

Stock code: 2929

**TOPBI International Holdings Limited Company
and Subsidiaries
Consolidated Financial Statements
For the years ended December 31, 2023 and 2022
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, 2023, 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

Lien, Chih Chi
Chairman

March 15, 2024

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, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, 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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended, in accordance with the "Regulations Governing the 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 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 Certified 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, 2023. 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:

Cash and cash equivalents

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

As of December 31, 2023, the balances of cash and cash equivalents of the Group is \$1,063,137 thousand, accounting for 26% 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 matter 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.

Financial assets at amortized cost

Please refer to Note 4(7) to the consolidated financial statements for the accounting policies of financial assets at amortized cost; and please refer to Note 6(2) to the consolidated financial statements for the details of financial assets at amortized cost.

Independent Auditors' Report (Continued)

As of December 31, 2023, the balances of financial assets at amortized cost of the Group is \$1,514,450 thousand, accounting for 37% of the total consolidated assets, due to the significant proportion of balances and the inherent risks; we therefore considered the financial assets at amortized cost as the key audit matter for the year.

Our audit procedures included, but were not limited to, obtaining details of the balance of financial assets amortized at cost (fixed deposits) in the accounts of the Group, and checking to the bank confirmation; to assess whether it is consistent with the balance of the fixed deposit in the account, and check whether the fixed deposit is restricted.

Revenue recognition

Please refer to Note 4(22) 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 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, 2023, 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 and review the subsequent collection of payment after balance sheet date, in order to confirm whether there are major abnormalities in sales revenue.

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 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 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.

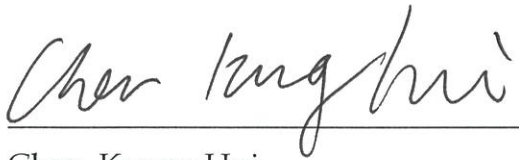
Independent Auditors' Report (Continued)

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, 2023 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, Kuang-Hui



Kuo, Chenyu

For and on behalf of ShineWing CPAs

March 15, 2024

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, 2023 and 2022

(Expressed in thousands of New Taiwan dollars)

		December 31,			
Assets	Notes	2023	%	2022	%
Current assets					
Cash and cash equivalents	6.(1)	\$ 1,063,137	26	\$ 1,263,907	29
Financial assets at amortized cost - current	6.(2)	1,514,450	37	1,542,800	37
Accounts receivable, net	6.(3)	984,580	24	932,667	21
Other receivables	6.(4)	7,046	-	7,686	-
Current income tax assets		-	-	21,302	-
Inventories	6.(5)	7,566	-	6,517	-
Prepayments	6.(11), 7	266,553	7	280,946	6
		3,843,332	94	4,055,825	93
Non-current assets					
Property, plant and equipment	6.(6)	34	-	65	-
Right-of-use assets	6.(7)	106,055	3	142,662	3
Investment property, net	6.(9)	113,670	3	130,977	3
Intangible assets	6.(10)	418	-	501	-
Deferred tax assets	6.(28)	5,393	-	48,740	1
		225,570	6	322,945	7
Total assets		\$ 4,068,902	100	\$ 4,378,770	100

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TOPBI International Holdings Limited Company and Subsidiaries

Consolidated balance sheets

December 31, 2023 and 2022

(Expressed in thousands of New Taiwan dollars)

(Continued from previous page)

Liabilities and equity	Notes	December 31,			
		2023	%	2022	%
Current liabilities					
Short-term borrowings	6.(13), 7	\$ 108,729	3	\$ 310,593	7
Current contract liabilities	6.(21)	25,956	1	-	-
Accounts payable	6.(14)	674,440	16	718,875	16
Accounts payable to related parties	6.(14), 7	82,013	2	50,646	1
Other payables	6.(15)	71,363	2	74,813	2
Other payables to related parties	7	8,186	-	2,977	-
Other current liabilities		1,030	-	134	-
		971,717	24	1,158,038	26
Non-current liabilities					
Deferred tax liabilities	6.(28)	292,573	7	298,166	7
Deposits received		3,329	-	440	-
		295,902	7	298,606	7
Total liabilities		1,267,619	31	1,456,644	33
Equity attributable to shareholders of the parent					
Ordinary share	6.(17)	1,094,938	27	1,094,938	25
Capital surplus	6.(18)	1,520,022	37	1,520,022	34
Retained earnings:	6.(19)				
Legal reserve		593,778	14	593,778	14
Special reserve		447,233	11	487,320	11
Unappropriated retained earnings		(337,668)	(8)	(309,547)	(7)
Other equity interest	6.(20)	(499,868)	(12)	(447,233)	(10)
Treasury shares	6.(17)	(17,152)	-	(17,152)	-
Total equity		2,801,283	69	2,922,126	67
Total liabilities and equity		\$ 4,068,902	100	\$ 4,378,770	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, 2023 and 2022

(Expressed in thousands of New Taiwan dollars)

	Notes	For the year ended December 31,			
		2023	%	2022	%
Operating revenue	6.(21), 7	\$ 2,386,276	100	\$ 2,546,156	100
Operating costs	6.(5), 7	(1,993,953)	(84)	(2,253,273)	(89)
Gross profit		<u>392,323</u>	<u>16</u>	<u>292,883</u>	<u>11</u>
Operating expenses	6.(24), 7				
Selling expenses		(259,590)	(11)	(256,629)	(10)
General & administrative expenses		(97,637)	(4)	(129,216)	(5)
Research and development expenses		(39,053)	(1)	(45,379)	(2)
		(396,280)	(16)	(431,224)	(17)
Net operating loss		(3,957)	-	(138,341)	(6)
Non-operating income and expenses					
Interest income	6.(22)	26,140	1	27,087	1
Other income	6.(23), 7	-	-	36,371	2
Other gains and losses	6.(24)	(41,486)	(2)	241,658	9
Finance costs	6.(27), 7	(5,897)	-	(2,386)	-
		(21,243)	(1)	302,730	12
(Loss) income before income tax		(25,200)	(1)	164,389	6
Income tax expenses	6.(28)	(43,008)	(2)	(31,622)	(1)
Net (loss) income for the year		(68,208)	(3)	132,767	5
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		(52,635)	(2)	40,088	2
Total other comprehensive (loss) income for the year		(52,635)	(2)	40,088	2
Total comprehensive (loss) income for the year		<u>(\$ 120,843)</u>	<u>(5)</u>	<u>\$ 172,855</u>	<u>7</u>
Net (loss) income attributable to shareholders of the parent		<u>(\$ 68,208)</u>	<u>(3)</u>	<u>\$ 132,767</u>	<u>5</u>
Total comprehensive (loss) income attributable to shareholders of the parent		<u>(\$ 120,843)</u>	<u>(5)</u>	<u>\$ 172,855</u>	<u>7</u>
Earnings per share (In New Taiwan dollars)	6.(29)				
Basic earnings (loss) per share		<u>(\$ 0.63)</u>		<u>\$ 1.22</u>	

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, 2023 and 2022

(Expressed in thousands of New Taiwan dollars)

	Equity attributable to shareholders of the parent							
	Retained earnings					Other equity interest	Treasury shares	Total equity
	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translating the financial statements of foreign operations		
Balance, January 1, 2022	\$ 1,094,938	\$ 1,520,022	\$ 593,778	\$ 460,948	(\$ 415,942)	(\$ 487,321)	(\$ 17,152)	\$ 2,749,271
Appropriation of prior year's earnings:								
Special reserve appropriated	-	-	-	26,372	(26,372)	-	-	-
	1,094,938	1,520,022	593,778	487,320	(442,314)	(487,321)	(17,152)	2,749,271
Net income for the year	-	-	-	-	132,767	-	-	132,767
Other comprehensive income for the year	-	-	-	-	-	40,088	-	40,088
Total comprehensive income for the year	-	-	-	-	132,767	40,088	-	172,855
Balance, December 31, 2022	1,094,938	1,520,022	593,778	487,320	(309,547)	(447,233)	(17,152)	2,922,126
Appropriation of prior year's earnings:								
Reversal of special reserve	-	-	-	(40,087)	40,087	-	-	-
	1,094,938	1,520,022	593,778	447,233	(269,460)	(447,233)	(17,152)	2,922,126
Net loss for the year	-	-	-	-	(68,208)	-	-	(68,208)
Other comprehensive loss for the year	-	-	-	-	-	(52,635)	-	(52,635)
Total comprehensive loss for the year	-	-	-	-	(68,208)	(52,635)	-	(120,843)
Balance, December 31, 2023	<u>\$ 1,094,938</u>	<u>\$ 1,520,022</u>	<u>\$ 593,778</u>	<u>\$ 447,233</u>	<u>(\$ 337,668)</u>	<u>(\$ 499,868)</u>	<u>(\$ 17,152)</u>	<u>\$ 2,801,283</u>

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, 2023 and 2022

(Expressed in thousands of New Taiwan dollars)

	For the year ended December 31,	
	2023	2022
Cash flows from operating activities		
(Loss) income before income tax for the year	(\$ 25,200)	\$ 164,389
Adjustments for:		
Income and expenses having no effect on cash flows		
Depreciation	12,323	17,126
Amortization	126	89
Impairment loss on non-financial assets	37,366	-
Reversal of inventory for decline in market value and obsolescence	(10,818)	(19,049)
Interest expenses	5,897	2,386
Interest income	(26,140)	(27,087)
Gain on disposal of property, plant and equipment	-	(243,574)
Foreign exchange loss	3,789	1,914
Gain on bargain purchase	-	(11,309)
Changes in operating assets and liabilities		
(Increase) decrease in accounts receivable	(51,913)	181,682
Decrease in other receivables	58	5,635
Decrease in inventories	10,109	33,278
Decrease in prepayments	14,393	18,764
Increase in contract liabilities	25,956	-
Decrease in accounts payable	(13,068)	(232,622)
Decrease in other payables	(3,972)	(29)
Increase in other current liabilities	896	131
Cash used in operations	(20,198)	(108,276)
Income taxes refund	21,241	-
Net cash generated from (used in) operating activities	<u>1,043</u>	<u>(108,276)</u>

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TOPBI International Holdings Limited Company and Subsidiaries

Consolidated statement of cash flows

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan dollars)

(Continued from previous page)

	For the year ended December 31,	
	2023	2022
Cash flows from investing activities		
Acquisition of financial assets at amortized cost	(3,076,780)	(3,095,330)
Proceeds from sale of financial assets at amortized cost	3,076,780	3,095,330
Proceeds from disposal of property, plant and equipment	-	665,608
Acquisition of intangible assets	(52)	(591)
Acquisition of subsidiary	-	(276,022)
Decrease in refundable deposits	-	221
Interest received	26,722	27,279
Net cash generated from investing activities	26,670	416,495
Cash flows from financing activities		
(Decrease) increase in short-term borrowings	(196,605)	296,958
Increase (decrease) in guarantee deposits received	2,942	(849)
Net cash generated from (used in) financing activities	(193,663)	296,109
Effect of exchange rate changes on cash and cash equivalents	(34,820)	18,672
(Decrease) increase in cash and cash equivalents	(200,770)	623,000
Cash and cash equivalents at beginning of year	1,263,907	640,907
Cash and cash equivalents at end of year	\$ 1,063,137	\$ 1,263,907

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 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 March 15, 2024.

3. Application of new standards, amendments and interpretations

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

A. IFRSs, IAS and interpretations endorsed and announced by the FSC effective from 2023 are as follows:

New standards, interpretations and

amendments	Main amendments	IASB effective date
Disclosure of Accounting Policies (amendments to IAS 1)	This amendment requires companies to disclose information about their material significant accounting policies information, instead of their significant accounting policies. This amendment clarifies how an entity can identify material accounting	January 1, 2023

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	policy information and to give examples of when accounting policy information is likely to be material.	
Definition of accounting estimates (amendments to IAS 8)	The amendment clarifies how an entity should distinguish between changes in accounting policies and changes in accounting estimates. The amendment also clarifies that changes in accounting estimates resulting from new information or new developments are not corrections of errors. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.	January 1, 2023
Deferred tax related to assets and liabilities arising from a single transaction (amendments to IAS 12)	This amendment requires the entity to recognize the relevant deferred income tax assets and liabilities for specific transactions that generate the same amount of taxable and deductible temporary differences at the time of original recognition.	January 1, 2023
International Tax Reform Pillar Two Model Rules (amendments to IAS 12)	This amendment provides a temporary exception to the recognition or disclosure of deferred income tax arising from the tax laws enacted or substantively enacted to implement the Pillar Two model rules issued by the Organization for Economic Cooperation and Development, that enterprises are neither allowed to recognize deferred income tax assets and liabilities	May 23, 2023

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related to Pillar Two income tax nor
disclose relevant information.

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 2024 are as follows:

New standards, interpretations and

amendments	Main amendments	IASB effective date
Lease Liability in a Sale and Leaseback (amendment to IFRS 16)	This amendment clarifies how a seller-lessee applied its subsequent measurement for the related right-of-use assets and lease liabilities arising from a sale and leaseback transaction, where the lease payments are variable lease payments that do not depend on an index or rate; and the seller-lessee should determine the lease payments or revised lease payments such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee. And the new sample is provided for reference.	January 1, 2024
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 at least 12 months after the reporting	January 1, 2024

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	period, and the liabilities should be classified as current. In addition, this amendment defines the “settlement” of a liability as the extinguishment of the liability with cash or other economic resources or the enterprise's own equity instruments. The terms of the liability may result in the settlement of the liability by transferring the company's own equity instruments, only if the enterprise has the right to classify an equity instrument as an equity component of a compound financial instrument. These terms do not affect the classification of the liability as current or non-current.	
Non-current Liabilities with Covenants (amendments to IAS 1)	This amendment clarifies that the contractual terms to which an entity is bound after the end of the reporting period do not affect the classification of liabilities as current or non-current. In addition, this amendment increases the disclosure of non-current liabilities subject to terms.	January 1, 2024
Supplier Finance Arrangements (amendments to IAS 7 and IFRS 7)	This amendment adds new disclosures on supplier finance arrangements, including their impact on changes in liabilities arising from financing activities and quantitative disclosures on liquidity risk.	January 1, 2024

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

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

A. The Company 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
Sale or Contribution of Assets Between An Investor and Its Associate or Joint Venture (amendments to IFRS 10 and IAS 28)	This amendment addresses inconsistencies between the current IFRS 10 and IAS 28. When an investor sells (invests) assets to its affiliates or joint ventures, it is determined to recognize all or part of the disposal gains or losses depending on the nature of the assets sold (invested): (1) When the assets sold (invested) meet the “business”, all disposal gains and losses shall be recognized; (2) When the assets sold (invested) do not qualify as “business”, non-related investors can only recognize partial disposal of gains and losses within the scope of interests in affiliated companies or joint ventures.	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	January 1, 2023

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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 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

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	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
Initial Application of IFRS 17 and IFRS 9 - Comparative Information (Amendment to IFRS 17)	This amendment allows enterprise to choose to apply the classification overlay approach for each comparative period reported in the initial application of IFRS 17. This option allows the financial assets held by an entity, including those held in activities that are not linked to contracts within the scope of IFRS 17, on an instrument-by-instrument basis, based on how they expect to classify these financial assets in the comparative period when IFRS 9 is initially applied. Entities that have applied IFRS 9 or will apply both IFRS 9 and IFRS 17 for the first time may choose to apply the classification overlay approach.	January 1, 2023

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Lack of Exchangeability (amendments to IAS 21)	This amendment defines exchangeability and provides guidance on how entities determine the exchange rate on the measurement date when a currency lacks exchangeability. The amendment also requires companies to provide more useful information in their financial statements when a currency is not exchangeable into another currency.	January 1, 2025
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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 IFRSs, IAS, 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 IFRSs, IAS, 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,		
			2023	2022	
The Company	TOPBI Children Apparel Co., Limited (“HK TOPBI”)	Investment	100.00	100.00	-
HK TOPBI	Fuzhou Cangshan SDO Textile & Industry Corp., Ltd. (“Fuzhou Cangshan SDO”)	Investment	100.00	100.00	1
HK TOPBI	Fujian Shengrenda Medical Technology Co., Ltd. (“Shengrenda”)	Manufacturing and sales of medical equipment and medical supplies	-	-	2
HK TOPBI	TOPBI (China) Fashion Corp., Ltd. (“TOPBI China”)	Sales of private label children’s clothing	68.52	73.42	3
HK TOPBI	Fuzhou Spring Investment Corp., Ltd (“Fuzhou Spring”)	Leasing activities	100.00	100.00	4
Fuzhou Cangshan SDO	TOPBI China	Sales of private label children’s clothing	-	26.58	3, 5
Fuzhou Spring	TOPBI China	Sales of private label children’s clothing	31.48	-	5
TOPBI China	Fujian TOPBI Network Technology Co., Ltd. (“TOPBI Network Technology”)	Online live broadcast related information service	100.00	100.00	6

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 1: Fuzhou Cangshan SDO changed its company name from Fujian SDO Textile & Industry Goods Corp., Ltd. to Fuzhou Cangshan SDO Textile & Industry Corp., Ltd. on June 25, 2023.

Note 2: On February 9, 2022, Shengrenda obtained the approval of the local government which is domiciled for its completion of the cancellation of registration.

Note 3: TOPBI China reduced its capital and returned the capital to HK TOPBI on July 4, 2023. Since it did not reduce its capital in accordance with the shareholding ratio, the shareholding ratio of HK TOPBI was decreased to 68.52% after the capital reduction. Fuzhou Cangshan SDO's shareholding ratio increased to 31.48%.

Note 4: HK TOPBI acquired 100% of the shares of Fuzhou Spring Investment Corp., Ltd on September 19, 2022, with an amount of CN¥281,799 thousand.

Note 5: The Group carried out the reorganization on August 21, 2023, and resold all 31.48% of TOBPI China's equity held by Fuzhou Cangshan SDO to Fuzhou Spring for RMB 47,850 thousand.

Note 6: TOPBI Network Technology changed the company name from Fujian TOPBI E-commerce Co., Ltd. ("TOPBI E-commerce") to Fujian TOPBI Network Technology Co., Ltd. on September 14, 2023.

(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.

A. 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; for the non-monetary assets and liabilities held at fair value through other comprehensive income or loss, their translation differences are recognized in other comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (D) All exchange gains and losses are reported in the income statement under "Other gains and losses".

B. Translation of foreign operations

- (A) The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - (a) Assets and liabilities for each balance sheet presented are translated

at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognized in other comprehensive income.

(B) When the foreign operation partially disposed of or sold as a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, if the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

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

(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 amortized cost

- A. Financial assets at amortized cost are those that meet all of the following criteria:
 - (A) The aim 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 of purchase or sales, 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.

(8) Accounts receivable

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

(9) 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.

(10) 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.

(11) 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 total 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.

(12) *Inventories*

Inventories are mainly merchandise and are 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.

(13) *Property, plant and equipment*

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

(14) 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.
 - (C) Any initial direct costs incurred by the lessee.

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.

(15) Investment properties

Investment properties are initially recorded at cost, and is subsequently measured using the cost model. Except for land, depreciation is provided on a straight-line basis based on the estimated useful life, which is 49 years.

(16) Intangible assets

Computer software is initially recorded at cost and amortized using the straight-line method 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) 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 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) *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 regulations. 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.

(22) Revenue recognition

- A. 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.
- B. For contracts where the time interval between the transfer of goods or services 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.
- C. 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.
- D. Service revenue from the provision of data services. The Group collects consideration from customers and recognizes contract liabilities before the performance of the contract, and subsequently recognizes revenue when the data service is accepted.

(23) Business combinations

- A. The Group uses the acquisition method for the business combination. The consideration is calculated based on the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued, and the transferred consideration includes the fair value of any assets and liabilities arising from the contingent consideration agreement. Acquisition-related

costs are recognized as an expense as incurred. All assets acquired and liabilities assumed in a business combination are measured at acquisition-date fair value. The Group is based on individual acquisition transactions, if the components of non-controlling interests are current ownership interests and its holders are entitled to a pro rata share of the net assets of the enterprise when liquidation occurs, choice in measurement at acquisition-date fair value or the non-controlling interests; or the non-controlling interests' proportionate share of net assets of the acquiree. All other components of non-controlling interests are measured at their acquisition-date fair value.

- B. If the transferred consideration, the non-controlling interests of acquiree and the total fair value of interests in the acquiree previously held exceeds the fair value of the identifiable assets acquired and liabilities assumed, it is recognized as goodwill on the acquisition date; if the fair value of the identifiable assets acquired and liabilities assumed exceeds the total fair value of the transferred consideration, the non-controlling interests of the acquiree, and the fair value of the interests in the acquiree previously held, the difference is recognized on the acquisition date for the current profit and loss.

(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.

(25) Earnings per shares

The Group presents basic and diluted earnings per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the net income attributable to shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the statement of income attributable to shareholders and the weighted average number of common

shares outstanding, adjusted for own shares held, for the effects of all dilutive potential common shares.

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 for products in a specific period in the future, therefore, there might be material changes to the evaluation.

As of December 31, 2023, the Group's carrying amount of inventories is \$7,566 thousand.

6. Details of significant accounts

(1) Cash and cash equivalents

	December 31,	
	2023	2022
Cash on hand and working capital	\$ 12	\$ 21
Checking accounts and demand deposits	1,063,125	1,263,886
Total	<u>\$ 1,063,137</u>	<u>\$ 1,263,907</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 amortized cost - current

	December 31,	
	2023	2022
<u>Current</u>		
Time deposits with original maturities of more than 3 months	<u>\$ 1,514,450</u>	<u>\$ 1,542,800</u>

The interest rate for time deposits with original maturities of more than 3 months was 1.45% to 1.55% and 1.45% to 1.65% as of December 31, 2023 and 2022 respectively.

(3) *Accounts receivable*

	December 31,	
	2023	2022
Accounts receivable	\$ 984,580	\$ 932,667
Less: allowance for doubtful accounts	-	-
Total	<u>\$ 984,580</u>	<u>\$ 932,667</u>

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

B. The Group's maximum exposure to credit risk at December 31, 2023 and 2022 was the carrying amount of each class of accounts receivable.

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

	December 31,	
	2023	2022
Not past due	\$ 984,580	\$ 932,667
Past due less than 1 month	-	-
Past due 1 - 3 months	-	-
Past due 3 - 6 months	-	-
Past due over 6 months	-	-
Total	<u>\$ 984,580</u>	<u>\$ 932,667</u>

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

December 31, 2023	Expected credit loss rate	Total carrying amount	Allowance for doubtful accounts (Lifetime expected credit loss)	Amortized cost
Not past due	-	\$ 984,580	\$ -	\$ 984,580
Past due less than 1 month	-	-	-	-
Past due 1 - 3 months	-	-	-	-
Past due 3 - 6 months	-	-	-	-
Past due over 6 months	-	-	-	-
Total		<u>\$ 984,580</u>	<u>\$ -</u>	<u>\$ 984,580</u>

December 31, 2022	Expected credit loss rate	Total carrying amount	Allowance for doubtful accounts (Lifetime expected credit loss)	Amortized cost
Not past due	-	\$ 932,667	\$ -	\$ 932,667
Past due less than 1 month	-	-	-	-
Past due 1 - 3 months	-	-	-	-
Past due 3 - 6 months	-	-	-	-
Past due over 6 months	-	-	-	-
Total		<u>\$ 932,667</u>	<u>\$ -</u>	<u>\$ 932,667</u>

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

(4) *Other receivables*

	December 31,	
	2023	2023
Other receivables	\$ 7,046	\$ 7,686
Less: allowance for doubtful accounts	-	-
Total	<u>\$ 7,046</u>	<u>\$ 7,686</u>

(5) *Inventories*

	December 31,	
	2023	2022
Merchandise	\$ 24,076	\$ 34,185
Less: allowance for decline in market value and obsolescence	(16,510)	(27,668)
Total	<u>\$ 7,566</u>	<u>\$ 6,517</u>

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

	For the year ended December 31,	
	2023	2022
Cost of sales	\$ 1,979,878	\$ 2,267,286
Reversal of allowance for decline in market value and obsolescence	(10,818)	(19,049)
Total	<u>\$ 1,969,060</u>	<u>\$ 2,248,237</u>

(6) *Property, plant and equipment*

	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Total
Cost					
At January 1, 2023	\$ -	\$ 2,916	\$ 13,919	\$ 3,398	\$ 20,233
Disposals	-	-	-	(466)	(466)
Net exchange differences	- (54)	(256)	(54)	(364)	
At December 31, 2023	<u>\$ -</u>	<u>\$ 2,862</u>	<u>\$ 13,663</u>	<u>\$ 2,878</u>	<u>\$ 19,403</u>
At January 1, 2022	\$ 431,711	\$ 2,955	\$ 13,716	\$ 4,574	\$ 452,956
Disposals	(439,452)	(83)	-	(1,246)	(440,781)
Net exchange differences	7,741	44	203	70	8,058
At December 31, 2022	<u>\$ -</u>	<u>\$ 2,916</u>	<u>\$ 13,919</u>	<u>\$ 3,398</u>	<u>\$ 20,233</u>
Accumulated depreciation and impairment					
At January 1, 2023	\$ -	\$ 2,916	\$ 13,919	\$ 3,333	\$ 20,168
Disposals	-	-	-	(466)	(466)
Depreciation	-	-	-	31	31
Net exchange differences	- (54)	(256)	(54)	(364)	
At December 31, 2023	<u>\$ -</u>	<u>\$ 2,862</u>	<u>\$ 13,663</u>	<u>\$ 2,844</u>	<u>\$ 19,369</u>
At January 1, 2022	\$ 197,037	\$ 2,955	\$ 13,716	\$ 4,475	\$ 218,183
Disposals	(210,574)	(82)	-	(1,244)	(211,900)
Depreciation	10,004	-	-	34	10,038
Net exchange differences	3,533	43	203	68	3,847
At December 31, 2022	<u>\$ -</u>	<u>\$ 2,916</u>	<u>\$ 13,919</u>	<u>\$ 3,333</u>	<u>\$ 20,168</u>
Net book value					
At December 31, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34</u>	<u>\$ 34</u>
At December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65</u>	<u>\$ 65</u>

(7) *Leasing arrangements as lessee*

- A. The leased assets by the Group are land-use-right with the length of lease usually 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, 2023	For the year ended December 31, 2023
	Carrying amount	Depreciation
Land-use-right	106,055	4,732

	December 31, 2022	For the year ended December 31, 2022
	Carrying amount	Depreciation
Land-use-right	\$ 142,662	\$ 4,553

- C. Movements of the rights-of-use assets of the Group for the year 2023 and 2022 were as follows:

	Land-use-right
At January 1, 2023	\$ 142,662
Depreciation	(4,732)
Impairment	(29,791)
Net exchange differences	(2,084)
At December 31, 2023	\$ 106,055

	Land-use-right
At January 1, 2022	\$ 194,726
Acquisition from business combination	146,371
Depreciation	(4,553)
Disposals	(195,253)
Net exchange differences	1,371
At December 31, 2022	\$ 142,662

D. In 2023 and 2022, the addition of the Group's right-of-use assets were both \$0.

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,	
	2023	2022
Interest expense on lease liabilities	\$ -	\$ -
Expense on short-term lease	\$ 9,209	\$ 13,535
Expense on lease of low-value assets	\$ -	\$ -

F. The total cash outflow for the leases of the Group in 2023 and 2022 amounted to \$9,209 thousand and \$13,535 thousand respectively.

(8) *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 fifteen 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 \$15,358 thousand and \$29,311 thousand in 2023 and 2022 respectively, of which none of the variable lease payments was recognized as rental income.

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

	December 31,	
	2023	2022
At December 31, 2023	\$ -	\$ 20,227
At December 31, 2024	17,589	20,657
At December 31, 2025	13,295	12,509
At December 31, 2026	14,997	3,485
At December 31, 2027	15,617	3,527
At December 31, 2028	15,746	3,659
After December 31, 2028	161,497	29,147
Total	<u>\$ 238,741</u>	<u>\$ 93,211</u>

(9) *Investment properties*

	Buildings	
Cost		
At January 1, 2023	\$	133,504
Net exchange differences	(	2,453)
At December 31, 2023	<u>\$</u>	<u>131,051</u>
At January 1, 2022	\$	-
Acquisition from business combination		135,473
Net exchange differences	(	1,969)
At December 31, 2022	<u>\$</u>	<u>133,504</u>
Accumulated depreciation and impairment		
At January 1, 2023	\$	2,527
Depreciation		7,560
Impairment		7,575
Net exchange differences	(	281)
At December 31, 2023	<u>\$</u>	<u>17,381</u>
At January 1, 2022	\$	-
Depreciation		2,535
Net exchange differences	(	8)
At December 31, 2022	<u>\$</u>	<u>2,527</u>

		Buildings
	Net book value	
At December 31, 2023		\$ 113,670
At December 31, 2022		\$ 130,977

A. Rental income and direct operating expenses of investment properties

	For the year ended December 31,	
	2023	2022
Rental income from investment properties	\$ 15,358	\$ 5,130
Direct operating expenses arising from the investment property that generated rental income during the year	\$ 11,674	\$ 5,036
Direct operating expenses arising from the investment property that did not generate rental income during the year	\$ 2,796	\$ -

B. The fair value of the investment properties held by the Group as of December 31, 2023 and 2022 are \$219,725 thousand and ranged from \$275,809 thousand to \$ 279,688 thousand, respectively. The fair value is based on the evaluation results of independent appraiser. The evaluation adopted the income approach and cost approach and belongs to the level 3 of fair value.

(10) *Intangible assets*

		Computer software
	Cost	
At January 1, 2023		\$ 14,595
Acquisition		52
Reclassification		3,193
Net exchange differences	(	270)
At December 31, 2023	\$	17,570
At January 1, 2022	\$	13,889
Acquisition		591
Net exchange differences		115
At December 31, 2022	\$	14,595

	Computer software
Accumulated amortization and impairment	
At January 1, 2023	\$ 14,094
Amortization	126
Reclassification	3,193
Net exchange differences	(261)
At December 31, 2023	<u>\$ 17,152</u>
At January 1, 2022	\$ 13,889
Amortization	89
Net exchange differences	116
At December 31, 2022	<u>\$ 14,094</u>
Net book value	
At December 31, 2023	<u>\$ 418</u>
At December 31, 2022	<u>\$ 501</u>

(11) *Other assets*

	December 31,	
	2023	2022
Current		
Other prepayment	\$ 942	\$ 1,866
Advance payment	24,117	-
Input tax	2,237	1,199
Tax overpaid retained for offsetting the future tax payable	239,257	277,881
	<u>\$ 266,553</u>	<u>\$ 280,946</u>

(12) *Impairment of non-financial assets*

A. In 2023 and 2022, the Group's recognized impairment losses of \$37,366 thousand and \$0 thousand, respectively. The details are as follows:

	For the year ended December 31, 2023	
	Recognized in profit or loss	Recognized in other comprehensive income
Impairment loss – right-of-use asset	\$ 29,791	\$ -
Impairment loss – investment property	7,575	-
	<u>\$ 37,366</u>	<u>\$ -</u>

	For the year ended December 31, 2022	
	Recognized in profit or loss	Recognized in other comprehensive income
Impairment loss – right-of-use asset	\$ -	\$ -
Impairment loss – investment property	-	-
	<u>\$ -</u>	<u>\$ -</u>

The above impairment losses were incurred by the leasing department of the Group.

- B. In 2023, the impairment loss of the Group's right-of-use assets and investment property was evaluated by an independent appraiser and an impairment loss of \$37,366 thousand was recognized.

(13) Short-term borrowings

	December 31,	
	2023	2022
Other short-term loans	\$ 108,729	\$ 310,593
Interest rate range (%)	2.40	2.40

- A. 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 board of directors resolved on June 10, 2022 that the loan interest rate of the revised loan contract is a fixed interest rate of 2.4%. 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 subsidiary's retained earnings.

B. The Group signed a loan contract with a related party on August 1, 2022. The loan from a related party by the Group is from an investor with significant influence to the Group, and the loan interest rate is agreed to be 2.4% and the principal and interest are to be repaid in a one-off payment. The Group may repay part or all of the related party's loan in advance depending on its financial schedule, but the loan contract guarantees shall not demand the Group to repay the loan before it has obtained other sources of funds.

(14) Accounts payable

	December 31,	
	2023	2022
Accounts payable	\$ 674,440	\$ 718,875
Accounts payable to related parties	82,013	50,646
	<u>\$ 756,453</u>	<u>\$ 769,521</u>

(15) Other payable

	December 31,	
	2023	2022
Advertisements payable	\$ 20,790	\$ 21,179
Salaries payable	13,942	16,284
Directors' compensation payable	1,251	833
Other	35,380	36,517
Total	<u>\$ 71,363</u>	<u>\$ 74,813</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 subsidiaries, TOPBI China, Fuzhou Spring and TOPBI Network Technology are members 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 \$4,229 thousand and

\$4,589 thousand for the years ended December 31, 2023 and 2022, respectively.
The Group does not have its own retirement plan.

(17) *Ordinary shares*

A. As of December 31, 2023, 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, 2023, total paid-in capital was \$1,094,938 thousand.

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

	Number of ordinary shares (in thousand shares)	
	For the year ended December 31,	
	2023	2022
At January 1	109,494	109,494
Share dividends	-	-
At December 31	109,494	109,494

C. Treasury shares

	Number of treasury shares (in thousand shares)	
	For the year ended December 31,	
	2023	2022
At January 1	507	507
Increase	-	-
At December 31	507	507

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,	
	2023	2022
Share premium	\$ 1,517,887	\$ 1,517,887
Treasury share transactions	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 the 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. The capital surplus should not be used to cover the 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 the 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 the 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 a special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1090150022 dated March 31, 2021, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified.

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 is equal to the total authorized capital. The remaining earnings plus any 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 cash dividends are not less than 10% of the total dividend.

D. On June 26 2023, the Company passed the resolution of the shareholders' meeting and resolved that the net profit in 2022 will not be distributed to make up for the accumulated losses in previous years and to reserve the special reserve of \$40,087 thousand in accordance with the law. In addition, on June 29, 2022, the Company passed the resolution of the shareholders' meeting not to distribute the earnings due to losses in 2021, and to set aside a special reserve of \$26,372 thousand.

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,	
	2023	2022
At January 1	(\$ 447,233)	(\$ 487,321)
Exchange differences arising on translation to the presentation currency	(52,635)	40,088
At December 31	(\$ 499,868)	(\$ 447,233)

(21) *Revenue*

	For the year ended December 31,	
	2023	2022
Revenue from customer contracts		
Sales revenue - merchandise	\$ 2,360,427	\$ 2,541,026
Service revenue	10,491	-
	2,370,918	2,541,026
Rental revenue	15,358	5,130
Total	\$ 2,386,276	\$ 2,546,156

A. Breakdown information of the Group's revenue from customer contracts in 2023 and 2022:

	For the year ended December 31,	
	2023	2022
<u>Primary geographical markets</u>		
China	\$ 2,370,918	\$ 2,541,026
<u>Main business</u>		
Sales of infant clothing	\$ 484,834	\$ 496,279
Sales of other children's clothing	1,875,593	2,044,747
Provision of data services	10,491	-
	\$ 2,370,918	\$ 2,541,026
<u>Timing of revenue recognition</u>		
Satisfied at shipping point	\$ 2,360,427	\$ 2,541,026
Acceptance of data services upon completion	10,491	-
	\$ 2,370,918	\$ 2,541,026

B. Contract liabilities

	December 31,	
	2023	2022
Contract liabilities		
Service revenue	\$ 25,956	\$ -

The Group's contract liabilities for the current period increased as compared to December 31, 2022 mainly due to the newly added provision of data service, and consideration is collected from customers in advance, resulting in contract liabilities in this period.

Of the opening balances of contract liabilities in 2023 and 2022, the amounts of revenue recognized in 2023 and 2022 were both \$0 thousand.

(22) Interest income

	For the year ended December 31,	
	2023	2022
Interest on bank deposits	\$ 26,140	\$ 27,087

(23) Other income

	For the year ended December 31,	
	2023	2022
Rental revenue	\$ -	\$ 24,181
Gain on bargain purchase	-	11,309
Other income	-	881
Total	\$ -	\$ 36,371

(24) Other gains and losses

	For the year ended December 31,	
	2023	2022
Gain on disposal of property, plant and equipment	\$ -	\$ 243,574
Net currency exchange loss	(3,789)	(1,914)
Impairment loss on right-of-use asset	(29,791)	-
Impairment loss on investment property	(7,575)	-
Other losses	(331)	(2)
Total	(\$ 41,486)	\$ 241,658

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

For the year ended December 31,						
	2023			2022		
	Cost of revenue	Operating expenses	Total	Cost of revenue	Operating expenses	Total
Employee benefit expenses	\$ -	\$ 109,690	\$ 109,690	\$ -	\$ 119,042	\$ 119,042
Depreciation	12,292	31	12,323	4,122	13,004	17,126
Amortization expenses	-	126	126	-	89	89

(26) *Employee benefit expenses*

For the year ended December 31,		
	2023	2022
Wages and salaries	\$ 92,493	\$ 99,962
Director's remuneration	-	-
Pension costs	4,229	4,589
Other personnel expenses	12,968	14,491
Total	\$ 109,690	\$ 119,042

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

B. The Company was in accumulated losses in 2023 and 2022, therefore the remuneration payable to employees and director was not accrued.

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.

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.

(27) *Finance costs*

	For the year ended December 31,	
	2023	2022
Interest expense		
Loans from related parties loans	\$ 5,897	\$ 2,386

(28) *Income tax*

A. Income tax expense

Components of income tax expense:

	For the year ended December 31,	
	2023	2022
Current income tax for the year		
Current income tax for the year	\$ -	\$ -
Deferred tax		
Relating to origination and reversal of temporary differences	32,546	42,151
Relating to origination and reversal of taxable losses	10,462	(10,529)
Income tax expense	\$ 43,008	\$ 31,622

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

	For the year ended December 31,	
	2023	2022
Income (loss) before income tax	(\$ 25,200)	\$ 164,389
Income tax expense at statutory rate	22,391	59,713
Tax effect of adjusting items		
Permanent differences	35	24
Unrecognized temporary differences	-	(1,292)
Loss on unrecognized deferred tax assets	11,261	(16,294)
Change in assessment of the realizability of deferred tax assets	-	(10,529)
Effect of expired taxable losses	9,321	-
Income tax expense	\$ 43,008	\$ 31,622

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

For the year ended December 31, 2023				
	At January 1	Recognized in profit or loss	Exchange differences	At December 31
Deferred tax assets				
Accrued expenses	\$ 38,244	(\$ 32,661)	(\$ 195)	\$ 5,388
Tax losses	10,496	(10,462)	(29)	5
	<u>\$ 48,740</u>	<u>(\$ 43,123)</u>	<u>(\$ 224)</u>	<u>\$ 5,393</u>
Deferred tax liabilities				
Investments accounted for using the equity method	\$ 296,418	\$ -	(\$ 5,447)	\$ 290,971
Other	1,748	(115)	(31)	1,602
	<u>\$ 298,166</u>	<u>(\$ 115)</u>	<u>(\$ 5,478)</u>	<u>\$ 292,573</u>
For the year ended December 31, 2022				
	At January 1	Recognized in profit or loss	Exchange differences	At December 31
Deferred tax assets				
Accrued expenses	\$ 81,395	(\$ 44,490)	\$ 1,339	\$ 38,244
Tax losses	-	10,529	(33)	10,496
	<u>\$ 81,395</u>	<u>(\$ 33,961)</u>	<u>\$ 1,306</u>	<u>\$ 48,740</u>
Deferred tax liabilities				
Investments accounted for using the equity method	\$ 292,114	\$ -	\$ 4,304	\$ 296,418
Other	4,020	(2,339)	67	1,748
	<u>\$ 296,134</u>	<u>(\$ 2,339)</u>	<u>\$ 4,371</u>	<u>\$ 298,166</u>

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

(29) *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, 2023			
	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	(\$ 68,208)	108,987	(\$ 0.63)
<u>Diluted earnings per share</u>			
None			

For the year ended December 31, 2022			
	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	\$ 132,767	108,987	\$ 1.22
<u>Diluted earnings per share</u>			
None			

(30) *Business combination*

A. On September 19, 2022, the Group acquired 100% equity and control of Fuzhou Spring with cash of \$ 281,799 thousand (CN¥ 63,000 thousand). Fuzhou Spring is engaged in investment and leasing activities of real estate in China. The Group expects to use the Company's real estate to plan an independent industrial park, in order to revitalize the assets after the

acquisition.

- B. The information on the consideration paid for the acquisition of Fuzhou Spring, such as the fair values of the assets acquired and liabilities assumed on the acquisition-date, and the fair values of the non-controlling interests on the acquisition-date are as follows:

	<u>September 19, 2022</u>
Acquisition consideration	
Cash	\$ 281,799
Fair value of identifiable assets acquired and liabilities assumed	
Current assets	
Cash	5,777
Other receivables	5,578
Prepayments	486
Non-current assets	
Right-of-use asset	146,371
Investment properties	135,473
Non-current liabilities	
Deposits received	(447)
Total net identifiable net assets	<u>293,238</u>
Net exchange differences	<u>130</u>
Gain on bargain purchase	<u>(\$ 11,309)</u>

The consideration determined by the Group was a reference to the fair value of Fuzhou Spring evaluated by an independent appraiser. A bargain purchase gain arising from the increase in the net value of Fuzhou Spring due to the continuous operation of profit during the period from the determination of the purchase price to the completion of the acquisition process.

- C. Cash flows used in acquisition of subsidiary

	<u>September 19, 2022</u>
Cash paid for consideration	\$ 281,799
Less: balance of cash and cash equivalents from acquisition	(5,777)
	<u>\$ 276,022</u>

D. Since the acquisition of Fuzhou Spring on September 19, 2022, the operating income and net income before income tax contributed by Fuzhou Spring are \$5,130 thousand and \$ 2,408 thousand, respectively. Had Fuzhou Spring been included in the Group since January 1, 2022, the operating income and net income before income tax of the Group will be \$21,032 thousand and \$12,377 thousand, respectively.

(31) Changes in liabilities from financing activities

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

	<u>January 1, 2023</u>	<u>Cash flow</u>	<u>Other non-cash</u>	<u>December 31, 2023</u>
Short-term borrowings	\$ 310,593	(\$ 196,605)	(\$ 5,259)	\$ 108,729
Guarantee deposits	<u>440</u>	<u>2,942</u>	(<u>53</u>)	<u>3,329</u>
Total	<u>\$ 311,033</u>	<u>(\$ 193,663)</u>	<u>(\$ 5,312)</u>	<u>\$ 112,058</u>

	<u>January 1, 2022</u>	<u>Cash flow</u>	<u>Other non-cash</u>	<u>December 31, 2022</u>
Short-term borrowings	\$ 12,577	\$ 296,958	\$ 1,058	\$ 310,593
Guarantee deposits	<u>834</u>	(<u>849</u>)	<u>455</u>	<u>440</u>
Total	<u>\$ 13,411</u>	<u>\$ 296,109</u>	<u>\$ 1,513</u>	<u>\$ 311,033</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 as follows:

(1) *Related party name and category*

<u>Related party name</u>	<u>Related party category</u>
Taiwan Toprich International Ltd.	Affiliates with significant influence over the Group
Fujian Eastdragon Group Corp. Ltd	Affiliates with significant influence over the Group
Fujian Topcom Garment City Corp., Ltd.	Affiliates with significant influence over the Group
Fuzhou Spring Investment Corp., Ltd.	Affiliates with significant influence over the Group
Jiangsu Longstar SITC Holding Corp., Ltd	Affiliates with significant influence over the Group
Topwealth International Holdings Limited	Investor with significant influence over the Group
Fuzhou Toprich Textile Co., Ltd.	Affiliates with significant influence over the Group
Suqian Goldenway Trading Co., Ltd.	Affiliates with significant influence over the Group
Jiangsu Spring Trading Co., Ltd.	Affiliates with significant influence over the Group
Jiangsu Jinlu Fashion Co., Ltd.	Affiliates with significant influence over the Group
Jiangsu Sunstar Garments Co., Ltd.	Affiliates with significant influence over the Group
Toprich Group International Holdings Limited	Affiliates with significant influence over the Group

Note 1: Mr. Zhou Xiaren, director of TOPBI China, a subsidiary of the Company, is a first-degree kindship of Mr. Zhou Xuncai, the major shareholder of the above-mentioned related companies, and therefore has significant influence on each other.

Note 2: The related party transaction between the Group and Fuzhou Spring was done before the acquisition date was disclosed.

(2) *Purchase*

	For the year ended December 31,	
	2023	2022
Purchase of merchandize		
Jiangsu Jinlu Fashion Co., Ltd.	\$ 130,368	\$ 82,673
Jiangsu Sunstar Garments Co., Ltd.	75,806	-
	<u>\$ 206,174</u>	<u>\$ 82,673</u>

The purchase of merchandise from a related party is in general commercial terms and conditions.

(3) *Lease arrangements - Group as a lessee*

Rental expenses are as follows:

Name	For the year ended December 31,	
	2023	2022
Fuzhou Spring Investment Corp., Ltd.	\$ -	\$ 2,520
Jiangsu Longstar SITC Holding Corp., Ltd	4,438	9,071
Fujian Topcom Garment City Corp., Ltd.	4,504	1,747
	<u>\$ 8,942</u>	<u>\$ 13,338</u>

Future payments of lease payable are as follows:

Name	December 31,	
	2023	2022
Jiangsu Longstar SITC Holding Corp., Ltd.	\$ 491	\$ 8,010
Fujian Topcom Garment City Corp., Ltd.	3,618	3,447
	<u>\$ 4,109</u>	<u>\$ 11,457</u>

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

Rental income is as follows:

Name	For the year ended December 31,	
	2023	2022
Fujian Eastdragon Group Corp. Ltd	\$ -	\$ 14,299
Fujian Topcom Garment City Corp., Ltd.	1,025	9,139
Fuzhou Toprich Textile Co.,Ltd	1,212	342
Suqian Goldenway Trading Co.,Ltd	1,098	310
Jiangsu Spring Trading Co.,Ltd	753	213
	<u>\$ 4,088</u>	<u>\$ 24,303</u>

Future payments of lease receivable are as follows:

Name	December 31,	
	2023	2022
Fujian Topcom Garment City Corp., Ltd.	\$ 1,149	\$ 2,250
Fuzhou Toprich Textile Co., Ltd.	1,360	2,665
Suqian Goldenway Trading Co., Ltd.	1,231	2,411
Jiangsu Spring Trading Co., Ltd	844	1,653
	<u>\$ 4,584</u>	<u>\$ 8,979</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 monthly or yearly.

(5) *Other income - property management income*

Name	For the year ended December 31,	
	2023	2022
Fujian Eastdragon Group Corp. Ltd.	\$ -	\$ 288
Fujian Topcom Garment City Corp., Ltd.	-	530
	<u>\$ -</u>	<u>\$ 818</u>

(6) *Consultant fee*

Name	For the year ended December 31,	
	2023	2022
Taiwan Toprich International Ltd.	\$ 655	\$ 665

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

Item	Name	December 31,	
		2023	2022
Account payable – related parties	Jiangsu Jinlu Fashion Co., Ltd.	\$ 45,336	\$ 50,646
Account payable – related parties	Jiangsu Sunstar Garments Co., Ltd.	36,677	-
Other payable – related parties	Topwealth International Holdings Limited	8,186	2,455
Other payable – related parties	Jiangsu Spring Trading Co.,Ltd	-	522
		<u>\$ 90,199</u>	<u>\$ 53,623</u>

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

(8) *Prepayments*

Name	December 31,	
	2023	2022
Jiangsu Longstar SITC Holding Corp., Ltd	\$ -	\$ 1,245

(9) *Loans from related parties*

Short-term borrowings

Name	December 31,	
	2023	2022
Topwealth International Holdings Limited	\$ 108,729	\$ 310,593

Interest expense

Name	For the year ended December 31,	
	2023	2022
Topwealth International Holdings Limited	\$ 5,897	\$ 2,386

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.

(10) *Property transaction*

A. Acquired the shares of Fuzhou Spring

	For the year ended December 31,	
	2023	2022
Toprich Group International Holdings Limited	\$ -	\$ 277,704

B. Disposal of property, plant and equipment

	For the year ended December 31,			
	2023		2022	
	Disposal price	Disposal gains (losses)	Disposal price	Disposal gains (losses)
Fujian Topcom Garment City Corp., Ltd.	\$ -	\$ -	\$ 665,608	\$ 243,576

(11) *Compensation of key management personnel*

	For the year ended December 31,	
	2023	2022
Short-term employee benefits	\$ 25,343	\$ 24,077
Post-employment benefits	383	346
Other employee benefits	-	-
	<u>\$ 25,726</u>	<u>\$ 24,423</u>

8. Pledged of assets

None.

9. Significant contingent liabilities and unrecognized commitments

None.

10. Significant disaster loss

None.

11. Significant events after the balance sheet date

None.

12. Others

(1) *Capital management*

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, 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, 2023 and 2022 are as follows:

	December 31,	
	2023	2022
Total liabilities	\$ 1,267,619	\$ 1,456,644
Total assets	\$ 4,068,902	\$ 4,378,770
Gearing ratio	31%	33%

In reviewing the current gearing ratio, the decrease in the gearing ratio on December 31, 2023 compared to December 31, 2022 was mainly due to the repayment of borrowings by the Company.

(2) *Financial instruments*

A. Financial instruments by category

	December 31,	
<u>Financial assets</u>	2023	2022
Financial assets at amortized cost		
Cash and cash equivalents	\$ 1,063,137	\$ 1,263,907
Financial assets at amortized cost -		
current	1,514,450	1,542,800
Accounts receivables	984,580	932,667
Other receivable	7,046	7,686
	<u>\$ 3,569,213</u>	<u>\$ 3,747,060</u>

	December 31,	
<u>Financial liabilities</u>	2023	2022
Financial liabilities at amortized cost		
Short-term borrowings	\$ 108,729	\$ 310,593
Accounts payable (include related parties)	756,453	769,521
Other payable (include related parties)	79,549	77,790
Guarantee deposits	3,329	440
	<u>\$ 948,060</u>	<u>\$ 1,158,344</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. 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, 2023			
	Foreign currency amount (in thousands)	Exchange rate	Unrealized exchange gains and losses (NT\$)
<u>Financial assets</u>			
US\$: CN¥	\$ 1	7.0961	(\$ 30)
HK\$: CN¥	24	0.9080	1
NT\$: CN¥	18	0.2311	13

<u>Financial liabilities</u>			
US\$: CN¥	\$ 1,509	7.0961	(\$ 644)

For the year ended December 31, 2022			
	Foreign currency amount (in thousands)	Exchange rate	Unrealized exchange gains and losses (NT\$)
<u>Financial assets</u>			
US\$: CN¥	\$ 38	6.9669	\$ -
HK\$: CN¥	30	0.8934	-
NT\$: CN¥	57	0.2269	-

<u>Financial liabilities</u>			
US\$: CN¥	\$ 1,088	6.9669	\$ -

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, 2023							
	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\$	\$	1	7.0961	\$ 29	5%	\$ 1	\$ -
HK\$		24	0.9080	95	5%	5	-
NT\$		18	0.2311	18	5%	1	-
<u>Financial liabilities</u>							
<u>Monetary items</u>							
US\$	\$	1,509	7.0961	\$ 46,340	5%	\$ 2,317	\$ -

December 31, 2022							
	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\$	\$	38	6.9669	\$ 1,173	5%	\$ 59	\$ -
HK\$		30	0.8934	118	5%	6	-
NT\$		57	0.2269	57	5%	3	-
<u>Financial liabilities</u>							
<u>Monetary items</u>							
US\$	\$	1,088	6.9669	\$ 33,411	5%	\$ 1,671	\$ -

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 \$1,087 thousand and \$3,106 thousand for the years ended December 31, 2023 and 2022, 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, 2023 and 2022. 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, 2023				
	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	\$ 108,729	\$ -	\$ -	\$ 108,729
Accounts payable (include related parties)	756,453	-	-	756,453
Other payables (include related parties)	79,549	-	-	79,549
Guarantee deposits	3,329	-	-	3,329
Total	<u>\$ 948,060</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 948,060</u>

December 31, 2022				
	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	\$ 310,593	\$ -	\$ -	\$ 310,593
Accounts payable (include related parties)	769,521	-	-	769,521
Other payables (include related parties)	77,790	-	-	77,790
Guarantee deposits	440	-	-	440
Total	<u>\$ 1,158,344</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,158,344</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 the 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 certificates 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. Please refer to Note 6(9) for the details description of fair value of investment property measured at cost.

C. 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.

(4) Other

A. Since the outbreak of the COVID-19 pandemic began to heat up, the Group followed the Chinese local government's epidemic prevention policy to suspend work from March 20, 2022 to April 3, 2022; the warehouse center in Suqian City, Jiangsu Province suspended on April 1, 2022 until the resumption of work on April 7, 2022. The Group adopted an online office, which did not have a major impact on its finances and operations.

B. In February 2023, the Taiwan Taipei District Prosecutor Office indicted Group including four people, etc. from the current and former management team of the Group, on suspicion of violating the Securities and Exchange Act. The case is still under trial in the Taiwan Taipei District Court. The current and former management team of the Group appointed a lawyer to handle the case and the management team of the Group will cooperate with the lawyer. The financial reports of the Group during the period above

and subsequent relevant periods have been audited by certified public accountants, and they have not involved any violation of the Securities and Exchange Act and other relevant regulations; and the financial reports for these periods fairly represent the operating conditions of the Group. The Group's operations, finances and business are all normal and will not be affected by this case. In addition, the Securities and Futures Investors Protection Center filed a criminal incidental civil lawsuit in connection with the previous case on August 8, 2023, requesting the defendants Mr. Zhou Xuncaï and Mr. Cheng Zhangtao to jointly pay the Company CN¥350 million plus interest but the court session is yet to begin. Since it is a personal lawsuit, the person involved has appointed a lawyer to handle the case with the cooperation from the management team of the Group, there will be no impact on the finance and business of the Group.

C. The Securities and Futures Investors Protection Center sued the Company in June 2023, requesting that Mr. Zhou Xuncaï be dismissed from his position as director of the Company. Since Mr. Zhou Xuncaï resigned as a director in August 2023, and the two parties have agreed to cease the litigation in December 2023, the operations, finances and business of the Group are all normal and will not be affected by the case.

D. The Securities and Futures Investors Protection Center filed a commercial incident complaint against the Company and including nine people, etc. from the former and current management team of the Group in January 2024, accusing the Company and the people mentioned above of being responsible for untrue financial reports and jointly and severally liable for damages, and for a compensation of CN¥172,407 thousand. A lawyer was appointed and has fully handled the case with the cooperation of the management team of the Group; therefore the operation, finance and business of the Group are all normal and will not be affected by the case.

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	None
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 2
8	Receivables from related parties reaching \$100 million or 20% of paid-in capital or more	Table 3
9	Derivative financial instruments undertaken	None
10	Significant inter-company transactions between the Company and subsidiaries	Table 4

(2) Information on investments: Table 5

(3) Information on investments in Mainland China: Table 6

(4) Information of major shareholders: Table 7

Table 1

TOPBI International Holdings Limited Company and Subsidiaries

Loans to others

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan dollars and Chinese Yuan)

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 3)	Aggregate financing limit (Note 3)	Note
													Item	Value			
1	TOPBI China	The Company	Other receivables from related parties	Yes	\$ 2,163,500 (CN¥500,000)	\$ 2,163,500 (CN¥500,000)	\$ 1,031,311 (CN¥238,343)	2.4%	(2)	\$ -	Working capital	\$ -	-	\$ -	\$ 10,061,454	\$ 10,061,454	-
1	TOPBI China	HK TOPBI	Other receivables from related parties	Yes	1,298,100 (CN¥300,000)	1,298,100 (CN¥300,000)	760,502 (CN¥175,757)	2.4%	(2)	-	Working capital	-	-	-	10,061,454	10,161,454	-
1	TOPBI China	Fuzhou Spring	Other receivables from related parties	Yes	207,047 (CN¥ 47,850)	207,047 (CN¥ 47,850)	207,047 (CN¥ 47,850)	3.2%	(2)	-	Working capital	-	-	-	10,061,454	10,161,454	-
1	TOPBI China	Fuzhou Cangshan SDO	Other receivables from related parties	Yes	8,654 (CN¥ 2,000)	8,654 (CN¥ 2,000)	6,923 (CN¥ 1,600)	3.2%	(2)	-	Working capital	-	-	-	10,061,454	10,161,454	-
2	HK TOPBI	The Company	-	Yes	43,270 (CN¥ 10,000)	43,270 (CN¥ 10,000)	-	3.2%	(2)	-	Working capital	-	-	-	7,954,013	7,954,013	-

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 financings.

Note 3: According to the lending policies of HK TOPBI and TOPBI China, the aggregate amounts 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 consolidation.

Table 2

TOPBI International Holdings Limited Company and Subsidiaries
Purchases or sales of goods from or to related parties reaching \$100 million or 20% percent of paid-in capital or more
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan dollars and Chinese Yuan)

Sales/ purchases of the company	Transaction party	Relationship	Detail of transaction				Circumstances and reasons 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	
TOPBI China	Jiangsu Jinlu Co., Ltd.	Affiliates with significant influence over the Group	Purchases	\$ 130,368 (CN¥29,660)	7%	90 days	\$ -	-	(\$ 45,336) (CN¥ (10,478))	6%	-

Table 3

TOPBI International Holdings Limited Company and Subsidiaries
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
December 31, 2023
(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	\$ 1,031,311	-	\$ -	-	\$ -	\$ -
TOPBI China	HK TOPBI	Parent company	760,502	-	-	-	-	-
TOPBI China	Fuzhou Spring	Parent company	207,047	-	-	-	-	-
HK TOPBI	TOPBI China	Subsidiary	121,156	-	-	-	-	-

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

Table 4

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

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan dollars and Chinese Yuan)

No.	Transaction party	Counterparty	Type of transactions (Note 1)	Transaction details			
				Financial statement accounts	Amount	Payment terms	% to total sales or total assets
0	The Company	HK TOPBI	1	Other receivables	\$ 856 (CN¥ 198)	Advance payment	-
1	TOPBI China	The Company	2	Other receivables	1,120,377 (CN¥ 258,927)	Loan to (principal and interest)	28%
1	TOPBI China	The Company	2	Interest income	24,898 (CN¥ 5,665)	Loan to	1%
1	TOPBI China	HK TOPBI	3	Other receivables	839,539 (CN¥ 194,023)	Loan to (principal and interest)	21%
1	TOPBI China	HK TOPBI	3	Other receivables	2 (CN¥ 1)	Advance payment	-
1	TOPBI China	HK TOPBI	3	Interest income	18,541 (CN¥ 4,218)	Loan to	1%
1	TOPBI China	Fuzhou Cangshan SDO	3	Other receivables	10,928 (CN¥ 2,526)	Loan to (principal and interest)	-
1	TOPBI China	Fuzhou Cangshan SDO	3	Interest income	76 (CN¥ 17)	Loan to	-
1	TOPBI China	Fuzhou Spring	3	Other receivables	209,461 (CN¥ 48,408)	Loan to (principal and interest)	5%
1	TOPBI China	Fuzhou Spring	3	Interest income	2,452 (CN¥ 558)	Loan to	-
1	TOPBI China	TOPBI Network Technology	3	Guarantee deposits received	433 (CN¥ 100)	Collect deposits based on agreed price	-
1	TOPBI China	TOPBI Network Technology	3	Rental revenue	188 (CN¥ 43)	Collect monthly rent at the agreed price	-
2	HK TOPBI	TOPBI China	3	Other receivables	121,156 (CN¥ 28,000)	Dividend receivable	3%
3	TOPBI Network Technology	TOPBI China	3	Other receivables	43,270 (CN¥ 10,000)	Dividend receivable	1%

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 consolidation.

Table 5

TOPBI International Holdings Limited Company and Subsidiaries

Information on investments

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan dollars and Chinese Yuan)

Investor company	Investee company	Location	Main business and products	Original investment amount (Note 1)		As of December 31, 2023			Net income (loss) of the investee	Share of profit (loss)	Note
				December 31, 2023	December 31, 2022	Number of shares	%	Carrying amount			
The Company	HK TOPBI	Hong Kong	Investment holding	\$ 1,378,794 (CN¥ 318,649)	\$ 1,378,794 (CN¥ 318,649)	220,872,000	100	\$ 3,977,007 (CN¥ 919,114)	(\$ 19,170) (CN¥(4,361))	(\$ 19,170) (CN¥(4,361))	-

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 6 for information relating to investees in Mainland China.

Table 6

TOPBI International Holdings Limited Company and Subsidiaries
Information on investments in Mainland China
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan dollars and Chinese Yuan)

Investee company in Mainland China	Main businesses and products	Paid-in capital (Note 1)	Method of investments (Note 2)	Accumulated outward remittance for investment from Taiwan as of January 1, 2023	Remittance of funds		Accumulated outward remittance for investment from Taiwan as of December 31, 2023	Net Income (loss) of the investee	% Ownership of direct or indirect investment	Investment gain (loss) (Note 3)	Carrying amount as of December 31, 2023	Accumulated repatriation of investment income as of December 31, 2023
					Outward	Inward						
TOPBI China	Sale of private label children's clothing	\$ 657,704 (CN¥152,000)	(2) 、(3)	\$ -	\$ -	\$ -	\$ -	\$ 59,212 (CN¥ 13,471)	100	\$ 59,212 (CN¥ 13,471)	\$ 5,030,727 (CN¥ 1,162,636)	\$ -
Fuzhou Cangshan SDO	Investment holding	306 (CN¥ 71)	(2)	-	-	-	-	(8,270) (CN¥ (1,881))	100	(8,270) (CN¥ (1,881))	(10,874) (CN¥ 2,513)	-
TOPBI Network Technology	Online live broadcast related information service	-	(3)	-	-	-	-	(91) (CN¥ (21))	100	(91) (CN¥ (21))	43,181 (CN¥ 9,979)	-
Fuzhou Spring	Investment property	259,620 (CN¥ 60,000)	(2)	-	-	-	-	14,294 (CN¥ 3,252)	100	14,294 (CN¥ 3,252)	1,619,210 (CN¥ 374,211)	-
Accumulated outward remittance for investment in Mainland China as of December 31, 2023					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 types 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 Chinese subsidiary

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
December 31, 2023
(Expressed in thousands of shares)

No.	Name of major shareholder	Number of shares held	Percentage of shareholding (%)
1	Topwealth International Holdings Limited	16,061	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 has 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 has completed the non-physical registration and delivery due to different calculation basis or differences.

14. Segment information

(1) General information

The management of the Group has identified the reportable segment based on the reported information used by the board of directors in decisions making. The Group is divided by operating business, and its reportable segments include sales of children's clothing, investment holding, provision of data services and leasing business.

(2) Segment information

The segment information provided to the strategic business unit for the reportable segments is as follows:

The Group's reportable segments are the strategic business unit to provide different types of products and services. The accounting policies of the segments are in agreement with the significant accounting policies summarized in Note 4.

The Group's reportable segment income, profit and loss, assets and liabilities are adjusted, eliminated and summarized as follows:

	For the year ended December 31, 2023					
	Sales of children's clothing	Investment holding	Leasing business	Provision of data services	Elimination & adjustment	Total
Total segment revenue						
Revenue from external customers	\$ 2,360,427	\$ -	\$ 15,358	\$ 10,491	\$ -	\$ 2,386,276
Inter-segment revenue	-	-	-	-	-	-
Total	\$ 2,360,427	\$ -	\$ 15,358	\$ 10,491	\$ -	\$ 2,386,276
Segment net income (loss)	\$ 91,758	(\$ 95,648)	\$ 24,761	(\$ 95)	(\$ 45,976)	(\$ 25,200)
Segment assets	\$ 6,016,400	\$ 9,155,073	\$ 1,627,145	\$ 69,211	(\$ 12,798,927)	\$ 4,068,902
Segment liabilities	\$ 985,673	\$ 2,387,657	\$ 214,280	\$ 26,031	(\$ 2,346,022)	\$ 1,267,619

Inter-segment income, profit and loss, assets and liabilities are adjusted and eliminated.

For the year ended December 31, 2022

	Sales of				
	children's	Investment	Leasing	Elimination &	
	clothing	holding	business	adjustment	Total
Total segment revenue					
Revenue from external customers	\$ 2,541,026	\$ -	\$ 21,032	(\$ 15,902)	\$ 2,546,156
Inter-segment revenue	-	-	-	-	-
Total	\$ 2,541,026	\$ -	\$ 21,032	(\$ 15,902)	\$ 2,546,156
Segment net income (loss)	\$ 226,477	\$ 366,979	\$ 12,377	(\$ 441,444)	\$ 164,389
Segment assets	\$ 6,026,775	\$ 10,936,048	\$ 44,395	(\$ 12,628,448)	\$ 4,378,770
Segment liabilities	\$ 837,832	\$ 2,567,805	\$ 1,590	(\$ 1,950,583)	\$ 1,456,644

Inter-segment income, profit and loss, assets and liabilities are adjusted and eliminated.

(3) Products information

The following is an analysis of the Group's revenue from continuing operations from sales of children's clothing.

	For the year ended December 31,	
	2023	2022
Infant clothing	\$ 484,834	\$ 496,279
Other children's clothing	1,875,593	2,044,747
	\$ 2,360,427	\$ 2,541,026

(4) Geographical information

The Group operates mainly in China.

(5) Information about major customers

For the years ended December 31, 2023 and 2022, the Group's revenue from one single customer which exceeds 10% of total operating revenue is as of the followings:

	For the years ended December 31,			
Customer	2023	%	2022	%
Customer A	\$ 577,295	24	\$ 641,394	25
Customer B	318,435	13	338,054	13