

TAISUN INT'L (HOLDING) CORP. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2021 AND 2020
(STOCK CODE: 8480)

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Taisun Int'l (Holding) Corp.

Opinion

We have audited the accompanying consolidated balance sheet of Taisun Int'l (Holding) Corp. and subsidiaries (the "Group") as at December 31, 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the consolidated financial statements for the year ended December 31, 2021 are stated as follows:

Occurrence of Domestic Sales

Description

Refer to Note 4(23) for the accounting policy on operating revenue, and Note 6(14) for details of operating revenue.

The Group actively expanded its domestic sales market in Vietnam, and its sales channels included distributors, supermarkets and e-commerce. The sales revenue of Vietnam domestic sales channel accounted for 48% of the total consolidated revenue, and the occurrence of domestic sale revenue is significant to the consolidated financial statements, Therefore, the occurrence of domestic sales is regarded as a key audit matter.

How our audit addressed the matter

We have performed the principal procedures in respect of the specific aspect described in the key audit matter as follows:

1. Understood and evaluated the internal control process of sales revenue, evaluated and tested the related internal control, and confirmed the effective implementation of the internal control of sales revenue.
2. Obtained the sales details of domestic customers, checking contracts, sales invoices, customer orders and shipping receipts and other evidence.
3. Examined whether there are significant sales return and discounts after balance sheet date on internal sales transactions.

Other matter – Prior period financial statements were audited by predecessor auditor

The consolidated financial statements of the Group for the year ended December 31, 2020, were audited by other auditors who expressed an unmodified opinion on those statements dated March 12, 2021.

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 Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the Group's financial reporting process.

Auditor's 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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, 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 risk

of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 relationships 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 of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

Lai, Chung-Hsi

Wang, Kuo-Hua

For and on behalf of PricewaterhouseCoopers, Taiwan

March 10, 2022

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
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2021		December 31, 2020		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 49,895	1	\$ 415,500	14
1136	Current financial assets at amortised cost	6(2)	2,017,999	62	1,473,360	49
1150	Notes receivable, net	6(3)	35	-	-	-
1170	Accounts receivable, net	6(3)	43,925	1	49,123	2
1200	Other receivables		40,038	1	35,622	1
130X	Current inventories	6(4)	382,042	12	391,517	13
1479	Other current assets, others	6(5)	57,028	2	45,005	1
11XX	Current assets		<u>2,590,962</u>	<u>79</u>	<u>2,410,127</u>	<u>80</u>
Non-current assets						
1600	Property, plant and equipment	6(6)	365,489	11	409,383	14
1755	Right-of-use assets	6(7)	251,873	8	130,000	5
1780	Intangible assets		1,506	-	961	-
1840	Deferred tax assets	6(21)	8,362	-	7,240	-
1990	Other non-current assets, others	6(5)	44,399	2	37,097	1
15XX	Non-current assets		<u>671,629</u>	<u>21</u>	<u>584,681</u>	<u>20</u>
1XXX	Current tax assets		<u>\$ 3,262,591</u>	<u>100</u>	<u>\$ 2,994,808</u>	<u>100</u>

(Continued)

TAISUN INT'L (HOLDING) CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Current borrowings	6(8)	\$ 1,224,035	38	\$ 989,281	33
2130	Current contract liabilities	6(14)	4,511	-	5,287	-
2170	Accounts payable		135,204	4	118,348	4
2200	Other payables	6(9)	74,577	3	69,003	3
2230	Current tax liabilities		7,579	-	8,729	-
2280	Current lease liabilities		1,334	-	5,051	-
2300	Other current liabilities		5,014	-	4,637	-
21XX	Current liabilities		<u>1,452,254</u>	<u>45</u>	<u>1,200,336</u>	<u>40</u>
Non-current liabilities						
2570	Deferred tax liabilities	6(21)	-	-	1	-
2580	Non-current lease liabilities		4,786	-	1,655	-
2645	Guarantee deposits received		1,094	-	1,122	-
25XX	Non-current liabilities		<u>5,880</u>	<u>-</u>	<u>2,778</u>	<u>-</u>
2XXX	Liabilities		<u>1,458,134</u>	<u>45</u>	<u>1,203,114</u>	<u>40</u>
Equity						
Equity attributable to owners of parent						
Share capital 6(11)						
3110	Ordinary share		392,700	12	392,700	13
Capital surplus 6(12)						
3200	Capital surplus		653,216	20	653,216	22
Retained earnings 6(13)						
3310	Legal reserve		157,242	5	118,562	4
3320	Special reserve		216,980	7	130,284	4
3350	Unappropriated retained earnings		630,389	19	713,912	24
Other equity interest						
3400	Other equity interest		(246,070)	(8)	(216,980)	(7)
31XX	Equity attributable to owners of parent		<u>1,804,457</u>	<u>55</u>	<u>1,791,694</u>	<u>60</u>
3XXX	Equity		<u>1,804,457</u>	<u>55</u>	<u>1,791,694</u>	<u>60</u>
Significant contingent liabilities and unrecognised contract commitments 9						
Significant event after the balance sheet date 11						
3X2X	Total liabilities and equity		<u>\$ 3,262,591</u>	<u>100</u>	<u>\$ 2,994,808</u>	<u>100</u>

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

TAISUN INT'L (HOLDING) CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Items	Notes	Year ended December 31			
		2021		2020	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(14)	\$ 1,691,428	100	\$ 1,895,124	100
5000 Operating costs	6(4)	(1,128,060)	(67)	(1,211,324)	(64)
5900 Gross profit from operations		<u>563,368</u>	<u>33</u>	<u>683,800</u>	<u>36</u>
Operating expenses					
6100 Selling expenses	6(19)(20)	(234,112)	(14)	(223,570)	(12)
6200 Administrative expenses	6(19)(20)	(80,117)	(4)	(87,056)	(4)
6300 Research and development expenses		(15,726)	(1)	(17,385)	(1)
6450 Expected credit loss	12(2)	(1,369)	-	(591)	-
6000 Operating expenses		(331,324)	(19)	(328,602)	(17)
6900 Net operating income		<u>232,044</u>	<u>14</u>	<u>355,198</u>	<u>19</u>
Non-operating income and expenses					
7100 Interest income	6(15)	95,952	6	100,305	6
7010 Other income	6(16)	1,715	-	969	-
7020 Other gains and losses	6(17)	6,921	-	390	-
7050 Finance costs	6(18)	(13,887)	(1)	(14,595)	(1)
7000 Non-operating income and expenses		<u>90,701</u>	<u>5</u>	<u>87,069</u>	<u>5</u>
7900 Profit before tax		<u>322,745</u>	<u>19</u>	<u>442,267</u>	<u>24</u>
7950 Income tax expense	6(21)	(44,550)	(2)	(51,187)	(3)
8200 Profit		<u>\$ 278,195</u>	<u>17</u>	<u>\$ 391,080</u>	<u>21</u>
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8316 Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income		\$ -	-	(\$ 3,940)	-
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Exchange differences on translation		(29,812)	(2)	(87,037)	(5)
8500 Total comprehensive income		<u>\$ 248,383</u>	<u>15</u>	<u>\$ 300,103</u>	<u>16</u>
Profit attributable to:					
8610 Owners of parent		<u>\$ 278,195</u>	<u>17</u>	<u>\$ 391,080</u>	<u>21</u>
Comprehensive income attributable to:					
8710 Owners of parent		<u>\$ 248,383</u>	<u>15</u>	<u>\$ 300,103</u>	<u>16</u>
Basic earnings per share 6(22)					
9750 Basic earnings per share		<u>\$ 7.08</u>		<u>\$ 9.96</u>	
Diluted earnings per share 6(22)					
9850 Diluted earnings per share		<u>\$ 7.07</u>		<u>\$ 9.94</u>	

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
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent							Total equity
		Retained Earnings			Other equity interest				
		Ordinary share	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	
2020									
At January 1, 2020		\$ 392,700	\$ 653,216	\$ 84,046	\$ 91,193	\$ 644,195	(\$ 129,221)	(\$ 1,064)	\$ 1,735,065
Profit for the year		-	-	-	-	391,080	-	-	391,080
Other comprehensive loss for the year		-	-	-	-	-	(87,037)	(3,940)	(90,977)
Total comprehensive income (loss)		-	-	-	-	391,080	(87,037)	(3,940)	300,103
Appropriation of 2019 earnings	6(13)	-	-	-	-	-	-	-	-
Legal reserve		-	-	34,516	-	(34,516)	-	-	-
Special reserve		-	-	-	39,091	(39,091)	-	-	-
Cash dividends		-	-	-	-	(243,474)	-	-	(243,474)
Disposal of investments in equity instruments designated at fair value through other comprehensive income		-	-	-	-	(4,282)	-	4,282	-
At December 31, 2020		\$ 392,700	\$ 653,216	\$ 118,562	\$ 130,284	\$ 713,912	(\$ 216,258)	(\$ 722)	\$ 1,791,694
2021									
At January 1, 2021		\$ 392,700	\$ 653,216	\$ 118,562	\$ 130,284	\$ 713,912	(\$ 216,258)	(\$ 722)	\$ 1,791,694
Profit for the year		-	-	-	-	278,195	-	-	278,195
Other comprehensive loss for the year		-	-	-	-	-	(29,812)	-	(29,812)
Total comprehensive income (loss)		-	-	-	-	278,195	(29,812)	-	248,383
Appropriation of 2020 earnings	6(13)	-	-	-	-	-	-	-	-
Legal reserve		-	-	38,680	-	(38,680)	-	-	-
Special reserve		-	-	-	86,696	(86,696)	-	-	-
Cash dividends		-	-	-	-	(235,620)	-	-	(235,620)
Disposal of investments in equity instruments designated at fair value through other comprehensive income		-	-	-	-	(722)	-	722	-
At December 31, 2021		\$ 392,700	\$ 653,216	\$ 157,242	\$ 216,980	\$ 630,389	(\$ 246,070)	(\$ 722)	\$ 1,804,457

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

TAISUN INT'L (HOLDING) CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 322,745	\$ 442,267
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(19)	95,201	98,052
Amortization expense	6(19)	491	525
Interest expense	6(18)	9,996	14,595
Interest income	6(15)	(95,952)	(100,305)
Dividend income	6(16)	-	(91)
Expected credit loss	12(2)	1,369	591
Loss for market value and obsolete and slow-moving inventories	6(4)	10,578	2,246
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(35)	236
Accounts receivable		3,028	21,659
Other receivables		972	89
Inventories		(1,103)	(162,992)
Other current assets		(12,023)	19,413
Changes in operating liabilities			
Current contract liabilities		(776)	518
Accounts payable		16,856	9,840
Other payables		9,820	2,423
Other current liabilities		377	(813)
Cash inflow generated from operations		361,544	348,253
Interest paid		(13,478)	(16,004)
Income taxes paid		(46,823)	(50,065)
Net cash flows from operating activities		<u>301,243</u>	<u>282,184</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of financial assets at fair value through other comprehensive income		-	19,672
Acquisition of financial assets at amortised cost		(1,694,109)	(268,778)
Proceeds from disposal of financial assets at amortised cost		1,118,467	-
Acquisition of property, plant and equipment	6(23)	(46,767)	(34,201)
Acquisition of right-of-use assets		(132,561)	-
Decrease (increase) in other non-current assets		14,176	(18,173)
(Increase) decrease in prepayments for business facilities		(21,478)	6,737
Interest received		90,564	97,436
Dividend received		-	91
(Increase) decrease in intangible assets		(1,051)	1
Net cash flows used in investing activities		<u>(672,759)</u>	<u>(197,215)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings		2,023,573	430,854
Decrease in short-term borrowings		(1,745,891)	-
Repayment in guarantee deposits received		(28)	-
Repayment of the principal portion of lease liabilities		(5,698)	(5,513)
Dividends paid to owners of the Company		(235,620)	(243,474)
Net cash flows from financing activities		<u>36,336</u>	<u>181,867</u>
Effect of exchange rate changes on cash and cash equivalents		(30,425)	(13,281)
Net (decrease) increase in cash and cash equivalents		(365,605)	253,555
Cash and cash equivalents at beginning of year		415,500	161,945
Cash and cash equivalents at end of year		<u>\$ 49,895</u>	<u>\$ 415,500</u>

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
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

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 March 10, 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 the FSC effective from 2021 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform— Phase 2'	January 1, 2021
Amendment to IFRS 16, 'Covid-19-related rent concessions beyond 30 June 2021'	April 1, 2021(Note)

Note : Earlier application from January 1, 2021 is allowed by FSC.

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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.

(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:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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”, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(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 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
			December 31, 2021	December 31, 2020	
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%	(1)
The Company	Taipoly (Far East) Corporation (Mauritius)	Trading	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%	(3)
The Company	AB Care (Singapore) Pte. Ltd.	Trading and investment	100%	100%	(4)
Winsun (Cambodia) Co., Ltd. (Cambodia)	Winsun Trade Company limited (VN)	Trading	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%	-	(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 years ended December 31, 2021 and 2020 expressed in New Taiwan Dollars are US\$1: NT\$ 28.009 and US\$1: NT\$ 28.480, respectively. On December 31, 2021 and 2020, the closing rate on balance sheet date were US\$1: NT\$ 27.680 and US\$1: NT\$ 29.549, 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.

(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>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand and revolving funds	\$ 372	\$ 301
Checking accounts and demand deposits	47,578	108,375
Time deposits (maturity within three months)	<u>1,945</u>	<u>306,824</u>
Total	<u>\$ 49,895</u>	<u>\$ 415,500</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	December 31, 2021	December 31, 2020
Current items:		
Time deposits with maturity over three months	\$ 1,605,638	\$ 1,205,395
Time deposits pledged	412,361	267,965
Total	\$ 2,017,999	\$ 1,473,360
Non-current items:		
Time deposits with maturity over one year	\$ -	\$ -

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

	Year ended December 31,	
	2021	2020
Interest income	\$ 95,455	\$ 98,736

B. As at December 31, 2021 and 2020, 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 \$2,017,999 and \$1,473,360, 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).

(3) Notes and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable	\$ 35	\$ -
Accounts receivable	\$ 45,967	\$ 49,835
Less: Loss allowance	(2,042)	(712)
	\$ 43,925	\$ 49,123

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

	December 31, 2021		December 31, 2020	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 36,853	\$ 35	\$ 43,228	\$ -
1 to 90 days	7,255	-	5,526	-
91 to 180 days	-	-	809	-
Over 181 days	1,859	-	272	-
	\$ 45,967	\$ 35	\$ 49,835	\$ -

The above ageing analysis was based on past due date.

B. As at December 31, 2021 and 2020, accounts receivable were all from contracts with customers. As of January 1, 2020, the balance of receivables from contracts with customers amounted to \$74,527.

C. As at December 31, 2021 and 2020, 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 were \$35 and \$0; \$43,925 and \$49,123, respectively.

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

(4) Inventories

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Merchandise inventory	\$ 4,228	\$ 6,710
Finished goods	127,934	124,934
Raw materials	174,800	212,801
Inventory in transit	75,080	47,072
	<u>\$ 382,042</u>	<u>\$ 391,517</u>

For the years ended December 31, 2021 and 2020, the amounts of cost of goods sold which were related with inventories amounted to \$1,128,060 and \$1,211,324, respectively, including loss on decline in market value of \$10,578 and \$2,246, respectively.

(5) Other current and non-current assets

<u>Items</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current assets:		
Prepayment for purchases	\$ 6,431	\$ 10,667
Excess business tax paid	46,501	22,860
Others	4,096	11,478
Total	<u>\$ 57,028</u>	<u>\$ 45,005</u>
Non-current assets:		
Prepayments for business facilities	\$ 36,964	\$ 15,486
Guarantee deposits paid	4,762	17,489
Others	2,673	4,122
Total	<u>\$ 44,399</u>	<u>\$ 37,097</u>

(6) Property, plant and equipment

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		Owner-occupied				
At January 1	\$ 149,291	\$	625,125	\$	35,270	\$	33,309	\$	11,232	\$	167	\$	55,368	\$	909,762		
Cost	(44,525)	(	404,558)	(	24,595)	(	16,178)	(	10,356)	(	167)	(	-	(	500,379)
Accumulated depreciation and impairment	\$ 104,766	\$	220,567	\$	10,675	\$	17,131	\$	876	\$	-	\$	55,368	\$	409,383		
At January 1	\$ 104,766	\$	220,567	\$	10,675	\$	17,131	\$	876	\$	-	\$	55,368	\$	409,383		
Additions	2,159		1,307		664		2,557		73		-		39,401		46,161		
Reclassifications	54,488		8,806		-		-		3,868		-		66,748		414		
Depreciation expense	(11,567)	(	64,688)	(	2,661)	(	4,262)	(	1,194)	(	-	(	-	(	84,372)
Net exchange differences	(2,231)	(	2,470)	(	160)	(	422)	(	9)	(	-	(	-	(	6,097)
At December 31	\$ 147,615	\$	163,522	\$	8,518	\$	15,004	\$	3,614	\$	-	\$	27,216	\$	365,489		
At December 31	\$ 202,885	\$	626,201	\$	35,387	\$	34,993	\$	15,013	\$	167	\$	27,216	\$	941,862		
Cost	(55,270)	(462,679)	(26,869)	(19,989)	(11,399)	(167)	(-	(-	(576,373)
Accumulated depreciation and impairment	\$ 147,615	\$	163,522	\$	8,518	\$	15,004	\$	3,614	\$	-	\$	27,216	\$	365,489		

2020

	2020									
	Machinery and equipment					Unfinished				
	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Leasehold improvements	Construction	Total		
Owner-occupied	Owner-occupied	Owner-occupied	Owner-occupied	Owner-occupied	Owner-occupied	Owner-occupied				
At January 1	\$ 156,364	\$ 653,181	\$ 36,256	\$ 34,717	\$ 11,836	\$ 167	\$ 27,960	\$ 920,481		
Cost	(37,165)	(351,615)	(22,026)	(11,948)	(9,898)	(167)	-	(432,819)		
Accumulated depreciation and impairment	\$ 119,199	\$ 301,566	\$ 14,230	\$ 22,769	\$ 1,938	\$ -	\$ 27,960	\$ 487,662		
At January 1	\$ 119,199	\$ 301,566	\$ 14,230	\$ 22,769	\$ 1,938	\$ -	\$ 27,960	\$ 487,662		
Additions	206	1,987	750	259	-	-	30,999	34,201		
Disposals	(39)	-	(-)	(67)	(50)	-	-	(156)		
Reclassifications	334	1,035	-	-	-	-	(1,369)	-		
Transferred from prepayments for business facilities	-	-	-	123	-	-	-	123		
Depreciation expense	(9,426)	(70,530)	(3,723)	(4,985)	(952)	-	-	(89,616)		
Net exchange differences	(5,508)	(13,491)	(582)	(968)	(60)	-	(2,222)	(22,831)		
At December 31	\$ 104,766	\$ 220,567	\$ 10,675	\$ 17,131	\$ 876	\$ -	\$ 55,368	\$ 409,383		
At December 31	\$ 149,291	\$ 625,125	\$ 35,270	\$ 33,309	\$ 11,232	\$ 167	\$ 55,368	\$ 909,762		
Cost	(44,525)	(404,558)	(24,595)	(16,178)	(10,356)	(167)	-	(500,379)		
Accumulated depreciation and impairment	\$ 104,766	\$ 220,567	\$ 10,675	\$ 17,131	\$ 876	\$ -	\$ 55,368	\$ 409,383		

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:

	<u>Year ended December 31, 2021</u>	
Amount capitalised	\$	431
Range of the interest rates for capitalisation		3.30%

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:

	<u>December 31, 2021</u>		<u>December 31, 2020</u>	
	Carrying amount		Carrying amount	
Land	\$	249,727	\$	123,072
Buildings		2,146		6,928
	\$	<u>251,873</u>	\$	<u>130,000</u>

	<u>Years ended December 31,</u>			
	<u>2021</u>	<u>2020</u>		
	Depreciation expense			
Land	\$	6,125	\$	2,963
Buildings		4,704		5,317
	\$	<u>10,829</u>	\$	<u>8,280</u>

C. For the years ended December 31, 2021 and 2020, the Group has additions of right-of-use assets in the amounts of \$137,607 and \$0, respectively.

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

	<u>Year ended December 31,</u>			
	<u>2021</u>	<u>2020</u>		
<u>Items affecting profit or loss</u>				
Interest expense on lease liabilities	\$	158	\$	299
Expense on short-term lease contracts		6,114		3,836

E. For the years ended December 31, 2021 and 2020, the total cash outflow from lease was \$11,812 and \$9,349, 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	December 31, 2021	December 31, 2020
Bank borrowings		
Secured borrowings	\$ 236,764	\$ 180,921
Unsecured borrowings	987,271	808,360
	\$ 1,224,035	\$ 989,281

A. On December 31, 2021 and 2020, the interest rates of bank borrowings were 0.92%~4.30% and 0.95%~2.12%, respectively.

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

(9) Other payables

	December 31, 2021	December 31, 2020
Salary and bonus payable (Including employees' compensation and directors' and supervisors' remuneration payable)	\$ 21,284	\$ 24,657
Payables for machinery and equipment	9,890	10,496
Construction retainage received	3,684	3,563
Other payables, others	39,719	30,287
	\$ 74,577	\$ 69,003

(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 \$334 and \$344 for the years ended December 31, 2021 and 2020, 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>December 31, 2021</u>	<u>December 31, 2020</u>
No. of shares authorised (in thousands)	100,000	100,000
Authorised capital	\$ 1,000,000	\$ 1,000,000
Number of shares issued and collected in full (in thousands)	39,270	39,270
Shares issued	\$ 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 2020 and 2019 earnings as approved by the shareholders on August 26, 2021 and June 29, 2020 are as follows:

	Year ended December 31			
	2020		2019	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 38,680		\$ 34,516	
Special reserve	86,696		39,091	
Cash dividend declared	235,620	\$ 6.0	243,474	\$ 6.2

F. The appropriations of 2021 earnings has been resolved at the Board of Directors' meeting on March 10, 2022 as follows:

	Year ended December 31	
	2021	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 27,747	
Special reserve	29,090	
Cash dividend declared	125,664	\$ 3.2

As of the date of this financial report, the appropriations of 2021 earnings has not been resolved by the stockholders' meeting.

(14) Operating revenue

	Year ended December 31,	
	2021	2020
Revenue from contracts with customers	\$ 1,691,428	\$ 1,895,124

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:

	Year ended					
	December 31, 2021	Vietnam	Cambodia	France	Thailand	Others	Total
Revenue from external customer contracts	\$ 815,613	\$ 511,023	\$ 125,900	\$ 126,935	\$ 111,957	\$ 1,691,428
	Year ended					
	December 31, 2020	Vietnam	Cambodia	France	Thailand	Others	Total
Revenue from external customer contracts	\$ 882,699	\$ 609,217	\$ 121,460	\$ 105,218	\$ 176,530	\$ 1,895,124

B. Contract liabilities

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

	December 31, 2021	December 31, 2020	January 1, 2020
Contract liabilities – sales of goods:	\$ 4,511	\$ 5,287	\$ 5,805

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

period

	Year ended December 31,	
	2021	2020
Revenue recognised that was included in the contract liability balance at the beginning of the period	\$ 5,287	\$ 5,805

(15) Interest income

	Year ended December 31,	
	2021	2020
Interest income from bank deposits	\$ 493	\$ 1,566
Financial assets at amortised cost		
Interest income	95,455	98,736
Others	4	3
	\$ 95,952	\$ 100,305

(16) Other income

	Year ended December 31,	
	2021	2020
Dividend income	\$ -	\$ 91
Others	1,715	878
	\$ 1,715	\$ 969

(17) Other gains and losses

	Year ended December 31,	
	2021	2020
Net currency exchange gains	\$ 7,514	\$ 1,820
Miscellaneous disbursements	(593)	(1,430)
	\$ 6,921	\$ 390

(18) Finance costs

	Year ended December 31,	
	2021	2020
Interest expense:		
Bank borrowings	\$ 14,160	\$ 14,283
Lease liability	158	312
Less: amount of borrowing costs capitalised as part of property, plant and equipment	(431)	-
	\$ 13,887	\$ 14,595

(19) Expenses by nature

	Year ended December 31,	
	2021	2020
Employee benefit expense	\$ 207,143	\$ 211,837
Depreciation charges on property, plant and equipment	84,372	89,772
Depreciation expense of right-of-use assets	10,829	8,280
Amortisation charges on intangible assets	491	525
	<u>\$ 302,835</u>	<u>\$ 310,414</u>

(20) Employee benefit expense

	Year ended December 31,	
	2021	2020
Salary expense	\$ 183,073	\$ 185,397
Labor and health insurance expense	18,951	20,595
Other personnel expenses	5,119	5,845
	<u>\$ 207,143</u>	<u>\$ 211,837</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 years ended December 31, 2021 and 2020, employees' compensation was accrued at \$8,550 and \$8,800, respectively; directors' remuneration was accrued at \$880 and \$940, respectively. The aforementioned amounts were recognised in salary expenses.

For the year ended December 31, 2021, the employees' compensation and directors' remuneration were estimated and accrued based on 2.5% and 0.3% of distributable 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 \$8,800 and \$940, respectively. The difference of \$2,110 between the amounts of employees' compensation and directors' remuneration as resolved by the Board of Directors in the amounts of \$10,970 and \$880 and the amount recognised in the 2020 financial statements had been adjusted in the profit or loss of 2021.

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:

	Year ended December 31,	
	2021	2020
Current tax:		
Current tax on profits for the period	\$ 45,886	\$ 52,141
Income tax adjustment	(213)	(628)
Total current tax	<u>45,673</u>	<u>51,513</u>
Deferred tax:		
Origination and reversal of temporary differences	(1,123)	(326)
Total deferred tax	(1,123)	(326)
Income tax expense	<u>\$ 44,550</u>	<u>\$ 51,187</u>

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31,	
	2021	2020
Tax calculated based on profit before tax and statutory tax rate (note)	\$ 48,099	\$ 62,705
Effect from changes in tax regulation	1,651	2,091
Taxable loss not recognised as deferred tax assets	2,026	1,364
Effect from investment tax credits	(7,060)	(14,345)
Prior year income tax overestimation	(213)	(628)
Others	47	-
Income tax expense	<u>\$ 44,550</u>	<u>\$ 51,187</u>

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	2021			
	January 1	Recognised in profit or loss	Translation differences	December 31
Deferred tax assets:				
— Temporary differences:				
Expenses payable	\$ 4,753	\$ 27	\$ -	\$ 4,780
Allowance for valuation loss	1,552	809	(23)	2,338
Unrealized termination benefits	597	170	(10)	757
Allowance for uncollectible accounts	149	144	(3)	290
Others	189	9	(1)	197
Total	<u>\$ 7,240</u>	<u>\$ 1,159</u>	<u>(\$ 37)</u>	<u>\$ 8,362</u>
Deferred tax liabilities:				
— Temporary differences:				
Unrealised exchange gain	<u>\$ 1</u>	<u>(\$ 1)</u>	<u>\$ -</u>	<u>\$ -</u>

		2020			
		January 1	Recognised in profit or loss	Translation differences	December 31
Deferred tax assets:					
– Temporary differences:					
Expenses payable	\$	4,973	\$ 13	(\$ 233)	\$ 4,753
Allowance for valuation loss		1,531	93	(72)	1,552
Unrealized termination benefits		625	-	(28)	597
Allowance for uncollectible accounts		37	114	(2)	149
Others		188	10	(9)	189
Total	\$	7,354	\$ 230	(\$ 344)	\$ 7,240
Deferred tax liabilities:					
– Temporary differences:					
Unrealised exchange gain	\$	101	(\$ 96)	(\$ 4)	\$ 1

D. 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

		Year ended December 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	\$	278,195	39,270	\$ 7.08
<u>Diluted earnings per share</u>				
Profit attributable to ordinary shareholders of the parent		278,195	39,270	
Assumed conversion of all dilutive potential ordinary shares				
Employees' compensation		-	97	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$	278,195	39,367	\$ 7.07

	Year ended December 31, 2020		
	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	\$ 391,080	39,270	\$ 9.96
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	391,080	39,270	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	72	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 391,080	39,342	\$ 9.94

(23) Supplemental cash flow information

A. Investing activities with partial cash payments :

	Year ended December 31,	
	2021	2020
Purchase of property, plant and equipment	\$ 46,161	\$ 34,201
Add: Opening balance of payable on equipment	10,496	11,049
Less: Ending balance of payable on equipment	(9,890)	(10,496)
Cash paid during the period	\$ 46,767	\$ 34,754

(24) Changes in liabilities from financing activities

	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	277,682	(28)	(5,698)	271,956
Changes in acquisition	-	-	5,046	5,046
Impact of changes in foreign exchange rate	(42,928)	-	66	(42,862)
At December 31	\$ 1,224,035	\$ 1,094	\$ 6,120	\$ 1,231,249

	2020			
	Short-term borrowings	Guarantee deposits received	Lease liability	Liabilities from financing activities-gross
At January 1	\$ 604,254	\$ 1,181	\$ 12,644	\$ 618,079
Changes in cash flow from financing activities	430,854	-	(5,513)	425,341
Impact of changes in foreign exchange rate	(45,827)	(59)	(425)	(46,311)
At December 31	<u>\$ 989,281</u>	<u>\$ 1,122</u>	<u>\$ 6,706</u>	<u>\$ 997,109</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 December 31, 2021 and 2020, the bank borrowings of the Group were jointly guaranteed by the Chairman and his spouse.

(3) Key management compensation

	Year ended December 31,	
	2021	2020
Salaries and other short-term employee benefits	\$ 20,277	\$ 33,239

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:

Pledged asset	Book value		Purpose
	December 31, 2021	December 31, 2020	
Time deposits (shown as financial assets at amortised cost)	\$ 412,361	\$ 267,965	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:

	December 31, 2021	December 31, 2020
Property, plant and equipment	\$ 175,198	\$ -

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

The Group passes the appropriations of 2021 earnings through the Board of Directors on March 10, 2022, please refer to Note 6(13).

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>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial assets at amortised cost		
Cash and cash equivalents	\$ 49,895	\$ 415,500
Financial assets at amortised cost	2,017,999	1,473,360
Notes receivable	35	-
Accounts receivable	43,925	49,123
Other receivables	40,038	35,622
Guarantee deposits paid	4,762	17,489
	<u>\$ 2,156,654</u>	<u>\$ 1,991,094</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 1,224,035	\$ 989,281
Accounts payable	135,204	118,348
Other payables	74,577	69,003
Guarantee deposits received	1,094	1,122
	<u>\$ 1,434,910</u>	<u>\$ 1,177,754</u>
Lease liability	<u>\$ 6,120</u>	<u>\$ 6,706</u>

B. Management objective and policy for financial risk

The Group's primary financial instruments include accounts receivable, other receivables, accounts payable, other payables, borrowings and lease liabilities. 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:

	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

	December 31, 2020		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:VND	\$ 1,386	\$ 23,236	\$ 39,472
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:VND	\$ 10,008	\$ 23,236	\$ 285,025

- iii. For the years ended December 31, 2021 and 2020, 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 \$7,514 and \$1,820, respectively.
- iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2021		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:VND	1%	\$ 379	\$ -
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:VND	1%	\$ 3,865	\$ -

	Year ended December 31, 2020		
	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%	\$ 395	\$ -
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:VND	1%	\$ 2,850	\$ -

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 years ended December 31, 2021 and 2020 would have decreased/increased by \$3,060 and \$2,473, 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 December 31, 2021 and 2020, 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 December 31, 2020, the Group's expected credit losses of accounts receivable that were not past due were not significant. As of December 31, 2021, 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 December 31, 2021</u>					
Expected loss rate	0.03%	0.5%~63.91%	70.22%~100%	100%	
Total book value	\$ 36,853	\$ 7,255	\$ -	\$ 1,859	\$ 45,967
Loss allowance	\$ 11	\$ 172	\$ -	\$ 1,859	\$ 2,042

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

	2021	2020
At January 1	\$ 712	\$ 150
Provision for impairment	1,369	591
Effect of exchange rate changes	(39)	(29)
At December 31	\$ 2,042	\$ 712

(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

<u>December 31, 2021</u>	<u>Less than 1 year</u>	<u>Between 1 and 5 year(s)</u>	<u>Over 5 years</u>
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

<u>December 31, 2020</u>	<u>Less than 1 year</u>	<u>Between 1 and 5 year(s)</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 994,084	\$ -	\$ -
Accounts payable	118,348	-	-
Other Payable	69,003	-	-
Lease liability	5,285	1,732	-
Guarantee deposits received	-	-	1,122

Credit Line

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Amount drawn	\$ 1,224,035	\$ 989,281
Undrawn borrowing facilities	555,457	1,100,406
	<u>\$ 1,779,492</u>	<u>\$ 2,089,687</u>

(3) Others

In response to the Covid-19 pandemic, the Group adopted countermeasures accordingly and continually manages related affairs. The effects of the pandemic were taken into consideration when the Group assessed its operations. The Vietnam and Cambodia subsidiaries cooperated with the various anti-epidemic measures promoted by the local governments. Although there were temporary shut downs during the periods, employees gradually came back to work after the coronavirus outbreak. There was no significant effect on the operations of each entity in the Group as a result of the pandemic and the prevention measures which were imposed by the local governments.

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: Please refer to table 1.
- 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 2.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 3.

(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 4.

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
Year ended December 31, 2021					
Revenue from external customers	\$ 1,351,848	\$ 296,945	\$ 42,635	\$ -	\$ 1,691,428
Inter-segment revenue	27,801	-	104,017	(131,818)	-
Total segment revenue	<u>\$ 1,379,649</u>	<u>\$ 296,945</u>	<u>\$ 146,652</u>	<u>(\$ 131,818)</u>	<u>\$ 1,691,428</u>
Operating income	<u>\$ 188,232</u>	<u>\$ 29,849</u>	<u>\$ 35,249</u>	<u>(\$ 21,286)</u>	<u>\$ 232,044</u>

Year ended December 31, 2020	TAISUN	WINSUN	Other entities	Adjustment	Total
	VIETNAM CO., LTD	(CAMBODIA) CO., LTD. (Cambodia)			
Revenue from external customers	\$ 1,452,892	\$ 369,074	\$ 73,158	\$ -	\$ 1,895,124
Inter-segment revenue	57,400	-	104,269	(161,669)	-
Total segment revenue	<u>\$ 1,510,292</u>	<u>\$ 369,074</u>	<u>\$ 177,427</u>	<u>(\$ 161,669)</u>	<u>\$ 1,895,124</u>
Operating income	<u>\$ 246,782</u>	<u>\$ 103,824</u>	<u>\$ 12,794</u>	<u>(\$ 8,202)</u>	<u>\$ 355,198</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 years ended December 31, 2021 and 2020 is provided as follows:

	Year ended December 31,	
	2021	2020
Reportable segments income	\$ 253,330	\$ 363,400
Adjustment and write-offs	(21,286)	(8,202)
Total segments	232,044	355,198
Interest income	95,952	100,305
Exchange gains	7,514	1,820
Finance costs	(13,887)	(14,595)
Others	1,122	(461)
Income before tax from continuing operations	<u>\$ 322,745</u>	<u>\$ 442,267</u>

(4) Geographical information

Geographical information for the years ended December 31, 2021 and 2020 is as follows:

	Year ended December 31, 2021		Year ended December 31, 2020	
	Revenue	Non-current assets	Revenue	Non-current assets
	Vietnam	\$ 815,613	\$ 466,191	\$ 882,699	$ 342,045
Cambodia	511,023	196,223	609,217	221,290
France	125,900	-	121,460	-
Thailand	126,935	-	105,218	-
Others	111,957	853	176,530	14,106
	<u>\$ 1,691,428</u>	<u>\$ 663,267</u>	<u>\$ 1,895,124</u>	<u>\$ 577,441</u>

(5) Major customer information

The balances of revenue from each customer exceeded 10% of the revenue of the Group for the years ended December 31, 2021 and 2020 is as follows:

	<u>Year ended December 31, 2021</u>		<u>Year ended December 31, 2020</u>	
	<u>Revenue</u>	<u>Segment</u>	<u>Revenue</u>	<u>Segment</u>
Group A		TAISUN VIETNAM CO., LTD WINSUN (CAMBODIA) CO., LTD.		TAISUN VIETNAM CO., LTD WINSUN (CAMBODIA) CO., LTD.
	<u>\$ 510,474</u>		<u>\$ 608,618</u>	

TAISUN INT'L (HOLDING) CORP. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

For the years ended December 31, 2021

Table 1

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

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)			
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote (Note 2)
TAIPOLY (FAR EAST) CORPORATION (Mauritius) CO., LTD. (Cambodia)	WINSUN (CAMBODIA) CORPORATION (Cambodia)	Subsidiary to subsidiary	Sale	\$ 104,018	99.98	100% T/T 60 days after B/L date	No significant difference from general customers	No significant difference from general customers	\$ 13,761	99.39	

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

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

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

TAISUN INT'L (HOLDING) CORP. AND SUBSIDIARIES
 Significant inter-company transactions during the reporting periods
 For the years ended December 31, 2021
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

Table 2

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
1	TAISUN VIE/INAM CO., LTD (VN)	Taisun Int'l (Holding) Corp.	2	Sale	\$ 25,427	No significant difference from general customers	1.50
2	TAIPOLY (FAR EAST) CORPORATION (Mauritius)	WINSUN (CAMBODIA) CO., LTD. (Cambodia)	3	Sale	104,018	No significant difference from general customers	6.15

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 years ended December 31, 2021

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

Table 3

Investor	Investee	Location	Main business activities	Initial investment amount (Note 1)		Shares held as at December 31, 2021		Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company year ended December 31, 2021	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)				Book value
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	\$ 1,536,834	\$ 202,493	\$ 202,493
	TAIPOLY (FAR EAST) CORPORATION (Mauritius)	Mauritius	Trading	5,450 (USD 180)	5,450 (USD 180)	-	100.00	17,358	47,107	47,107
	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	602,068	57,095	57,095
	AB CARE (SINGAPORE) PTE. LTD.	Singapore	Trading	299,040 (USD 10,500)	299,040 (USD 10,500)	-	100.00	295,899	2,965	2,965
WINSUN (CAMBODIA) CO., LTD. (Cambodia)	WINSUN TRADE COMPANY LIMITED (VN)	Vietnam	Trading	14,773 (USD 500)	14,773 (USD 500)	-	100.00	15,760	235	235 Note 2
AB CARE (SINGAPORE) PTE. LTD.	CHAO MED 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)	-	-	100.00	282,985	3,632	3,632

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

Note 2: On February 15, 2022, this subsidiary has cancelled the registration.

TAISUN INT'L (HOLDING) CORP. AND SUBSIDIARIES

Major shareholders information

December 31, 2021

Table 4

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.