

**TAISUN ENTERPRISE CO., LTD.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2020 and 2019**

Address: No.6, Xinggong Rd., Tianzhong Township, Changhua County 520, Taiwan
(R.O.C.)
Telephone: 886-4-874-2211

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Representation Letter	3
4. Independent Auditors' Report	4
5. Consolidated Balance Sheets	5
6. Consolidated Statements of Comprehensive Income	6
7. Consolidated Statements of Changes in Equity	7
8. Consolidated Statements of Cash Flows	8
9. Notes to the Consolidated Financial Statements	
(1) Company history	9
(2) Approval date and procedures of the consolidated financial statements	9
(3) New standards, amendments and interpretations adopted	9~10
(4) Summary of significant accounting policies	10~28
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	29
(6) Explanation of significant accounts	30~68
(7) Related-party transactions	69~71
(8) Pledged assets	71
(9) Commitments and contingencies	71
(10) Losses Due to Major Disasters	72
(11) Subsequent Events	72
(12) Other	72
(13) Other disclosures	
(a) Information on significant transactions	73~76
(b) Information on investees	76~77
(c) Information on investment in mainland China	77
(d) Major shareholders	78
(14) Segment information	78~79

Representation Letter

The entities that are required to be included in the combined financial statements of Taisun Enterprise Co., Ltd. as of and for the year ended December 31, 2020 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises, are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Taisun Enterprise Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Taisun Enterprise Co., Ltd.

Chairman: CHAN, YI-HUNG

Date: March 25, 2021



安侯建業聯合會計師事務所

KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

Telephone 電話 + 886 2 8101 6666
Fax 傳真 + 886 2 8101 6667
Internet 網址 home.kpmg/tw

Independent Auditors' Report

To the Board of Directors of Taisun Enterprise Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Taisun Enterprise Co., Ltd. ("the Company"), and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted 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 Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition

Please refer to Note 4(r) "Revenue" and Note 6(v) "Revenue from Contracts with Customers" for details on revenue recognition.

Description of key audit matter:

The Group engages in the manufacturing and sales of cooking oil, food, beverages and aquafeeds. Revenue recognition on the sales of the Group's products is the timing of the transfer of control of the product depending on the individual terms with the customers, as well as the terms of acceptance and return of goods based on the sale contracts between the Group and its customers. There is risk of misstatement when the timing of revenue recognition is earlier than the transfers of control. It may result in inappropriate revenue recognition. Therefore, revenue recognition is considered as one of our key audit matters.

Our audit procedures include:

Understanding and evaluating the design, operation and implantation of the effectiveness of internal control on revenue recognition; understanding the major types of revenue, contract terms and transaction terms to determine the appropriateness timing of revenue recognition; also random sampling of major customers and reviewing their contracts and sales orders to evaluate revenue recognition; random sampling of transaction records of sales within the balance sheet date and obtaining the related transaction documents to evaluate the appropriateness of timing of revenue recognition.

We also assessed whether the Group's disclosure of information on revenue recognition was appropriate.

2. Accounts receivable evaluation

Please refer to Note 4(g) for accounting policy about accounts receivable evaluation, Note 5(a) for estimation of accounts receivable evaluation, and Note 6(d) for impairment evaluation of notes receivable, accounts receivable and other receivables.

Description of key audit matter:

Since the Group's accounts receivable stands a significant ratio in the total asset of the consolidated statement of financial position, and the collectability of accounts receivable is subjected to the subjective judgement the management, the impairment of accounts receivable is deemed to be one of our key audit matters.

Our audit procedures include:

Assessing the appropriateness of accounts receivable and acquiring the estimations and historical trend of collection from relevant authorities; obtaining the aging analysis of accounts receivable and examining relevant documents to verify the accuracy of the aging period; understanding the long overdue accounts receivable of major customers to identify whether signs of impairment loss exist in order to assess the appropriateness of provision for doubtful accounts; and evaluating the reasonableness of the judgement of the managements based on the subsequent collection of accounts receivable.

We also assessed whether the Group's disclosure of information on account receivables was appropriate.

3. Inventory valuation

Please refer to Note 4(h) for consolidated financial statement for accounting policies on measuring inventory, and for assumptions used and uncertainties of inventory, please refer to Note 5(b). For inventory falling price loss and loss on obsolescence, please refer to Note 6(f).

Description of key audit matter:

The inventory of the Group is key asset for the company's operations. The inventory is evaluated whether the product is sluggish due to the fluctuations of the market. Therefore, the inventory evaluation test is one our key audit matters.

Our audit procedures include:

Testing the accuracy of the inventory aging report by sampling the nature of the inventory; evaluating the rationality of the management's judgement on the proportion of slow moving inventories; examining the latest sales price of inventory to determine whether the sales promotion rate is reasonable; assessing whether the allowance on inventory recognized by the management is reasonable.

We also assessed whether the Group's disclosure of information on inventory allowances was appropriate.

Other Matter

We did not audit the financial statements of associates. Those statements were audited by other auditors, and our opinion, insofar as it relates to the amounts included for those associates, is based solely on the report of the other auditors. The financial statements of these associates reflect the total assets constituting 36.46% and 34.79% of the consolidated total assets at December 31, 2020 and 2019, respectively, and the related share of profit of associates accounted for using the equity method constituting 57.23% and 70.77% of the consolidated total profit before tax for the years then ended, respectively.

The Company has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an unmodified opinion.

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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted 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 auditing standards generally accepted 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 auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial statements. We are responsible for the direction, supervision and performance of the group audit.

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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Kuo-Yang Tseng and Chung-Che Chen.

KPMG

Taipei, Taiwan (Republic of China)

March 25, 2021

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2020		December 31, 2019				December 31, 2020		December 31, 2019	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets						Liabilities and Equity					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note 6(a))	\$ 772,454	9	1,147,024	12	2100	Short-term borrowings (Note 6(l))	\$ 148,027	2	277,609	3
1110	Current financial assets at fair value through profit or loss (Note 6(b))	82,776	1	74,467	1	2110	Short-term notes and bills payable (Note 6(m))	20,000	-	261,000	3
1150	Notes receivable, net (Note 6(d))	137,198	1	125,217	1	2120	Current financial liabilities at fair value through profit or loss (Note 6(b))	853	-	1,451	-
1160	Notes receivable due from related parties, net (Notes 6(d) and 7)	2,700	-	2,318	-	2130	Current contract liabilities (Note 6(v))	39,800	-	45,162	-
1170	Accounts receivable, net (Note 6(d))	654,035	7	613,317	7	2150	Notes payable	1,857	-	5,373	-
1180	Accounts receivable due from related parties, net (Notes 6(d) and 7)	367,324	4	332,721	4	2170	Accounts payable (Notes 6(n) and 7)	526,122	6	457,543	6
1200	Other receivables, net (Note 6(e))	6,970	-	6,127	-	2200	Other payables (Notes 6(r) and (w))	465,552	5	404,415	5
1220	Total current tax assets	1,502	-	-	-	2230	Current tax liabilities (Note 6(s))	29,772	-	32,513	-
1310	Inventories, manufacturing business	572,498	6	680,300	7	2280	Current lease liabilities (Note 6(q))	1,634	-	2,202	-
1400	Current biological assets	21,827	-	14,589	-	2322	Long-term borrowings, current portion (Note 6(o))	-	-	75,000	1
1421	Prepayments to suppliers	287,762	3	181,663	2	2399	Other current liabilities, others (Note 7)	141,629	2	135,950	1
1429	Other prepayments	32,495	-	34,777	-		Total current liabilities	1,375,246	15	1,698,218	19
1460	Non-current assets classified as held for sale, net (Note 6(g))	-	-	6,562	-		Non-Current liabilities:				
1476	Other current financial assets (Notes 6(a) and 8)	272,796	3	329,225	4	2540	Long-term borrowings (Note 6(o))	600,000	7	687,500	7
1479	Other current assets, others	6,334	-	13,305	-	2570	Deferred tax liabilities (Note 6(s))	222,537	2	222,537	2
	Total current assets	3,218,671	34	3,561,612	38	2580	Non-current lease liabilities (Note 6(q))	-	-	1,634	-
	Non-current assets:					2640	Net defined benefit liability, non-current (Note 6(r))	5,576	-	7,745	-
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(c))	172,581	2	61,616	1	2670	Other non-current liabilities, others	5,304	-	6,540	-
1550	Investments accounted for using equity method (Notes 6(h) and 8)	3,368,637	37	3,211,431	35		Total non-current liabilities	833,417	9	925,956	9
1600	Property, plant and equipment (Note 6(i))	1,798,417	20	1,714,062	19		Total liabilities	2,208,663	24	2,624,174	28
1755	Right-of-use assets (Note 6(j))	13,091	-	15,629	-		Equity attributable to owners of parent (Note 6(t)):				
1760	Investment property, net (Note 6(k))	616,818	7	617,829	7	3110	Ordinary share	4,999,990	54	4,999,990	54
1780	Intangible assets	4,411	-	7,045	-	3200	Capital surplus	974,083	11	961,786	10
1830	Non-current biological assets	6,710	-	6,691	-		Retained earnings:				
1840	Deferred tax assets (Note 6(s))	7,659	-	21,895	-	3310	Legal reserve	126,621	1	69,197	1
1915	Prepayments for business facilities	-	-	1,981	-	3320	Special reserve	240,776	3	240,776	3
1975	Net defined benefit asset, non-current (Note 6(r))	21,760	-	-	-	3350	Unappropriated retained earnings	964,748	10	639,083	7
1980	Other non-current financial assets	11,510	-	9,556	-	3400	Other equity interest	(75,877)	(1)	(107,068)	(1)
	Total non-current assets	6,021,594	66	5,667,735	62	3500	Treasury shares	(203,876)	(2)	(203,876)	(2)
							Total equity attributable to owners of parent:	7,026,465	76	6,599,888	72
						36XX	Non-controlling interests	5,137	-	5,285	-
							Total equity	7,031,602	76	6,605,173	72
	Total assets	\$ 9,240,265	100	9,229,347	100		Total liabilities and equity	\$ 9,240,265	100	9,229,347	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2020		2019	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6(v) and 7)	\$ 8,356,125	100	8,000,584	100
5000	Operating costs (Notes 6(f) and 7)	6,715,645	80	6,545,893	82
5910	Less: Unrealized profit (loss) from sales	702	-	721	-
5920	Add: Realized profit (loss) on from sales	721	-	1,500	-
	Gross profit from operations	<u>1,640,499</u>	<u>20</u>	<u>1,455,470</u>	<u>18</u>
	Operating expenses (Notes 6(d), (r), (w) and 7):				
6100	Selling expenses	914,278	11	895,650	11
6200	Administrative expenses	410,072	5	399,766	5
6450	Expected credit gain	(393)	-	(153)	-
	Total operating expenses	<u>1,323,957</u>	<u>16</u>	<u>1,295,263</u>	<u>16</u>
	Net operating income	<u>316,542</u>	<u>4</u>	<u>160,207</u>	<u>2</u>
	Non-operating income and expenses:				
7020	Other gains and losses, net (Note 6(x))	74,482	1	29,135	-
7050	Finance costs, net (Note 6(x))	(14,409)	-	(19,291)	-
7060	Shares of profit of associates and joint ventures accounted for using equity method, net (Note 6(h))	518,573	6	439,965	5
7100	Total interest income	10,862	-	11,620	-
	Total non-operating income and expenses	<u>589,508</u>	<u>7</u>	<u>461,429</u>	<u>5</u>
7900	Profit from continuing operations before tax	906,050	11	621,636	7
7950	Less: Income tax expenses ((Note 6(s))	54,509	1	39,435	-
	Profit	<u>851,541</u>	<u>10</u>	<u>582,201</u>	<u>7</u>
8300	Other comprehensive income (Note 6(r) and (t)):				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	(Losses) gains on remeasurements of defined benefit plans	(12,888)	-	7,654	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	38,568	-	10,631	-
8320	Shares of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(9,873)	-	(5,401)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
		<u>15,807</u>	<u>-</u>	<u>12,884</u>	<u>-</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(2,828)	-	(2,734)	-
8370	Shares of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	-	-	(644)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
		<u>(2,828)</u>	<u>-</u>	<u>(3,378)</u>	<u>-</u>
8300	Other comprehensive income, net	<u>12,979</u>	<u>-</u>	<u>9,506</u>	<u>-</u>
8500	Total comprehensive income	<u>\$ 864,520</u>	<u>10</u>	<u>591,707</u>	<u>7</u>
	Profit, attributable to:				
8610	Owners of parent	\$ 851,078	10	582,073	7
8620	Non-controlling interests	463	-	128	-
	Profit	<u>\$ 851,541</u>	<u>10</u>	<u>582,201</u>	<u>7</u>
	Comprehensive income attributable to:				
8710	Owners of parent	\$ 864,279	10	591,560	7
8720	Non-controlling interests	241	-	147	-
	Total comprehensive income	<u>\$ 864,520</u>	<u>10</u>	<u>591,707</u>	<u>7</u>
	Basic earnings per share (Note 6(u))				
9750	Basic earnings per share	<u>\$ 1.75</u>		<u>1.20</u>	
9850	Diluted earnings per share	<u>\$ 1.74</u>		<u>1.19</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent												
	Share capital	Retained earnings					Total other equity interest				Total equity attributable to owners of parent	Non-controlling interests	Total equity
							Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity interest	Treasury shares				
										Exchange differences on translation of foreign financial statements			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity interest	Treasury shares			
Balance at January 1, 2019	\$ 4,999,990	950,900	22,752	240,776	511,282	774,810	(25,664)	(98,719)	(124,383)	(203,876)	6,397,441	5,268	6,402,709
Profit	-	-	-	-	582,073	582,073	-	-	-	-	582,073	128	582,201
Other comprehensive income	-	-	-	-	4,662	4,662	(3,378)	8,203	4,825	-	9,487	19	9,506
Total comprehensive income	-	-	-	-	586,735	586,735	(3,378)	8,203	4,825	-	591,560	147	591,707
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	46,445	-	(46,445)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(399,999)	(399,999)	-	-	-	-	(399,999)	-	(399,999)
Other changes in capital surplus:													
Adjustments of capital surplus for the Company's cash dividends distributed to subsidiaries	-	10,886	-	-	-	-	-	-	-	-	10,886	-	10,886
Cash dividends contributed to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(130)	(130)
Disposal of investments in equity instruments designated at fair value through other comprehensive income by affiliates through the equity method	-	-	-	-	(12,490)	(12,490)	-	12,490	12,490	-	-	-	-
Balance at December 31, 2019	4,999,990	961,786	69,197	240,776	639,083	949,056	(29,042)	(78,026)	(107,068)	(203,876)	6,599,888	5,285	6,605,173
Profit	-	-	-	-	851,078	851,078	-	-	-	-	851,078	463	851,541
Other comprehensive income	-	-	-	-	(17,404)	(17,404)	(2,828)	33,433	30,605	-	13,201	(222)	12,979
Total comprehensive income	-	-	-	-	833,674	833,674	(2,828)	33,433	30,605	-	864,279	241	864,520
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	57,424	-	(57,424)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(449,999)	(449,999)	-	-	-	-	(449,999)	-	(449,999)
Other changes in capital surplus:													
Adjustments of capital surplus for the Company's cash dividends distributed to subsidiaries	-	12,297	-	-	-	-	-	-	-	-	12,297	-	12,297
Cash dividends contributed to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(389)	(389)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(586)	(586)	-	586	586	-	-	-	-
Balance at December 31, 2020	\$ 4,999,990	974,083	126,621	240,776	964,748	1,332,145	(31,870)	(44,007)	(75,877)	(203,876)	7,026,465	5,137	7,031,602

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from (used in) operating activities:		
Profit before tax	\$ 906,050	621,636
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	93,813	88,693
Amortization expense	2,819	4,700
Expected credit gains	(393)	(153)
Net gains on financial assets or liabilities at fair value through profit or loss	(8,291)	(3,731)
Interest expense	14,409	19,291
Interest income	(10,862)	(11,620)
Dividend income	(6,845)	(5,792)
Shares of profit of associates and joint ventures accounted for using equity method	(518,573)	(439,965)
Gains on disposal of property, plan and equipment	(1,166)	(383)
Gains on disposal of non-current assets classified as held-for-sale	(7,016)	(9,420)
Gain on disposal of investments	(3,755)	-
Unrealized profit from sales	702	721
Realized profit on from sales	(721)	(1,500)
Others	6,000	-
Total adjustments to reconcile profit (loss)	(439,879)	(359,159)
Changes in operating assets and liabilities:		
Increase in current financial assets at fair value through profit or loss	(3,354)	(14,261)
Increase in notes receivable	(11,981)	(2,230)
Increase in notes receivable due from related parties	(382)	(2,318)
Increase in accounts receivable	(40,328)	(55,993)
(Increase) decrease in accounts receivable due from related parties	(34,603)	37,671
(Increase) decrease in other receivables	(820)	195
Decrease (increase) in inventories	108,024	(68,039)
Increase in biological assets	(9,614)	(3,422)
Increase in prepayments	(103,796)	(1,330)
Decrease in other current assets	753	3,698
Increase in defined benefit assets - non-current	(36,279)	-
Increase in financial liabilities at fair value through profit or loss	2,738	2,938
(Decrease) increase in contract liabilities	(5,657)	6,512
Decrease in notes payable	(3,516)	(63,899)
Increase in accounts payable	68,474	173,693
Increase in other payables	56,637	111,176
Increase in other current liabilities	5,502	13,580
Decrease in net defined benefit liabilities	(538)	(28,183)
Total changes in operating assets and liabilities, net	(8,740)	109,788
Total adjustments	(448,619)	(249,371)
Cash inflow generated from operations	457,431	372,265
Interest received	10,862	11,620
Interest paid	(14,409)	(19,291)
Income taxes paid	(44,515)	(3,401)
Net cash flows from operating activities	409,369	361,193

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows (CONT'D)

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(74,388)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	1,314	-
Acquisition of investments accounted for using equity method	-	(12,565)
Proceeds from disposal of investments accounted for using equity method	4,883	-
Proceeds from capital reduction through financial assets at fair value through other comprehensive income	-	5
Proceeds from disposal of non-current assets classified as held-for-sale	12,465	54,312
Acquisition of property, plant and equipment	(175,442)	(124,362)
Proceeds from disposal of property, plant and equipment	12,959	6,029
Acquisition of intangible assets	(186)	-
Increase in other financial assets	(268,354)	(328,082)
Decrease in other financial assets	324,591	-
Increase in prepayments for business facilities	(4,658)	2,312
Dividends received	357,229	317,053
Net cash flows used in investing activities	190,413	(85,298)
Cash flows from (used in) financing activities:		
Increase in short-term loans	6,631,515	7,240,850
Decrease in short-term loans	(6,761,098)	(7,070,241)
Increase in short-term notes and bills payable	2,751,000	4,464,000
Decrease in short-term notes and bills payable	(2,992,000)	(5,023,000)
Proceeds from long-term debt	600,000	650,000
Repayments of long-term debt	(762,500)	(260,248)
Payment of lease liabilities	(2,202)	(2,086)
Increase in other non-current liabilities	(1,244)	(2,460)
Cash dividends paid	(437,702)	(400,129)
Net cash flows used in financing activities	(974,231)	(403,314)
Effect of exchange rate changes on cash and cash equivalents	(121)	(5,104)
Net decrease in cash and cash equivalents	(374,570)	(132,523)
Cash and cash equivalents at beginning of period	1,147,024	1,279,547
Cash and cash equivalents at end of period	\$ 772,454	1,147,024

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Taisun Enterprise Corporation (the “Company”) was established on October 21, 1960 in Taiwan, the Republic of China, with the approval of the Ministry of Economic Affairs. Its registered office is located at No. 6, Xinggong Rd., Tianzhong Township, Changhua County.

The consolidated financial statements of the Company as of December 31, 2020 and 2019 comprised the Company and its subsidiaries (together referred to as “the Group”).

The major business activities of the Company and its subsidiaries (the “Group”) are the manufacturing and sales of cooking oil, food, beverages and aquafeeds.

(2) Approval date and procedures of the consolidated financial statements:

The consolidated financial statements were authorized for issuance by the Board of Directors on March 25, 2021.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2020:

- Amendments to IFRS 3 “Definition of a Business”
- Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate Benchmark Reform”
- Amendments to IAS 1 and IAS 8 “Definition of Material”
- Amendments to IFRS 16 “COVID-19-Related Rent Concessions”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 16 “Property, Plant and Equipmentt – Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(4) Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated in Note 3, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

- (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C.

- (b) Basis of preparation

- (i) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the balance sheets:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Fair value through other comprehensive income are measured at fair value;
- 3) The net defined benefit liability is recognized as the present value of the defined benefit obligation, less the fair value of plan assets and evaluation on the impact of upper limit in Note 6(s).

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Functional and presentation currency

The functional currency of each Group entities is determined based on the primary economic environment in which the entities operate. The consolidated financial statements are presented in New Taiwan Dollar, which is the Company's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The Group attributes the profit or loss and each component of other comprehensive income 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.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized income arising from investment accounted for using equity method is eliminated against the Company invested in its subsidiaries. The accounting treatment for unrealized loss is the same as that for unrealized income only when there is no indication of impairment.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) List of subsidiaries included in the consolidated financial statements

Investor Company	Subsidiary	Nature of business	Shareholding ratio		Notes
			December 31, 2020	December 31, 2019	
The Company	PIN-TAI DISTRIBUTION, ENTERPRISE CO., LTD.	Wholesaler of cooking oil and food	99.93 %	99.93 %	A subsidiary that the Company directly holds more than 50% of its shares.
The Group	TAIWAN NIKOMART CO., LTD.	Operating Chained Convenience Stores	98.12 %	98.12 %	A subsidiary that the Group directly (indirectly) holds more than 50% of its shares.
The Group	PIONEER TRAFFIC CO., LTD.	Logistics	97.42 %	97.42 %	A subsidiary that the Group directly holds more than 50% of its shares.
The Company	TAISUN YUAN CO., LTD.	Investment Management	100.00 %	100.00 %	A subsidiary that the Company directly holds more than 50% of its shares.

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Investor Company	Subsidiary	Nature of business	Shareholding ratio		Notes
			December 31, 2020	December 31, 2019	
The Company	TAISUN (CAYMAN) INVESTMENT LTD.	Investment	100.00 %	100.00 %	A subsidiary that the Company directly holds more than 50% of its shares.
TAISUN (CAYMAN) INVESTMENT LTD.	TAISUN ENTERPRISE (ZHANGZHOU) FOODS LTD.	Produce and sell food, beverage, snacks and canned products	100.00 %	100.00 %	A subsidiary that TAISUN (CAYMAN) directly holds more than 50% of its shares.
TAISUN ENTERPRISE (ZHANGZHOU) FOODS LTD.	TAISUN (HERBAL) LTD.	Beverage	- %	100.00 %	A subsidiary that TAISUN ENTERPRISE (ZHANGZHOU) directly holds more than 50% of its shares.

Note: Completed the cancellation in April 2020.

(iii) Subsidiaries excluded from consolidation : None.

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences related to an investment in equity securities designated as at fair value through other comprehensive income, which is recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from, or payable to, a foreign operation is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current when :

- (i) It is expected to be realized, or intended to be sold or consumed, during the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash and cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- (i) It is expected to be settled within the Group's normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) The liability is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are assets that are readily convertible to known amounts of cash, and are subject to an insignificant risk of changes in their fair value.

Time deposits are accounted under cash and cash equivalents if they are in accord with the definition aforementioned definition, and are held for the purpose of meeting short-term cash commitment rather than for investment or other purpose.

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(g) Financial instruments

Account receivables initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value, plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost, Fair Value through Other Comprehensive Income (FVOCI) – debt investment, FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. Trade receivables that the Group intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the 'trade receivables' line item. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivable, other receivables, leases receivable, guarantee deposits paid and other financial assets), debt investments measured at FVOCI and contract assets.

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment, as well as forward-looking information.

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade which is considered to be BBB- or higher per Standard & Poor’s, Baa3 or higher per Moody’s or twA or higher per Taiwan Ratings’.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 365 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 365 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;
or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers the assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value, and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense, and foreign exchange gains and losses, are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The replacement cost of raw material is its net realizable value.

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Biological assets

Biological assets are measured at fair value, less costs to sell on initial recognition and at the end of each reporting period. Costs to sell are the incremental costs directly attributable to the disposal of the assets, excluding finance costs and income taxes. Gains and losses arising on initial recognized of biological assets at fair value, less costs to sell, and from changes in fair value, less costs to sell of biological assets, are recognized in profit or loss for the period in which they arise.

(j) Non-current assets held-for-sale

Non-current assets that are expected highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held-for-sale. Immediately before classification as held-for-sale or held-for-distribution to owners, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount and fair value, less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a *pro rata* basis, except that no loss is allocated to assets not within the scope of IAS 36 – *Impairment of Assets*. Such assets will continue to be measured in accordance with the Group's accounting policies.

Impairment losses on assets initially classified as held-for-sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized.

Once classified as held-for-sale are to be depreciated or amortized, they are no longer depreciated or amortized.

(k) Investment in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of investment includes transaction costs. The carrying amount of investment in associates includes goodwill arising from the acquisition, less any accumulated impairment losses.

The Group's shares of profit or loss and other comprehensive income of investments accounted for using equity method are included, after adjustments to align the said investees' accounting policies with those of the Group, in the consolidated financial statements from the date on which significant influence commences until the date that significant influence ceases.

Gains and losses resulting from the transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interest in associates, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(l) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income over the term of the lease.

(m) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

(1) Buildings	1 ~ 56 years
(2) Machinery	2 ~ 16 years
(3) Instrument equipment	2 ~ 15 years
(4) Other equipment	2 ~ 16 years

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The major components of the houses and buildings of the Group mainly comprised of main buildings, mechanical and electrical equipments and other equipments. And they are depreciated according to their residual life of 26~56 years, 15~26 years and 3~13 years respectively.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(n) Lease

(i) Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- 1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
- 2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- 3) the customer has the right to direct the use of the asset throughout the period of use only if either:
 - the customer has the right to direct how, and for what purpose, the asset is used throughout the period of use; or
 - the relevant decisions about how, and for what purpose, the asset is used are predetermined and:
 - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
 - the customer designed the asset in a way that predetermines how, and for what purpose, it will be used throughout the period of use.

(ii) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The right-of-use asset is subsequently depreciated using the straight-line method 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. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

Lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents its right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

If an arrangement contains lease and non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group has elected not to recognize the right-of-use assets and lease liabilities for short-term leases of its equipments that have a lease term of 12 months or less and leases of its low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

(o) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses. Regarding investments using the equity method, the carrying amount of goodwill is included in the carrying amount of the investment, and the impairment loss of such investments is not allocated to goodwill and any assets, but as part of the carrying amount of investment using the equity method.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The estimated useful lives for current and comparative periods are as follows:

- | | |
|---------------------------|-----------|
| 1) Computer software cost | 3~5 years |
|---------------------------|-----------|

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(p) Impairment – non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, deferred tax assets and employee benefits) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value-in-use and its fair value, less costs to sell. Value-in-use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(q) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

The group's estimated obligations for dismantling, moving and lease improvements after initial acquisition or subsequent use for a period of time are recognized as costs and liabilities of the asset.

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(r) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sale of goods

The Group manufactures cooking oils, foods and beverages, as well as aquafeeds, and sells them to distributors. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group often offers volume discounts to its customers based on aggregate sales its products over a 12 months period. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the credit term of its sales is consistent with the industry.

The Group sells cooking oils and foods, and pays slotting fees, logistics fees and product display fees, etc. to customers according to the sales and its contracts. Since the payment cannot be exchanged for distinguishable goods or services, it is redeemed as deduction of sales price and income.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Customer loyalty program

The Group operates a customer loyalty program to its retail customers. Retail customers obtain points for purchases made, which entitle them to discount on future purchases. The Group considers that the points provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the points on a relative stand-alone selling price basis. Management estimates the stand-alone selling price per point on the basis of the discount granted when the points are redeemed, and on the basis of the likelihood of redemption, based on past experience. The stand-alone selling price of the product sold is estimated on the basis of the retail price. The Group has recognized contract liability at the time of sale on the basis of the principle mentioned above. Revenue from the award points is recognized when the points are redeemed or when they expire.

3) Management services

The Group provides business transportation services. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided.

4) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and the payment made by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(s) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plans

The Group's net obligation in respect of the defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of the defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as related services are provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(t) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(u) Earnings per share

Disclosures are made of basic and diluted earnings per share attributable to ordinary equity holders of the Group. The basic earnings per share are calculated based on the profit attributable to the ordinary shareholders of the Group divided by weighted-average number of ordinary shares outstanding. The diluted earnings per share are calculated based on the profit attributable to the ordinary shareholders of the Group, divided by weighted-average number of ordinary shares outstanding after adjustment for the effects of all potential dilutive ordinary shares, such as convertible bonds and employee stock options.

(v) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may incur revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. It recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment and COVID 19 within the next financial year are as follows:

(a) Impairment of trade receivable

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding possible future credit losses) discounted at the financial asset's original effective interest rate. When the actual future cash flows are less than expected, a material impairment loss may arise. Please refer to Notes 6(d) for further description of the impairment of trade receivable.

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to Note 6(f) for further description of the valuation of inventories.

The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

Please refer to notes listed as below for assumptions used in measuring fair value.

(a) Note 6(k) , Investment property

(b) Note 6(y) , Financial instruments

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand and petty cash	\$ 917	1,044
Check deposits	30,969	51,332
Cash in banks	671,689	671,013
Time deposits	56,886	226,494
Cash equivalents	<u>11,993</u>	<u>197,141</u>
Cash and cash equivalents	<u>\$ 772,454</u>	<u>1,147,024</u>

The deposit accounts of \$125,980 thousand and \$211,812 thousand, which did not meet the definition of cash and cash equivalents and were not restricted, were classified as other financial assets-current for the years ended December 31, 2020 and 2019, respectively.

Please refer to Note 6(y) for the fair value sensitivity analysis and interest rate risk of the financial assets and liabilities.

(b) Financial assets and liabilities at fair value through profit or loss

	December 31, 2020	December 31, 2019
Assets mandatorily measured at fair value through profit or loss:		
Derivative instruments not used for hedging		
Forward exchange contracts	\$ 1,369	109
Non-derivative financial assets		
Stocks listed on domestic markets	51,072	44,718
Beneficiary certificates openfunds	<u>30,335</u>	<u>29,640</u>
Total	<u>\$ 82,776</u>	<u>74,467</u>
Liabilities mandatorily measured at fair value through profit or loss:		
Non-derivative financial liabilities		
Forward exchange contracts	<u>\$ 853</u>	<u>1,451</u>

(i) Please refer to Note 6(y) for re-measurement at fair value recognized in profit or loss.

(ii) The aforesaid financial assets were not pledged as collateral.

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Derivative instruments not used for hedging

December 31, 2020			
	Contract amount (In thousands)	Exercise price	Exercisr date
Buy option	USD 4,000	27.450~28.055(USD/NTD)	2021.01.19~2021.06.08
Sell option	USD 4,000	27.450~28.055(USD/NTD)	2021.01.19~2021.06.08
December 31, 2019			
	Contract amount (In thousands)	Exercise price	Exercisr date
Buy option	USD 3,000	30.155~30.78(USD/NTD)	2020.01.08~2020.02.05
Sell option	USD 3,000	30.155~30.78(USD/NTD)	2020.01.08~2020.02.05

(c) Non-current financial assets at fair value through other comprehensive income

	December 31, 2020	December 31, 2019
Equity instruments at fair value through other comprehensive income-non current:		
Shares of stock of listed companies	\$ 151,744	45,860
Shares of stock of unlisted companies	2,714	3,055
Shares of stock of overseas unlisted companies	18,123	12,701
Total	\$ 172,581	61,616

- (i) The Group intends to hold its equity investments for long-term strategic purposes, rather than for transaction purposes. Therefore, the investments are measured at FVOCI.
- (ii) On December 31, 2020, the value of the Group at the time of liquidation was \$1,314 thousand and accumulated losses amounted to \$586 thousand, the Group transferred the accumulated losses from other equity to retained earnings.
- (iii) Please refer to Note 6(z) for credit risk and market risk.
- (iv) The aforesaid financial assets were not pledged as collateral.

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Notes and accounts receivable

	December 31, 2020	December 31, 2019
Notes receivable	\$ 137,198	125,217
Notes receivable from related parties	2,700	2,318
Accounts receivable	661,594	620,475
Accounts receivable from related parties	390,134	355,531
Overdue receivables	12,059	24,616
Less : Allowance for impairment	<u>(42,428)</u>	<u>(54,584)</u>
	<u>\$ 1,161,257</u>	<u>1,073,573</u>

The Group applies the simplified approach to provide for the loss allowance used for expected credit losses, which permit the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as forward looking information, including overall economic environment and related industrial information.

The loss allowance provision in food, logistics and bulk materials segments was determined as follow:

	December 31, 2020		
	Gross carrying amount	Expected loss rate	Loss allowance provision
Current	\$ 1,052,013	0~0.69%	7,142
Overdue 0 to 90 days	28,624	0~0.82%	235
Overdue 91 to 180 days	240	0~1.67%	4
Overdue 181 to 270 days	-	6.93~19.76%	-
Overdue 271 to 360 days	-	15.79~41.67%	-
Over 365 days past due	<u>713</u>	100%	<u>713</u>
Total	<u>\$ 1,081,590</u>		<u>8,094</u>

	December 31, 2019		
	Gross carrying amount	Expected loss rate	Loss allowance provision
Current	\$ 965,448	0~0.72%	6,631
Overdue 0 to 90 days	37,454	0.47~0.84%	292
Overdue 91 to 180 days	3	2.47~18.4%	-
Overdue 181 to 270 days	-	8.87~33.56%	-
Overdue 271 to 360 days	2	20.00~53.49%	-
Over 365 days past due	<u>870</u>	100%	<u>870</u>
Total	<u>\$ 1,003,777</u>		<u>7,793</u>

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The loss allowance provision in aquafeed segment was determined as follow:

December 31, 2020			
	Gross carrying amount	Expected loss rate	Loss allowance provision
Current	\$ 85,324	0.13%	107
Overdue 0 to 90 days	2,607	2.71%	71
Overdue 91 to 180 days	9	13.80%	1
Overdue 181 to 270 days	-	16.09%	-
Overdue 271 to 360 days	-	38.84%	-
Over 365 days past due	10,708	100%	10,708
Total	<u><u>\$ 98,648</u></u>		<u><u>10,887</u></u>

December 31, 2019			
	Gross carrying amount	Expected loss rate	Loss allowance provision
Current	\$ 75,416	0.16%	120
Overdue 0 to 90 days	2,200	3.42%	75
Overdue 91 to 180 days	97	17.48%	17
Overdue 181 to 270 days	111	20.37%	23
Overdue 271 to 360 days	-	46.67%	-
Over 365 days past due	10,906	100%	10,906
Total	<u><u>\$ 88,730</u></u>		<u><u>11,141</u></u>

The loss allowance provision at 100% expected loss rate was determined as follow:

December 31, 2020			
	Gross carrying amount	Expected loss rate	Loss allowance provision
Over 365 days past due	<u><u>\$ 23,447</u></u>	100%	<u><u>23,447</u></u>

December 31, 2019			
	Gross carrying amount	Expected loss rate	Loss allowance provision
Over 365 days past due	<u><u>\$ 35,650</u></u>	100%	<u><u>35,650</u></u>

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The movement in the allowance for notes and accounts receivable was as follow:

	For the years ended December 31	
	2020	2019
Balance on January 1	\$ 54,584	276,538
Impairment losses reversed	(393)	(153)
Amounts written off	(11,767)	(221,772)
Foreign exchange losses	4	(29)
Balance on December 31	<u>\$ 42,428</u>	<u>54,584</u>

As of December 31, 2020 and 2019, the financial assets mentioned above were not pledged as collateral.

(e) Other receivables

	December 31, 2020	December 31, 2019
Other receivables	\$ 12,370	14,082
Less: Allowance for impairment	(5,400)	(7,955)
	<u>\$ 6,970</u>	<u>6,127</u>

There were no receivables that were past due but not impaired.

Please refer to Note 6(y) for the Group's notes and accounts receivable exposed to credit risk and currency risk.

The aforesaid financial assets were not pledged as collateral.

(f) Inventories

	December 31, 2020	December 31, 2019
Raw materials	\$ 156,116	298,154
Materials	25,352	21,100
Work in process	104,650	113,665
Finished goods	254,654	221,285
Merchandise	31,726	26,096
	<u>\$ 572,498</u>	<u>680,300</u>

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Other gains or losses from inventories except for cost of goods sold recognized as expenses in the current period:

	For the Years Ended December 31	
	2020	2019
Operating cost		
Inventory falling price loss (gain) from price recovery of inventory	(1,738)	6,047
Revenue from sale of scraps	(4,864)	(5,013)
(Gain) losses on physical inventory	(4,283)	1,275
Losses on disposal	7,976	7,787
Operating expenses	<u>25,712</u>	<u>30,072</u>
	<u>\$ 22,803</u>	<u>40,168</u>

For the year ended December 31, 2020, the Group recognized a gain from the reversal of allowance for inventory valuation loss resulting from destocking. Such gain was deducted from cost of goods sold. For the year ended December 31, 2019, the Group recognized a inventory valuation loss due to the decreasing value from the carrying amount to the net realizable value, resulting in the amount of cost of goods sold to be converted.

As of December 31, 2020 and 2019, the aforesaid inventories were not pledged as collateral.

(g) Non-current assets held-for-sale

- (i) A resolution was made during the board meeting held on November 11, 2016 for the disposal of the real estate of TAISUN ENTERPRISE (ZHANG ZHOU) FOODS LTD., a subsidiary of the Group, to a nonrelated party. The commencement of the related transactions had been executed, with the amounts as follows:

	December 31, 2020	December 31, 2019
Property, plant and equipment	<u>\$ -</u>	<u>6,562</u>

- 1) On November 24 2019, the Group entered into an agreement to sell its real estate and the deposit of RMB100 thousand (NTD432 thousand), which was recorded under other current liabilities. In April 2020, the real estate had transferred to the buyer, resulting in the disposition benefit of RMB1,637 thousand (NTD7,016 thousand) by the Group. Please refer to note 6(x). As of December 31, 2020, the entire amount have been fully paid.
- 2) The remaining two parking spaces of the Group did not meet the requirements for available for immediate sale. These assets were transferred to investment property for a total of NTD1,309 thousand as of December 31, 2020.

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (ii) In August 2017, the Group decided to sell its real estate via internal resolution. On January 17, 2019, a resolution was made during the board meeting to sell the real estate to a non-related party at a price of NTD55,000 thousand (tax included). On January 25, 2019, both parties entered into an agreement concerning the above property; and the title deed had been transferred to the buyer in March 2019, resulting in the disposition benefit of NTD\$9,420 thousand to be recognized by the Group. Please refer to note 6(x). As of the year 2019, the entire amount have been fully paid.
- (h) Investments accounted for using equity method
- (i) Subsidiaries that have material non-controlling interest were as follow:

Name of Affiliates	Nature of Relationship with the Group	Main operation /location	Proportion of shareholding and voting rights	
			December 31, 2020	December 31, 2019
TAIWAN FAMILYMART CO., LTD.	Operate chained convenience stores, explore selling paints for the Group	Taiwan	22.47 %	22.48 %

TAIWAN FAMILYMART CO., LTD. is one of the listed companies in Taiwan, with its fair value reflected as below:

	December 31, 2020	December 31, 2019
	<u>\$ 13,140,981</u>	<u>10,963,110</u>

The following information of the aforementioned subsidiaries have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in these information are the fair value adjustment made during the acquisition and relevant differences in accounting principles between the Company and its subsidiaries as at the acquisition date. The intra-group transactions were not eliminated in this information.

Information regarding TAIWAN FAMILYMART CO., LTD. and its subsidiaries

	December 31, 2020	December 31, 2019
Current assets	\$ 19,032,433	17,983,536
Non-current assets	42,441,957	39,228,791
Current liabilities	(30,440,441)	(29,230,003)
Non-current liabilities	(24,047,151)	(21,686,146)
Net assets	<u>\$ 6,986,798</u>	<u>6,296,178</u>
Net assets attributable to non-controlling interests	<u>\$ 381,607</u>	<u>318,439</u>
Net assets attributable to investee	<u>\$ 6,605,191</u>	<u>5,977,739</u>

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	2020	2019
Operating revenue	\$ <u>85,365,675</u>	<u>77,729,697</u>
Net income	\$ 2,240,930	1,912,770
Other comprehensive income	(55,649)	(25,571)
Total comprehensive income	\$ <u>2,185,281</u>	<u>1,887,199</u>
Comprehensive income attributable to non-controlling interests	\$ <u>106,899</u>	<u>80,601</u>
Comprehensive income attributable to investee	\$ <u>2,078,382</u>	<u>1,806,598</u>
	2020	2019
Shares of net assets attributable to investee on January 1	\$ 1,343,649	1,227,113
Comprehensive income attributable to the Group	467,128	418,510
Retained earnings attributable to the Group	-	(12,490)
Add: shares acquired	-	1,528
Less: shares sold	(494)	-
Dividends from affiliated enterprise	(326,134)	(291,012)
subtotal	1,484,149	1,343,649
Add: investment property	20,000	20,016
Add: trademark	129,713	129,820
Add: goodwill	1,457,345	1,457,857
Book value of net assets attributable to the Group on December 31	\$ <u>3,091,207</u>	<u>2,951,342</u>

(ii) Associates

The Group's financial information for investments accounted for using the equity method that were individually insignificant is as follows:

	December 31, 2020	December 31, 2019
Carry amounts of individually insignificant associates' equity	\$ <u>277,430</u>	<u>260,089</u>
	For the Years Ended December 31	For the Years Ended December 31
	2020	2019
Attributable to the Group:		
Net gain	\$ 39,925	28,569
Other comprehensive income	1,647	(670)
Comprehensive income	\$ <u>41,572</u>	<u>27,899</u>

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Pledge to secure

As of December 31, 2020, the deals of the investment accounted for using equity method were pledged as collateral for long-term borrowings and credit lines, please refer to Note 8. As of December 31, 2019, the investments accounted for using equity method were not pledged as collateral.

(i) Property, plant and equipment

The cost, depreciation, and impairment loss of the property, plant and equipment of the Group as of December 31, 2020 and 2019 were as follows:

	Land	Buildings	Machinery equipment	Transportation equipment	Other facilities	Construction in progress	Total
Cost or deemed cost:							
Balance on January 1, 2020	\$ 1,146,539	924,075	986,265	106,224	215,227	90,337	3,468,667
Additions	5,360	4,698	20,008	7,496	10,192	127,688	175,442
Disposals	-	(11,389)	(48,881)	(14,338)	(124,819)	-	(199,427)
Transfer in	-	30,564	44,941	6,639	14,127	-	96,271
Transfer out	-	-	-	-	-	(89,632)	(89,632)
Effect of movement in exchange rate	-	1,172	2,091	70	108	-	3,441
Balance on December 31, 2020	<u>\$ 1,151,899</u>	<u>949,120</u>	<u>1,004,424</u>	<u>106,091</u>	<u>114,835</u>	<u>128,393</u>	<u>3,454,762</u>
Balance on January 1, 2019	\$ 1,146,539	915,584	1,036,056	98,542	246,464	29,229	3,472,414
Additions	-	1,295	7,664	14,361	713	100,329	124,362
Disposals	-	-	(74,466)	(7,189)	(30,669)	-	(112,324)
Transfer in	-	12,061	27,060	835	100	-	40,056
Transfer out	-	-	-	-	(835)	(39,221)	(40,056)
Effect of movement in exchange rate	-	(4,865)	(10,049)	(325)	(546)	-	(15,785)
Balance on December 31, 2019	<u>\$ 1,146,539</u>	<u>924,075</u>	<u>986,265</u>	<u>106,224</u>	<u>215,227</u>	<u>90,337</u>	<u>3,468,667</u>
Depreciation and impairment loss:							
Balance on January 1, 2020	\$ -	658,373	831,637	59,539	205,056	-	1,754,605
Depreciation for the period	-	27,031	43,851	10,531	5,098	-	86,511
Disposals	-	(10,830)	(47,683)	(6,433)	(122,688)	-	(187,634)
Reclassifications	-	-	(885)	-	885	-	-
Effect of movement in exchange rate	-	832	1,853	72	106	-	2,863
Balance on December 31, 2020	<u>\$ -</u>	<u>675,406</u>	<u>828,773</u>	<u>63,709</u>	<u>88,457</u>	<u>-</u>	<u>1,656,345</u>
Balance on January 1, 2019	\$ -	635,166	875,034	52,663	228,856	-	1,791,719
Depreciation for the period	-	26,361	41,192	9,664	4,840	-	82,057
Disposals	-	-	(73,933)	(3,332)	(29,413)	-	(106,678)
Reclassifications	-	-	(2,128)	835	1,293	-	-
Effect of movement in exchange rate	-	(3,154)	(8,528)	(291)	(520)	-	(12,493)
Balance on December 31, 2019	<u>\$ -</u>	<u>658,373</u>	<u>831,637</u>	<u>59,539</u>	<u>205,056</u>	<u>-</u>	<u>1,754,605</u>
Carrying amounts:							
Balance on December 31, 2020	<u>\$ 1,151,899</u>	<u>273,714</u>	<u>175,651</u>	<u>42,382</u>	<u>26,378</u>	<u>128,393</u>	<u>1,798,417</u>
Balance on January 1, 2019	<u>\$ 1,146,539</u>	<u>280,418</u>	<u>161,022</u>	<u>45,879</u>	<u>17,608</u>	<u>29,229</u>	<u>1,680,695</u>
Balance on December 31, 2019	<u>\$ 1,146,539</u>	<u>265,702</u>	<u>154,628</u>	<u>46,685</u>	<u>10,171</u>	<u>90,337</u>	<u>1,714,062</u>

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (i) Since the law in Taiwan does not allow a legal person or an entity to acquire any agricultural land beginning 2016, the title deed of the 15 pieces of agricultural land, amounting to NTD\$50,749 thousand, located at parcel no.185 and 186 in the Daxin Section of Beidou Township, Changhua County, had been transferred to a natural person. However, the Company still keeps the original certificate of ownership of the real estate for security purpose.
- (ii) Please refer to Note 6(x) for the disposal of profit and loss.
- (iii) As of December 31, 2020 and 2019, there were no interest capitalization of the Group.
- (iv) As of December 31, 2020 and 2019, the aforementioned land, houses and buildings were not provided as collateral guarantees.
- (j) Right-of-use assets

The movements in the cost and depreciation of the leased land and buildings were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost:			
Balance on January 1, 2020	\$ 21,589	5,922	27,511
Effect of movement in exchange rate	<u>187</u>	<u>-</u>	<u>187</u>
Balance on December 31, 2020	<u>\$ 21,776</u>	<u>5,922</u>	<u>27,698</u>
Balance on January 1, 2019	\$ 22,361	5,922	28,283
Effect of movement in exchange rate	<u>(772)</u>	<u>-</u>	<u>(772)</u>
Balance on December 31, 2019	<u>\$ 21,589</u>	<u>5,922</u>	<u>27,511</u>
Accumulated depreciation:			
Balance on January 1, 2020	\$ 9,773	2,109	11,882
Depreciation for the period	434	2,199	2,633
Effect of movement in exchange rate	<u>92</u>	<u>-</u>	<u>92</u>
Balance on December 31, 2020	<u>\$ 10,299</u>	<u>4,308</u>	<u>14,607</u>
Balance on January 1, 2019	\$ 9,669	-	9,669
Depreciation for the period	453	2,109	2,562
Effect of changes in foreign exchange rate	<u>(349)</u>	<u>-</u>	<u>(349)</u>
Balance on December 31, 2019	<u>\$ 9,773</u>	<u>2,109</u>	<u>11,882</u>
Carrying amounts:			
Balance on December 31, 2020	<u>\$ 11,477</u>	<u>1,614</u>	<u>13,091</u>
Balance on January 1, 2019	<u>\$ 12,692</u>	<u>5,922</u>	<u>18,614</u>
Balance on December 31, 2019	<u>\$ 11,816</u>	<u>3,813</u>	<u>15,629</u>

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(k) Investment property

The following are the investment property, including properties, owned by the Group, with leases containing an initial noncancellable lease term of 5 to 10 years. Some leases provide the lessees with options to extend at the end of the term:

	<u>Land and improvements</u>	<u>Buildings</u>	<u>Total</u>
Cost or deemed cost:			
Balance on January 1, 2020	\$ 566,062	153,809	719,871
Reclassifications	<u>-</u>	<u>1,309</u>	<u>1,309</u>
Balance on December 31, 2020	<u><u>\$ 566,062</u></u>	<u><u>155,118</u></u>	<u><u>721,180</u></u>
Balance on January 1, 2019	<u>\$ 566,062</u>	<u>153,809</u>	<u>719,871</u>
Balance on December 31, 2019	<u><u>\$ 566,062</u></u>	<u><u>153,809</u></u>	<u><u>719,871</u></u>
Depreciation and impairment loss:			
Balance on January 1, 2020	\$ -	102,042	102,042
Depreciation for the year	-	2,312	2,312
Effect of movement in exchange rate	<u>-</u>	<u>8</u>	<u>8</u>
Balance on December 31, 2020	<u><u>\$ -</u></u>	<u><u>104,362</u></u>	<u><u>104,362</u></u>
Balance on January 1, 2019	<u>\$ -</u>	<u>100,188</u>	<u>100,188</u>
Depreciation for the year	<u>-</u>	<u>1,854</u>	<u>1,854</u>
Balance on December 31, 2019	<u><u>\$ -</u></u>	<u><u>102,042</u></u>	<u><u>102,042</u></u>
Carrying amounts:			
Balance on December 31, 2020	<u><u>\$ 566,062</u></u>	<u><u>50,756</u></u>	<u><u>616,818</u></u>
Balance on January 1, 2019	<u><u>\$ 566,062</u></u>	<u><u>53,621</u></u>	<u><u>619,683</u></u>
Balance on December 31, 2019	<u><u>\$ 566,062</u></u>	<u><u>51,767</u></u>	<u><u>617,829</u></u>
Fair value:			
Balance on December 31, 2020			<u><u>\$ 961,447</u></u>
Balance on December 31, 2019			<u><u>\$ 957,392</u></u>

- (i) Investment property comprises a number of commercial properties that were leased to third parties. The subsequent lease term of each lease contract was negotiated with the lessee, and no contingent rent is charged.
- (ii) The fair value of investment properties was based on recent transaction price of similar location and areas on the website of the Department of Land Administration M.O.I. and the website of real estate trading. Under the valuation techniques for financial instruments measured at fair value, the inputs were categorized at level 2.
- (iii) As of December 31, 2020 and 2019, the investment properties were not pledged as collateral.

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(l) Short-term borrowings

	December 31, 2020	December 31, 2019
Letter of credit	\$ 108,027	122,609
Unsecured bank loans	40,000	155,000
Total	<u>\$ 148,027</u>	<u>277,609</u>
Unused credit lines	<u>\$ 2,492,721</u>	<u>3,323,661</u>
Interest rates	<u>0.77%~1.59%</u>	<u>0.95%~2.82%</u>

Please refer to Note 6(z) for details on financial risk.

(m) Short-term notes and bills

	December 31, 2020	December 31, 2019
Commercial paper payables	<u>\$ 20,000</u>	<u>261,000</u>
Unused credit lines	<u>\$ 1,150,000</u>	<u>909,000</u>
Interest rates	<u>1.31%</u>	<u>0.7%~1.39%</u>

Please refer to Note 6(z) for details on financial risk.

(n) Account payable

	December 31, 2020	December 31, 2019
Payables to suppliers	<u>\$ 526,122</u>	<u>457,543</u>

(o) Long-term borrowings

December 31, 2020			
Currency	Interest rate	Year due	Amount
Secured bank loans	NTD	1%	2023
			\$ 600,000
Less: Current portion			-
Total			<u>\$ 600,000</u>
Unused credit line			<u>\$ 700,000</u>

December 31, 2019			
Currency	Interest rate	Year due	Amount
Unsecured bank loans	NTD	1.43%~1.55%	2020~2022
			\$ 762,500
Less: Current portion			(75,000)
Total			<u>\$ 687,500</u>
Unused credit line			<u>\$ 87,500</u>

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Collateral for bank loans

Please refer to Note 8 for details on related assets pledged as collateral.

(ii) Please refer to Note 6(z) for details on financial risk.

(p) Operating leases

Leases as lessor

The Group leases out its investment property. The Group has classified these leases as operating leases because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(k) for more related information on operating leases of investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

	December 31, 2020	December 31, 2019
Less than one year	\$ 10,907	9,136
One to two years	7,729	4,847
Two to three years	4,201	3,575
Three to four years	1,405	1,580
Four to five years	1,060	526
More than five years	<u>291</u>	<u>526</u>
Total undiscounted lease payments	<u><u>\$ 25,593</u></u>	<u><u>20,190</u></u>

For the years ended December 31, 2020 and 2019, the rental revenues from investment properties amounted to \$9,039 thousand and \$11,313 thousand, respectively.

(q) Lease liabilities

The Group's lease liabilities were as follows :

	December 31, 2020	December 31, 2019
Current	<u><u>\$ 1,634</u></u>	<u><u>2,202</u></u>
Non-current	<u><u>\$ -</u></u>	<u><u>1,634</u></u>

Please refer to Note 6(x) for maturity analysis.

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amounts recognized in profit or loss were as follow:

	For the Year Ended December 31, 2020	For the year ended December 31, 2019
Interest on lease liabilities	\$ <u>41</u>	<u>74</u>
Expenses relating to short-term leases	\$ <u>580</u>	<u>1,569</u>
Expenses relating to leases of low-value, excluding short-term leases of low-value assets	\$ <u>33</u>	<u>63</u>

The amounts recognized in the statement of cash flows for the Group was as follows:

	For the Year Ended December 31, 2020	For the Year Ended December 31, 2019
Total cash outflow for leases	\$ <u>2,856</u>	<u>3,792</u>

(i) Real estate leases

The Group leases house and buildings for its warehouses. The leases of warehouses typically run for a period of 3 years.

(ii) Other leases

The Group also leases office equipment with contract terms of one year, and these leases are short-term and/or leases of low-value items. The Group has elected not to recognize its right-of-use assets and lease liabilities for these leases.

(r) Employee benefits

(i) Defined benefit plans

The reconciliation of fair value of the defined benefit plans and plan assets was as follows:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligation	\$ 238,431	288,539
Fair value of plan assets	(254,615)	(280,794)
Net defined benefit liabilities	\$ <u>(16,184)</u>	<u>7,745</u>
Net defined benefit assets	\$ (21,760)	-
Net defined benefit liabilities	5,576	7,745
	\$ <u>(16,184)</u>	<u>7,745</u>

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Employee benefit liabilities are listed as follows:

	December 31, 2020	December 31, 2019
Compensated absences liability	\$ 12,744	12,744

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pension benefits for its employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for six months prior to retirement.

1) Composition of plan assets

The Group sets aside pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. Such funds are managed by the Bureau of Labor Funds, Ministry of Labor. Under these regulations, the minimum earnings from these pension funds shall not be less than the earnings from two-year time deposits with the interest rates offered by local banks.

The Group's contributions to the pension funds were deposited with Bank of Taiwan amounting to \$254,615 thousand as of the reporting date. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the years ended December 31, 2020 and 2019 were as follows:

	For the Years Ended December 31	
	2020	2019
Defined benefit obligations on January 1	\$ 288,539	305,756
Current service costs and interest	5,297	6,513
Remeasurements of the net defined benefit liability		
— Actuarial loss (gain) due to experience adjustments	12,328	(2,094)
— Actuarial losses from changes in financial assumption	8,860	3,223
Liabilities from the settlement	(18,223)	-
Benefits paid by the plan	(58,370)	(24,859)
Defined benefit obligation on December 31	\$ 238,431	288,539

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Movements on the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the years ended December 31, 2020 and 2019 were as follows:

	For the Years Ended December 31	
	2020	2019
Fair value of plan assets on January 1	\$ 280,794	262,174
Interest revenue	2,771	2,955
Remeasurements of the net defined benefit liability		
— Return on plan assets (not including current interest cost)	8,300	8,783
Contributed amount	9,270	18,241
Benefits paid by the plan	(39,730)	(11,359)
Settlement	(6,790)	-
Fair value of plan asset on December 31	\$ 254,615	280,794

4) Expenses recognized in profit and loss

The Group's pension expenses recognized in profit or loss for the years ended December 31, 2020 and 2019 were as follows:

	For the Years Ended December 31	
	2020	2019
Current service costs	\$ 2,567	3,184
Net interests on net defined benefit liability	(41)	374
Prior service cost and gain or loss from the settlement	417	-
	\$ 2,943	3,558
Operating costs	\$ 900	1,147
Selling expenses	518	785
General and administrative expenses	1,525	1,626
	\$ 2,943	3,558

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 5) Remeasurement of net defined benefit liability recognized in other comprehensive income

The Group's net defined benefit liability recognized in other comprehensive income for the years ended December 31, 2020 and 2019 were as follows:

	For the Years Ended December 31	
	2020	2019
Cumulative amount on January 1	\$ 103,940	111,594
Recognized during the year	12,888	(7,654)
Cumulative amount on December 31	\$ 116,828	103,940

- 6) Actuarial assumptions

The key actuarial assumptions at the reporting date are as follows:

	2020.12.31	2019.12.31
Discount rate	0.500%~0.625%	1.000 %
Future salary increase rate	1.000 %	1.000 %

Based on the actuarial report, the Group is expected to make a contribution payment of \$7,444 thousand to the defined benefit plans for the one year period after the reporting date of 2020.

The weighted average duration of the defined benefit plans is between 10.09~12.64 years.

- 7) Sensitivity analysis

In determining the present value of the defined benefit obligation, the Group's management makes judgments and estimates in determining certain actuarial assumptions on the balance sheet date, which includes discount rate and future salary increase rate. Changes in actuarial assumptions may have significant impact on the amount of the defined benefit obligation.

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

As of December 31, 2020 and 2019, the changes in the principal actuarial assumptions that will have an impact on the present value of the defined benefit obligation were as follows:

	Impact on the present value of defined benefit obligation	
	Increase by 0.25%	Decrease by 0.25%
December 31, 2020		
Discount rates	\$ (5,431)	5,609
Future salary increase rates	5,456	(5,311)
December 31, 2019		
Discount rates	(6,394)	6,611
Future salary increase rates	6,455	(6,277)

The sensitivity analysis assumed all other variables remain constant during the measurement. This may not be representative of the actual change in the defined benefit obligation as some of the variables may be correlated in the actual situation. The model used in the sensitivity analysis is the same as that of the defined benefit obligation liability.

The analysis is performed on the same basis for prior year.

(ii) Defined contribution plans

The Group contributes an amount at the rate of the employees' monthly wages to the Labor Pension personal account with the Bureau of Labor Insurance and Council of Labor Affairs in the R.O.C. and related social insurance institutions in accordance with the provisions of the Labor Pension Act and pension regulations in other business area. The Group's contributions to the Bureau of Labor Insurance for the employees' pension benefits, as well as to the labor and social security bureau, require no further payment of additional legal or constructive obligations.

As of December 31, 2020 and 2019, the Group's employee benefits retirement expenses amounted to \$19,584 thousand and \$17,805 thousand, respectively.

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(s) Income tax

(i) The income tax expense for the years ended December 31, 2020 and 2019 are as follows:

	For the Years Ended December 31	
	2020	2019
Current income tax expense		
Current period incurred	\$ 43,121	30,285
Undistributed earnings additional tax	183	3,515
Prior years income tax adjustment	(3,031)	112
Land value increment taxes	-	523
	<u>40,273</u>	<u>34,435</u>
Deferred tax expense		
Origin and reversal of temporary difference	<u>14,236</u>	<u>5,000</u>
Income tax expense from continuing operations	<u>\$ 54,509</u>	<u>39,435</u>

(ii) The income tax on pre-tax financial income was reconciled with the income tax expense for the years ended December 31, 2020 and 2019 as follows:

	For the Years Ended December 31	
	2020	2019
Profit excluding income tax	<u>\$ 906,050</u>	<u>621,636</u>
Income tax using the Company's domestic tax rate	\$ 181,210	124,327
Effect tax rates in foreign jurisdiction	4,682	3,160
Non-deductible expenses	513	2,515
Gains from equity method	(103,715)	(87,993)
Dividends revenue	(3,821)	(3,270)
Changes in unrecognized temporary differences	(16,205)	(4,657)
Undistributed earnings	183	3,515
Land value increment tax	-	523
Prior years income tax adjustment	(3,031)	112
Others	<u>(5,307)</u>	<u>1,203</u>
Total	<u>\$ 54,509</u>	<u>39,435</u>

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Deferred tax assets

1) Unrecognized deferred tax assets

	December 31, 2020	December 31, 2019
Pension expenses	\$ 1,115	2,052
Tax-losses carryforward	75,895	11,529
Allowance losses	5,850	8,390
Losses on investment using equity method	88,672	88,672
Others	3,891	4,538
	<u>\$ 175,423</u>	<u>216,181</u>

The above-mentioned deferred income tax assets were not recognized because the Group is not likely to have sufficient taxable income for use in the future.

As of December 31, 2020, the Group did not recognize its prior years' loss carry-forward as deferred tax assets. The expiry years thereof are as follows:

Remaining creditable amount	Remaining creditable tax amount	Year of expiration
\$ 258,741	64,685	2021
642	161	2022
53,515	10,703	2023
430	86	2024
452	90	2025
293	59	2026
553	111	2027
<u>\$ 314,626</u>	<u>75,895</u>	

2) Recognized deferred tax assets and liabilities

The movements in deferred tax assets and liabilities for the years ended December 31, 2020 and 2019 were as follows:

	Inventory valuation loss	Investment loss	Loss deduction	Unrealized gross profit	Other	Total
Deferred tax assets:						
Balance on January 1, 2020	\$ 2,309	9,168	9,567	750	101	21,895
Recognize as profit or loss	-	(9,168)	(4,967)	-	(101)	(14,236)
Balance on December 31, 2020	<u>\$ 2,309</u>	<u>-</u>	<u>4,600</u>	<u>750</u>	<u>-</u>	<u>7,659</u>
Balance on January 1, 2019	\$ 2,309	9,168	14,567	750	101	26,895
Recognize as profit or loss	-	-	(5,000)	-	-	(5,000)
Balance on December 31, 2019	<u>\$ 2,309</u>	<u>9,168</u>	<u>9,567</u>	<u>750</u>	<u>101</u>	<u>21,895</u>

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Deferred tax liabilities

	December 31, 2020	December 31, 2019
Land value increment tax	\$ 222,537	222,537

For the years ended December 31, 2020 and 2019, there is no change on the Group's deferred tax liabilities.

(v) Status of approval of income tax

Company	Year
The Company	2018
PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD.	2018
TAIWAN NIKOMART CO., LTD.	2019
PIONEER TRAFFIC CO., LTD.	2018

(t) Share capital and other equity

As of December 31, 2020 and 2019, the authorized capital of the Company consisted of 800,000 thousand shares, at a par value of \$10 per share, with the outstanding shares amounting to \$4,999,990 thousand. The capital that arose from the abovementioned shares had all been retrieved.

(i) Capital surplus

The components of the capital surplus are as follows:

	December 31, 2020	December 31, 2019
Treasury shares transactions	\$ 38,837	26,540
Changes in equity of associates accounted for using equity method	17	17
Surplus from issuance of ordinary shares	915,977	915,977
Surplus from issuance of ordinary shares-employee stock options	4,132	4,132
Expired employee stock options	1,561	1,561
Other	13,559	13,559
	\$ 974,083	961,786

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of the par value should not exceed 10% of the total common stock outstanding.

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Retained earnings

The Company is in its mature stage of business cycle and its annual earnings and future cash flow are stable while the Company still have significant expansion of production capacity and vertical development plans in the next few years. The Company's articles of incorporation stipulate that the Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then at least 50% of the remaining profit, together with any undistributed retained earnings, shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval. However, more than 30% of the total dividend distribution in the current year shall be distributed in cash dividends, and the rest shall be distributed in the form of stock dividends.

If the common stock dividends per share is less than NTD 0.1, the Board of Directors have the right not to distribute it.

1) Legal reserve

When a company incurs profit, the shareholders shall decide on the distribution of the statutory earnings reserve either by issuing new shares or by paying cash of up to 25% of the actual share capital.

2) Special reserve

The Company applied for exemptions during its first-time adoption of IFRSs, resulting in its retained earnings to increase by \$240,776 thousand, incurred from unrealized revaluation increments, exchange differences on translation of foreign financial statements, and fair value of investment property being used as the cost on initial recognition at the transition date. In accordance with Permit No.1010012865 as issued by the Financial Supervisory Commission on April 6, 2012, a special reserve equals to the contra account of other shareholders' equity is appropriated from current and prior period earnings. The aforementioned special reserve may be reversed in proportion with the usage, disposal, or reclassification of the related assets, and then, be distributed afterwards. As of December 31, 2020 and 2019, the Company recognized the special reserve related to all IFRSs adjustments amounting to \$240,776 thousand for both years. When the debit balance of any of the contra accounts in the shareholders' equity is reversed, the related special reserve can be reversed. The subsequent reversals of the contra accounts in shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

On May 21, 2020, and May 23, 2019, the Company's shareholder's meeting resolved to appropriate the 2019 and 2018 earnings as follows:

	<u>2019</u>	<u>2018</u>
Common stock dividends per share		
Cash	\$ <u>449,999</u>	<u>399,999</u>

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For information on earnings distribution, decided by the board of directors, which was approved during the shareholders' meeting, please visit the public information observatory for further information.

(iii) Treasury stock (held by the subsidiaries)

Before the amendment of the Company Law in 2001, the Company's subsidiaries purchased the Company's stock in the open market for investment purposes. Stock held by subsidiaries are deemed as treasury stocks.

The numbers of shares, book value and market price held by the Company's subsidiaries are as follows:

Subsidiaries	Beginning shares	Add	Less	Ending shares
2020				
PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD.	10,351	-	-	10,351
TAIWAN NIKOMART CO., LTD.	2,960	-	-	2,960
PIONEER TRAFFIC CO., LTD.	368	-	-	368
	<u>13,679</u>	<u>-</u>	<u>-</u>	<u>13,679</u>
2019				
PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD.	10,351	-	-	10,351
TAIWAN NIKOMART CO., LTD.	2,960	-	-	2,960
PIONEER TRAFFIC CO., LTD.	368	-	-	368
	<u>13,679</u>	<u>-</u>	<u>-</u>	<u>13,679</u>
		December 31, 2020	December 31, 2019	
PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD.		\$ 154,637	154,637	
TAIWAN NIKOMART CO., LTD.		44,880	44,880	
PIONEER TRAFFIC CO., LTD.		4,359	4,359	
		<u>\$ 203,876</u>	<u>203,876</u>	

The stock prices of the Company as of December 31, 2020 and 2019 were NTD 27.60 and NTD 22.10 respectively.

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Other equity interest (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at FVOCI	Total
Balance on January 1, 2020	\$ (29,042)	(78,026)	(107,068)
Exchange differences on foreign operation	(2,828)	-	(2,828)
Unrealized gain from equity instrument investment measured at fair value through other comprehensive income	-	38,499	38,499
Changes in other comprehensive income (loss) of associates accounted for using equity methods	-	(5,066)	(5,066)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	586	586
Balance on December 31, 2020	<u>\$ (31,870)</u>	<u>(44,007)</u>	<u>(75,877)</u>
Balance on January 1, 2019	\$ (25,664)	(98,719)	(124,383)
Exchange differences on foreign operation	(2,734)	-	(2,734)
Unrealized gain from financial assets measured at fair value through other comprehensive income	-	10,631	10,631
Changes in other comprehensive income (loss) of associates accounted for using equity methods	(644)	(2,428)	(3,072)
Disposal of investments in equity instruments designated at fair value through other comprehensive income by affiliates through the equity method	-	12,490	12,490
Balance on December 31, 2019	<u>\$ (29,042)</u>	<u>(78,026)</u>	<u>(107,068)</u>

(u) Earnings per share

The Group's earnings per share are calculated as follows:

	For the Years Ended December 31	
	2020	2019
Basic earnings per share		
Profit from continuing operation attributable to the Company	<u>\$ 851,078</u>	<u>582,073</u>
Weighted average number of ordinary shares	499,999	499,999
Less: impact of treasury stock	13,606	13,606
Adjusted weighted average number of ordinary shares	<u>486,393</u>	<u>486,393</u>
Earnings per share	<u>\$ 1.75</u>	<u>1.20</u>
Diluted earnings per share		
Profit from continuing operation attributable to the Company (after adjusting the effect of diluted ordinary shares)	<u>\$ 851,078</u>	<u>582,073</u>
Adjusted weighted average number of ordinary shares	486,393	486,393
The impact of employee stock compensation	2,202	2,000
Adjusted weighted average number of ordinary shares (after adjusting the effect of diluted ordinary shares)	<u>488,595</u>	<u>488,393</u>
Earnings per share	<u>\$ 1.74</u>	<u>1.19</u>

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Revenue from contracts with customers

(i) Disaggregation of revenue

For the Years Ended December 31, 2020					
	Consumption division	Commodity division	Foreign division	Other	Total
Main product/service					
Consumer food	\$ 4,718,701	-	493,610	-	5,212,311
Bulk materials and aquafeeds	-	2,698,245	-	-	2,698,245
Service revenue	-	-	-	439,210	439,210
Revenue from investment properties	-	-	-	6,359	6,359
	\$ 4,718,701	2,698,245	493,610	445,569	8,356,125
For the Years Ended December 31, 2019					
	Consumption division	Commodity division	Foreign division	Other	Total
Main product/service					
Consumer food	\$ 4,340,613	-	502,433	-	4,843,046
Bulk materials and aquafeeds	-	2,742,619	-	-	2,742,619
Service revenue	-	-	-	406,213	406,213
Revenue from investment properties	-	-	-	8,706	8,706
	\$ 4,340,613	2,742,619	502,433	414,919	8,000,584

(ii) Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Notes receivable	\$ 137,198	125,217	122,987
Notes receivable-related parties	2,700	2,318	-
Accounts receivable	661,594	620,475	566,740
Accounts receivable-related parties	390,134	355,531	390,677
Receivables	12,059	24,616	246,746
Less: loss allowance	(42,428)	(54,584)	(276,538)
Total	\$ 1,161,257	1,073,573	1,050,612
Contract liabilities-sales	\$ 39,800	45,162	40,262

For details on notes receivable, accounts receivable and loss allowance, please refer to Note 6(d).

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amount of revenue recognized for years ended December 31, 2020 and 2019, which were included in the contract liabilities balance at the beginning of the period, were \$27,179 thousand and \$27,408 thousand, respectively.

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied by transferring ownership to the customer and the payment to be received.

(w) Remunerations to employees and directors

The Company's articles of incorporation require that earnings shall first be offset against any deficit, then, a minimum of 2% will be distributed as employee remuneration, and a maximum of 5% will be allocated as remuneration to directors. Employees who are entitled to receive the above-mentioned employee remuneration, in share or cash, include the employees of the Company's subsidiaries who meet certain specific requirements.

For the years ended December 31, 2020 and 2019, the Company accrued and recognized its employee remuneration amounting to \$49,188 thousand and \$37,383 thousand, respectively; as well as its remuneration to directors and supervisors amounting to \$34,431 thousand and \$30,586 thousand, respectively. These amounts were calculated by using the Company's pre-tax net profit for the period before deducting the amounts of the remuneration to employees and directors, multiplied by the distribution of ratio of the remuneration to employees and directors based on the Company's articles of incorporation, and expensed under operating costs or expenses. If there would be any changes after the reporting date, the changes shall be accounted for as changes in accounting estimates and recognized as profit or lost in the following year. If, however, the shareholders determine that the employee remuneration is to be distributed through stock dividends, the calculation, based on the shares, shall be calculated using the stock price on the day before the shareholders' meeting.

The related information can be accessed from the Market Observation Post System website.

The remunerations to employees and directors mentioned above were consistent with the estimated amounts reflected in the 2020 and 2019 consolidated financial statements.

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(x) Non-operating income and expenses

(i) Other gains and losses

The details of other gain and losses were as follows:

	For the Years Ended December 31	
	2020	2019
Dividend income	\$ 6,845	5,792
Rental revenue	4,903	2,905
Foreign exchange gain (loss)	1,044	(30,315)
Gains on disposal of property, plant and equipment	1,166	383
Gains on disposal of non-current assets held for sale	7,016	9,420
Gains on disposals of investments	3,755	-
Gains on financial assets at FVTPL	8,291	3,731
Directors' remunerations	6,159	5,171
Delivery service income	13,539	12,165
Other gains and losses	21,764	19,883
	\$ 74,482	29,135

(ii) Finance costs

The details of finance costs were as follows:

	For the Years Ended December 31	
	2020	2019
Interest expense		
Bank borrowing	\$ 14,368	12,345
Lease liability	41	34
	\$ 14,409	19,291

(y) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Concentration of credit risk

Apart from the Group's most significant customer, CENTRAL UNION OIL CORP., the Group has no exposure to credit risk of any individual counterparty or any group of counterparties with similar credit characteristics. Those related parties which have transactions with the Group are regarded as group of counterparties with similar credit characteristics. As at December 31, 2020 and 2019, the Group reviewed the concentrations of credit risk arising from CENTRAL UNION OIL CORP. and other counterparties, and it was below 22.35% and 23.92%, respectively, of the accounts receivable.

3) Accounts receivable of credit risk

For credit risk exposure of notes and accounts receivables, please refer to note 6(d). Other financial assets at amortized cost includes other receivables and time deposits, etc.

All of these financial assets are considered to be low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Please refer to Note 4(g) for the decision made by Group as to whether or not its credit risk is to be low risk, and for the movement of allowance for loss, please refer to Note 6(e).

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, excluding the estimated interest payments and the impact of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>
December 31, 2020						
Non-derivative financial liabilities						
Lease liabilities	\$ 1,634	1,644	954	690	-	-
Unsecured bank loans (USD)	108,027	108,706	108,706	-	-	-
Unsecured bank loans (NTD)	40,000	40,231	40,231	-	-	-
Secured bank loans (NTD)	600,000	615,000	3,000	3,000	6,000	603,000
Short-term notes and bills payable	20,000	20,000	20,000	-	-	-
Non-interest bearing liabilities	998,835	998,835	998,835	-	-	-
	<u>\$ 1,768,496</u>	<u>1,784,416</u>	<u>1,171,726</u>	<u>3,690</u>	<u>6,000</u>	<u>603,000</u>
December 31, 2019						
Non-derivative financial liabilities						
Lease liabilities	\$ 3,836	3,887	1,121	1,121	1,645	-
Unsecured bank loans (USD)	122,609	124,305	124,305	-	-	-
Unsecured bank loans (NTD)	917,500	949,400	199,077	42,898	47,740	659,685
Short-term notes and bills payable	261,000	261,000	261,000	-	-	-
Non-interest bearing liabilities	873,871	873,871	873,871	-	-	-
	<u>\$ 2,178,816</u>	<u>2,212,463</u>	<u>1,459,374</u>	<u>44,019</u>	<u>49,385</u>	<u>659,685</u>

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Currency risk

1) Exposure of foreign currency risk

The Group's significant exposure to foreign currency risk is as follows:

	December 31, 2020			December 31, 2019		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	\$ 11,168	28.508	318,000	31,651	30.106	952,895
USD : CNY	2,025	6.539	57,724	24	6.966	717
CNY : USD	13,000	0.15	56,669	13,000	0.14	56,182
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	3,789	28.508	108,027	4,073	30.106	122,609
USD : CNY	2,000	6.539	57,017	3,500	6.966	105,371

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, other financial assets-current, accounts receivable, other receivables and borrowings that are denominated in foreign currency. A 1% appreciation or depreciation of US dollar against New Taiwan dollar as of December 31, 2020 and 2019 would have increased (decreased) the pre-tax net income for the years ended December 31, 2020 and 2019 by \$2,139 thousand and \$6,255 thousand, respectively. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for both periods.

3) Foreign exchange gains or losses on monetary item

Since the Group has various kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by the total amount. For the years ended December 31, 2020 and 2019, the foreign exchange (loss) gain (including realized and unrealized portions) amounted to \$1,044 thousand and \$30,315 thousand, respectively.

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

	Book value	
	December 31, 2020	December 31, 2019
Fixed rate instruments:		
Financial assets	\$ 284,789	657,781
Financial liabilities	<u>20,000</u>	<u>261,000</u>
	<u>\$ 264,789</u>	<u>396,781</u>
Variable rate instruments:		
Financial assets	\$ 728,575	716,922
Financial liabilities	<u>748,027</u>	<u>1,040,109</u>
	<u>\$ (19,452)</u>	<u>(323,187)</u>

The following sensitivity analysis is based on the risk exposure to interest rates on the derivative and non-derivative financial instruments at the reporting date. For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year at the reporting date. The report of the Group's internal management on the increases/decreases in the interest rates and the exposure to changes in interest rates of 0.5% is considered by the management to be a reasonable change of interest rate.

If the interest rate increases / decreases by 0.5%, the Group's net income will decrease /increase by \$78 thousand and \$1,293 thousand for the years ended December 31, 2020 and 2019, respectively, assuming all other variable factors remaining constant. This is mainly due to the Group's floating interest rate of cash in bank and borrowing factoring.

(v) Other market price risk

If the equity price changes, the impact of equity price change to other comprehensive income will be as follows; assuming the analysis is based on the same basis for both years and assuming that all other variables considered in the analysis remain constant:

	For the years ended December 31			
	2020		2019	
	Comprehensive Income (Loss) (net of tax)	Net Income (Loss) (net of tax)	Comprehensive Income (Loss) (net of tax)	Net Income (Loss) (net of tax)
Increase 5%	<u>\$ 8,629</u>	<u>4,070</u>	<u>3,081</u>	<u>3,718</u>
Decrease 5%	<u>\$ (8,629)</u>	<u>(4,070)</u>	<u>(3,081)</u>	<u>(3,718)</u>

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vi) Fair value of financial instruments

1) Categories of financial instruments and fair value hierarchy

The Group measured its financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows ; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2020				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets					
Foreign exchange option	\$ 1,369	-	1,369	-	1,369
Non derivative financial assets					
Listed Stocks	51,072	51,072	-	-	51,072
Beneficiary Certificate-Open-end Funds	30,335	30,335	-	-	30,335
Subtotal	<u>82,776</u>	<u>81,407</u>	<u>1,369</u>	<u>-</u>	<u>82,776</u>
Financial assets at fair value through other comprehensive income					
Shares of stock listed on domestic markets	\$ 151,744	151,744	-	-	151,744
Shares of stock unlisted on domestic markets	2,714	-	1,559	1,155	2,714
Shares of stock unlisted on foreign markets	18,123	-	-	18,123	18,123
Subtotal	<u>172,581</u>	<u>151,744</u>	<u>1,559</u>	<u>19,278</u>	<u>172,581</u>
Financial assets at amortized cost					
Cash and cash equivalents	\$ 772,454	-	-	-	-
Notes and account receivables (including related parties)	1,161,257	-	-	-	-
Other receivables (including related parties)	6,970	-	-	-	-
Other financial asset-current	272,796	-	-	-	-
Other financial asset-non current	11,510	-	-	-	-
Subtotal	<u>2,224,987</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,480,344</u>	<u>233,151</u>	<u>2,928</u>	<u>19,278</u>	<u>255,357</u>

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2020					
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liability at fair value through profit or loss					
Derivative financial liabilities					
Foreign exchange option	\$ 853	-	853	-	853
Financial liabilities at amortized cost					
Short term borrowings	\$ 148,027	-	-	-	-
Short term notes and bills payable	20,000	-	-	-	-
Notes and accounts payable (including related parties)	527,979	-	-	-	-
Other payables (including related parties)	465,552	-	-	-	-
lease liabilities (including non-current)	1,634	-	-	-	-
Deposits received (recognized in the balance sheet as other non-current liabilities, others)	5,304	-	-	-	-
Subtotal	1,168,496	-	-	-	-
Total	<u>\$ 1,169,349</u>	<u>-</u>	<u>853</u>	<u>-</u>	<u>853</u>
December 31, 2019					
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets					
Foreign exchange option	\$ 109	-	109	-	109
Non derivative financial assets					
Listed Stocks	44,718	44,718	-	-	44,718
Beneficiary Certificate-Open-end Funds	29,640	29,640	-	-	29,640
Subtotal	74,467	74,358	109	-	74,467
Financial assets at fair value through other comprehensive income					
Shares of stock listed on domestic markets	\$ 45,860	45,860	-	-	45,860
Shares of stock unlisted on domestic markets	3,055	-	-	3,055	3,055
Shares of stock unlisted on foreign markets	12,701	-	-	12,701	12,701
Subtotal	61,616	45,860	-	15,756	61,616
Financial assets at amortized cost					
Cash and cash equivalents	\$ 1,147,024	-	-	-	-
Notes and accounts receivable (including related parties)	1,073,573	-	-	-	-
Other receivables (including related parties)	6,127	-	-	-	-
Other financial asset-current	329,225	-	-	-	-
Other financial asset-non current	9,556	-	-	-	-
Subtotal	2,565,505	-	-	-	-
Total	<u>\$ 2,701,588</u>	<u>120,218</u>	<u>109</u>	<u>15,756</u>	<u>136,083</u>

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2019				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liability at fair value through profit or loss					
Derivative financial liabilities					
Foreign exchange option	\$ 1,451	-	1,451	-	1,451
Financial liabilities at amortized cost					
Short term borrowings	\$ 277,609	-	-	-	-
Short term notes and bills payable	261,000	-	-	-	-
Notes and accounts payable (including related parties)	462,916	-	-	-	-
Other payables (including related parties)	404,415	-	-	-	-
lease liabilities (including non-current)	3,836	-	-	-	-
Long term borrowings (including current portion)	762,500	-	-	-	-
Deposits received (recognized in the balance sheet as other non current liabilities, others)	6,540	-	-	-	-
Subtotal	2,178,816	-	-	-	-
Total	\$ 2,180,267	-	1,451	-	1,451

2) Valuation techniques for financial instruments not measured at fair value:

The assumptions and methods used in valuing financial instruments that are not measured at fair value are as follows:

a) Financial assets and liabilities measured at amortized cost

Fair value measurement for financial assets and liabilities is based on the latest quoted price and agreed-upon price if these prices are available in an active market. When market value is unavailable, fair value of financial assets and liabilities are evaluated based on the discounted cash flow of the financial assets and liabilities.

3) Valuation techniques for financial instruments measured at fair value:

a) Non-derivative financial instruments

Financial instruments trade in active markets is based on quoted market prices.

If a quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have a quoted price in an active market. If a financial instrument does not accord with the aforementioned definition, then it is considered to be without a quoted price in an active market. In general, market with low trading volume or high bid-ask spreads is an indication of a non-active market.

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

If the financial instruments held by the Group have an active market, the measurements of fair value are categorized as follows:

- The listed stocks and beneficiary certificate-open-end funds are recognized as financial assets and liabilities traded in active markets by the standards and nature. The fair value is measured at the market quoted price.

Measurements of fair value of financial instruments without an active market are based on valuation technique or quoted price from competitor. Fair value measured by valuation technique can be extrapolated from similar financial instruments, discounted cash flow method or other valuation technique which include model calculating with observable market data at the balance sheet date.

If the financial instruments held by the Group have no active market, the measurements of fair value are categorized as follows:

- Equity instruments without quoted price: The fair value is measured at net asset value method. By looking through the nature and the included items of each asset and liability item and collecting the market value information of each asset and liability for items whose book value may be different from the fair value, the Group needs to obtain the fair value of the Company's net assets, and calculate the Company's equity value. The discount effect is adjusted due to lack of market liquidity in equity securities.

b) Derivative financial instruments

These are based on the valuation model accepted by the most market users, ex: discount rate and option pricing model. Forward exchange agreement is usually based on the current forward rate.

Fair value of structured financial instruments is based on appropriated valuation model, ex: BlackScholes model, or other valuation model, ex: Monte Carlo simulation.

c) Financial instruments measured at fair value

The Group uses market-observable inputs as much as possible to measure its assets and liabilities. The different levels, wherein the inputs of valuation techniques are used to measure the fair value of financial and non-financial instruments have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Transfers between Level 1 and Level 2

There were no changes in the valuation techniques for fair value in 2020 and 2019. In addition, there have been no transfers from each level for the years ended December 31, 2020 and 2019.

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include financial assets measured at fair value through other comprehensive income-equity investments.

The Group's equity instrument investments without an active market in Level 3 have more than one significant unobservable inputs. The significant unobservable inputs of financial instrument investments without an active market are individually independent, and there is no correlation between them.

Quantified information of significant unobservable inputs was as follow:

Item	Valuation technique	Significant unobservable inputs	Interrelationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income-equity investments without an active market	net asset value method	· net asset value · Market illiquidity discount (as of December 31, 2020 and 2019 were both 25%)	· Not applicable · The estimated fair value would increase (decrease) if the market illiquidity discount were lower (higher)
Financial assets at fair value through profit or loss-equity investments without an active market	net asset value method	· net asset value · Market illiquidity discount (as of December 31, 2020 and 2019 were both 25%)	· Not applicable · The estimated fair value would increase (decrease) if the market illiquidity discount were lower (higher)

6) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Group's measurement on the fair value of financial instruments is deemed reasonable despite different valuation models or assumptions may lead to different results. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income :

	Inputs	Fluctuation in inputs	Profit or loss		Other comprehensive income	
			Favorable	Unfavorable	Favorable	Unfavorable
December 31, 2020						
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Market illiquidity discount	1%	\$ -	-	193	(193)

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

			Fluctuation in inputs	Profit or loss		Other comprehensive income	
				Favorable	Unfavorable	Favorable	Unfavorable
December 31, 2019							
Financial assets at fair value through other comprehensive income							
Equity investments without an active market	Market illiquidity discount	1%	\$ -	-		158	(158)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(z) Financial risk management

(i) Overview

The Group has exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks' exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has deputized managements of core business departments for developing and monitoring the Group's risk management policies, wherein the management reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through their training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Internal Audit Department oversees how the management's supervision complies with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures and exception management, the results of which are reported to the Audit Committee.

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investments in debt securities.

1) Accounts receivable and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. As of December 31, 2020 and 2019, the Group's sales to its investee companies through equity method were 21.98% and 25.31% among its total sales respectively, and their business mainly focus on manufacturing and wholesales. The Group will continue to evaluate these investee companies to reduce credit risks. The Group's customers are from many different industries. The Group does not concentrate on a specific customer, thus, there should be no concern on significant concentrations of accounts receivable credit risk. In order to mitigate account receivable credit risk, the Group constantly assesses the financial status of its customers.

2) Investment

The credit risk exposure in the bank deposits, fixed income investments and other financial instruments are measured and monitored by the Group's finance department. As the Group deals with the banks and other external parties with good credit standing and financial institutions and corporate organization which are graded above investment level, management believes that the Group do not have compliance issues and no significant credit risk.

3) Guarantee

The Group's policy is to provide financial guarantees only to Group's subsidiaries and CENTRAL UNION OIL CORP. (the Company's long-term equity investment company through joint venture agreement). As of December 31, 2020 and 2019, the Group did not provide any endorsement and guarantee for CENTRAL UNION OIL CORP.

(iv) Liquidity risk

Liquidity risk is a risk that the Group is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as much as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that there is sufficient cash to meet the expected operating expenditure needs, including the fulfillment of financial obligations, and supervises the banking facilities to ensure compliance with the terms of loan agreements. As of December 31, 2020 and 2019, the Group's unused credit line amounted to \$4,381,885 thousand and \$4,320,161 thousand, respectively.

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Market risk

Market risk is a risk that arises from changes in market prices, such as foreign exchange rates, interest rates and equity prices that affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group buys and sells derivatives in order to manage market risk. All such transactions are carried out within the guidelines set by the Risk Management Committee.

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the New Taiwan Dollars (NTD) for the Taiwanese company and Chinese Yuan (CNY) for the company in Mainland China. Except for the purchases of bulk materials, which are denominated in US dollars, the remaining currencies used in transactions are denominated in NTD.

The Group uses foreign exchange options and forward exchange contracts to hedge currency risk. The length of the contract periods are determined by the maturity date and future cash flow of the Group's existing foreign currency debt, so the contingent exchange gains and losses of the hedged debt would offset by the gains and losses generated when the hedging instrument contract expires.

The subsidiaries in Mainland China opted for overseas USD borrowings to reduce borrowing costs. Although the currency of the borrowings is different from the currency of the cash flow generated by the Group's operations, the reduction of the cash outflow from the evaluation of USD borrowings to reduce borrowing costs would offset the exchange risk generated by the USD borrowing. Therefore, no hedging strategy was adopted in this situation.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, when necessary, to address short-term imbalances.

2) Interest rate risk

The policy of the Group is based on floating interest rate. At present, considering that the market interest rate is relatively low, no interest rate swap has been signed, and if the interest rates increase, the interest rate swap can also be adopted to reduce interest rate risk.

3) Other market price risk

Equity price risk is the risk arising from the Group holding Listed, OTC and emerging equity instruments, because the performance of the investment is actively monitored and managed on a fair value basis.

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The main purpose of the merged Group's investment strategy is to maximize the return on investment; on the other hand, the board of directors and members of the financial department of the Group have the expertise in financial finance to make appropriate investment decisions, so the management is still controlling the market price risk of fair value through profit or loss investment.

The Group is exposed to equity price risk due to the investment in equity securities. This is a strategic investment and it not held for trading. The Group does not actively trade in these investments as the management of the Group minimize the risk by holding difference investment portfolios.

(aa) Capital management

The Group's objectives for managing capital are to safeguard its capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

	December 31, 2020	December 31, 2019
Total liabilities	\$ 2,208,663	2,624,174
Less: cash and cash equivalents	<u>(772,454)</u>	<u>(1,147,024)</u>
Net debt	1,436,209	1,477,150
Total capital	<u>7,031,602</u>	<u>6,605,173</u>
Adjusted capital	\$ 8,467,811	8,082,323
Debt to equity ratio	<u>16.96%</u>	<u>18.28%</u>

Note: Due to great operation condition, total capital goes up and the debt to equity ratio goes down.

(ab) Investing and financing activities not affecting the current cash flow

The Group's investing and financing activities which did not affect the current cash flow for the years ended December 31, 2020 and 2019 were from foreign exchange movement.

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(7) Related-party transactions:

(a) Names and relationship with related parties

The following are entities that have had transactions with related parties and the Group during the periods covered in the consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the Group</u>
CENTRAL UNION OIL CORP.	Equity-accounted Investee by the Company (associates)
TAIWAN FAMILYMART CO., LTD.	"
TAIWAN DISTRIBUTION CENTER CO., LTD.	Equity-accounted Investee's Subsidiary by the Company (associates)
RE-YI DISTRIBUTION SERVICE CO., LTD.	"
TAISUN FOODS & MARKETING CO., LTD.	Substantive related parties (other related parties)

(b) Significant transactions with related parties

(i) Sale of Goods to Related Parties

	<u>For the years ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Associates:	\$	
CENTRAL UNION OIL CORP.	1,836,951	2,024,620
Other associates	608,756	550,297
Other related parties	<u>162,998</u>	<u>139,395</u>
	<u>\$ 2,608,705</u>	<u>2,714,312</u>

The sales prices of the Group to its related parties were the same as those offered to general convenient stores, with a payment term ranging from 35 to 45 days.

The Group provides services to its related parties and nonrelated parties, wherein the charges varies depending on the distance of the area and the nature of the contracted items. In addition, the payment term used by the subsidiary for its regular customers is at the end of each month. The Group's credit terms for its related parties, except for logistics on open account to 30 days and physical distribution on open account to 45 days, is 60 days before the 20th of the following month. For promissory notes, nonrelated parties charge 30~75 days and 45~60 days of promissory notes before the 30th of the following month.

The sales prices of soy powder to CENTRAL UNION OIL CORP. is deducted from the related sales expenses based on the market prices, wherein the Group collects the payment within 45 to 60 days.

The sales prices of food to TAISUN FOODS & MARKETING CO., LTD. is deducted from the related sales expenses based on the market price. The payment term of the original transaction was collected within 60 days. Starting May 2019, the payment terms have been changed to 70% advance receivables, and 30% of the receivables are collected within 30 days.

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

However, another change had been made again on the payment term beginning October 2019, 50% advance receivables, and 50% monthly change-90 days promissory notes.

The Group's unrealized gross profit on sales with its associates is eliminated based on pro rata share.

No collaterals were pledged from the receivables of the related parties. However, the Group evaluated that no bad debts were recognized for TAISUN FOODS & MARKETING CO., LTD.'s allowance for doubtful accounts of \$22,810 thousand.

(ii) Purchase of Goods from Related Parties

	For the Years Ended December 31	
	2020	2019
Associates — processing cost	<u><u>\$ 262,479</u></u>	<u><u>265,893</u></u>

The above processing cost is the soybean refining processing expenditure derived from the committed related parties of the Group. According to the estimated processing amount, the payment is made in advance and the payment term is open account 15 days to make up the payment. In addition, the Group does not outsource the processing transaction to other non-related parties.

(iii) Receivables from Related Parties

The receivables from related parties were as follows:

Accounts	Related party category	December 31, 2020	December 31, 2019
Note receivable	Other related parties	\$ 2,700	2,318
Account receivable	Associates — CENTRAL UNION OIL CORP.	269,069	256,841
	— Other associates	96,755	71,245
	Other related parties	<u>1,500</u>	<u>4,635</u>
		<u><u>\$ 370,024</u></u>	<u><u>335,039</u></u>

(iv) Payables from Related Parties

The payables from related parties were as follows:

Accounts	Related party category	December 31, 2020	December 31, 2019
Accounts payable	Associates	<u><u>\$ 2,282</u></u>	<u><u>4,093</u></u>

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Other

<u>Accounts</u>	<u>Related party category</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Other current liabilities	Associates	\$ <u>9,500</u>	<u>5,189</u>

(c) Key management personnel compensation

	<u>For the Years Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Short-term employee benefits	\$ 73,499	69,301
Post-employment benefits	<u>19,750</u>	<u>13,500</u>
	<u>\$ 93,249</u>	<u>82,801</u>

(8) Pledged assets:

As of December 31, 2020 and 2019, the book value of pledged assets were as follows:

<u>Asset</u>	<u>Purpose of pledge</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Other current financial asset	Forward foreign exchange contract and foreign exchange options	\$ 4,276	4,516
Other current financial asset	Credit lines of sort-term bank loans	142,540	112,897
Investment using equity method	Long-term bank loans	<u>357,184</u>	<u>-</u>
		<u>\$ 504,000</u>	<u>117,413</u>

(9) Commitments and contingencies:

(a) Unused standby letters of credit

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Unused standby letters of credit	\$ <u>773,746</u>	<u>217,013</u>

(b) The Group provides endorsements and guarantees to its related parties: Please refer to Note 13.

(c) The following are the contract price and the amount paid on fixed assets:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Signed-contract	\$ <u>286,285</u>	<u>157,936</u>
Paid-price	<u>\$ 128,393</u>	<u>90,338</u>

(d) As of December 31, 2020 and 2019, the Group has issued a promissory note of \$160,000 as a guarantee for bank financing and performance.

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(10) Losses Due to Major Disasters:None

(11) Subsequent Events:None

(12) Other:

- (a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By item	For the Years Ended December 31					
	2020			2019		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	191,965	474,018	665,983	183,286	436,578	619,864
Labor and health insurance	21,519	27,299	48,818	20,596	31,643	52,239
Pension	8,991	13,536	22,527	8,479	12,884	21,363
Others	14,748	16,443	31,191	14,309	17,039	31,348
Depreciation	81,483	11,855	93,338	76,119	12,099	88,218
Amortization	-	2,819	2,819	-	4,700	4,700

Depreciation for the years ended December 31, 2020 and 2019, each amounting to \$475, were recognized as other gains and losses.

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	The Company	TAISUN ENTERPRISE (ZHANG ZHOU) FOODS LTD.	Other receivables-related party	Yes	142,540	85,524	57,016	2.62%	2	-	Operation Requirements	-	Promissory Notes	57,016	702,647	1,405,293
1	TAISUN (CAYMAN) INVESTMENT LTD.	TAISUN ENTERPRISE (ZHANG ZHOU) FOODS LTD.	Other receivables-related party	Yes	61,029	56,670	56,670	2.1%	2	-	Operation Requirements	-	Promissory Notes	56,670	175,413	175,413

Note 1: Lending of capital has the following two types:

1. Entities with business transaction with the Company
2. Loans provided for short-term financing

Note 2: According to our policy, the calculation for the maximum total amount of loans granted are as follows:

1. The Company's total amount available for lending shall not exceed 40% of its net value
2. For entities with business transaction with the Company, the total amount of loans shall not exceed 20% of the Company's net value; and for a single entity, the total amount of loans shall not exceed 10% of the Company's net value or 120% of its monthly business transaction with the Company.
3. For entities with business transaction with the Company, the total amount of short-term loans shall not exceed 20% of the Company's net value; and for a single entity, the total amount of short-term loans shall not exceed 10% of the Company's net value or 50% of the net value of the single entity.
4. For those foreign subsidiaries whose voting shares are directly or indirectly wholly owned by the Company, the total amount of loans shall not exceed 100% of the Company's net value, with two years term.

Note 3: Balance of loan as of the reporting date was within the credit limits approved by the Board of Directors.

Note 4: Intra-group transactions have been eliminated in the consolidated financial statements.

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	TAISUN (CAYMAN) INVESTMENT LTD.	2	3,513,233	166,815	-	-	-	- %	3,513,233	Y	N	N

Note 1: The relationship between the guarantee and the guarantor are as follows:

1. Transactions between the companies.
2. An entity wherein the Company, directly or indirectly, holds more than 50% of its voting right.
3. Companies who, directly or indirectly, hold more than 50% of the voting right of the Company.
4. Entities wherein the Company, directly or indirectly, holds more than 90% of their voting rights.
5. A company that is mutually protected under contractual requirements based on the needs of the contractor.
6. A company that is endorsed by all the contributing shareholders in accordance with their shareholding ratio due to joint investment relationship.
7. Performance guarantees for pre sale contracts provided by the Company for companies in the same industry based on the Consumer Protection Act.

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Note 2: The Company used the operation method to endorse for the total amount of guarantees and the limit for endorsement of a single enterprise:

1. The guarantee amount for a single enterprise endorsement shall not exceed 50% of the current net value of the Company.
2. The total amount of guarantee for external endorsement shall not exceed 50% of the net value of the Company.

(iii) Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars/shares)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/Units	Carrying value	Percentage of ownership (%)	Fair value		
The Company	Fubon S&P US Preferred Stock ETF	-	Note 2	1,000,000	16,970	- %	16,970	- %	
The Company	Yuanta Global Future Telecommunication ETF	-	"	500,000	13,365	- %	13,365	- %	
The Company	Stock-YIJINN INDUSTRIAL CO., LTD.	-	"	2,622,600	43,325	0.87 %	43,325	0.87 %	
The Company	Stock- Breeze Digital Technology CO., LTD.	-	"	147,000	-	2.94 %	-	2.94 %	
The Company	Stock- CANDO CORPORATION	-	"	256,923	-	0.07 %	-	0.07 %	
The Company	Cathay Financial Holding Co., Ltd. Preferred Stock A	-	Note 3	333,000	20,577	- %	20,577	- %	
The Company	Stock-CHINA TRADE AND DEVELOPMENT CORPORATION	-	"	2,788	28	- %	28	- %	
The Company	Stock-MEGA 888 CORP.	-	"	17,350	174	1.16 %	174	- %	
The Company	Stock-HSIN TUNG YANG CO., LTD.	-	"	79,000	853	0.09 %	853	0.09 %	
The Company	Stock-UNIMICRON TECHNOLOGY CORP.	-	"	485,000	42,389	0.03 %	42,389	0.03 %	
The Company	Stock-YIN-WANG CO., LTD.	-	"	10,000	100	10.00 %	100	10.00 %	
The Company	Stock-TAISUN FOODS & MARKETING CO., LTD.	Other related party	"	886,788	-	18.90 %	-	18.90 %	
The Company	Stock-FWUSOW INDUSTRY CO., LTD.		Note 3	3,765,000	81,702	1.17 %	81,702	1.17 %	
PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD.	Stock-Taitung Business Bank	-	Note 2	9,628	-	- %	-	- %	
PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD.	Stock-CHUNG HSIN ELECTRIC & MACHINERY MANUFACTURING CORPORATION	-	Note 3	1,183	64	- %	64	- %	
PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD.	Stock-KERRY TJ LOGISTICS CO., LIMITED	-	"	15,524	696	- %	696	- %	
PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD.	Stock-WUS PRINTED CIRCUIT CO., LTD.	-	"	729	23	- %	23	- %	
PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD.	Stock-LITE-ON TECHNOLOGY CORPORATION	-	"	6,260	312	- %	312	- %	
PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD.	Stock-MACRONIX INTERNATIONAL CO., LTD.	-	"	362	15	- %	15	- %	
PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD.	Stock-Winbond Electronics Corporation	-	"	1,195	35	- %	35	- %	
PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD.	Stock-SILICON INTEGRATED SYSTEMS CORP.	-	"	2,136	36	- %	36	- %	
PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD.	Stock-China Development Financial Holding Corporation	-	"	56,505	525	- %	525	- %	
PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD.	Stock-Taishin Financial Holding Co., Ltd.	-	"	98,026	1,299	- %	1,299	- %	
PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD.	Stock-Shin Kong Financial Holding Co., Ltd.	-	"	20,225	178	- %	178	- %	
PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD.	Stock-CGS INTERNATIONAL, INC.	-	"	1,243	17	- %	17	- %	
PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD.	Stock-TAISUN ENTERPRISE CO., LTD.	Parent /Subsidiary	"	10,351,332	285,697	2.07 %	285,697	2.07 %	
PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD.	Stock-HUALON CORPORATION	-	"	5,176	-	- %	-	- %	
PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD.	Stock-PACIFIC ELECTRIC WIRE & CABLE CO., LTD.	-	"	579	-	- %	-	- %	
PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD.	Stock-PAO SHIANG CONSTRUCTION & INDUSTRIAL CO., LTD.	-	"	27,425	-	- %	-	- %	
PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD.	Stock-ORNATUBE ENTERPRISE CO., LTD.	-	"	55,000	-	0.01 %	-	0.01 %	
PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD.	Stock-KUEI HUNG INDUSTRIAL CO., LTD.	-	"	22,000	-	- %	-	- %	
TAIWAN NIKOMART CO., LTD.	Stock-CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD.	-	Note 2	107,000	7,747	0.04 %	7,747	0.04 %	
TAIWAN NIKOMART CO., LTD.	Stock- TAISUN ENTERPRISE CO., LTD.	Parent /Subsidiary	Note 3	2,960,186	81,701	0.59 %	81,701	0.59 %	
PIONEER TRAFFIC CO., LTD.	Stock-Taitung Business Bank	-	Note 2	9,628	-	- %	-	- %	
PIONEER TRAFFIC CO., LTD.	Stock- TAISUN ENTERPRISE CO., LTD.	Parent /Subsidiary	Note 3	368,524	10,171	0.07 %	10,171	0.07 %	
PIONEER TRAFFIC CO., LTD.	Stock-SYSGRATION LTD.	-	"	42,451	1,753	0.03 %	1,753	0.03 %	
PIONEER TRAFFIC CO., LTD.	Stock- CHUNG HSIN ELECTRIC & MACHINERY MANUFACTURING CORPORATION	-	"	1,928	103	- %	103	- %	
PIONEER TRAFFIC CO., LTD.	Stock- Winbond Electronics Corporation	-	"	5,305	154	- %	154	- %	

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/Units	Carrying value	Percentage of ownership (%)	Fair value		
PIONEER TRAFFIC CO., LTD.	Stock- HUALON CORPORATION	-	"	5,176	-	- %	-	- %	
PIONEER TRAFFIC CO., LTD.	Stock- PAO SHIANG CONSTRUCTION & INDUSTRIAL CO., LTD	-	"	38,760	-	- %	-	- %	
PIONEER TRAFFIC CO., LTD.	Stock- KUEI HUNG INDUSTRIAL CO., LTD	-	"	22,000	-	- %	-	- %	
PIONEER TRAFFIC CO., LTD.	Stock- ORNATUBE ENTERPRISE CO., LTD.	-	"	60,000	-	0.10 %	-	0.10 %	
PIONEER TRAFFIC CO., LTD.	Stock- POWERCHIP SEMICONDUCTOR MANUFACTURING CO.	-	"	38,995	1,559	- %	1,559	- %	
TAISUN (CAYMAN) INVESTMENT LTD.	Stock-YAMAI LIMITED	-	"	-	18,123	3.66 %	18,123	3.66 %	Note 4
TAISUN YUAN CO., LTD.	Stock-FWUSOW INDUSTRY CO., LTD.	-	"	86,000	1,866	0.03 %	1,866	0.03 %	

Note 1: Financial products after deducting unrealized gains and losses.

Note 2: Financial assets at fair value through profit or loss.

Note 3: Non-current financial assets at fair value through other comprehensive income.

Note 4: Unissued shares.

Note 5: Subsidiaries and subsidiaries held by the Company have been written off when preparing the consolidated financial report.

- (iv) Individual securities acquired or disposed with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase /Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD.	Subsidiary	Sale	(1,782,814)	(25) %	OA60	No significant difference to the general customers.	General purchases payments in 30-60 days	406,490	34%	
The Company	CENTRAL UNION OIL CORP.	Investee company measured by equity method	Sale	(1,836,951)	(26) %	OA45-60	Deduct sales expenses related to CENTRAL UNION OIL CORP. based on market price	No comparable client	269,069	23%	
The Company	TAISUN FOODS & MARKETING CO., LTD.	Substantive related parties	Sale	(162,998)	(2) %	50% prepaid, 50% OA90	Deduct related sales expenses according to market	General purchases payments in 30-60 days	4,200	-%	
The Company	CENTRAL UNION OIL CORP.	Investee company measured by equity method	Purchase	262,479	5 %	OA15	No comparable	No comparable client	2,282	-%	
PIONEER TRAFFIC CO., LTD.	TAIWAN DISTRIBUTION CENTER CO., LTD	Associates	Sale	(307,788)	(70) %	OA30	No significant difference to the general customers.	No significant difference to the general customers.	26,766	52%	
PIONEER TRAFFIC CO., LTD.	RE-YI DISTRIBUTION SERVICE CO., LTD	Associates	Sale	(106,084)	(24) %	OA45	No significant difference to the general customers.	No significant difference to the general customers	24,140	47%	
PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD.	TAISUN ENTERPRISE CO., LTD.	Ultimate parent company	Purchase	1,782,814	99 %	OA60	No significant difference to the general customers.	General purchases payments in 30-60 days	(406,490)	(99)%	

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	CENTRAL UNION OIL CORP.	Subsidiary measured by equity method	Account receivable 269,069	6.99	-		269,069	-
The Company	PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD.	Subsidiary	Account receivable 406,490	4.78	-		394,291	-

(ix) Trading in derivative instruments: Please refer to notes 6(b).

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	PIN-TAI DISTRIBUTION ENTERPRISE LTD	1	Sales revenue	1,782,814	OA60	21.34%
0	The Company	PIN-TAI DISTRIBUTION ENTERPRISE LTD	1	Account receivable-related party	406,490	"	4.40%
0	The Company	TAISUN ENTERPRISE (ZHANG ZHOU) FOODS LTD.	1	Other receivables-related party	57,551	half-year imputed interest, repay the Principal when matured	0.62%
1	TAISUN (CAYMAN) INVESTMENT LTD.	TAISUN ENTERPRISE (ZHANG ZHOU) FOODS LTD.	1	Other receivables-related party	57,174	"	0.62%

Note 1: The numbering is as follows:

1. "0" represents the parent company.
2. Subsidiaries are sequentially numbered from 1 by company.

Note 2: The types of transaction between the parent company and subsidiaries are as follows:

1. Transactions from parent company to subsidiary.
2. Transactions from subsidiary to parent company.
3. Transactions between subsidiaries.

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2020 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2020	December 31, 2019	Shares	Percentage of ownership	Carrying value				
The Company	TAIWAN NIKOMART CO., LTD.	Taiwan	Operation of chain convenience stores	284,067	284,067	27,203,632	73.92 %	18,615	73.92 %	4,172	420	Note 1, 3
The Company	PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD.	Taiwan	Wholesale and retail sales of cooking oil and food	346,126	346,126	21,255,839	99.93 %	131,578	99.93 %	35,042	25,707	Note 1, 2, 3
The Company	TAISUN YUAN CO., LTD.	Taiwan	Investment management	5,000	5,000	500,000	100.00 %	10,946	100.00 %	1,443	1,443	
The Company	TAISUN (CAYMAN) INVESTMENT LTD.	Cayman	Investments	1,299,114	1,498,670	40,290,000	100.00 %	175,286	100.00 %	2,163	63,969	
The Company	CENTRAL UNION OIL CORP.	Taiwan	Manufacturing, processing and sales of bean products	204,125	204,125	20,000,000	33.33 %	272,778	33.33 %	118,982	39,661	Note 2
The Company	TAIWAN FAMILYMART CO., LTD.	Taiwan	Operation of, and investment in, chain convenience stores	2,341,622	2,342,750	50,136,417	22.46 %	3,087,576	22.47 %	2,129,633	478,457	
The Company	PIONEER TRAFFIC CO., LTD.	Taiwan	Logistics	15,352	15,352	1,358,480	13.26 %	8,509	13.26 %	14,171	1,555	Note 1
PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD.	PIONEER TRAFFIC CO., LTD.	Taiwan	Logistics	94,780	94,780	8,630,240	84.21 %	100,547	84.21 %	14,171		Note 5
PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD.	TAIWAN NIKOMART CO., LTD.	Taiwan	Operation of chain convenience stores	87,084	87,084	8,904,412	24.20 %	152,978	24.20 %	4,172	"	Note 3
TAIWAN NIKOMART CO., LTD.	CVS.COM CO., LTD.	Taiwan	Wholesale of edible products	2,490	2,490	249,000	24.90 %	4,652	24.90 %	1,060	"	
TATSUN YUAN CO., LTD.	TAIWAN FAMILYMART CO., LTD.	Taiwan	Operation of, and investment in, chain convenience stores	3,522	3,522	20,000	0.01 %	3,631	0.01 %	2,129,633	191	

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- Note 1: The part of holding of the Company's stock by a subsidiary, is treated as treasury stock, has been deducted; please refer to Notes 6(t).
- Note 2: Unrealized gains and losses on transactions between affiliates have been eliminated.
- Note 3: The impairment loss recognized with the indication of impairment has been deducted.
- Note 4: Subsidiaries transactions have been written off when preparing the consolidated financial reports.
- Note 5: Disclosures are exempted in accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
TAISUN ENTERPRISE (ZHANGZHOU) FOODS LTD.	Operation, production and sales of food, beverages, snacks, canned products, etc.	783,970 (USD27,500)	(Note 1)	952,167 (USD33,400)	-	-	952,167 (USD33,400)	60,067	100.00%	100.00%	60,067	94,183	-
TAISUN (HERBAL) CO., LTD.	Beverage shop	285,528 (CNY65,500)	(Note 2)	-	-	-	-	37	100.00%	100.00%	37	-	-
Cheng Da Restaurant Investment Management (Sichuan) LTD.	Fresh bread and other food products	36,205 (USD1,270)	(Note 6)	17,675 (USD620)	-	-	17,675 (USD620)	-	3.66%	3.66%	-	48	-
JIANGSU DA MAI FOODS LTD.	Fresh bread and other food products	94,875 (USD3,328)	(Note 6)	20,811 (USD730)	-	-	20,811 (USD730)	-	3.66%	3.66%	-	1,004	-

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
990,653	1,364,108	4,215,879

- Note 1: Indirect investment in Mainland China through the company (TAISUN (CAYMAN) INVESTMENT LTD.) in the third region.
- Note 2: Indirect investment in Mainland China through an existing company in Mainland China. According to the rules of the Investment Board, Ministry of Economic Affairs, the reinvestment of investment businesses in Mainland China does not need to apply to the Investment Board; therefore, these investment amounts are not included in the calculation of the Company's investment in Mainland China.
- Note 3: The recognition of the investment through profit or loss of TAISUN ENTERPRISE (ZHANG ZHOU) FOODS LTD. and TAISUN (HERBAL) LTD are based on the financial statements which were reviewed and attested by parent company's CPA in R.O.C. within the same period.
- Note 4: The above amounts were translated into New Taiwan dollars at the exchange rate 28.508 as of December 31, 2020.
- Note 5: According to the rules of the Investment Board, Ministry of Economic Affairs, the maximum amount on investments should be the higher of the Company's net asset or 60% of the consolidated net assets.
- Note 6: The Company reinvested 3.66% shareholding in YAMAI LIMITED, whose company is in Hong Kong and indirectly held 100% shares of its Mainland China company, through TAISUN (CAYMAN) INVESTMENT LTD. The Company does not have any significant influence on YAMAI LIMITED, therefore, no gain or loss on its investment was recognized.
- Note 7: TAISUN (HERBAL) LTD. had completed the cancellation of registration in April 2020.

(iii) For details of capital lending to TAISUN ENTERPRISE (ZHANG ZHOU) FOODS LTD., please refer to Note 13(a).

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
LONG BON INTERNATIONAL CO., LTD.		123,030,000	24.60 %
EVERWIN INVESTMENT CO., LTD		31,434,000	6.28 %
WANG, KUEI-TSENG		29,804,628	5.96 %

(14) Segment information:

(a) General Information

The Four of Reportable segments of the Group are as follows:

- (i) Consumption division: Processing, manufacturing, wholesale and retail of cooking oil-and-fat, foods and beverage.
- (ii) Commodity division: Processing, wholesale and retail of feeds, soy powder and livestock farm.
- (iii) Foreign division: Foreign segment provide services such as sales of food, beverages, snacks and beverage stores.
- (iv) Other: construction segment and other management segments.

The reportable segments are strategic business units that provide different products and services. Each strategic business unit needs different kinds of technology and marketing strategy; hence, it must be managed separately. Furthermore, most of the divisions were acquired respectively, having retained the same management sections at the time of acquisition.

(b) Reportable segment profit or loss, segment assets, segment liabilities, and their measurement and reconciliations

	Consumption division	Commodity division	Foreign division	Other	Adjustment and eliminations	Total
For the Year Ended December 31, 2020						
Total revenue	\$ 4,718,701	2,698,245	493,610	445,569	-	8,356,125
Reportable segment profit or loss	\$ 346,021	112,407	63,969	383,653	-	906,050
For the Year Ended December 31, 2019						
Total revenue	\$ 4,340,613	2,742,619	502,433	414,919	-	8,000,584
Reportable segment profit or loss	\$ 256,377	93,824	22,867	248,568	-	621,636

Note : Since the measured amount of assets of the Group was not provided to the operating decision maker, it was disclosed as zero.

(Continued)

TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Geographic information

The different information of the Group, in which the revenue is classified by the customer's geographic location, is as follows:

<u>Region</u>	For the Years Ended December 31	
	2020	2019
Revenue from external customers:		
Taiwan	\$ 7,618,736	7,223,916
Others	<u>737,389</u>	<u>776,668</u>
	<u>\$ 8,356,125</u>	<u>8,000,584</u>

(d) Major Customer

Sales

	For the Years Ended December 31	
	2020	2019
Company A	<u>\$ 1,836,951</u>	<u>2,024,620</u>