

**TAISUN INT’L (HOLDING) CORP. AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS’ REVIEW REPORT**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021**  
**(STOCK CODE: 8480)**

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For the convenience of readers and for information purpose only, the auditors’ report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors’ report and financial statements shall prevail.

## INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of TAISUN INT'L (HOLDING) CORP.

### Introduction

We have reviewed the accompanying consolidated balance sheets of Taisun Int'l (Holding) Corp. and subsidiaries (the "Group") as at March 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

### Scope of Review

We conducted our reviews in accordance with the Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity" in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission.

Lai, Chung-Hsi

Wang, Kuo-Hua

For and on Behalf of PricewaterhouseCoopers, Taiwan

May 5, 2022

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

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

**TAISUN INT'L (HOLDING) CORP. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**MARCH 31, 2022, DECEMBER 31, 2021 AND MARCH 31, 2021**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)  
(The balance sheets as of March 31, 2022 and 2021 are reviewed, not audited)

Assets			March 31, 2022		December 31, 2021		March 31, 2021	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 66,519	2	\$ 49,895	1	\$ 107,801	4
1136	Current financial assets at	6(2)						
	amortised cost		2,132,042	64	2,017,999	62	1,745,484	57
1150	Notes receivable, net	6(3)	198	-	35	-	-	-
1170	Accounts receivable, net	6(3)	41,253	1	43,925	1	43,717	1
1200	Other receivables		46,351	1	40,038	1	39,626	1
130X	Current inventories	6(4)	354,842	11	382,042	12	398,168	13
1479	Other current assets, others	6(5)	39,373	1	57,028	2	60,428	2
11XX	Current assets		2,680,578	80	2,590,962	79	2,395,224	78
Non-current assets								
1600	Property, plant and equipment	6(6)	380,867	11	365,489	11	405,588	13
1755	Right-of-use assets	6(7)	256,943	8	251,873	8	247,220	8
1780	Intangible assets		1,419	-	1,506	-	840	-
1840	Deferred tax assets	6(21)	9,243	-	8,362	-	6,275	-
1990	Other non-current assets, others	6(5)	35,060	1	44,399	2	15,538	1
15XX	Non-current assets		683,532	20	671,629	21	675,461	22
1XXX	Current tax assets		\$ 3,364,110	100	\$ 3,262,591	100	\$ 3,070,685	100

(Continued)

**TAISUN INT'L (HOLDING) CORP. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**MARCH 31, 2022, DECEMBER 31, 2021 AND MARCH 31, 2021**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)  
(The balance sheets as of March 31, 2022 and 2021 are reviewed, not audited)

Liabilities and Equity		Notes	March 31, 2022		December 31, 2021		March 31, 2021	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Current borrowings	6(8)	\$ 1,282,945	38	\$ 1,224,035	38	\$ 970,651	32
2130	Current contract liabilities	6(14)	22,061	1	4,511	-	13,545	1
2170	Accounts payable		74,684	2	135,204	4	113,718	4
2200	Other payables	6(9)	56,496	2	74,577	3	63,788	2
2230	Current tax liabilities		8,312	-	7,579	-	12,311	-
2280	Current lease liabilities		971	-	1,334	-	4,959	-
2300	Other current liabilities		4,890	-	5,014	-	4,200	-
21XX	Current liabilities		1,450,359	43	1,452,254	45	1,183,172	39
Non-current liabilities								
2570	Deferred tax liabilities	6(21)	-	-	-	-	-	-
2580	Non-current lease liabilities		4,791	-	4,786	-	417	-
2645	Guarantee deposits received		1,131	-	1,094	-	1,125	-
25XX	Non-current liabilities		5,922	-	5,880	-	1,542	-
2XXX	Liabilities		1,456,281	43	1,458,134	45	1,184,714	39
Equity								
Equity attributable to owners of parent								
	Share capital	6(11)						
3110	Ordinary share		392,700	12	392,700	12	392,700	13
	Capital surplus	6(12)						
3200	Capital surplus		653,216	19	653,216	20	653,216	21
	Retained earnings	6(13)						
3310	Legal reserve		157,242	5	157,242	5	118,562	4
3320	Special reserve		216,980	7	216,980	7	130,284	4
3350	Unappropriated retained earnings		676,238	20	630,389	19	803,736	26
	Other equity interest							
3400	Other equity interest		( 188,547)	( 6)	( 246,070)	( 8)	( 212,527)	( 7)
31XX	Equity attributable to owners of parent		1,907,829	57	1,804,457	55	1,885,971	61
3XXX	Equity		1,907,829	57	1,804,457	55	1,885,971	61
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant event after the balance sheet date	11						
3X2X	Total liabilities and equity		\$ 3,364,110	100	\$ 3,262,591	100	\$ 3,070,685	100

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

**TAISUN INT'L (HOLDING) CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**THREE MONTHS ENDED MARCH 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)  
(UNAUDITED)

			Three months ended March 31			
			2022		2021	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(14)		\$ 359,214	100	\$ 448,035	100
5000 Operating costs	6(4)		( 255,774 )	( 71 )	( 288,851 )	( 65 )
5900 Gross profit from operations			103,440	29	159,184	35
Operating expenses						
6100 Selling expenses	6(19)(20)		( 52,884 )	( 15 )	( 52,461 )	( 12 )
6200 Administrative expenses	6(19)(20)		( 18,418 )	( 5 )	( 20,743 )	( 4 )
6300 Research and development expenses			( 2,462 )	( 1 )	( 4,210 )	( 1 )
6450 Expected credit loss	12(2)		-	-	( 319 )	-
6000 Operating expenses			( 73,764 )	( 21 )	( 77,733 )	( 17 )
6900 Net operating income			29,676	8	81,451	18
Non-operating income and expenses						
7100 Interest income	6(15)		26,175	8	22,913	5
7010 Other income	6(16)		817	-	113	-
7020 Other gains and losses	6(17)		307	-	2,426	1
7050 Finance costs	6(18)		( 4,066 )	( 1 )	( 3,342 )	( 1 )
7000 Non-operating income and expenses			23,233	7	22,110	5
7900 Profit before tax			52,909	15	103,561	23
7950 Income tax expense	6(21)		( 7,060 )	( 2 )	( 13,015 )	( 3 )
8200 Profit			\$ 45,849	13	\$ 90,546	20
<b>Other comprehensive income</b>						
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>						
8361 Exchange differences on translation			\$ 57,523	16	\$ 3,731	1
8500 Total comprehensive income			\$ 103,372	29	\$ 94,277	21
Profit attributable to:						
8610 Owners of parent			\$ 45,849	13	\$ 90,546	20
Comprehensive income attributable to:						
8710 Owners of parent			\$ 103,372	29	\$ 94,277	21
Basic earnings per share	6(22)					
9750 Basic earnings per share			\$ 1.17		\$ 2.31	
Diluted earnings per share	6(22)					
9850 Diluted earnings per share			\$ 1.17		\$ 2.30	

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

**TAISUN INT'L (HOLDING) CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**THREE MONTHS ENDED MARCH 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)  
(REVIEWED, NOT AUDITED)

	Equity attributable to owners of the parent							Total equity	
	Notes	Ordinary share	Capital surplus, additional paid- in capital	Retained Earnings		Unappropriated retained earnings	Other equity interest		
				Legal reserve	Special reserve		Exchange differences on translation of foreign financial statements		Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income
<u>Three months ended March 31, 2021</u>									
At January 1, 2021		\$ 392,700	\$ 653,216	\$ 118,562	\$ 130,284	\$ 713,912	(\$ 216,258)	(\$ 722)	\$ 1,791,694
Profit for the period		-	-	-	-	90,546	-	-	90,546
Other comprehensive income for the period		-	-	-	-	-	3,731	-	3,731
Total comprehensive income		-	-	-	-	90,546	3,731	-	94,277
Disposal of investments in equity instruments designated at fair value through other comprehensive income		-	-	-	-	( 722)	-	722	-
At March 31, 2021		\$ 392,700	\$ 653,216	\$ 118,562	\$ 130,284	\$ 803,736	(\$ 212,527)	\$ -	\$ 1,885,971
<u>Three months ended March 31, 2022</u>									
At January 1, 2022		\$ 392,700	\$ 653,216	\$ 157,242	\$ 216,980	\$ 630,389	(\$ 246,070)	\$ -	\$ 1,804,457
Profit for the period		-	-	-	-	45,849	-	-	45,849
Other comprehensive income for the period		-	-	-	-	-	57,523	-	57,523
Total comprehensive income		-	-	-	-	45,849	57,523	-	103,372
At March 31, 2022		\$ 392,700	\$ 653,216	\$ 157,242	\$ 216,980	\$ 676,238	(\$ 188,547)	\$ -	\$ 1,907,829

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

TAISUN INT'L (HOLDING) CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
THREE MONTHS ENDED MARCH 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)  
(REVIEWED, NOT AUDITED)

		Three months ended March 31	
	Notes	2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 52,909	\$ 103,561
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(19)	22,427	23,450
Amortization expense	6(19)	129	122
Interest expense	6(18)	4,066	3,342
Interest income	6(15)	( 26,175 )	( 22,913 )
Expected credit loss	12(2)	-	319
Loss for market value and obsolete and slow-moving inventories	6(4)	2,983	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable	(	163 )	-
Accounts receivable		3,954	8,934
Other receivables	(	1,395 )	-
Inventories		24,217	( 3,508 )
Other current assets		17,655	( 3,404 )
Changes in operating liabilities			
Current contract liabilities		17,550	8,199
Accounts payable	(	60,520 )	( 4,630 )
Other payables	(	17,422 )	( 5,224 )
Other current liabilities	(	124 )	( 434 )
Cash inflow generated from operations		40,091	107,814
Interest paid	(	4,360 )	( 3,248 )
Income taxes paid	(	7,208 )	( 8,435 )
Net cash flows from operating activities		28,523	96,131
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost	(	248,747 )	( 359,093 )
Proceeds from disposal of financial assets at amortised cost		199,430	92,309
Acquisition of property, plant and equipment	6(23)	( 24,122 )	( 13,294 )
Acquisition of right-of-use assets		-	( 119,438 )
Decrease in other non-current assets		234	372
Decrease in prepayments for business facilities		9,105	5,783
Interest received		21,257	19,017
Net cash flows used in investing activities	(	42,843 )	( 374,344 )
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings		381,552	177,733
Decrease in short-term borrowings	(	364,513 )	( 196,965 )
Repayment in guarantee deposits received		37	-
Repayment of the principal portion of lease liabilities	(	1,386 )	( 1,392 )
Net cash flows from (used in) financing activities		15,690	( 20,624 )
Effect of exchange rate changes on cash and cash equivalents		15,254	( 8,862 )
Net increase (decrease) in cash and cash equivalents		16,624	( 307,699 )
Cash and cash equivalents at beginning of period		49,895	415,500
Cash and cash equivalents at end of period	\$	66,519	\$ 107,801

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

TAISUN INT'L (HOLDING) CORP. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
THREE MONTHS ENDED MARCH 31, 2022 AND 2021

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

(Reviewed, not audited)

**1. HISTORY AND ORGANISATION**

Taisun Int'l (Holding) Corp. (the "Company") was established in British Cayman Islands in February 2014. The Company was established as part of an organisational restructuring as a result of applying for initial public offering and listing on the Taiwan Stock Exchange. On December 31, 2014, the Company completed the reorganisation through a share swap contract. The Company became a holding company of all consolidated entities after the reorganisation. The Company and subsidiaries (collectively referred herein as the "Group") were primarily engaged in the manufacture and sales of baby training pants, baby diapers, adult incontinence products, feminine sanitary pads, wet wipes and face masks. Everlink Overseas Inc. holds 43.05% equity interest in the Company. Everlink Overseas Inc. is the Group's ultimate parent company.

The Company was listed on the Taiwan Stock Exchange starting from January 2017.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on May 5, 2022.

**3. Application of New Standards, Amendments and Interpretations**

**(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")**

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

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

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

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

None.



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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standard 34, 'Interim financial reporting' as endorsed by the FSC.

(2) Basis of preparation

- A. The financial statements have been prepared under the historical cost convention.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

### (3) Basis of consolidation

#### A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities 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) Unrealised gains or loss and balances on transactions between the Company and its subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the 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 recognised directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Investor	Name of subsidiary	Main business activities	Ownership(%)			Description
			March 31 2022	December 31 2021	March 31 2021	
The Company	Taisun Vietnam Co., Ltd (VN)	Manufacture and sales of baby diapers, baby training pants, adult incontinence products, feminine sanitary pads, wet wipes and face masks.	100%	100%	100%	(1)
The Company	Taipoly (Far East) Corporation (Mauritius)	Trading	100%	100%	100%	(2)
The Company	Winsun (Cambodia) Co., Ltd. (Cambodia)	Manufacture and sales of baby diapers, baby training pants, adult incontinence products, feminine sanitary pads, wet wipes and face masks.	100%	100%	100%	(3)
The Company	AB Care (Singapore) Pte. Ltd.	Trading and investment	100%	100%	100%	(4)
Winsun (Cambodia) Co., Ltd. (Cambodia)	Winsun Trade Company limited (VN)	Trading	0%	100%	100%	(5)
AB Care (Singapore) Pte. Ltd.	CHAOMED Green Technology Co., Ltd. (VN)	Manufacture and sales of materials of baby diapers, baby training pants, adult incontinence products, feminine sanitary pads, wet wipes and face masks.	100%	100%	100%	(6)

The information on establishment of subsidiaries is provided as follows:

- (a) Taisun Vietnam Co., Ltd (VN) was approved to be established in Vietnam in 2001.
- (b) Taipoly (Far East) Corporation (Mauritius) was approved to be established in Mauritius in 2006.
- (c) Winsun (Cambodia) Co., Ltd.(Cambodia) was approved to be established in Cambodia in 2015.
- (d) AB Care (Singapore) Pte. Ltd. was approved to be established in Singapore in April 2019 (formerly: Taipoly International Pte. Ltd.). In September and November 2020, the Company increased its investment by cash in the amounts of USD 3,000 thousand and USD 7,000 thousand in AB CARE (SINGAPORE) PTE. LTD., respectively. The registration for the changes was completed in November 2020.
- (e) Winsun Trade Company Limited (VN) was approved to be established in Vietnam in December 2017. On February 15, 2022, this subsidiary has cancelled the registration.
- (f) Chaomed Green Technology Co., Ltd. (VN) was approved to be established in Vietnam in January 2021.

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

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

E. Significant restrictions: None.

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

#### (4) Currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is United States dollars; however, since the Company's shares were listed in the Taiwan Stock Exchange, the consolidated financial statements are presented in New Taiwan dollars.

##### A. Foreign currency transactions and balances

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

##### B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
  - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
  - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
  - iii. All resulting exchange differences are recognised in other comprehensive income.

- (b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.
- (c) The average exchange rate of the financial statements for the three months ended March 31, 2022 and 2021 expressed in New Taiwan Dollars are US\$1: NT\$27.994 and US\$1: NT\$28.3660, respectively. On March 31, 2022, December 31, 2021 and March 31, 2021, the closing rate on balance sheet date were US\$1: NT\$28.625, US\$1: NT\$27.680 and US\$1: NT\$28.5350, respectively.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
  - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
  - (b) Assets held mainly for trading purposes;
  - (c) Assets that are expected to be realised within twelve months from the balance sheet date;
  - (d) Cash or cash equivalents, excluding cash and cash equivalents that are restricted from being exchanged or used to settle liabilities for at least twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
  - (a) Liabilities that are expected to be settled within the normal operating cycle;
  - (b) Liabilities arising mainly from trading activities;
  - (c) Liabilities that are to be settled within twelve months after the balance sheet date (even if an agreement to refinance or to reschedule payments on a long-term basis is completed after the balance sheet date and before the date that the financial reports are authorized for issuance, they are current liabilities);
  - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
  - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised 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 recognised in profit or loss when the asset is derecognised 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 and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

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

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

(11) Inventories

Inventories include raw materials, supplies and finished goods. Inventories are stated at the lower of cost and net realisable value. Except for the same type of inventories, the comparison of cost and net realisable value was based on an item by item approach. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of sales. Cost of inventories is determined using the weighted-average method.

(12) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Property, plant and equipment are measured at cost model subsequently. Land is not depreciated. Other property, plant and equipment are depreciated using the straight-line method over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. When derecognising property, plant and equipment, the difference between net disposal proceeds and the carrying amount of the assets was recognised in profit or loss.
- E. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Structures

Main building of plant	5 ~ 25 years
Engineering system	5 ~ 15 years
Others	14 ~ 15 years
Machinery equipment	2 ~ 10 years
Transportation equipment	3 ~ 8 years
Office equipment	3 ~ 11 years
Other equipment	2 ~ 10 years

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

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:
  - (a) Fixed payments, less any lease incentives receivable; and

- (b) Variable lease payments that depend on an index or a rate.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date;
- (c) Any initial direct costs incurred by the lessee; and
- (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset subsequently measured at cost model and shall be depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(14) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for 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 amortised historical cost would have been if the impairment had not been recognised.

(15) Borrowings

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

(16) Accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services.
- B. The short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.



(17) Derecognition of financial liabilities

- A. A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.
- B. When derecognising financial liabilities, the difference between their carrying amount and the price paid (including any non-cash assets or liabilities transferred) was recognised in profit or loss.

(18) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(19) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and are recognised as expenses in the period in which the employees render service.

B. Pensions

Defined contribution plan

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

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier.

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

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(20) Income taxes

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- 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 recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred 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 realise the asset and settle the liability simultaneously.
- F. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

(21) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(22) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities.

(23) Revenue recognition

Sales of goods

- A. The Group manufactures and sells baby training pants, diapers, feminine sanitary pads and face masks. Sales are recognised when control of the products has transferred, being when the

products are delivered to the sales channel, the sales channel has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the sales channel acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the sales channel, and either the sales channel has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

- B. Revenue was measured based on the fair value of the consideration received or receivable, less estimated sales returns, discount and other similar discount and allowance. The Group estimated sales returns and allowance which probably occur based on the historical experience and different contract condition to recognise refund liabilities.

(24) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors.

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

None.

(2) Critical accounting estimates and assumptions

None.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Cash on hand and revolving funds	\$ 736	\$ 372	\$ 396
Checking accounts and demand deposits	51,374	47,578	29,446
Time deposits (maturity within three months)	14,409	1,945	77,959
Total	<u>\$ 66,519</u>	<u>\$ 49,895</u>	<u>\$ 107,801</u>

- A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. The Group has no cash and cash equivalents pledged to others.

(2) Financial assets at amortised cost

Items	March 31, 2022	December 31, 2021	March 31, 2021
Current items:			
Time deposits with maturity over three months	\$ 1,707,059	\$ 1,605,638	\$ 1,380,375
Time deposits pledged	424,983	412,361	365,109
Total	<u>\$ 2,132,042</u>	<u>\$ 2,017,999</u>	<u>\$ 1,745,484</u>

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Three months ended March 31	
	2022	2021
Interest income	<u>\$ 26,164</u>	<u>\$ 22,749</u>

B. As at March 31, 2022, December 31, 2021 and March 31, 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was \$2,132,042, \$2,017,999 and \$1,745,484, respectively.

C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(3) Notes and accounts receivable

	March 31, 2022	December 31, 2021	March 31, 2021
Notes receivable	<u>\$ 198</u>	<u>\$ 35</u>	<u>\$ -</u>
Accounts receivable	\$ 43,359	\$ 45,967	\$ 44,733
Less: Loss allowance	( 2,106)	( 2,042)	( 1,016)
	<u>\$ 41,253</u>	<u>\$ 43,925</u>	<u>\$ 43,717</u>

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

	March 31, 2022		December 31, 2021		March 31, 2021	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 33,419	\$ 198	\$ 36,853	\$ 35	\$ 32,131	\$ -
1 to 90 days	8,010	-	7,255	-	10,823	-
91 to 180 days	-	-	-	-	687	-
Over 181 days	1,930	-	1,859	-	1,092	-
	<u>\$ 43,359</u>	<u>\$ 198</u>	<u>\$ 45,967</u>	<u>\$ 35</u>	<u>\$ 44,733</u>	<u>\$ -</u>

The above ageing analysis was based on past due date.

B. As of March 31, 2022, December 31, 2021 and March 31, 2021, accounts receivable were all from contracts with customers. As of January 1, 2021, the balance of receivables from contracts with customers amounted to \$49,123.

C. As at March 31, 2022, December 31, 2021 and March 31, 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was \$198, \$35 and \$0; \$41,253, \$43,925 and \$43,717, respectively.

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

(4) Inventories

	March 31, 2022	December 31, 2021	March 31, 2021
Merchandise inventory	\$ 3,837	\$ 4,228	\$ 8,789
Finished goods	131,467	127,934	116,101
Raw materials	161,480	174,800	218,897
Inventory in transit	58,058	75,080	54,381
	<u>\$ 354,842</u>	<u>\$ 382,042</u>	<u>\$ 398,168</u>

For the three months ended March 31, 2022 and 2021, the amounts of cost of goods sold which were related with inventories amounted to \$255,774 and \$288,851, respectively, including loss on decline in market value of \$2,983 and (\$1,281), respectively.

(5) Other current and non-current assets

Items	March 31, 2022	December 31, 2021	March 31, 2021
Current assets:			
Prepayment for purchases	\$ 2,079	\$ 6,431	\$ 4,539
Excess business tax paid	32,116	46,501	38,725
Others	5,178	4,096	17,164
Total	<u>\$ 39,373</u>	<u>\$ 57,028</u>	<u>\$ 60,428</u>
Non-current assets:			
Prepayments for business facilities	\$ 27,859	\$ 36,964	\$ 9,703
Guarantee deposits paid	4,860	4,762	2,085
Others	2,341	2,673	3,750
Total	<u>\$ 35,060</u>	<u>\$ 44,399</u>	<u>\$ 15,538</u>

(6) Property, plant and equipment

2022

	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Leasehold improvements	Unfinished Construction	Total
	Owner-occupied	Owner-occupied	Owner-occupied	Owner-occupied	Owner-occupied	Owner-occupied		
At January 1								
Cost	\$ 202,885	\$ 626,201	\$ 35,387	\$ 34,993	\$ 15,013	\$ 167	\$ 27,216	\$ 941,862
Accumulated depreciation and impairment	( 55,270)	( 462,679)	( 26,869)	( 19,989)	( 11,399)	( 167)	-	( 576,373)
	<u>\$ 147,615</u>	<u>\$ 163,522</u>	<u>\$ 8,518</u>	<u>\$ 15,004</u>	<u>\$ 3,614</u>	<u>\$ -</u>	<u>\$ 27,216</u>	<u>\$ 365,489</u>
At January 1	\$ 147,615	\$ 163,522	\$ 8,518	\$ 15,004	\$ 3,614	\$ -	\$ 27,216	\$ 365,489
Additions	-	157	637	16	327	-	17,349	18,486
Reclassifications	-	5,286	-	-	-	-	-	5,286
Depreciation expense	( 3,018)	( 14,833)	( 616)	( 855)	( 306)	-	-	( 19,628)
Net exchange differences	4,660	4,892	253	489	107	-	833	11,234
At March 31	<u>\$ 149,257</u>	<u>\$ 159,024</u>	<u>\$ 8,792</u>	<u>\$ 14,654</u>	<u>\$ 3,742</u>	<u>\$ -</u>	<u>\$ 45,398</u>	<u>\$ 380,867</u>
At March 31								
Cost	\$ 209,339	\$ 652,364	\$ 37,119	\$ 36,177	\$ 15,800	\$ 167	\$ 45,398	\$ 996,364
Accumulated depreciation and impairment	( 60,082)	( 493,340)	( 28,327)	( 21,523)	( 12,058)	( 167)	-	( 615,497)
	<u>\$ 149,257</u>	<u>\$ 159,024</u>	<u>\$ 8,792</u>	<u>\$ 14,654</u>	<u>\$ 3,742</u>	<u>\$ -</u>	<u>\$ 45,398</u>	<u>\$ 380,867</u>

## 2021

	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Leasehold improvements	Unfinished Construction	Total
	Owner-occupied	Owner-occupied	Owner-occupied	Owner-occupied	Owner-occupied	Owner-occupied		
At January 1								
Cost	\$ 149,291	\$ 625,125	\$ 35,270	\$ 33,309	\$ 11,232	\$ 167	\$ 55,368	\$ 909,762
Accumulated depreciation and impairment	( 44,525)	( 404,558)	( 24,595)	( 16,178)	( 10,356)	( 167)	-	( 500,379)
	<u>\$ 104,766</u>	<u>\$ 220,567</u>	<u>\$ 10,675</u>	<u>\$ 17,131</u>	<u>\$ 876</u>	<u>\$ -</u>	<u>\$ 55,368</u>	<u>\$ 409,383</u>
At January 1	\$ 104,766	\$ 220,567	\$ 10,675	\$ 17,131	\$ 876	\$ -	\$ 55,368	\$ 409,383
Additions	2,226	1,235	-	1,996	-	-	7,857	13,314
Reclassifications	1,484	-	-	-	-	-	1,075	2,559
Depreciation expense	( 2,367)	( 16,607)	( 674)	( 1,085)	( 212)	-	-	( 20,945)
Net exchange differences	234	836	28	32	2	-	145	1,277
At March 31	<u>\$ 106,343</u>	<u>\$ 206,031</u>	<u>\$ 10,029</u>	<u>\$ 18,074</u>	<u>\$ 666</u>	<u>\$ -</u>	<u>\$ 64,445</u>	<u>\$ 405,588</u>
At March 31								
Cost	\$ 153,346	\$ 629,142	\$ 35,361	\$ 35,371	\$ 11,261	\$ 167	\$ 64,445	\$ 929,093
Accumulated depreciation and impairment	( 47,003)	( 423,111)	( 25,332)	( 17,297)	( 10,595)	( 167)	-	( 523,505)
	<u>\$ 106,343</u>	<u>\$ 206,031</u>	<u>\$ 10,029</u>	<u>\$ 18,074</u>	<u>\$ 666</u>	<u>\$ -</u>	<u>\$ 64,445</u>	<u>\$ 405,588</u>

- A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	Three months ended March 31, 2022	Three months ended March 31, 2021
Amount capitalised	\$ 326	\$ -
Range of the interest rates for capitalisation	3.80%	-

- B. The Group has no information about the property, plant and equipment that were pledged to others.

(7) Lease transactions — lessee

- A. The Group leased several buildings as office premises and the lease period was 2~3 years. When the lease period ends, the Group has no bargain purchase option on leased buildings. The Group leased land for its factories in Vietnam and Cambodia and the lease period was 34~50 years. Additionally, the land leases in Cambodia could be renewed for 50 years when the lease period ends. The lease payment was paid in lump sum when the lease contracts were entered into. The Group has no bargain purchase option when the period of land use right ends.
- B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
	Carrying amount	Carrying amount	Carrying amount
Land	\$ 255,937	\$ 249,727	\$ 241,464
Buildings	1,006	2,146	5,756
	<u>\$ 256,943</u>	<u>\$ 251,873</u>	<u>\$ 247,220</u>

	Three months ended March 31	
	2022	2021
	Depreciation expense	Depreciation expense
Land	\$ 1,615	\$ 1,320
Buildings	1,184	1,185
	<u>\$ 2,799</u>	<u>\$ 2,505</u>

- C. For the three months ended March 31, 2022 and 2021, the Group has additions of right-of-use assets in the amounts of \$0 and \$119,438, respectively.
- D. The information on profit and loss accounts relating to lease contracts is as follows:

	Three months ended March 31	
	2022	2021
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 15	\$ 51
Expense on short-term lease contracts	1,065	1,180

- E. For the three months ended March 31, 2022 and 2021, the total cash outflow from lease was \$2,466 and \$2,623, respectively.



F. Extension and termination options

In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(8) Short-term borrowings

Type of Borrowings	March 31, 2022	December 31, 2021	March 31, 2021
Bank borrowings			
Secured borrowings	\$ 248,112	\$ 236,764	\$ 96,877
Unsecured borrowings	1,034,833	987,271	873,774
	<u>\$ 1,282,945</u>	<u>\$ 1,224,035</u>	<u>\$ 970,651</u>

A. On March 31, 2022, December 31, 2021 and March 31, 2021, the interest rates of bank borrowings were 0.92%~4.30%, 0.92%~4.30% and 0.95%~2.00%, respectively.

B. Please refer to Note 8 for details of aforementioned collaterals for bank secured borrowings.

(9) Other payables

	March 31, 2022	December 31, 2021	March 31, 2021
Salary and bonus payable (Including employees' compensation and directors' and supervisors' remuneration payable)	\$ 13,214	\$ 21,284	\$ 18,847
Payables for machinery and equipment	9,540	9,890	10,516
Construction retainage received	3,719	3,684	3,757
Other payables, others	30,023	39,719	30,668
	<u>\$ 56,496</u>	<u>\$ 74,577</u>	<u>\$ 63,788</u>

(10) Pensions

Defined contribution plan

A. Taisun Int'l (Holding) Corporation Taiwan Branch of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a defined contribution plan managed by the government. Under the LPA, Taisun Int'l (Holding) Corporation Taiwan Branch makes monthly contributions to employees' individual pension accounts of Bureau of Labor Insurance at 6% of monthly salaries and wages. For the aforementioned pension plan, the Group recognised pension costs of \$66 and \$97 for the three months ended March 31, 2022 and 2021, respectively.

- B. The employees of the Group's subsidiaries, TAISUN VIETNAM CO., LTD (VN) and WINSUN (CAMBODIA) CO., LTD. (Cambodia) in Vietnam and Cambodia, respectively, are members of a retirement benefit plan operated by the local government. The subsidiaries are required to contribute a specified proportion of salary costs to the retirement benefit plan to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions. Related expenses are included in the other employee benefits expense of each period.

(11) Share capital

<u>Common share</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
No. of shares authorised (in thousands)	100,000	100,000	100,000
Authorised capital	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Number of shares issued and collected in full (in thousands)	32,270	39,270	39,270
Shares issued	\$ 392,700	\$ 392,700	\$ 392,700

(12) Capital surplus

Capital surplus which is generated from the premium on issuance of shares may be used in offsetting deficits (including common shares issued in premium). Additionally, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital, limited to a certain proportion of the Group's capital surplus every year.

(13) Retained earnings

- A. Under the appropriation policies of earnings in the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset accumulated deficits, then 10% of the remaining amount shall be set aside as legal reserve. After setting aside or reversing a special reserve in accordance with related laws, the appropriation of the remaining earnings, along with the accumulated unappropriated earnings, shall be proposed by the Board of Directors and resolved by the shareholders as dividends to shareholders. Please refer to Note 6(20) for details of the appropriation policies of employees' compensation and directors' and supervisors' remuneration in the Company's Articles of Incorporation.
- B. According to the Cayman Company's Articles and Regulations of Public Companies, after considering the financial, business and operational factors, the distribution of dividends to shareholders should be more than 20% of the net profit of the current year and distributed according to their shareholding ratio. The distribution of dividends to shareholders is made by the issuance of share dividends and the payment of cash dividends. However, cash dividends should not lower than 50% of the total dividends distributed.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their

share ownership 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.

- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- E. The appropriation of 2021 earnings as approved by the Board of Directors on March 10, 2022 and the appropriations of 2020 earnings as resolved by the stockholders on August 26, 2021 are as follows:

	Year ended December 31			
	2021		2020	
	Dividends per share		Dividends per share	
	Amount	(in dollars)	Amount	(in dollars)
Legal reserve	\$ 27,747		\$ 38,680	
Special reserve	29,090		86,696	
Cash dividend declared	125,664	\$ 3.2	235,620	\$ 6.0

Please refer to the website of "Market Observation Post System" for information about earnings appropriation which was approved by the Board of Directors and resolved by shareholders.

(14) Operating revenue

	Three months ended March 31	
	2022	2021
Revenue from contracts with customers	\$ 359,214	\$ 448,035

A. Disaggregation of revenue from contracts with customers

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

Three months ended March 31, 2022	Vietnam	Cambodia	France	Thailand	Others	Total
Revenue from external customer contracts	\$ 166,031	\$ 117,229	\$ 23,774	\$ 23,467	\$ 28,713	\$ 359,214
Three months ended March 31, 2021	Vietnam	Cambodia	France	Thailand	Others	Total
Revenue from external customer contracts	\$ 211,763	\$ 135,662	\$ 34,492	\$ 35,136	\$ 30,982	\$ 448,035

B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	March 31, 2022	December 31, 2021	March 31, 2021	January 1, 2021
Contract liabilities – sales of goods:	\$ 22,061	\$ 4,511	\$ 13,545	\$ 5,287

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

	Three months ended March 31	
	2022	2021
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ 4,511	\$ 5,287

(15) Interest income

	Three months ended March 31	
	2022	2021
Interest income from bank deposits	\$ 11	\$ 164
Financial assets at amortised cost		
Interest income	26,164	22,749
	\$ 26,175	\$ 22,913

(16) Other income

	Three months ended March 31	
	2022	2021
Others	\$ 817	\$ 113

(17) Other gains and losses

	Three months ended March 31	
	2022	2021
Net currency exchange gains	\$ 458	\$ 2,614
Miscellaneous disbursements	( 151)	( 188)
	\$ 307	\$ 2,426

(18) Finance costs

	Three months ended March 31	
	2022	2021
Interest expense:		
Bank borrowings	\$ 4,377	\$ 3,291
Lease liability	15	51
Less: amount of borrowing costs capitalised as part of property, plant and equipment	( 326)	-
	\$ 4,066	\$ 3,342

(19) Expenses by nature

	Three months ended March 31	
	2022	2021
Employee benefit expense	\$ 44,496	\$ 47,525
Depreciation charges on property, plant and equipment	19,628	20,945
Depreciation expense of right-of-use assets	2,799	2,505
Amortisation charges on intangible assets	129	122
	<u>\$ 67,052</u>	<u>\$ 71,097</u>

(20) Employee benefit expense

	Three months ended March 31	
	2022	2021
Salary expense	\$ 39,711	\$ 41,674
Labor and health insurance expense	3,916	4,797
Other personnel expenses	869	1,054
	<u>\$ 44,496</u>	<u>\$ 47,525</u>

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 2% for employees' compensation and shall not be higher than 2% for directors' remuneration.

B. For the three months ended March 31, 2022 and 2021, employees' compensation was accrued at \$469 and \$3,438, respectively; directors' remuneration was accrued at \$210 and \$1,224, respectively. The aforementioned amounts were recognised in salary expenses.

For the three months ended March 31, 2022, the employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on profit of current year as of the end of reporting period.

The amounts of employees' compensation and directors' remuneration which were recognised in the financial statements were \$7,310 and \$880, respectively. The difference of \$360 between the amounts of employees' compensation and directors' remuneration as resolved by the Board of Directors in the amounts of \$8,550 and \$880 and the amount recognised in the 2021 financial statements had been adjusted in the profit or loss of 2022.

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

(21) Income taxes

A. Income tax expense

Components of income tax expense:

	Three months ended March 31	
	2022	2021
Current tax:		
Current tax on profits for the period	\$ 8,508	\$ 12,744
Income tax adjustment	( 567)	( 215)
Total current tax	7,941	12,529
Deferred tax:		
Origination and reversal of temporary differences	( 881)	486
Total deferred tax	( 881)	486
Income tax expense	\$ 7,060	\$ 13,015

B. The income tax returns of the Company and its subsidiaries have been assessed by the respective governments of each country within the prescribed period.

(22) Earnings per share

	Three months ended March 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 45,849	39,270	\$ 1.17
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	45,849	39,270	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	85	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 45,849	39,355	\$ 1.17

Three months ended March 31, 2021			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 90,546	39,270	\$ 2.31
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	90,546	39,270	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	85	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 90,546	39,355	\$ 2.30

(23) Supplemental cash flow information

A. Investing activities with partial cash payments:

Three months ended March 31			
	2022	2021	
Purchase of property, plant and equipment	\$ 23,772	\$ 13,314	
Add: Opening balance of payable on equipment	9,890	10,496	
Less: Ending balance of payable on equipment	( 9,540)	( 10,516)	
Cash paid during the period	\$ 24,122	\$ 13,294	

(24) Changes in liabilities from financing activities

2022				
	Short-term borrowings	Guarantee deposits received	Lease liability	Liabilities from financing activities-gross
At January 1	\$ 1,224,035	\$ 1,094	\$ 6,120	\$ 1,231,249
Changes in cash flow from financing activities	17,039	37	( 1,386)	15,690
Changes in acquisition	-	-	836	836
Impact of changes in foreign exchange rate	41,871	-	192	42,063
At March 31	\$ 1,282,945	\$ 1,131	\$ 5,762	\$ 1,289,838

	2021			
	Short-term borrowings	Guarantee deposits received	Lease liability	Liabilities from financing activities-gross
At January 1	\$ 989,281	\$ 1,122	\$ 6,706	\$ 997,109
Changes in cash flow from financing activities	( 19,232)	-	( 1,392)	( 20,624)
Impact of changes in foreign exchange rate	602	3	62	667
At March 31	<u>\$ 970,651</u>	<u>\$ 1,125</u>	<u>\$ 5,376</u>	<u>\$ 977,152</u>

## 7. Related party transactions

### (1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Tai, Chao-Rong	Key management personnel (the Company's Chairman)
Chen, Yu-Hsueh	Other related parties (the spouse of the Company's Chairman)

### (2) Significant related party transactions

Endorsements and guarantees provided to related parties:

On March 31, 2022, December 31, 2021 and March 31, 2021, the bank borrowings of the Group were jointly guaranteed by the Chairman and his spouse.

### (3) Key management compensation

	Three months ended March 31	
	2022	2021
Salaries and other short-term employee benefits	<u>\$ 6,194</u>	<u>\$ 6,400</u>

The salary and remuneration of directors and other key management were decided by the salary and remuneration committee based on individual performance and market trend.

## 8. Pledged Assets

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

	Book value			
Pledged asset	March 31, 2022	December 31, 2021	March 31, 2021	Purpose
Time deposits (shown as financial assets at amortised cost)	\$ 424,983	\$ 412,361	\$ 365,109	Collaterals for borrowings

## 9. Significant Contingent Liabilities and Unrecognised Contract Commitments

### (1) Contingencies

None.



(2) Commitments

Capital expenditure contracted but not yet incurred is as follows:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Property, plant and equipment	<u>\$ 159,838</u>	<u>\$ 175,198</u>	<u>\$ 2,579</u>

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

The Group manages capital to ensure each entity of the Group can continuously operate and minimise the balance of debt and equity in order to maximise the shareholders' return.

The Group's capital structure was composed of the Group's net debt (borrowings, net of cash and cash equivalents) and equity attributable to the Company's owner (capital, capital surplus, retained earnings and other equity).

External capital regulations are not applicable to the Group.

The Group's key management reviews the Group's capital structure on a quarterly basis, the review includes the cost of each type of capital and related risk. The Group balances its capital structure by paying dividends, issuing new shares, repurchasing shares and issuing new debts or repaying prior debts based on the advice of management.

(2) Financial instruments

A. Financial instruments by category

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
<u>Financial assets</u>			
Financial assets at amortised cost			
Cash and cash equivalents	\$ 66,519	\$ 49,895	\$ 107,801
Financial assets at amortised cost	2,132,042	2,017,999	1,745,484
Notes receivable	198	35	-
Accounts receivable	41,253	43,925	43,717
Other receivables	46,351	40,038	39,626
Guarantee deposits paid	4,860	4,762	2,085
	<u>\$ 2,291,223</u>	<u>\$ 2,156,654</u>	<u>\$ 1,938,713</u>

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 1,282,945	\$ 1,224,035	\$ 970,651
Accounts payable	74,684	135,204	113,718
Other payables	56,496	74,577	63,788
Guarantee deposits received	1,131	1,094	1,125
	<u>\$ 1,415,256</u>	<u>\$ 1,434,910</u>	<u>\$ 1,149,282</u>
Lease liability	<u>\$ 5,762</u>	<u>\$ 6,120</u>	<u>\$ 5,376</u>

B. Management objective and policy for financial risk

The Group's treasury department provides services to each business unit and coordinates to operate in domestic and international financial markets, and supervises and manages the financial risks in relation to operations based on the internal risk report which analyses risk exposure according to the degree and extent of risk. Such risks including market risk (including exchange rate risk and interest rate risk), credit risk and liquidity risk.

Treasury department quarterly reports to the Group's Board of Directors who are responsible for decreasing exposed risk by supervising risks and implement policies.

C. Significant financial risk and degrees of financial risk

(a) Market risk

Exchange rate risk

- i. The Group operates internationally. The Group's subsidiaries were engaged in sale and purchase transactions with foreign currency, and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.
- ii. The Group's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

March 31, 2022			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:VND	\$ 894	\$ 22,780	\$ 25,577
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:VND	\$ 13,897	\$ 22,780	\$ 397,790
December 31, 2021			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:VND	\$ 1,370	\$ 22,936	\$ 37,919
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:VND	\$ 13,964	\$ 22,936	\$ 386,515
March 31, 2021			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:VND	\$ 1,029	\$ 23,078	\$ 29,352
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:VND	\$ 9,670	\$ 23,078	\$ 275,934

- iii. For the three months ended March 31, 2022 and 2021, the Group's monetary items have recognised any exchange gain (including realised and unrealised) due to the significant influence from the fluctuations of exchange rate in the amounts of \$458 and \$2,614, respectively.

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

Three months ended March 31, 2022			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:VND	1%	\$ 256	\$ -
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:VND	1%	\$ 3,978	\$ -
Three months ended March 31, 2021			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:VND	1%	\$ 294	\$ -
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:VND	1%	\$ 2,759	\$ -

Interest rate risk

- i. The Group's main interest rate risk arises from short-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. The Group's policy is to manage interest rate risk through interest rate swaps and forward interest rate contract if necessary.
- ii. If the borrowing interest rate had increased/decreased by 0.25% with all other variables held constant, profit, net of tax for the three months ended March 31, 2022 and 2021 would have decreased/increased by \$802 and \$625, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.

- ii. The Group adopted a policy of only dealing with credit worthy counterparties and continuously monitored such transactions to ensure that the total transactions amount is separated amongst qualified counterparties. Credit exposure is controlled by counterparty limits that are reviewed periodically and approved.
- iii. The Group adopts credit risk management procedures and the default occurs when the contract payments are past due over 180 days.
- iv. The Group adopts the assumptions under IFRS 9, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
  - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
  - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
  - (iii) Default or delinquency in interest or principal repayments;
  - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Group classifies customers' accounts receivable in accordance with customer types. The Group applies the simplified approach using provision matrix and loss rate methodology to estimate expected credit loss under the provision matrix basis.
- vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On March 31, 2022, December 31, 2021 and March 31, 2021, the Group had no written-off financial assets that are still under recourse procedures.
- viii. The Group used the forecast ability to adjust historical and timely information to assess the default possibility of accounts receivable, taking into consideration industry's prospects, the customers' historical default records and current financial conditions. As of March 31, 2021, the Group's expected credit losses of accounts receivable that were not past due was not significant. As of March 31, 2022, the provision matrix is as follows:

	Not past due	1~90 days past due	91~180 days past due	Up to 181 days past due	Total
<u>At March 31, 2022</u>					
Expected loss rate	0.03%	0.44%~55.87%	61.40%~82.13%	100%	
Total book value	\$ 33,419	\$ 8,010	\$ -	\$ 1,930	\$ 43,359
Loss allowance	\$ 10	\$ 166	\$ -	\$ 1,930	\$ 2,106

- ix. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable were as follows:

	2022	2021
At January 1	\$ 2,042	\$ 712
Provision for impairment	-	319
Effect of exchange rate changes	64	( 15)
At March 31	\$ 2,106	\$ 1,016

(c) Liquidity risk

- i. The Group manages liquidity risk by managing and maintaining a level of cash and cash equivalents to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Additionally, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management, the Group treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.
- iii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

Non-derivative financial liabilities

March 31, 2022	Less than 1 year	Between 1 and 5 year(s)	Over 5 years
Short-term borrowings	\$ 1,290,968	\$ -	\$ -
Accounts payable	74,684	-	-
Other payable	64,869	-	-
Lease liability	990	585	4,524
Guarantee deposits received	-	-	1,131
December 31, 2021	Less than 1 year	Between 1 and 5 year(s)	Over 5 years
Short-term borrowings	\$ 1,230,317	\$ -	\$ -
Accounts payable	135,204	-	-
Other payable	74,577	-	-
Lease liability	1,363	568	4,531
Guarantee deposits received	-	-	1,094
March 31, 2021	Less than 1 year	Between 1 and 5 year(s)	Over 5 years
Short-term borrowings	\$ 973,671	\$ -	\$ -
Accounts payable	135,204	-	-
Other payable	74,577	-	-
Lease liability	4,959	417	-
Guarantee deposits received	-	-	1,094

Credit Line

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Amount drawn	\$ 1,282,945	\$ 1,224,035	\$ 970,651
Undrawn borrowing facilities	729,049	555,457	787,993
	<u>\$ 2,011,994</u>	<u>\$ 1,779,492</u>	<u>\$ 1,758,644</u>

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 1.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 2.

(3) Information on investments in Mainland China

- A. Basic information: None.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Please refer to table 3.

14. Segment Information

(1) General information

The chief operating decision-maker views the production and sales as one individual operating segment and separates them into TAISUN VIETNAM CO., LTD and WINSUN (CAMBODIA) CO., LTD.. The operating effectiveness is supervised by Board of Directors.

## (2) Segment Information

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

	TAISUN VIETNAM CO., LTD	WINSUN (CAMBODIA) CO., LTD. (Cambodia)	Other entities	Adjustment	Total
Three months ended March 31, 2022					
Revenue from external customers	\$ 289,407	\$ 62,712	\$ 7,095	\$ -	\$ 359,214
Inter-segment revenue	4,992	-	39,393	( 44,385)	-
Total segment revenue	<u>\$ 294,399</u>	<u>\$ 62,712</u>	<u>\$ 46,488</u>	<u>(\$ 44,385)</u>	<u>\$ 359,214</u>
Operating income (loss)	<u>\$ 23,741</u>	<u>(\$ 22,646)</u>	<u>\$ 20,946</u>	<u>\$ 7,635</u>	<u>\$ 29,676</u>

  

	TAISUN VIETNAM CO., LTD	WINSUN (CAMBODIA) CO., LTD. (Cambodia)	Other entities	Adjustment	Total
Three months ended March 31, 2021					
Revenue from external customers	\$ 354,281	\$ 80,539	\$ 13,215	\$ -	\$ 448,035
Inter-segment revenue	6,648	-	22,998	( 29,646)	-
Total segment revenue	<u>\$ 360,929</u>	<u>\$ 80,539</u>	<u>\$ 36,213</u>	<u>(\$ 29,646)</u>	<u>\$ 448,035</u>
Operating income	<u>\$ 61,481</u>	<u>\$ 17,970</u>	<u>\$ 4,330</u>	<u>(\$ 2,330)</u>	<u>\$ 81,451</u>

Segment revenue reported above were generated from external customers.

## (3) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

A reconciliation of reportable segment income or loss to the income (loss) before tax from continuing operations for the three months ended March 31, 2022 and 2021 is provided as follows:

	Three months ended March 31	
	2022	2021
Reportable segments income	\$ 22,041	\$ 83,781
Adjustment and write-offs	7,635	( 2,330)
Total segments	29,676	81,451
Interest income	26,175	22,913
Exchange gains	458	2,614
Finance costs	( 4,066)	( 3,342)
Others	666	( 75)
Income before tax from continuing operations	<u>\$ 52,909</u>	<u>\$ 103,561</u>



TAISUN INT'L (HOLDING) CORP. AND SUBSIDIARIES  
Significant inter-company transactions during the reporting periods

For the three months ended March 31, 2022

Table 1 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
1	TAISUN VIETNAM CO., LTD (VN)	Taisun Int'l (Holding) Corp.	2	Sale	\$ 1,464	Trading conditions are agreed by both parties	0.41
2	TAIPOLY (FAR EAST) CORPORATION (Mauritius)	WINSUN (CAMBODIA) CO., LTD. (Cambodia)	3	Sale	22,063	Trading conditions are agreed by both parties	6.14

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1)Parent company is '0'.

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

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

TAISUN INT'L (HOLDING) CORP. AND SUBSIDIARIES

Information on investees

For the three months ended March 31, 2022

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

Table 2

Investor	Investee	Location	Main business activities	Initial investment amount (Note 1)		Shares held as at March 31, 2022			Net profit (loss)	Investment income (loss)	Footnote
				Balance as at	Balance as at	Number of shares	Ownership (%)	Book value	of the investee for the	recognised by the Company	
				March 31, 2022	December 31, 2021				three months ended	three months ended	
				March 31, 2022	December 31, 2021				March 31, 2022	March 31, 2022	
Taisun Int'l (Holding) Corp.	TAISUN VIETNAM CO., LTD (VN)	Vietnam	Manufacture and sales of baby and adult diapers and feminine sanitary pad	\$ 246,585 (USD 7,791)	\$ 246,585 (USD 7,791)	-	100.00	\$ 1,616,606	\$ 32,106	\$ 32,106	
	TAIPOLY (FAR EAST) CORPORATION (Mauritius)	Mauritius	Trading	5,450 (USD 180)	5,450 (USD 180)	-	100.00	4,072	32,805	32,805	
	WINSUN (CAMBODIA) CO., LTD. (Cambodia)	Cambodia	Manufacture and sales of baby and adult diapers and feminine sanitary pad	365,343 (USD 11,690)	365,343 (USD 11,690)	-	100.00	633,868 (	15,796) (	15,796)	
	AB CARE (SINGAPORE) PTE. LTD.	Singapore	Trading	299,040 (USD 10,500)	299,040 (USD 10,500)	-	100.00	305,381	377	377	
AB CARE (SINGAPORE) PTE. LTD.	CHAOMED GREEN TECHNOLOGY CO.,LTD (VN)	Vietnam	Manufacture and sales of materials of baby and adult diapers feminine sanitary pad and wet wipes	283,600 (USD 10,000)	283,600 (USD 10,000)	-	100.00	292,031	377	377	

Note 1: Initial investment amount is valued at historical exchange rate.

## TAISUN INT'L (HOLDING) CORP. AND SUBSIDIARIES

## Major shareholders information

March 31, 2022

Table 3

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
EVERLINK OVERSEAS INC.	16,907,000	43.05
KT LOOK INT'L INC.	8,539,300	21.74

Note 1: The major shareholders information of this table comes from the data of TDCC on the final working day of every quarter, to calculate total common shares and preference shares which held by shareholders and completed the non-physical registration (including treasury shares) and exceeded 5%. The number of shares which recorded on the Company's financial report may differ from the number of actually completed non-physical registration due to the difference of calculation basis.

Note 2: For above data, if shareholders trusted shares, it will be disclosed in accordance with the segregate account of trustors of trustee's trust account. For the declaration of internal person who held over 10% equity interest by shareholders in accordance with Securities and Exchange Act, the shareholding including shares held on one's own plus the trusted shares and has determination on the trusted property. For the declaration of shareholding of internal person, please refer to Market Observation Post System.