therefore the probability of counterparty default is remote. The Group's maximum exposure to credit risk at balance sheet date is the carrying amount of all cash and cash equivalents.

B. Time deposits, for the purpose of meeting short-term commitments rather than investments or other purpose, are within three months of maturity when acquired, and can be readily converted into a fixed amount of cash and subject to insignificant risk of changes in value, are presented in cash and cash equivalents.

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

	December 31,	
	2020	2019
Financial assets mandatorily measured at fair value through profit or loss		
Wealth management products - Non-guaranteed floating income products	\$ -	\$ 865,368
Wealth management products - Pegged guaranteed floating income products	-	1,520,269
	<u>\$ -</u>	<u>\$ 2,385,637</u>

A. The Group's wealth management products undertaken from the bank in 2019 are non-guaranteed floating income products, which are regular open wealth management products. The Group may apply for redemption of the share of wealth management products of the last closed period before the open day. The Group redeemed all of the products in 2019.

B. The wealth management products undertaken from securities company by the Group in 2019 is pegged guaranteed floating income products. The Group can redeem it at any time. The Group redeemed all of the products in 2019.

C. The Group recognized the gain on valuation of \$62,384 thousand and \$18,581 thousand in 2020 and 2019, respectively.

D. Information relating to credit risk, please refer to Note 12(3)

(3) Financial assets at amortized cost - current

	December 31,	
	2020	2019
<u>Current</u>		
Time deposits with original maturities of more than 3 months	<u>\$ 1,575,720</u>	<u>\$ 1,506,750</u>
<u>Non-current</u>		
Restricted assets	<u>\$ -</u>	<u>\$ 9,010</u>

A. The interest rate for time deposits with original maturities of more than 3 months was 1.75% and 1.55% as of December 31, 2020 and 2019 respectively.

B. At December 31, 2019, the annual interest rate of restricted capital bank deposits as guarantee for long-term borrowing is 2.32%.

(4) *Accounts receivable*

	December 31,	
	2020	2019
Accounts receivable	\$ 1,081,264	\$ 2,569,995
Less: allowance for doubtful accounts	-	-
Total	<u>\$ 1,081,264</u>	<u>\$ 2,569,995</u>

A. The Group grants an interest free and average credit term of 90 days to its customer accounts.

B. The Group's maximum exposure to credit risk at December 31, 2020 and 2019 was the carrying amount of each class of accounts receivable and notes receivable.

C. The Group's aging analysis of accounts receivable is as follows:

	December 31,	
	2020	2019
Not past due	\$ 1,081,264	\$ 2,569,995
Past due less than 1 month	-	-
Past due less than 1 - 3 months	-	-
Past due less than 3 - 6 months	-	-
Past due less over 6 months	-	-
Total	<u>\$ 1,081,264</u>	<u>\$ 2,569,995</u>

D. The provision matrix for measuring the allowance for doubtful notes and accounts receivable by the Group is as follows:

December 31, 2020	Expected credit loss rate	Total carrying amount	Allowance for doubtful accounts (Lifetime expected credit loss)	Amortized cost
Not past due	-	\$ 1,081,264	\$ -	\$ 1,081,264
Past due less than 1 month	-	-	-	-
Past due 1 - 3 months	-	-	-	-
Past due 3 - 6 months	-	-	-	-
Past due over 6 months	-	-	-	-
Total		<u>\$ 1,081,264</u>	<u>\$ -</u>	<u>\$ 1,081,264</u>

December 31, 2019	Expected credit loss rate	Total carrying amount	Allowance for doubtful accounts (Lifetime expected credit loss)	Amortized cost
Not past due	-	\$ 2,569,995	\$ -	\$ 2,569,995
Past due less than 1 month	-	-	-	-
Past due 1 - 3 months	-	-	-	-
Past due 3 - 6 months	-	-	-	-
Past due over 6 months	-	-	-	-
Total		<u>\$ 2,569,995</u>	<u>\$ -</u>	<u>\$ 2,569,995</u>

E. Information relating to credit risk, please refer to Note 12(2).

(5) *Other receivables*

	December 31,	
	2020	2019
Other receivables	\$ 26,586	\$ 9,790
Less: allowance for doubtful accounts	-	-
Total	<u>\$ 26,586</u>	<u>\$ 9,790</u>

(6) *Inventories*

	December 31,	
	2020	2019
Merchandise	\$ 63,467	\$ 55,989
Less: allowance for decline in market value and obsolescence	(42,237)	(7,123)
Total	<u>\$ 21,230</u>	<u>\$ 48,866</u>

The cost of inventories recognized as expense (income) is as follows:

	For the year ended December 31,	
	2020	2019
Cost of sales	\$ 4,130,821	\$ 4,361,316
Impairment losses	35,114	5,642
Total	<u>\$ 4,165,935</u>	<u>\$ 4,366,958</u>

(7) Property, plant and equipment

	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Total
<u>Cost</u>					
At January 1, 2020	\$ 427,835	\$ 2,928	\$ 17,448	\$ 4,450	\$ 452,661
Additions	-	-	-	-	-
Net exchange differences	7,155	49	292	74	7,570
At December 31, 2020	<u>\$ 434,990</u>	<u>\$ 2,977</u>	<u>\$ 17,740</u>	<u>\$ 4,524</u>	<u>\$ 460,231</u>
At January 1, 2019	\$ 444,432	\$ 3,042	\$ 18,125	\$ 4,599	\$ 470,198
Additions	-	-	-	23	23
Net exchange differences	(16,597)	(114)	(677)	(172)	(17,560)
At December 31, 2019	<u>\$ 427,835</u>	<u>\$ 2,928</u>	<u>\$ 17,448</u>	<u>\$ 4,450</u>	<u>\$ 452,661</u>
<u>Accumulated depreciation and impairment</u>					
At January 1, 2020	\$ 156,310	\$ 2,586	\$ 10,864	\$ 3,808	\$ 173,568
Depreciation	19,642	35	1,351	70	21,098
Impairment loss	-	310	5,288	547	6,145
Net exchange differences	2,777	46	237	68	3,128
At December 31, 2020	<u>\$ 178,729</u>	<u>\$ 2,977</u>	<u>\$ 17,740</u>	<u>\$ 4,493</u>	<u>\$ 203,939</u>
At January 1, 2019	\$ 141,371	\$ 2,606	\$ 9,854	\$ 3,835	\$ 157,666
Depreciation	21,002	81	1,432	120	23,635
Net exchange differences	(6,063)	(101)	(422)	(147)	(6,733)
At December 31, 2019	<u>\$ 156,310</u>	<u>\$ 2,586</u>	<u>\$ 10,864</u>	<u>\$ 3,808</u>	<u>\$ 137,568</u>
<u>Net book value</u>					
At December 31, 2020	<u>\$ 256,261</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31</u>	<u>\$ 256,292</u>
At December 31, 2019	<u>\$ 271,525</u>	<u>\$ 342</u>	<u>\$ 6,584</u>	<u>\$ 642</u>	<u>\$ 279,093</u>

(8) *Leasing arrangements as lessee*

- A. The leased assets by the Group are land use right with the length of lease usually ranges from three to fifty years. Lease contracts are negotiated individually and contain a variety of terms and conditions. The leased assets are not to be subleased, pledged, disposed of, and no other restrictions are imposed.
- B. The carrying amounts of the right-of-use asset and the depreciation expense recognized are as follows:

	December 31, 2020	For the year ended December 31, 2020
	<u>Carrying amount</u>	<u>Depreciation</u>
Land use right	\$ 202,077	\$ 5,823

	December 31, 2019	For the year ended December 31, 2019
	<u>Carrying amount</u>	<u>Depreciation</u>
Land use right	\$ 204,528	\$ 5,999

- C. Movements of the rights-of-use assets of the Group for the year 2020 and 2019 were as follows:

	<u>Land and land use right</u>
At January 1, 2020	\$ 204,528
Depreciation	(5,823)
Net exchange differences	3,372
At December 31, 2020	<u>\$ 202,077</u>
At January 1, 2019	\$ 218,461
Depreciation	(5,999)
Net exchange differences	(7,934)
At December 31, 2019	<u>\$ 204,528</u>

- D. There are no major additions, dispositions, and impairments of the right-of-use assets of the Group in 2020 and 2019.

E. The income and expenses related to the lease contracts are recognized as follows:

Items affecting profit or loss	For the year ended December 31,	
	2020	2019
Interest expense on lease liabilities	\$ -	\$ -
Expense on short-term lease	\$ 10,515	\$ 6,408
Expense on lease of low-value assets	\$ -	\$ -

F. The total cash outflow for the leases of the Group in 2020 and 2019 amounted to \$10,515 thousand and \$6,408 thousand respectively.

(9) *Leasing arrangements as lessor*

A. The leased assets of the Group include land and buildings. The length of lease contracts usually ranges from one to six years. Lease contracts are negotiated individually and contain various terms and conditions. To ensure that the leased assets of the Group are used normally, the contract requires the lessee not to sublease, add, modify, pledge or use by a third party.

B. The Group respectively recognized the rental income from operating lease contracts of \$28,838 thousand and \$45,278 thousand in 2020 and 2019, of which none of the rental income was recognized as variable lease payments.

C. The lease receipts due under an operating lease of the Group are analyzed as follows:

	December 31,	
	2020	2019
At December 31, 2020	\$ -	\$ 17,327
At December 31, 2021	9,047	-
At December 31, 2022	-	-
At December 31, 2023	-	-
At December 31, 2024	-	-
At December 31, 2025	-	-
Total	\$ 9,047	\$ 17,327

(10) *Intangible assets*

	December 31,	
	2020	2019
Computer software	\$ -	\$ -

	Computer Software	
<u>Cost</u>		
At January 1, 2019	\$	-
Additions		17,508
Amortization expenses	(	3,210)
Impairment losses recognized	(	14,298)
At December 31, 2019	\$	-

The Group assessed that due to the adjustments in sales strategy, the future economic benefits of the originally developed internet platform were limited, so it recognized an impairment loss of \$14,298 thousand in 2019.

(11) *Prepayments*

	December 31,	
	2020	2019
<u>Current</u>		
Other prepayment	\$ 4,397	\$ 177
Tax overpaid retained for offsetting the future tax payable	247,294	-
	<u>\$ 251,691</u>	<u>\$ 177</u>
<u>Non-current</u>		
Refundable deposits	<u>\$ 219</u>	<u>\$ 215</u>

(12) *Short-term borrowings*

	December 31,	
	2020	2019
Line of credit	\$ -	\$ 44,580
Other short-term loans	420,225	231,524
	<u>\$ 420,225</u>	<u>\$ 276,104</u>
Interest rate range (%)	<u>2.40</u>	<u>2.00~3.20</u>

A. The interest rate of line of credit was calculated based on the foreign currency lending index interest rate (non-U.S. dollar) + 2% of relative days.

B. Other short-term loans from related parties are obtained by the Group from the investors with significant influence over the Group; the loan contract with related parties was executed by the Group on August 2, 2018, of which, if 3M LIBOR+1% exceeds 3.50% in the future, the borrowing rate can be negotiated and adjusted at any time. On May 11, 2020, the board of directors resolved that due to the recent interest rate cut in the U.S. dollar, the borrowing rate was lowered to 2.4%, if 3M LIBOR+1.5% exceeds 2.5% in the future, the borrowing rate can be adjusted at any time. The principal and interest of the borrowings from related parties are paid in lump sum on maturity. However, the loan contract guarantees that the Group may not repay the loan before it obtained other sources of funds and repatriated its Chinese company's retained earnings.

(13) *Long-term borrowings*

Details	December 31,	
	2020	2019
Secured long-term borrowings		
– Starting from September 2019, repayment of the principal on each quarter, with floating interest and repaid early in full in the third quarter of 2020. The interest rate as of December 31, 2019 was 3.47%.	\$ -	\$ 90,098
Total	-	90,098
Less: long-term borrowings expired within one year	-	(45,049)
	\$ -	\$ 45,049

For details of collateral of long-term borrowings, please refer to Note 8.

(14) *Accounts payable*

	December 31,	
	2020	2019
Accounts payable	\$ 1,511,043	\$ 1,469,359

(15) *Other payable*

	December 31,	
	2020	2019
Salaries payable	\$ 17,427	\$ 35,744
Advertisements payable	21,769	31,841
Employees' bonus and directors' compensation payable	-	3,014
Other	33,459	72,755
Total	<u>\$ 72,655</u>	<u>\$ 143,354</u>

(16) *Retirement benefit plans*

The Company's Taiwan office adopted a pension plan under the Labor Pension Act (the "Act"), which is a government-managed defined contribution plan in ROC. Under the Act, an entity makes monthly contributions to employees' individual pension accounts established at the Bureau of Labor Insurance at 6% of monthly salaries and wages.

The employees of the Group's subsidiary, TOPBI China in China is a member of the government-managed retirement benefit plan operated by the government of China. The Group is required to contribute a specified percentage of payroll costs to the retirement benefit scheme. The total retirement benefit amount recognized in consolidated statements of comprehensive income was \$3,912 thousand and \$5,178 thousand for the years ended December 31, 2020 and 2019, respectively. The Group does not have its own retirement plan.

(17) *Ordinary shares*

A. As of December 31, 2020, the Company's authorized capital was \$1,500,000 thousand with par value of \$10 per share, all of which are ordinary shares. As of December 31, 2020, total paid-in capital was \$1,094,938 thousand.

B. Movements in the number of the Company's ordinary shares outstanding are as follows:

	For the year ended December 31,	
	2020	2019
At January 1	\$ 94,955	\$ 82,645
Share dividends	14,539	12,310
At December 31	<u>\$ 109,494</u>	<u>\$ 94,955</u>

C. Treasury shares

	Number of treasury shares (in thousand)	
	For the year ended December 31,	
	2020	2019
At January 1	-	419
Increase	507	158
Decrease	-	(577)
At December 31	<u>507</u>	<u>-</u>

On November 9, 2018, the Company's board of directors resolved to buy-back no more than 1,100 thousand of treasury shares from the centralized securities exchange market in order to transfer the shares to employees. The repurchase price per share was between \$64.5 per share to \$143 per share during the period from November 12, 2018 to January 11, 2019. During the repurchase period, the Company bought-back a total of 577 thousand treasury shares at a cost of \$48,059 thousand.

On August 6, 2019, the Company's board of directors resolved to transfer a total of 577 thousand shares of the above-mentioned treasury shares at \$83.29 per share to employees for subscription. The employee's share subscription reference date was October 30, 2019. The value of the subscription rights per share calculated according to the Black-Scholes evaluation model was \$3.7. The remuneration cost recognized in the fourth quarter of 2019 increased \$2,135 thousand to the capital reserve - treasury shares. The parameters used in the evaluation model are as follows :

Share price on grant date (adjusted market price)	NT\$83.90
Exercise price	NT\$83.29
Expected volatility	20.37%
Expected duration	0.2411 year
Expected dividend yield	0%
Risk-free rate	0.643%

On August 12, 2020, the Company's board of directors resolved to buy-back no more than 1,000 thousand treasury shares from the centralized securities exchange market in order to transfer the shares to employees. The repurchase price per share was between \$30 per share to \$67 per share during the period from August 13, 2020 to October 12, 2020. During the repurchase period, the Company bought-back a total of 507 thousand treasury shares at a cost of \$17,152 thousand.

In accordance with the provisions of the Securities Exchange Act mentioned in the preceding paragraph, the proportion of shares purchased by the Company shall not exceed 10% of the total issued shares of the Company; the total amount of shares purchased shall not exceed the Company's retained earnings plus the premium on the issued shares and the realized amount of capital reserve.

Treasury shares held by the Group shall not be pledged in accordance with the provisions of the Securities Exchange Act, and shall not own the shareholder rights until the completion of transfer.

(18) *Capital surplus*

	December 31,	
	2020	2019
Share premium	\$ 1,517,887	\$ 1,517,887
Compensation cost of employees of transfer of treasury shares	2,135	2,135
Total	<u>\$ 1,520,022</u>	<u>\$ 1,520,022</u>

Pursuant to the ROC Company Act, capital surplus arising from paid-up capital in excess of par value on issuance of ordinary shares and donations can be used to cover accumulated deficit or to issue new shares or cash to

shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the Securities and Exchange Act of ROC requires that the amount of capital surplus to be capitalized 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.

(19) *Retained earnings*

A. Legal reserve

Except for covering accumulated deficit or issuing new shares or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of shares or cash to shareholders is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

B. Special reserve

When the Company distributes the earnings, in accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the current year balance sheet date. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified. If the aforesaid relevant assets are investment properties, the lands should be reversed during disposal or reclassification, and the part other than the lands should be reversed gradually during the period of use.

C. Distribution of retained earnings

In accordance with the Articles of Association, the current year's earnings, if any, shall be used to pay all taxes and offset prior years' operating losses, thereafter 10% of retained earnings shall be either set aside as legal reserve or appropriate to or reverse to special reserve according to the relevant regulations or as requested by the competent authorities. However, the Company shall not be subject to this requirement when the amount of legal reserve accumulated equal to the total authorized capital. For the remaining earnings plus and prior years' unappropriated retained earnings may be appropriated for at least 20% according to a proposal by the board of directors and approved in the shareholders' meeting as shareholders' dividends.

This distribution of shareholders' dividends shall be either in cash or shares, in which with cash dividends not less than 10% of the total dividend.

D. On June 22, 2020 and June 14, 2019, the Company resolved at the ordinary shareholders' meeting that 2019 and 2018 earnings distribution were proposed as follows:

	Proposed earnings distribution		Dividend per share	
	For the year ended December 31		For the year ended December 31	
	2019	2018	2019	2018
Legal reserve	\$ 113,482	\$ 95,363		
Special capital				
reserve	213,640	95,633		
Cash dividends	16,164	258,514	\$ 0.17	\$ 3.15
Share dividends	145,385	123,102	1.53	1.50

E. For details of information on employee's compensation and directors and supervisors' remuneration, please refer to Note 6(25).

(20) *Other equity items*

Exchange differences on translating the financial statements of foreign operations

	For the year ended December 31,	
	2020	2019
At January 1	(\$ 536,183)	(\$ 322,541)
Exchange differences on translation to the presentation currency	75,344	(213,642)
At December 31	(\$ 460,839)	(\$ 536,183)

(21) *Revenue*

	For the year ended December 31,	
	2020	2019
Revenue from customer contracts		
Sales revenue - merchandise	\$ 2,808,383	\$ 7,168,864

Breakdown information of the Group's revenue from customer contracts in 2020 and 2019:

	For the year ended December 31,	
	2020	2019
<u>Primary geographical markets</u>		
China	\$ 2,808,383	\$ 7,169,864
<u>Major merchandise</u>		
Infant clothing	\$ 745,522	\$ 1,486,869
Other children's clothing	2,062,861	5,682,995
	\$ 2,808,383	\$ 7,169,864
<u>Timing of revenue recognition</u>		
Satisfied at shipping point	\$ 2,808,383	\$ 7,169,864

(22) *Other income*

	For the year ended December 31,	
	2020	2019
Interest income		
Interest on bank deposits	\$ 35,308	\$ 34,620
Rental revenue	28,838	45,278
Other income	796	1,104
Total	\$ 64,942	\$ 81,002

(23) *Other gains and losses*

	For the year ended December 31,	
	2020	2019
Net currency exchange loss	(\$ 5,500)	(\$ 44,759)
Net gain on financial assets at fair value through profit or loss	62,384	18,581
Loss on disposal of intangible assets	-	(14,298)
Loss on disposal of property, plant and equipment	(6,145)	-
Other	(47)	-
Total	<u>\$ 50,692</u>	<u>(\$ 40,476)</u>

(24) *Additional disclosures related to cost of revenues and operating expenses are as follows:*

	For the year ended December 31,					
	2020			2019		
	Cost of revenue	Operating expenses	Total	Cost of revenue	Operating expenses	Total
Employee benefit expenses	\$ -	\$ 92,396	\$ 92,396	\$ -	\$ 154,965	\$ 154,965
Depreciation	-	26,921	26,921	-	28,634	28,634
Amortization expenses	-	-	-	-	3,210	3,210

(25) *Employee benefit expenses*

	For the year ended December 31,	
	2020	2019
Wages and salaries – Non-director employee	\$ 77,391	\$ 144,642
Director’s remuneration	-	3,014
Pension costs	3,912	5,178
Other personnel expenses	11,093	2,131
Total	<u>\$ 92,396</u>	<u>\$ 154,965</u>

A. In accordance with the Articles of Association, the current year’s earnings, of the Company, shall be allocated no more than 10% as employee remuneration, and no more than 2% shall be paid as directors’ remuneration.

B. The estimated amounts of the Company’s employee compensation and directors’ compensation for 2020 and 2019 are \$0 thousand and \$3,014 thousand, respectively, which was estimated on the basis of the amount

that may be paid in consideration of the current operating conditions.

If there is a change in the amount after publication of the annual consolidated financial report, the differences are adjusted and recorded as change in accounting estimates next year.

The actual allotment of the Company's employee compensation and directors' compensation for 2019 is \$1,097 thousand, which is \$1,917 thousand different from the amount recognized in the 2019 financial report.

C. Please refer to Market Observation Post System for more information on the resolution related to the appropriation of distributable earnings as employees' compensation and directors' remuneration of the Company's board of directors and shareholders' meeting.

(26) *Finance costs*

	For the year ended December 31,	
	2020	2019
Interest expense		
Bank loans	\$ 1,957	\$ 3,835
Loans from related parties loans	7,532	34,523
	<u>\$ 9,489</u>	<u>\$ 38,358</u>

(27) *Income tax*

A. Income tax expense

Components of income tax expense:

	For the year ended December 31,	
	2020	2019
Current income tax for the year		
Current income tax for the year	\$ 65,353	\$ 378,930
Deferred tax		
Relating to origination and reversal of temporary differences	(128,821)	42,875
Income tax (gain) expense	<u>(\$ 63,468)</u>	<u>\$ 421,805</u>

B. Reconciliation between income tax expense and loss before income tax:

	For the year ended December 31,	
	2020	2019
(Loss) income before income tax	(\$ 2,284,967)	\$ 1,556,624
(Loss) Income tax expense at statutory rate	(571,242)	419,589
Tax effect of adjusting items		
Permanent differences	17	2,230
Unrecognized temporary differences	109,112	-
Loss on unrecognized deferred tax assets	445,027	-
Adjustments for prior years	(46,383)	(14)
Income tax (gain) expense	(\$ 63,468)	\$ 421,805

C. Current tax liabilities

	December 31,	
	2020	2019
Current tax liabilities	\$ -	\$ 133,881

D. Deferred income tax assets and liabilities are as follows:

	For the year ended December 31, 2020			
	At January 1	Recognized in profit or loss	Exchange differences	At December 31
Deferred tax assets				
Accrued expenses	\$ 6,909	\$ 110,207	(\$ 75)	\$ 117,041
Deferred tax liabilities				
Investments accounted for using the equity method	\$ 289,492	\$ -	\$ 4,841	\$ 294,333
Other	3,984	-	67	4,051
	<u>\$ 293,476</u>	<u>\$ -</u>	<u>\$ 4,908</u>	<u>\$ 298,384</u>

	For the year ended December 31, 2019			
	At January 1	Recognized in profit or loss	Exchange differences	At December 31
Deferred tax assets				
Accrued expenses	\$ 46,031	(\$ 38,854)	(\$ 268)	\$ 6,909
Deferred tax liabilities				
Investments accounted for using the equity method	\$ 300,722	\$ -	(\$ 11,230)	\$ 289,492
Other	116	4,021	(153)	3,984
	\$ 300,838	\$ 4,021	(\$ 11,383)	\$ 293,476

E. The Group's income tax filing has been completed within the filing period in according to the local governments of different jurisdiction.

(28) *Earnings per share*

A. The calculation of earnings per share and weighted average number of ordinary share is as follows:

For the year ended December 31, 2020			
	Amount after tax	Weighted average number of ordinary shares used in computation of basic earnings (in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Loss attributable to the Company	(\$ 2,221,499)	109,494	
Buy back of treasury shares by the Company	- (139)		
	<u>(\$ 2,221,499)</u>	<u>109,355</u>	<u>(\$ 20.31)</u>
<u>Diluted earnings per share</u>			
None			

For the year ended December 31, 2019			
	Amount after tax	Weighted average number of ordinary shares used in computation of basic earnings (in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to the Company	<u>\$ 1,134,819</u>	<u>94,458</u>	<u>\$ 12.01</u>
<u>Diluted earnings per share</u>			
None			

(29) *Changes in liabilities from financing activities*

The reconciliation of the Group's liabilities from financing activities is as follows:

	January 1, 2020	Cash flow	Other non-cash	December 31, 2020
Short-term borrowings	\$ 276,104	\$ 324,091	(\$ 179,970)	\$ 420,225
Long-term borrowings (include current portion)	90,098	(87,690)	(2,408)	-
Guarantee deposits	<u>2,765</u>	<u>(1,259)</u>	<u>36</u>	<u>1,542</u>
Liabilities from financing activities	<u>\$ 368,967</u>	<u>\$ 235,142</u>	<u>(\$ 182,342)</u>	<u>\$ 421,767</u>
	January 1, 2019	Cash flow	Other non-cash	December 31, 2019
Short-term borrowings	\$ 1,457,079	(\$ 1,100,475)	(\$ 80,500)	\$ 276,104
Long-term borrowings (include current portion)	-	90,098	-	90,098
Guarantee deposits	<u>2,872</u>	<u>-</u>	<u>(107)</u>	<u>2,765</u>
Liabilities from financing activities	<u>\$ 1,459,951</u>	<u>(\$ 1,010,377)</u>	<u>\$ 80,607</u>	<u>\$ 368,967</u>

7. Related party transactions

Balances and amounts of transaction between the Company and subsidiaries had been eliminated upon consolidation and was not disclosed in this note. Details of transactions between the Group and other related parties were disclosed at follows:

(1) Related party name and category

Related party name	Related party category
Taiwan Toprich International Ltd.	Associate owned by the same director
Fujian Eastdragon Group Corp. Ltd	Associate owned by the same director
Fujian Yuansheng Textile & Garment City Co., Ltd.	Associate owned by the same director
Fuzhou Spring Investment Corp., Ltd	Associate owned by the same director
Jiangsu Caimaoke Industry & Trade Chenggufen Limited Company	Associate owned by the same director
Jiangsu Jinlu Fashion Co., Ltd.	Associate owned by the same director
Topwealth International Holdings Limited	Investor with significant influence over the Group

Topwealth International Holdings Limited, owned by the Company's director, Xun Cai Zhou, held the Company's shares.

(2) Purchase

Name	For the year ended December 31,	
	2020	2019
Jiangsu Jinlu Fashion Co., Ltd.	\$ 159,571	\$ -

(3) Lease arrangements - Group as a lessee

Rental expenses are as follows:

Name	For the year ended December 31,	
	2020	2019
Fuzhou Spring Investment Corp., Ltd	\$ 2,783	\$ 3,823
Jiangsu Caimaoke Industry & Trade Chenggufen Limited Company	7,066	1,595
	\$ 9,849	\$ 5,418

Future lease payment payables are as follows:

Name	For the year ended December 31,	
	2020	2019
Fuzhou Spring Investment Corp., Ltd	\$ 3,929	\$ 3,864
Jiangsu Caimaoke Industry & Trade Chenggufen Limited Company	7,954	1,152
	<u>\$ 11,883</u>	<u>\$ 5,016</u>

(4) *Lease arrangements - Group as a lessor*

Rental income are as follows:

Name	For the year ended December 31,	
	2020	2019
Fujian Eastdragon Group Corp. Ltd	\$ 16,459	\$ 21,996
Fujian Yuansheng Textile & Garment City Co., Ltd.	3,061	-
	<u>\$ 19,520</u>	<u>\$ 21,996</u>

Future lease payment receivables are as follows:

Name	For the year ended December 31,	
	2020	2019
Fujian Eastdragon Group Corp. Ltd	\$ 3,872	\$ 3,380
Fujian Yuansheng Textile & Garment City Co., Ltd.	2,780	-
	<u>\$ 6,652</u>	<u>\$ 3,380</u>

(5) *Other income - property management income*

Name	For the year ended December 31,	
	2020	2019
Fujian Eastdragon Group Corp. Ltd	\$ 318	\$ 437
Fujian Yuansheng Textile & Garment City Co., Ltd.	184	-
	<u>\$ 502</u>	<u>\$ 437</u>

The Group not only leases office to related parties but also leases office from related parties. Leasing price is calculated at local level. The lease payments were paid and collected quarterly or yearly.

(6) *Other income – others*

Name	For the year ended December 31,	
	2020	2019
Topwealth International Holdings Limited	\$ -	\$ 75

(7) *Consultant fee*

Name	For the year ended December 31,	
	2020	2019
Taiwan Toprich International Ltd.	\$ 666	\$ 640

(8) *Payables to related parties (excluding loans from related parties)*

Line Item	Name	December 31	
		2020	2019
Account payable			
- related parties	Jiangsu Jinlu Fashion Co., Ltd.	\$ 44,825	\$ -
Other payable - related parties	Topwealth International Holdings Limited	7,954	354
		\$ 52,779	\$ 354

The outstanding trade payables to related parties are unsecured. Other payable - related parties included interest payable for loans from related parties.

(9) *Refundable deposits*

Name	December 31,	
	2020	2019
Fuzhou Spring Investment Corp., Ltd	\$ 219	\$ 215

(10) *Guarantee deposits received*

Name	December 31,	
	2020	2019
Fujian Eastdragon Group Corp. Ltd	\$ 1,542	\$ 431

(11) *Loans from related parties*

Short-term borrowings

Name	December 31,	
	2020	2019
Topwealth International Holdings Limited	\$ 420,225	\$ 231,524

Interest expense

Name	For the Year Ended December 31,	
	2020	2019
Topwealth International Holdings Limited	\$ 7,533	\$ 34,523

The Group obtained loans from related parties at rates comparable to market interest rates (see Note 6(13)). The loans from related parties were unsecured.

(12) *Compensation of key management personnel*

	For the Year Ended December 31,	
	2020	2019
Short-term employee benefits	\$ 31,417	\$ 35,519
Post-employment benefits	264	386
Other employee benefits	-	3,014
Share-based payments	-	1,872
	\$ 31,681	\$ 40,791

8. Pledged of assets

Pledged assets	Purposes	Carrying value	
		December 31	
		2020	2019
Financial assets			
amortized at cost			
Bank pledged deposits	Long-term borrowings	\$ -	\$ 9,010

9. Significant contingent liabilities and unrecognized commitments

None.

10. Significant disaster loss

None.

11. Significant events after the balance sheet date

The Company's board of directors resolved on December 6, 2020, that the subsidiary, Shengrenda obtained the assets related to mask production and sales from its related parties, but which was suspended on March 12, 2021 by the Company's board of directors. In the future, if the Company evaluates that the medical device business is indeed necessary, the relevant departments will conduct research and discussion, and then submit to the audit committee to implement the evaluation procedures and consent, then report to the board of directors for a resolution and implementation accordingly.

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 debts to adjust the most appropriate capital structure. The Group monitors capital on the basis of the gearing ratio. The Group's gearing ratios as of December 31, 2020 and 2019 are as follows:

	December 31,	
	2020	2019
Total liabilities	\$ 2,311,808	\$ 2,409,395
Total assets	\$ 5,801,578	\$ 8,078,636
Gearing ratio	40%	30%

During a recent review of the gearing ratio, the debt-to-asset ratio on December 31, 2020 was higher compared to December 31, 2019 which caused by the COVID-19 epidemic affects the sales by distributors to physical stores. The Company sells at lower prices in order to assist the distributors with long-term relationship to survive in the epidemic, resulting in a decrease in revenue and

related assets.

(2) *Financial instruments*

A. Financial instruments by category

	December 31,	
<u>Financial assets</u>	2020	2019
Financial assets at amortized cost		
Cash and cash equivalents	\$ 2,247,551	\$ 1,056,966
Financial assets mandatorily measured at fair value through profit or loss	-	2,385,637
Financial assets at amortized cost - current	1,575,720	1,515,760
Accounts receivables	1,081,264	2,569,995
Other receivable	26,586	9,790
Refundable deposits	219	215
	<u>\$ 4,931,340</u>	<u>\$ 7,538,363</u>

Financial liabilities

Financial liabilities at amortized cost		
Short-term borrowings	\$ 420,225	\$ 276,104
Accounts payable	1,511,043	1,469,359
Other payable	80,609	143,708
Long-term borrowings (including current portion)	-	90,098
Guarantee deposits	1,542	2,765
	<u>\$ 2,013,419</u>	<u>\$ 1,982,034</u>

B. Financial risk management objectives and policies

The Group's financial instruments include equity and accounts receivables, other receivables, refundable deposits, accounts payable and other payables. Risk management is coordinated by the Group's finance department by entering domestic and international financial market operations and responsible to monitor and manage the financial risk according to the degree of risk and evaluating the breadth analysis of risk exposure. Such risk includes market risk (including exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to reduce the risk by employing a risk management and to analyze, identify and evaluate the related financial risk that potentially poses adverse effects on the Group. The Group has a relevant plan to hedges the adverse factors of financial risk.

(A) Market risk

Market risk is arising from movements in market prices, such as foreign exchange risk and interest rate risk that affecting the Group's earning or financial instruments held by the Group. The objective of market risk management is to control the market risk exposure within affordable range and to optimize the return on investment.

The major markets risks undertake by the Group's operation are foreign exchange risk, interest rate risk and equity price risk. In practice, a movement by a single change in risk variables is rare, hence change in risk variables are always interrelated. The following sensitivity analysis did not consider the interaction of related risks variables.

a. Foreign exchange risk

The exchange rate risk of the Group is mainly related to business activities (when the currency used for income or expenses is different from the functional currency of the Group) and the net investment of foreign operating entities. The Group's exchange risk is mainly arising from the cash and cash equivalents, accounts receivable, other receivables, short-term borrowings, accounts payable, other payable and other payables – related parties that are dominated in foreign currency.

Details of the unrealized exchange gains and losses of the Group's monetary items whose value would significant affected by exchange rate fluctuation are as follows:

For the year ended December 31, 2020			
	Foreign currency amount (in thousands)	Exchange rate	Unrealized exchange gains and losses (NT\$)
<u>Financial assets</u>			
US\$: CN¥	\$ 114	6.5295	\$ 11
HK\$: CN¥	46	0.8419	-
NT\$: CN¥	749	0.2341	18
<u>Financial liabilities</u>			
US\$: CN¥	\$ 11,027	0.2341	\$ 8,085
EUR : CN¥	1,343	8.0009	(1,609)

For the year ended December 31, 2019			
	Foreign currency amount (in thousands)	Exchange rate	Unrealized exchange gains and losses (NT\$)
<u>Financial assets</u>			
US\$: CN¥	\$ 585	6.9762	\$ -
NT\$: CN¥	815	0.2323	-
<u>Financial liabilities</u>			
US\$: CN¥	\$ 10,708	6.9762	\$ -
EUR : CN¥	1,340	7.8155	-
NT\$: CN¥	897	0.2323	-

The sensitivity analysis of the Group's exchange risk mainly focuses on the relevant foreign currency appreciation or depreciation of main foreign currency items at the closing date of financial reporting period, and its impact of appreciation/devaluation on the Group's profit and loss and equity.

The determination of below sensitivity analysis is based on the Group's non-functional currency assets and liabilities with significant exchange rate exposure at the balance date. The relevant information is as follows:

December 31, 2020							
	Foreign currency amount	Exchange rate	Carrying amount (NT\$)	Variation	Effect on profit or loss	Effect on equity	
<u>Financial assets</u>							
<u>Monetary items</u>							
US\$	\$	114	6.5295	\$ 3,238	5%	\$ 162	\$ -
HK\$		46	0.8419	170	5%	9	-
NT\$		749	0.2341	749	5%	37	-
<u>Financial liabilities</u>							
<u>Monetary items</u>							
US\$	\$	11,027	6.5295	\$ 323,224	5%	\$ 16,161	\$ -
EUR		1,343	8.0009	45,440	5%	2,272	-

December 31, 2019							
	Foreign currency amount	Exchange rate	Carrying amount (NT\$)	Variation	Effect on profit or loss	Effect on equity	
<u>Financial assets</u>							
<u>Monetary items</u>							
US\$	\$	585	6.9762	\$ 17,555	5%	\$ 912	\$ -
NT\$		815	0.2323	815	5%	42	-
<u>Financial liabilities</u>							
<u>Monetary items</u>							
US\$	\$	10,708	6.9762	\$ 321,603	5%	\$ 16,704	\$ -
EUR		1,340	7.8155	45,100	5%	4,094	-
NT\$		897	0.2323	897	5%	46	-

b. Interest rate risk

The borrowing by the entities within the Group at floating rate, exposes the Group to change in fair value risk and cash flow risk. The Group by maintaining an appropriate combination of floating rate to manage interest rate risk. The Group assesses its hedging activities on a regular basis to ensure hedging strategies are

established consistently between interest rate and risk preferences and in most cost-effective manner.

The Group's exposure on financial liabilities rate risk is described in this note for liquidity risk management below.

Sensitivity analysis

The following sensitivity analysis is based on interest rate risk exposure on the non-derivative instruments at the closing reporting date of reporting period. Regarding the liabilities with variable interest rate, the following analysis is on the basis of the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increase or decrease by 1% when key management report internally, which also represents management of the Group's assessment on the reasonably possible interval of interest rate change.

If the interest rate has increased or decreased by 1% with other variable held constant, the net profit before tax would have increased or decrease by \$4,202 thousand and \$3,662 thousand for the years ended December 31, 2020 and 2019, respectively, which would be mainly resulted from the Company's borrowing with variable interest rate.

(B) Credit risk

Credit risk refers to the risk of financial loss to the Group arising from default by counterparties on the contract obligations. The Group's credit risk is attributable to its operating activities (mainly accounts receivables) and financial activities (mainly bank deposits).

Each unit of the Group follows credit risk policies, procedures and controls to manage credit risk. The credit risk assessment of all counterparties is based on factors such as the financial position, the rating of the credit rating agency, historical trading experience, the current economic environment and the Group's internal rating criteria etc.

The credit risk by geographic location of the Group is mainly concentrated in China which accounts for 100% of the total accounts receivable as of December 31, 2020 and 2019. However, the accounts receivable did not significantly concentrate on the individual customers. Based on previous experience, the credit status of the customers is good and the credit risk is relatively insignificant.

The credit risk from bank deposits and other financial instruments is measured and supervised by the finance department of the Group. The counterparties of the Group are banks with good credit rankings, which have no contract performance risk. Thus, the credit risk is insignificant.

(C) Liquidity risk

Liquidity risk refers to risk when the Group is unable to settle its financial liabilities by cash or other financial assets and failure to fulfill obligations associated with existing operations.

The Group manages its liquidity risk by maintaining adequate cash and cash equivalents in order to cope and mitigate the effects of the Group's operating cash flow fluctuations. The Group's management oversight banking facilities usage and ensure the terms of the loan agreement are followed.

Table of liquidity and interest rate risk

The table below analyses the Group's non-derivative financial liabilities based on remaining period to the contractual maturity date during the agreed repayment period and in accordance to the possible earliest required date of repayment. The financial liabilities in below table prepared by undiscounted cash flows.

December 31, 2020				
	Less than 1 year	Between 1 and 5 years	Over 5 years	Total of undiscounted cash flows
<u>Non-derivative</u>				
<u>financial liabilities</u>				
Short-term borrowings	\$ 420,225	\$ -	\$ -	\$ 420,225
Accounts payable	1,511,043	-	-	1,511,043
Other payables (include related parties)	80,609	-	-	80,609
Guarantee deposits	1,542	-	-	1,542
Total	<u>\$ 2,013,419</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,013,419</u>

December 31, 2019				
	Less than 1 year	Between 1 and 5 years	Over 5 years	Total of undiscounted cash flows
<u>Non-derivative</u>				
<u>financial liabilities</u>				
Short-term borrowings	\$ 276,104	\$ -	\$ -	\$ 276,104
Long-term borrowings (include current portion)	45,049	45,049	-	90,098
Accounts payable	1,469,359	-	-	1,469,359
Other payables (include related parties)	143,708	-	-	143,708
Guarantee deposits	2,765	-	-	2,765
Total	<u>\$ 1,936,985</u>	<u>\$ 45,049</u>	<u>\$ -</u>	<u>\$ 1,982,034</u>

The amount of above non-derivative financial assets and liabilities instruments with floating interest rate will be varied when the estimated rate became different at the end of reporting period.

(3) *Fair value information*

A. The different levels of valuation techniques which are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: The input value of this level is the public quotation (unadjusted) of the identical asset or liability in the active market. A market is regarded as active when the goods in the market are in same nature and the price information is readily available in the public market for both buyers and sellers. The fair values of the Group's investments in publicly listed securities and beneficiary certificate are included in this level.

Level 2: Inputs other than the observable publicly quoted prices included within Level 1 for assets and liabilities, either directly (such as price) or indirectly (such as derived from the price).

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, accounts receivable, other receivables, refundable deposits, accounts payable and other payables are reasonable approximations of fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Assets:				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Wealth management products	\$ -	\$ -	\$ 2,385,637	\$ 2,385,637

As of December 31, 2020, there are no financial and non-financial instruments measured at fair value.

13. Supplementary disclosures

(1) Significant transactions information:

No.	Items	Footnote
1	Loans to others	Table 1
2	Provision of endorsements and guarantees to others	None
3	Holding of marketable securities at the end of the period (excluding investment in subsidiaries, associates and joint ventures)	None
4	Purchase or sale of the same security with the accumulated cost exceeding \$300 million or 20% of paid-in capital or more	Table 2
5	Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more	None
6	Disposal of real estate reaching \$300 million or 20% of paid-in capital or more	None
7	Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more	Table 3
8	Receivables from related parties reaching \$100 million or 20% of paid-in capital or more	Table 4
9	Derivative financial instruments undertaken	None
10	Significant inter-company transactions between the Company and subsidiaries	Table 5

(2) Information on investments: Table 6

(3) Information on investments in Mainland China: Table 7

(4) Information of major shareholders: Table 8

Table 1

TOPBI International Holdings Limited Company and Subsidiaries

Loans to others

For the years ended December 31, 2020

(Expressed in thousands of New Taiwan dollars)

NO. (Note 1)	Lender	Borrower	Financial statement account	Related Party	Maximum balance for the period (Note 4)	Ending balance	Actual borrowing amount	Interest rate (%)	Nature of financing (Note 2)	Business transaction amount	Reasons for short-term financing	Allowance for impairment loss	Collateral		Financing limit for each borrower (Note 2)	Aggregate financing limit (Note 2)	Note
													Item	Value			
1	TOPBI China	The Company	Other receivables from related parties	Yes	\$ 1,313,100 (CN¥300,000 thousand)	\$ 1,313,100 (CN¥300,000 thousand)	\$ 614,929 (CN¥140,491 thousand)	2.4%~ 3.2%	(2)	\$ -	Working capital	\$ -	-	-	\$ 11,285,405	\$ 11,285,405	-
	TOPBI China	HK TOPBI	Other receivables from related parties	Yes	875,400 (CN¥200,000 thousand)	875,400 (CN¥200,000 thousand)	769,288 (CN¥175,757 thousand)	2.4%~ 3.2%	(2)	-	Working capital	-	-	-	11,285,405	11,285,405	-
	TOPBI China	Fujian SOD	Other receivables from related parties	Yes	2,188,500 (CN¥500,000 thousand)	2,188,500 (CN¥500,000 thousand)	1,313,000 (CN¥300,000 thousand)	2.4%	(2)	-	Working capital	-	-	-	11,285,405	11,285,405	-

Note 1: The intercompany transactions between the companies are identified and numbered as follows for indication:

(1) Parent company: 0

(2) Subsidiaries start from 1 consecutively.

Note 2: The types of transactions between related parties are as follows:

(1) Have business dealings

(2) Those who need short-term financing.

Note 3: According to the lending policies of TOPBI China, the aggregate amount of loan to other companies shall not exceed forty percent (40%) of net worth stated in the latest financial report of lender. The respective loan amounts shall not exceed ten percent (10%) of the net worth of borrower. The loan will not be subjected to the restriction mentioned in the aforesaid paragraph, when the loan between the lender and the foreign company held by the Company, whose voting shares are 100% directly or indirectly owned; or when the loan to the Company of which the lender and the foreign company held by the Company, whose voting shares are 100% directly or indirectly owned. However, the total amount of loan and loan to individual borrower shall not exceed two hundred (200%) of the net worth of the lender.

Note 4: The maximum balance is calculated based on the exchange rate at the end of the period.

Note 5: Transactions between the Company and its subsidiaries were eliminated on consolidated

Table 2

TOPBI International Holdings Limited Company and Subsidiaries

Purchase or sale of the same security with the accumulated cost exceeding \$300 million or 20% of paid-in capital or more

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan dollars)

Sales/purchase of the company	Type and name of marketable securities	Financial statement account	counterparty	relationship	Beginning balance		Purchase		Sale				Ending balance	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Carrying amount	Gain (loss) on disposal	Number of shares	Amount
TOPBI China	Wealth Management product - pegged guaranteed floating income products (Huafu Securities Co., Ltd.)	Financial assets at fair value through profit or loss - current	-	-	337,674,867.34	\$ 1,545,698 (CN¥ 353,141 thousand)	-	\$ -	337,674,867.34	\$ 1,580,412 (CN¥ 361,072 thousand)	\$ 1,545,698 (CN¥ 353,141 thousand)	\$ 34,428 (CN¥ 7,931 thousand)	-	\$ -
	Green-bamboo- public-share Series Financial Products of Special Asset Management of CMBC (China Minsheng Banking Corp., Ltd.)	Financial assets at fair value through profit or loss - current	-	-	-	875,400 (CN¥ 200,000 thousand)	-	-	-	903,588 (CN¥ 206,440 thousand)	875,400 (CN¥ 200,000 thousand)	27,956 (CN¥ 6,440 thousand)	-	-

Table 3

TOPBI International Holdings Limited Company and Subsidiaries
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
For the year ended December 31, 2020
(Expressed in thousands of New Taiwan dollars)

Sales/purchase of the company	Transaction party	Relationship	Detail of transaction				Circumstances and reasons of why trading conditions are different from ordinary trading		Notes and accounts receivable (payable)		Note
			Sales/ purchase	Amount	Percentage of total purchase (sales)	Credit period	Unit price	Credit period	Balance	Percentage of total notes and accounts receivable (payable)	
TOPBI China	Jiangsu Jinlu Fashion Co., Ltd.	Associate owned by the same director	Purchase	\$ 159,571	4%	90 days	\$ -	-	\$ 44,825	3%	-

Table 4

TOPBI International Holdings Limited Company and Subsidiaries
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
For the year ended December 31, 2020
(Expressed in thousands of New Taiwan dollars)

Company Name	Transaction party	Relationship	Financial statement account and ending balance	Turnover rate	Overdue		Amount received in subsequent period	Allowance for doubtful accounts
					Amount	Actions taken		
TOPBI China.	The Company	Ultimate parent company	\$ 640,477	-	\$ -	-	\$ -	\$ -
TOPBI China	HK TOPBI	Parent company	793,854	-	-	-	-	-
TOPBI China	Fujian SOD	Parent company	1,316,435	-	-	-	-	-

Note: Transactions between the Company and its subsidiaries were eliminated on consolidated.

Table 5

TOPBI International Holdings Limited Company and Subsidiaries
Significant inter-company transactions between the Company and subsidiaries

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan dollars)

No.	Transaction party	Counterparty	Relationship (Note 1)	Transaction details			
				Financial statement accounts	Amount	Payment terms	% to total sales or total assets
0	The Company	HK TOPBI	1	Other receivables - related parties	\$ 866 (CN¥ 198 thousand)	Advance payment	-
1	TOPBI China	The Company	2	Other receivables	638,669 (CN¥145,915 thousand)	Loan to (Principal and interest)	11
1	TOPBI China	The Company	2	Other receivables	1,808 (CN¥ 413 thousand)	Advance payment	-
1	TOPBI China	The Company	2	Interest income	16,397 (CN¥ 3,777 thousand)	Loan to	-
1	TOPBI China	HK TOPBI	3	Other receivables	793,852 (CN¥181,369 thousand)	Loan to (principal and interest)	14
1	TOPBI China	HK TOPBI	3	Other receivables	2 (CN¥ 1 thousand)	Advance payment	-
1	TOPBI China	HK TOPBI	3	Interest income	20,512 (CN¥ 4,525 thousand)	Loan to	-
1	TOPBI (China) Fashion Corp., Ltd.	Fujian SOD Textile & Industry Goods Crop., Ltd.	3	Other receivables	1,316,435 (CN¥300,762 thousand)	Loan (principal and interest)	23
1	TOPBI (China) Fashion Corp., Ltd.	Fujian SOD Textile & Industry Goods Crop., Ltd.	3	Interest income	3,295 (CN¥ 759 thousand)	Loan to	-

Note 1: The types of transactions between related parties are as follows for indication:

- (1) From parent company to subsidiary: 1
- (2) From subsidiary to parent company: 2
- (3) Between subsidiaries: 3

Note 2: Transaction between the Company and its subsidiaries were eliminated on consolidated.

Table 6

TOPBI International Holdings Limited Company and Subsidiaries

Information on investments

For the years ended December 31, 2020

(Expressed in thousands of New Taiwan dollars)

Investor company	Investee company	Location	Main business and products	Original investment amount (Note 1)		As of December 31, 2020			Net income (loss) of the investee	Share of profit (loss)	Note
				December 31, 2020	December 31, 2019	Number of shares	%	Carrying amount			
The Company	HK TOPBI	Hong Kong	Investment holding	\$ 1,394,727 (CN¥ 318,649 thousand)	\$ 1,394,727 (CN¥ 318,649 thousand)	174,227,460	100	\$ 4,553,313 (CN¥ 1,040,282 thousand)	(\$ 2,172,432) (CN¥ (500,445) thousand)	(\$ 2,172,432) (CN¥ (500,445) thousand)	-

Note 1: The amount was calculated at the year-end exchange rate.

Note 2: Net income of investees, investments accounted for using the equity method of investor and net assets of investee company between the investor and investee company have been eliminated on consolidation.

Note 3: Refer to Table 5 for information relating to investees in Mainland China.

Table 7

TOPBI International Holdings Limited Company and Subsidiaries
Information on investments in Mainland China
For the year ended December 31, 2020
(Expressed in thousands of New Taiwan dollars)

Investee company in Mainland China	Main businesses and products	Paid-in capital (Note 1)	Method of investment (Note 2)	Accumulated outward remittance for investment from Taiwan As of January 1, 2020	Remittance of funds		Accumulated outward remittance for investment from Taiwan as of December 31, 2020	Net Income (loss) of the investee	% Ownership of direct or indirect investment	Investment gain (loss) (Note 3)	Carrying amount as of December 31, 2020	Accumulated repatriation of investment income as of December 31, 2020
					Outward	Inward						
TOPBI China	Sale of private label children's clothing	\$ 787,860 (CN¥ 180,000 thousand)	(2) 、(3)	\$ -	\$ -	\$ -	\$ -	(\$ 2,153,153) (CN¥ (496,004) thousand)	100	(\$ 2,153,153) (CN¥ (496,004) thousand)	\$ 5,642,701 (CN¥ 1,289,171 thousand)	\$ -
Fujian SOD	Investment holding	210,008 (CN¥ 47,980 thousand)	(2)	-	-	-	-	(572,166) (CN¥ (131,805) thousand)	100	(572,166) (CN¥ (131,805) thousand)	1,499,499 (CN¥ 342,586 thousand)	-
Shengrenda	Manufacturing and sales of medical equipment and medical supplies	-	(2)	-	-	-	-	-	100	-	-	-

Accumulated outward remittance for investment in Mainland China as of December 31, 2020	Investment amount authorized by Investment Commission, Ministry of Economic Affairs	Upper limit on the amount of investment stipulated by Investment Commission, Ministry of Economic Affairs
Not Applicable	Not Applicable	Not Applicable

Note 1: The amount was calculated at the year-end exchange rate.

Note 2: Three type of investment methods are as follows for indication:

- (1) Invest directly in Mainland China.
- (2) Invest in Mainland China through third-region companies.
- (3) Other methods: Invest in Mainland through Fujian SOD

Note 3: The amount is recognized based on the audited financial statements. .

Note 4: Net income of investees, investments accounted for using the equity method of investor and net assets of investee company between the investor and investee company have been eliminated on consolidation.

Table 8

TOPBI International Holdings Limited Company and Subsidiaries
Information of major shareholders
For the year ended December 31, 2020
(Expressed in thousands of New Taiwan dollars)

No.	Name of major shareholder	Number of shares held	Percentage of shareholding (%)
1	Topwealth International Holdings Limited	16,061,082	14.66

Note 1: The information of major shareholders in the above table was calculated by the Taiwan Depository and Clearing Corp. based on the information of shareholders of the Company who hold more than 5% of ordinary shares and special shares and have been completed the non-physical registration and delivery (including treasury shares) on the last business day of the end of each quarter. As for the shares capital recorded in the Company's financial statements may vary from the Company's actual number of shares which completed the non-physical registration and delivery due to different calculation basis or differences.

14. Segment information

Except for TOPBI China, the Group is specializing in investment holding. TOPBI China is mainly engaged in the sale of its own private label children's clothing, which is main source of profit for the Company. The segmentation information provided to operational decision-makers for review and the measurement basis is the same information reported in the financial statements. Therefore, the operational segmentation information that should be reported in 2020 and 2019 can be referred to consolidated financial statements for the years ended December 31, 2020 and 2019.

(1) Revenue from major products

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

	For the year ended December 31,	
	2020	2019
Infant clothing	\$ 745,522	\$ 1,486,869
Other children's clothing	2,062,871	5,682,995
	<u>\$ 2,808,383</u>	<u>\$ 7,169,864</u>

(2) Geographical information

The Group operates mainly in China.

(3) Information about major customers

For the years ended December 31, 2020 and 2019, the Group's revenue from one single customer which exceeds 10% of total operating revenue is as of the following:

Customer	For the years ended December 31,			
	2020	%	2019	%
Customer A	\$ 693,216	25	\$ --	--