Stock Code:1218

# TAISUN ENTERPRISE CO., LTD.

**Parent Company Only 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 parent company only 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 parent company only financial statements, the Chinese version shall prevail.

# Table of contents


| Contents | Page |
|---|---|
| 1. Cover Page | 1 |
| 2. Table of Contents | 2 |
| 3. Independent Auditors' Report | 3 |
| 4. Balance Sheets | 4 |
| 5. Statements of Comprehensive Income | 5 |
| 6. Statements of Changes in Equity | 6 |
| 7. Statements of Cash Flows | 7 |
| 8. Notes to the Financial Statements | |
| (1) Company history | 8 |
| (2) Approval date and procedures of the financial statements | 8 |
| (3) New standards, amendments and interpretations adopted | 8～9 |
| (4) Summary of significant accounting policies | 9～25 |
| (5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty | 25～26 |
| (6) Explanation of significant accounts | 26～59 |
| (7) Related-party transactions | 60～64 |
| (8) Pledged assets | 64 |
| (9) Commitments and contingencies | 64 |
| (10) Losses Due to Major Disasters | 64 |
| (11) Subsequent Events | 64 |
| (12) Other | 65～66 |
| (13) Other disclosures | |
| (a) Information on significant transactions | 67～69 |
| (b) Information on investees | 70 |
| (c) Information on investment in mainland China | 70～71 |
| (d) Major shareholders | 71 |
| (14) Segment information | 71 |
| 9. List of major account titles | 72～78 |

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 financial statements of Taisun Enterprise Co., Ltd. ("the Company"), which comprise the balance sheets as of December 31, 2020 and 2019, the statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the 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 financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

## 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 Financial Statements section of our report. We are independent of the Company 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 financial statements of the current period. These matters were addressed in the context of our audit of the 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(q) "Revenue" and Note 6(s) "Revenue from Contracts with Customers" for details on revenue recognition.

   Description of key audit matter:

   The Company 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 Company 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

KPMG, a Taiwan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

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 Company's disclosure of information on revenue recognition was appropriate.

2. Accounts receivable evaluation

Please refer to Note 4(f) 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 Company' s accounts receivable stands a significant ratio in the total asset of the 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 Company's disclosure of information on account receivables was appropriate.

3. Inventory valuation

Please refer to Note 4(g) 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 Company is key asset for its 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 Company' s disclosure of information on inventory allowances was appropriate.

**Other Matter**

We did not audit the financial statements of certain 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 38.13% and 36.73% of total assets on December 31, 2020 and 2019; and the related share of profit of associates accounted for using the equity method constituting 57.61% and 71.92% of total profit before tax for the years then ended, respectively.

**Responsibilities of Management and Those Charged with Governance for the Parent Company only Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company' 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 Company 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 Company's financial reporting process.

**Auditors' Responsibilities for the Audit of the Parent Company only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company'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 Company'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 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 Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the 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 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 parent company only financial statements are intended only to present the 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying parent company only 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 parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

# TAISUN ENTERPRISE CO., LTD.

## Non-Consolidated Balance Sheets

## December 31, 2020 and 2019

## (Expressed in Thousands of New Taiwan Dollars)

| | | December 31, 2020 | | December 31, 2019 | |
|---|---|---|---|---|---|
| | **Assets** | **Amount** | **%** | **Amount** | **%** |
| | **Current assets:** | | | | |
| 1100 | Cash and cash equivalents (Note 6(a)) | $ 580,448 | 7 | 886,133 | 10 |
| 1110 | Current financial assets at fair value through profit or loss (Note 6(b)) | 75,029 | 1 | 67,384 | 1 |
| 1150 | Notes receivable, net (Note 6(d)) | 105,333 | 1 | 94,996 | 1 |
| 1160 | Notes receivable due from related parties, net (Notes 6(d) and 7) | 2,700 | - | 2,344 | - |
| 1170 | Accounts receivable, net (Note 6(d)) | 353,733 | 4 | 313,791 | 4 |
| 1180 | Accounts receivable due from related parties, net(Notes 6(d) and 7) | 679,976 | 8 | 603,687 | 7 |
| 1200 | Other receivables (Note 6(e)) | 2,777 | - | 3,453 | - |
| 1210 | Other receivables due from related parties, net (Notes 6(e) and 7) | 60,385 | 1 | 108,878 | 1 |
| 1310 | Inventories, manufacturing business (Note 6(f)) | 525,459 | 6 | 641,815 | 7 |
| 1400 | Current biological assets | 21,827 | - | 14,589 | - |
| 1421 | Prepayments to suppliers | 287,528 | 3 | 179,084 | 2 |
| 1429 | Other prepayments | 27,372 | - | 30,682 | - |
| 1476 | Other current financial assets (Notes 6(a) and 8) | 146,816 | 2 | 286,007 | 3 |
| 1479 | Other current assets, others | 4,747 | - | 11,477 | - |
| | **Total current assets** | 2,874,130 | 33 | 3,244,320 | 36 |
| | Non-current assets: | | | | |
| 1517 | Non-current financial assets at fair value through other comprehensive income (Note 6(c)) | 145,823 | 2 | 44,803 | 1 |
| 1550 | Investments accounted for using equity method (Notes 6(g) and 8) | 3,705,288 | 42 | 3,454,106 | 40 |
| 1600 | Property, plant and equipment (Note 6(h)) | 1,529,582 | 17 | 1,427,406 | 17 |
| 1760 | Investment property, net (Note 6(i)) | 537,438 | 6 | 538,817 | 6 |
| 1780 | Intangible assets | 4,225 | - | 6,911 | - |
| 1830 | Non-current biological assets | 6,710 | - | 6,691 | - |
| 1840 | Deferred tax assets (Note 6(p)) | 2,714 | - | 11,882 | - |
| 1975 | Net defined benefit asset, non-current (Note 6(o)) | 18,949 | - | - | - |
| 1980 | Other non-current financial assets | 10,178 | - | 8,158 | - |
| | **Total non-current assets** | 5,960,907 | 67 | 5,498,774 | 64 |
| | **Total assets** | **$ 8,835,037** | **100** | **8,743,094** | **100** |

| | | December 31, 2020 | | December 31, 2019 | |
|---|---|---|---|---|---|
| | **Liabilities and Equity** | **Amount** | **%** | **Amount** | **%** |
| | **Current liabilities:** | | | | |
| 2100 | Short-term borrowings (Note 6(j)) | $ 108,027 | 1 | 272,609 | 3 |
| 2110 | Short-term notes and bills payable (Note 6(k)) | - | - | 100,000 | 1 |
| 2120 | Current financial liabilities at fair value through profit or loss (Note 6(b)) | 853 | - | 1,451 | - |
| 2150 | Notes payable | 278 | - | 1,897 | - |
| 2170 | Accounts payable (Notes 6(l) and 7) | 461,948 | 5 | 398,360 | 4 |
| 2200 | Other payables (Notes 6(o) and 7) | 365,613 | 4 | 334,407 | 4 |
| 2230 | Current tax liabilities (Note 6(p)) | 29,689 | - | 29,123 | - |
| 2322 | Long-term borrowings, current portion (Note 6(m)) | - | - | 75,000 | 1 |
| 2399 | Other current liabilities, others | 16,559 | - | 15,359 | - |
| | **Total current liabilities** | 982,967 | 10 | 1,228,206 | 13 |
| | **Non-Current liabilities:** | | | | |
| 2540 | Long-term borrowings (Note 6(m)) | 600,000 | 7 | 687,500 | 8 |
| 2570 | Deferred tax liabilities (Note 6(p)) | 222,537 | 3 | 222,537 | 3 |
| 2640 | Non-current net defined benefit liability (Note 6(o)) | - | - | 1,447 | - |
| 2670 | Other non-current liabilities, others | 3,068 | - | 3,516 | - |
| | **Total non-current liabilities** | 825,605 | 10 | 915,000 | 11 |
| | **Total liabilities** | 1,808,572 | 20 | 2,143,206 | 24 |
| | **Equity attributable to owners of parent (Note 6(q)):** | | | | |
| 3110 | Ordinary share | 4,999,990 | 57 | 4,999,990 | 57 |
| 3200 | Capital surplus | 974,083 | 11 | 961,786 | 11 |
| | Retained earnings: | | | | |
| 3310 | Legal reserve | 126,621 | 1 | 69,197 | 1 |
| 3320 | Special reserve | 240,776 | 3 | 240,776 | 3 |
| 3350 | Unappropriated retained earnings | 964,748 | 11 | 639,083 | 7 |
| 3400 | Other equity interest | (75,877) | (1) | (107,068) | (1) |
| 3500 | Treasury shares | (203,876) | (2) | (203,876) | (2) |
| | **Total equity** | 7,026,465 | 80 | 6,599,888 | 76 |
| | **Total liabilities and equity** | **$ 8,835,037** | **100** | **8,743,094** | **100** |

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

# TAISUN ENTERPRISE CO., LTD.

## Non-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(s) and 7)** | $ 7,140,795 | 100 | 6,837,543 | 100 |
| 5000 | **Operating costs (Notes 6(f) and 7)** | 5,982,205 | 84 | 5,829,458 | 85 |
| 5910 | Less:Unrealized profit (loss) from sales | 16,462 | - | 15,196 | - |
| 5920 | Add:Realized profit (loss) on from sales | 15,196 | - | 15,939 | - |
| 5900 | **Gross profit from operations** | 1,157,324 | 16 | 1,008,828 | 15 |
| 6000 | **Operating expenses (Notes 6(d), (o), (t) and 7):** | | | | |
| 6100 | Selling expenses | 599,706 | 8 | 581,392 | 9 |
| 6200 | Administrative expenses | 321,505 | 5 | 307,762 | 5 |
| 6450 | Expected credit loss | 263 | - | 2,500 | - |
| | **Total operating expenses** | 921,474 | 13 | 891,654 | 14 |
| 6900 | **Net operating income** | 235,850 | 3 | 117,174 | 1 |
| 7000 | **Non-operating income and expenses:** | | | | |
| 7020 | Other gains and losses, net (Note 6(u)) | 55,992 | 1 | 32,332 | - |
| 7050 | Finance costs, net (Note 6(u)) | (11,354) | - | (17,247) | - |
| 7070 | Share of profit of subsidiaries, associates and joint ventures accounted for using equity method, net (Note 6(g)) | 611,212 | 9 | 467,426 | 7 |
| 7100 | Total interest income (Notes 6(u) and 7) | 8,432 | - | 12,034 | - |
| | **Total non-operating income and expenses** | 664,282 | 10 | 494,545 | 7 |
| | **Profit from continuing operations before tax** | 900,132 | 13 | 611,719 | 8 |
| 7950 | Less: Income tax expenses (Note 6(p)) | 49,054 | 1 | 29,646 | - |
| | **Profit** | 851,078 | 12 | 582,073 | 8 |
| 8300 | **Other comprehensive income:** | | | | |
| 8310 | **Components of other comprehensive income that will not be reclassified to profit or loss** | | | | |
| 8311 | Gains on remeasurements of defined benefit plans (Note 6(o) and (q)) | 1,631 | - | 8,039 | - |
| 8316 | Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income | 29,461 | - | 9,721 | - |
| 8330 | Shares of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss | (15,063) | - | (4,895) | - |
| 8349 | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | - | - | - | - |
| | | 16,029 | - | 12,865 | - |
| 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) | - |
| 8380 | Shares of other comprehensive income of subsidiaries, 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 | - | - | - | - |
| | | (2,828) | - | (3,378) | - |
| 8300 | **Other comprehensive income** | 13,201 | - | 9,487 | - |
| | **Total comprehensive income** | **$ 864,279** | **12** | **591,560** | **8** |
| | **Basic earnings per share (Note 6(r))** | | | | |
| 9750 | Basic earnings per share | **$** | **1.75** | | **1.20** |
| 9850 | Diluted earnings per share | **$** | **1.74** | | **1.19** |

See accompanying notes to parent company only financial statements.

**(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)**

**TAISUN ENTERPRISE CO., LTD.**

**Non-Consolidated Statements of Changes in Equity**

**For the years ended December 31, 2020 and 2019**

**(Expressed in Thousands of New Taiwan Dollars)**

| | Share capital | | Retained earnings | | | | Total other equity interest | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 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 | Total equity |
| **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 |
| Profit | - | - | - | - | 582,073 | 582,073 | - | - | - | - | 582,073 |
| Other comprehensive income | - | - | - | - | 4,662 | 4,662 | (3,378) | 8,203 | 4,825 | - | 9,487 |
| Total comprehensive income | - | - | - | - | 586,735 | 586,735 | (3,378) | 8,203 | 4,825 | - | 591,560 |
| Appropriation and distribution of retained earnings: | | | | | | | | | | | |
| Legal reserve appropriated | - | - | 46,445 | - | (46,445) | - | - | - | - | - | - |
| Cash dividends of ordinary share | - | - | - | - | (399,999) | (399,999) | - | - | - | - | (399,999) |
| Other changes in capital surplus: | | | | | | | | | | | |
| Adjustments of capital surplus for the Company's cash dividends ditributed to subsidiaries | - | 10,886 | - | - | - | - | - | - | - | - | 10,886 |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income by affiliates though 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 |
| Profit | - | - | - | - | 851,078 | 851,078 | - | - | - | - | 851,078 |
| Other comprehensive income | - | - | - | - | (17,404) | (17,404) | (2,828) | 33,433 | 30,605 | - | 13,201 |
| Total comprehensive income | - | - | - | - | 833,674 | 833,674 | (2,828) | 33,433 | 30,605 | - | 864,279 |
| Appropriation and distribution of retained earnings: | | | | | | | | | | | |
| Legal reserve appropriated | - | - | 57,424 | - | (57,424) | - | - | - | - | - | - |
| Cash dividends of ordinary share | - | - | - | - | (449,999) | (449,999) | - | - | - | - | (449,999) |
| Other changes in capital surplus: | | | | | | | | | | | |
| Adjustments of capital surplus for Company's cash dividends distributed to subsidiaries | - | 12,297 | - | - | - | - | - | - | - | - | 12,297 |
| 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** |

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

# TAISUN ENTERPRISE CO., LTD.

## Non-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** | $ 900,132 | 611,719 |
| **Adjustments:** | | |
| **Adjustments to reconcile profit (loss):** | | |
| Depreciation expense | 64,398 | 63,044 |
| Amortization expense | 2,686 | 3,802 |
| Expected credit losses | 263 | 2,500 |
| Net gains on financial assets or liabilities at fair value through profit or loss | (7,627) | (2,340) |
| Interest expense | 11,354 | 17,247 |
| Interest income | (8,432) | (12,034) |
| Dividend income | (6,222) | (5,269) |
| Shares of profit of subsidiaries, associates and joint ventures accounted for using equity method | (611,212) | (467,426) |
| Gains on disposal of property, plan and equipment | (769) | (377) |
| Gains on disposal of non-current assets classified as held-for-sale | - | (9,420) |
| Gains on disposal of investments | (3,755) | - |
| Unrealized profit from sales | 16,462 | 15,196 |
| Realized profit on from sales | (15,196) | (15,939) |
| Others | 6,000 | - |
| **Total adjustments to reconcile profit (loss)** | (552,050) | (411,016) |
| **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 | (10,337) | (2,902) |
| (Increase) decrease in notes receivable due from related parties | (356) | 199,631 |
| Increase in accounts receivable | (40,205) | (35,678) |
| Increase in accounts receivable due from related parties | (76,289) | (161,733) |
| Decrease (increase) in other receivables | 676 | (260) |
| Decrease in other receivable due from related parties | - | 3,186 |
| Decrease (increase) in inventories | 116,356 | (70,985) |
| Increase in biological assets | (9,614) | (3,422) |
| Increase in prepayments | (93,594) | (1,744) |
| Decrease in other current assets | 730 | 3,616 |
| Increase in net detined benefit assets | (18,949) | - |
| Increase in financial liabilities at fair value through profile or loss | 2,738 | 2,938 |
| Decrease in notes payable | (1,619) | (65,538) |
| Increase in accounts payable | 63,588 | 153,763 |
| Increase in other payables | 19,667 | 82,807 |
| Increase in other current liabilities | 1,200 | 2,380 |
| Increase (decrease) in net defined benefit liabilities | 184 | (22,079) |
| **Total adjustments** | (601,228) | (341,297) |
| Cash inflow generated from operations | 298,904 | 270,422 |
| Interest received | 8,432 | 12,034 |
| Interest paid | (11,354) | (17,247) |
| Income taxes paid | (39,320) | (523) |
| **Net cash flows from operating activities** | 256,662 | 264,686 |

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

# TAISUN ENTERPRISE CO., LTD.

## Parent Company only 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 | (72,873) | - |
| 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 disposal of non-current assets classified as held-for-sale | - | 54,312 |
| Acquisition of property, plant and equipment | (166,467) | (105,237) |
| Proceeds from disposal of property, plant and equipment | 4,397 | 1,676 |
| Decrease in other receivables due from related parties | 48,493 | 48,294 |
| Increase in other financial assets | (144,560) | (284,030) |
| Decrease in other financial assets | 281,731 | - |
| Dividends received | 358,264 | 316,844 |
| **Net cash flows from investing activities** | 315,182 | 19,294 |
| **Cash flows from (used in) financing activities:** | | |
| Increase in short-term borrowings | 6,254,213 | 6,439,195 |
| Decrease in short-term loans borrowings | (6,418,795) | (6,216,586) |
| Increase in short-term notes and bills payable | 2,245,000 | 3,260,000 |
| Decrease in short-term notes and bills payable | (2,345,000) | (3,890,000) |
| Proceeds from long-term borrowings | 600,000 | 650,000 |
| Repayments of long-term borrowings | (762,500) | (260,248) |
| Decrease in other non-current liabilities | (448) | (3,165) |
| Cash dividends paid | (449,999) | (399,999) |
| **Net cash flows used in financing activities** | (877,529) | (420,803) |
| **Net decrease in cash and cash equivalents** | (305,685) | (136,823) |
| **Cash and cash equivalents at beginning of period** | 886,133 | 1,022,956 |
| **Cash and cash equivalents at end of period** | **$ 580,448** | **886,133** |

See accompanying notes to parent company only financial statements.

**(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)**

**TAISUN ENTERPRISE CO., LTD.**

**Notes to the 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. The major business activities of the Company is the manufacturing and sales of cooking oil, food, beverages and aquafeeds .

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

The paret company only 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 Company has initially adopted the following new amendments, which do not have a significant impact on its 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 Company 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"

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

The Company 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"

(Continued)

- Amendments to IAS 16 "Property, Plant and Equipment－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 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 financial statements.

(a) Statement of compliance

These 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") .

(b) Basis of preparation

(i) Basis of measurement

The 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).

(ii) Functional and presentation currency

The functional currency of each Company 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.

**TAISUN ENTERPRISE CO., LTD.**
**Notes to the Financial Statements**

(c) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Company 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.

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 Company 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 Company 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.

(d) 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

(Continued)

(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 Company'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 Company 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.

(e) 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.

(f) Financial instruments

Account receivables initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company 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 Company 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.

**TAISUN ENTERPRISE CO., LTD.**
**Notes to the Financial Statements**

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.

On initial recognition of an equity investment that is not held-for-trading, the Company 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 Company'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 Company 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.

(Continued)

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 Company 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 Company 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 Company 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 Company' s historical experience and informed credit assessment, as well as forward-looking information.

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

The Company considers a financial asset to be in default when the financial asset is more than 90 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

The Company 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 Company is exposed to credit risk.

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 Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company 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.

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 Company 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 Company 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 Company’s procedures for recovery of amounts due.

5) Derecognition of financial assets

The Company 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 Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company 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 Company 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).

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 Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company 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 Company 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 Company 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.

(g) 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.

(h) 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.

(i) 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 Company'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 Company'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.

(Continued)

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

(j) Investment in associates

Associates are those entities in which the Company 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 Company'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 Company, 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 Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company'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 Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(k) 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.

(l) 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 Company.

(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)Transportation equipment | 2～ 9 years |
| (4)Other equipment | 2～16 years |

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

(iv) Reclassification of self-used properties into investment properties

The Company used the book value of its self-used properties to reclassify them into investment properties.

(m) Lease

(i) Identifying a lease

At inception of a contract, the Company 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 Company 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 Company 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.

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 Company's incremental borrowing rate. Generally, the Company 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 Company'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 Company 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 Company 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.

If an arrangement contains lease and non-lease components, the Company 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 Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company 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 Company 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 Company 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 Company 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 Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company 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 Company 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 Company applies IFRS15 to allocate the consideration in the contract.

(n) Intangible assets

(i) Recognition and measurement

Intangible assets that the Company acquired are measured at cost, less accumulated amortization and impairment loss.

(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.

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

1) Computer software cost 5 years

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

(o) Impairment – non-financial assets

At each reporting date, the Company 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.

(Continued)

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.

(p) Provisions

A provision is recognized if, as a result of a past event, the Company 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 Company'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.

(q) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company 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 Company's main types of revenue are explained below.

1) Sale of goods

The Company manufactures cooking oils, foods and beverages, as well as aquafeeds, and sells them to distributors. The Company 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 Company has objective evidence that all criteria for acceptance have been satisfied.

The Company often offers volume discounts to its customers based on aggregate sales of 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 Company 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 been exchanged for distinguishable goods or services, it is redeemed as deduction of sales price and income.

2) Financing components

The Company 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 Company does not adjust any of the transaction prices for the time value of money.

(r) 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 Company'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 Company, 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.

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 Company 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 Company 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 Company 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.

(s) 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 Company 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

(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 reserve, 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 Company 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.

(t) Earnings per share

Disclosures are made of basic and diluted earnings per share attributable to ordinary equity holders of the Company. The basic earnings per share are calculated based on the profit attributable to the ordinary shareholders of the Company 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 Company, 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.

(u) Operating segments

Please refer to the consolidated financial report of the Company for the years ended December 31, 2020 and 2019 for information on operating segments information.

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

The preparation of the 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 to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(a) Impairment of trade receivable

When there is objective evidence of impairment loss, the Company 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 Company 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 Company strives to use market observable inputs when measuring assets and liabilities. For different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows, please refer to Note 6(v):

**(6) Explanation of significant accounts:**

(a) Cash and cash equivalents

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Cash on hand and petty cash | $ 200 | 200 |
| Check deposits | 23,518 | 19,956 |
| Cash in banks | 556,730 | 506,192 |
| Time deposits | - | 174,633 |
| Cash equivalents | - | 185,152 |
| Cash and cash equivalents | **$ 580,448** | **886,133** |

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

The deposit accounts of $146,816 thousand and $286,007 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.

(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 | 43,325 | 37,635 |
| Beneficiary certificates openfunds | 30,335 | 29,640 |
| Total | **$ 75,029** | **67,384** |

(Continued)

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Liabilities mandatorily measured at fair value through profit or loss: | | |
| Non-derivative financial liabilities | | |
| Forward exchange contracts | **$ 853** | **1,451** |

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

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

(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 | $ 144,668 | 41,748 |
| Shares of stock of unlisted companies | 1,155 | 3,055 |
| Total | **$ 145,823** | **44,803** |

(i) The Company 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 Company at the time of liquidation was $1,314 thousand and accumulated losses amounted to $586 thousand, the Company transferred the accumulated losses from other equity to retained earnings.

(iii) Please refer to Note 6(w) for credit risk and market risk.

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

(Continued)

**TAISUN ENTERPRISE CO., LTD.**
**Notes to the Financial Statements**

(d) Notes and accounts receivable

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Notes receivable | $ 105,333 | 94,996 |
| Notes receivable from related parties | 2,700 | 2,344 |
| Accounts receivable | 361,292 | 320,889 |
| Accounts receivable from related parties | 702,786 | 626,497 |
| Overdue receivables | 10,708 | 10,906 |
| Less：Allowance for impairment | (41,077) | (40,814) |
| | **$ 1,141,742** | **1,014,818** |

The Company 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 | $ 1,037,639 | 0.69% | 7,190 |
| Overdue 0 to 90 days | 23,482 | 0.79% | 186 |
| Overdue 91 to 180 days | 240 | 1.67% | 4 |
| Overdue 181 to 270 days | - | 6.93% | - |
| Overdue 271 to 360 days | - | 15.79% | - |
| Over 365 days past due | - | 100% | - |
| Total | **$ 1,061,361** | | **7,380** |

| | December 31, 2019 | | |
|---|---|---|---|
| | Gross carrying amount | Expected loss rate | Loss allowance provision |
| Current | $ 912,800 | 0.72% | 6,600 |
| Overdue 0 to 90 days | 31,287 | 0.84% | 263 |
| Overdue 91 to 180 days | 3 | 2.11% | - |
| Overdue 181 to 270 days | - | 8.78% | - |
| Overdue 271 to 360 days | 2 | 20% | - |
| Over 365 days past due | - | 100% | - |
| Total | **$ 944,092** | | **6,863** |

(Continued)

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 | 13.8% | 1 |
| Overdue 181 to 270 days | - | 16.09% | - |
| Overdue 271 to 360 days | - | 36.84% | - |
| Over 365 days past due | 10,708 | 100% | 10,708 |
| Total | **$ 98,648** | | **10,887** |

| | 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 | **$ 88,730** | | **11,141** |

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 | **$ 22,810** | 100% | **22,810** |

| | December 31, 2019 | | |
|---|---|---|---|
| | Gross carrying amount | Expected loss rate | Loss allowance provision |
| Over 365 days past due | **$ 22,810** | 100% | **22,810** |

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 | $ 40,814 | 203,477 |
| Impairment losses recognized | 263 | 2,500 |
| Amounts written off | - | (165,163) |
| Balance on December 31 | **$ 41,077** | **40,814** |

(Continued)

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-loans to subsidiaries | $ 57,551 | 106,241 |
| Other | 11,011 | 11,490 |
| Less: Allowance for impairment | (5,400) | (5,400) |
| | **$ 63,162** | **112,331** |

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

Please refer to Note 6(w) for the Company'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 | $ 146,439 | 291,021 |
| Materials | 22,994 | 19,108 |
| Work in process | 104,648 | 112,933 |
| Finished goods | 251,378 | 218,753 |
| | **$ 525,459** | **641,815** |

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 | $ (1,822) | 6,529 |
| Revenue from sale of scraps | (4,864) | (5,013) |
| Gains on physical inventory | (6,207) | (2,517) |
| Losses on disposal | 7,196 | 5,189 |
| Operating expenses | 25,712 | 30,072 |
| | **$ 20,015** | **34,260** |

For the year ended December 31, 2020, the Company 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 Company 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) Investments accounted for using equity method

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Subsidiary | $ 344,934 | 250,891 |
| Associates | 3,360,354 | 3,203,215 |
| | **$ 3,705,288** | **3,454,106** |

(i) Subsidiaries

Please refer to the consolidated financial statement for the years ended December 31, 2020.

(ii) Associates

1) Subsidiaries that have material non-controlling interest were as follow:

| Name of Affiliates | Nature of Relationship with the Company | 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 Company | Taiwan | 22.46 % | 22.47 % |

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 |
|---|---|
| **$ 13,135,741** | **10,958,740** |

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

(Continued)

**TAISUN ENTERPRISE CO., LTD.**
**Notes to the Financial Statements**

| | | 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 | **$** | **6,986,798** | **6,296,178** |
| Net assets attributable to non-controlling interests | **$** | **381,607** | **318,439** |
| Net assets attributable to investee | **$** | **6,605,191** | **5,977,739** |

| | | 2020 | 2019 |
|---|---|---|---|
| Operating revenue | **$** | **85,365,675** | **77,729,697** |
| Net income | $ | 2,240,930 | 1,912,770 |
| Other comprehensive income | | (55,649) | (25,571) |
| Total comprehensive income | **$** | **2,185,281** | **1,887,199** |
| Comprehensive income attributable to non-controlling interests | **$** | **106,899** | **80,601** |
| Comprehensive income attributable to investee | **$** | **2,078,382** | **1,806,598** |

| | | 2020 | 2019 |
|---|---|---|---|
| Shares of net assets attributable to investee on January 1 | $ | 1,343,113 | 1,226,622 |
| Comprehensive income attributable to the Company | | 466,945 | 418,344 |
| Retained earnings attributable to the Company | | - | (12,485) |
| Add: shares aquired | | - | 1,528 |
| Less: shares sold | | (494) | - |
| Dividends from affiliated enterprise | | (326,004) | (290,896) |
| subtotal | | 1,483,560 | 1,343,113 |
| Add: investment property | | 19,921 | 19,938 |
| Add: trademark | | 129,205 | 129,311 |
| Add: goodwill | | 1,454,890 | 1,455,401 |
| Book value of net assets attributable to the Company on December 31 | **$** | **3,087,576** | **2,947,763** |

(Continued)

2) Associates

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

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Carrying amount of individually insignificant associates' equity | **$ 272,778** | **255,452** |

| | For the Years Ended December 31 | |
|---|---|---|
| | 2020 | 2019 |
| Attributable to the Company: | | |
| Net gain | $ 39,661 | 28,100 |
| Other comprehensive income | 1,649 | (670) |
| Comprehensive income | **$ 41,310** | **27,430** |

(iii) Pledge to secure

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

(h) Property, plant and equipment

The cost, depreciation, and impairment loss of the property, plant and equipment of the Company 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 | $ 1,017,667 | 718,871 | 705,214 | 37,025 | 199,934 | 90,337 | 2,769,048 |
| Additions | 5,360 | 4,698 | 15,464 | 4,142 | 9,115 | 127,688 | 166,467 |
| Disposals | - | (11,000) | (24,157) | (266) | (122,655) | - | (158,078) |
| Transfer in | - | 30,564 | 44,941 | - | 14,127 | - | 89,632 |
| Transfer out | - | - | - | - | - | (89,632) | (89,632) |
| Balance on December 31, 2020 | **$ 1,023,027** | **743,133** | **741,462** | **40,901** | **100,521** | **128,393** | **2,777,437** |
| Balance on January 1, 2019 | $ 1,017,667 | 705,515 | 741,333 | 36,190 | 230,833 | 29,229 | 2,760,767 |
| Additions | - | 1,295 | 3,365 | - | 248 | 100,329 | 105,237 |
| Disposals | - | - | (66,544) | - | (30,412) | - | (96,956) |
| Transfer in | - | 12,061 | 27,060 | 835 | 100 | - | 40,056 |
| Transfer out | - | - | - | - | (835) | (39,221) | (40,056) |
| Balance on December 31, 2019 | **$ 1,017,667** | **718,871** | **705,214** | **37,025** | **199,934** | **90,337** | **2,769,048** |

| | Land | Buildings | Machinery equipment | Transportation equipment | Other facilities | Construction in progress | Total |
|---|---|---|---|---|---|---|---|
| **Depreciation and impairment loss:** | | | | | | | |
| Balance on January 1, 2020 | $ - | 531,707 | 592,953 | 26,490 | 190,492 | - | 1,341,642 |
| Depreciation for the period | - | 21,377 | 31,834 | 3,354 | 4,098 | - | 60,663 |
| Disposals | - | (10,585) | (23,056) | (266) | (120,543) | - | (154,450) |
| Reclassifications | - | - | (885) | - | 885 | - | - |
| Balance on December 31, 2020 | **$ -** | **542,499** | **600,846** | **29,578** | **74,932** | **-** | **1,247,855** |
| Balance on January 1, 2019 | $ - | 511,181 | 629,769 | 22,544 | 214,359 | - | 1,377,853 |
| Depreciation for the period | - | 20,526 | 31,786 | 3,111 | 4,023 | - | 59,446 |
| Disposals | - | - | (66,474) | - | (29,183) | - | (95,657) |
| Reclassifications | - | - | (2,128) | 835 | 1,293 | - | - |
| Balance on December 31, 2019 | **$ -** | **531,707** | **592,953** | **26,490** | **190,492** | **-** | **1,341,642** |
| **Carrying amounts:** | | | | | | | |
| Balance on December 31, 2020 | **$ 1,023,027** | **200,634** | **140,616** | **11,323** | **25,589** | **128,393** | **1,529,582** |
| Balance on January 1, 2019 | **$ 1,017,667** | **194,334** | **111,564** | **13,646** | **16,474** | **29,229** | **1,382,914** |
| Balance on December 31, 2019 | **$ 1,017,667** | **187,164** | **112,261** | **10,535** | **9,442** | **90,337** | **1,427,406** |

(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(u) for the disposal of profit and loss.

(iii) As of December 31, 2020 and 2019, there were no interest capitalization of the Company.

(iv) On December 31, 2020, the aforementioned land, houses and buildings were not provided as collateral guarantees.

(i) Investment property

| | Land and improvements | Buildings | Total |
|---|---|---|---|
| **Cost or deemed cost:** | | | |
| Balance on January 1, 2020 | **$ 501,302** | **129,581** | **630,883** |
| Balance on December 31, 2020 | **$ 501,302** | **129,581** | **630,883** |
| Balance on January 1, 2019 | **$ 501,302** | **129,581** | **630,883** |
| Balance on December 31, 2019 | **$ 501,302** | **129,581** | **630,883** |

| | Land and improvements | Buildings | Total |
|---|---|---|---|
| **Depreciation and impairment loss:** | | | |
| Balance on January 1, 2020 | $ - | 92,066 | 92,066 |
| Depreciation for the year | - | 1,379 | 1,379 |
| Balance on December 31, 2020 | **$ -** | **93,445** | **93,445** |
| Balance on January 1, 2019 | $ - | 90,687 | 90,687 |
| Depreciation for the year | - | 1,379 | 1,379 |
| Balance on December 31, 2019 | **$ -** | **92,066** | **92,066** |
| **Carrying amounts:** | | | |
| Balance on January 1, 2020 | **$ 501,302** | **37,515** | **538,817** |
| Balance on December 31, 2020 | **$ 501,302** | **36,136** | **537,438** |
| Balance on January 1, 2019 | **$ 501,302** | **38,894** | **540,196** |
| Balance on December 31, 2019 | **$ 501,302** | **37,515** | **538,817** |
| **Fair value:** | | | |
| Balance on December 31, 2020 | | | **$ 875,242** |
| Balance on December 31, 2019 | | | **$ 873,484** |

(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.

(j) Short-term borrowings

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Letter of credit | $ 108,027 | 122,609 |
| Unsecured bank loans | - | 150,000 |
| Total | **$ 108,027** | **272,609** |
| Unused credit lines | **$ 2,241,885** | **2,868,237** |
| Interest rates | **0.77%~1.59%** | **0.95%~2.82%** |

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

**TAISUN ENTERPRISE CO., LTD.**
**Notes to the Financial Statements**

(k) Short-term notes and bills

| | December 31, 2019 |
|---|---|
| Commercial paper payables | $ 100,000 |
| Unused credit lines | $ 780,000 |
| Interest rates | 0.7% |

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

(l) Accounts payable

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Payables to suppliers | $ 461,948 | 398,360 |

(m) Long-term borrowings

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

| | 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 | | | | $ 687,500 |
| Unused credit line | | | | $ 87,500 |

(i) Collateral for bank loans

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

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

(n) Operating leases

(i) Leases as lessor

The Company leases out its investment property. The Company 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(i) for more related information on operating leases of investment property.

(Continued)

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 | $ 8,703 | 7,030 |
| One to two years | 6,985 | 4,141 |
| Two to three years | 3,562 | 2,869 |
| Three to four years | 841 | 979 |
| Four to five years | 496 | - |
| More than five years | 213 | - |
| Total undiscounted lease payments | **$ 20,800** | **15,019** |

For the years ended December 31, 2020 and 2019, the rental revenues from investment properties amounted to $6,896 thousand and $9,240 thousand, respectively.

(o) 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 | $ 192,447 | 232,369 |
| Fair value of plan assets | (211,396) | (230,922) |
| Net defined benefit liabilities | **$ (18,949)** | **1,447** |

Employee benefit liabilities are listed as follows:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Compensated absences liability | **$ 10,711** | **10,711** |

The Company 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 Company 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.

(Continued)

The Company's contributions to the pension funds were deposited with Bank of Taiwan amounting to $211,396 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 | $ 232,369 | 247,356 |
| Current service costs and interest | 4,328 | 5,266 |
| Remeasurements of the net defined benefit liability | | |
| —Actuarial gain due to experience adjustments | (1,079) | (3,258) |
| —Actuarial loss from changes in financial assumption | 6,270 | 2,464 |
| Benefits paid by the plan | (49,441) | (19,459) |
| Defined benefit obligation on December 31 | **$ 192,447** | **232,369** |

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 | $ 230,922 | 215,791 |
| Interest revenue | 2,270 | 2,409 |
| Remeasurements of the net defined benefit liability | | |
| —Return on plan assets (not including current interest cost) | 6,822 | 7,245 |
| Contributed amount | 8,032 | 16,836 |
| Benefits paid by the plan | (36,650) | (11,359) |
| Fair value of plan asset on December 31 | **$ 211,396** | **230,922** |

**TAISUN ENTERPRISE CO., LTD.**
**Notes to the Financial Statements**

4) Expenses recognized in profit and loss

The Company' 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 | $ 2,126 | 2,591 |
| Net interests on net defined benefit liability | (68) | 266 |
| | **$ 2,058** | **2,857** |

| | For the Years Ended December 31 | |
|---|---|---|
| | 2020 | 2019 |
| Operating costs | $ 900 | 1,147 |
| Operating expenses | 217 | 330 |
| General and administrative expenses | 941 | 1,380 |
| | **$ 2,058** | **2,857** |

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

The Company'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 | $ 92,762 | 100,801 |
| Recognized during the year | (1,631) | (8,039) |
| Cumulative amount on December 31 | **$ 91,131** | **92,762** |

6) Actuarial assumptions

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

| | 2020.12.31 | 2019.12.31 |
|---|---|---|
| Discount rate | 0.625 % | 1.000 % |
| Future salary increase rate | 1.000 % | 1.000 % |

Based on the actuarial report, the Company is expected to make a contribution payment of $6,251 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 years.

(Continued)

7) Sensitivity analysis

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 | $ (4,212) | 4,347 |
| Future salary increase rates | 4,226 | (4,117) |
| December 31, 2019 | | |
| Discount rates | (4,889) | 5,051 |
| Future salary increase rates | 4,930 | (4,797) |

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 Company 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 Company' 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 Company' s employee benefits retirement expenses amounted to $14,000 thousand and $12,889 thousand, respectively.

(p) 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 | $ 42,730 | 26,119 |
| Undistributed earnings additional tax | - | 3,004 |
| Prior years income tax adjustment | (2,844) | - |
| Land value increment taxes | - | 523 |
| Deferred tax expense | | |
| Origin and reversal of temporary difference | 9,168 | - |
| Income tax expense from continuing operations | **$ 49,054** | **29,646** |

(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 | $ 900,132 | 611,719 |
| Income tax using the Company's domestic tax rate | $ 180,026 | 122,344 |
| Gains from equity method | (122,242) | (93,485) |
| (Gains) losses on financial assets evaluation | (169) | 340 |
| Dividends revenue | (1,244) | (1,054) |
| Non-deductible expenses | 296 | 277 |
| Changes in unrecognized temporary differences | 163 | 2,135 |
| Undistributed earnings | - | 3,004 |
| Prior years income tax adjustment | (2,844) | - |
| Land value increment tax | - | 523 |
| Others | (4,932) | (4,438) |
| Total | **$ 49,054** | **29,646** |

(iii) Deferred tax assets

1) Unrecognized deferred tax assets

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Pension expenses | $ - | 289 |
| Allowance losses | 5,850 | 6,052 |
| Losses on investment using equity method | 88,672 | 88,672 |
| Others | 3,877 | 4,495 |
| | **$ 98,399** | **99,508** |

(Continued)

As of December 31, 2020 and 2019, the Company's recognition on its prior years' loss carry forward as deffered tax assets remained the some.

2) Recognized deferred tax assets and liabilities

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

| | Inventory valuation loss | Investment loss | Unrealized gross profit | Total |
|---|---|---|---|---|
| Deferred tax assets: | | | | |
| Balance on January 1, 2020 | $ 1,964 | 9,168 | 750 | 11,882 |
| Recognize as profit or loss | - | (9,168) | - | (9,168) |
| Balance on December 31, 2020 | **$ 1,964** | **-** | **750** | **2,714** |
| Balance on January 1, 2019 | $ 1,964 | 9,168 | 750 | 11,882 |
| Balance on December 31, 2019 | **$ 1,964** | **9,168** | **750** | **11,882** |

(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 Company's defferred tax liabilities.

(v) The Company's income tax returns through 2018 have been assessed and approved by the Tax Authority.

(q) 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 |
|---|---|---|
| Treasuny 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 |
| Restricted stock to employees | 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.

(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. In accordance with Permit No.1010012865 as issued by the Financial Supervisory Commission on April 6, 2012, a special reverse 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:

| | 2019 | 2018 |
|---|---|---|
| Common stock dividends per share | | |
| Cash | **$ 449,999** | **399,999** |

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, pruchased the Company's stock in the open market for investment pruposes. Stocks held by subsidiaries are deemed as treasury stock.

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

| Subsidiaries | Begining 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 |
| | **13,679** | **-** | **-** | **13,679** |

| Subsidiaries | Beaining shares | Add | Less | Ending shares |
|---|---|---|---|---|
| 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 |
| | **13,679** | **-** | **-** | **13,679** |

| | 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 |
| | **$ 203,876** | **203,876** |

The stock prices of the Company as of December 31, 2020 and 2019 were NTD27.60 and NTD22.10 respectively.

(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 measured at fair value through other comprehensive income | - | 29,461 | 29,461 |
| Changes in other comprehensive income (loss) of associates accounted for using equity methods | - | 3,972 | 3,972 |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | - | 586 | 586 |
| Balance on December 31, 2020 | **$ (31,870)** | **(44,007)** | **(75,877)** |
| 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 | - | 9,721 | 9,721 |
| Changes in other comprehensive income (loss) of associates accounted for using equity methods | (644) | (1,518) | (2,162) |
| Disposal of investments designated at fair value through comprehensive income by affiliates through the equity method | - | 12,490 | 12,490 |
| Balance on December 31, 2019 | **$ (29,042)** | **(78,026)** | **(107,068)** |

(Continued)

(r) Earnings per share

The Company'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 | **$ 851,078** | **582,073** |
| 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 | **486,393** | **486,393** |
| Earnings per share | **$ 1.75** | **1.20** |
| **Diluted earnings per share** | | |
| Profit from continuing operation attributable to the Company | 851,078 | 582,073 |
| Profit from continuing operation attributable to the Company(after adjusting the effect of diluted ordinary shares) | **$ 851,078** | **582,073** |
| 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) | **488,595** | **488,393** |
| Earnings per share | **$ 1.74** | **1.19** |

(s) Revenue from contracts with customers

(i) Disaggregation of revenue

| | For the Years Ended December 31, 2020 | | | |
|---|---|---|---|---|
| | Consumption division | Commodity division | Other | Total |
| Main product/service | | | | |
| Consumer food | $ 4,435,654 | - | - | 4,435,654 |
| Bulk materials and aquafeeds | - | 2,698,245 | - | 2,698,245 |
| Revenue from investment properties | - | - | 6,896 | 6,896 |
| | **$ 4,435,654** | **2,698,245** | **6,896** | **7,140,795** |

| | For the Years Ended December 31, 2019 | | | |
|---|---|---|---|---|
| | Consumption division | Commodity division | Other | Total |
| Main product/service | | | | |
| Consumer food | $ 4,085,684 | - | - | 4,085,684 |
| Bulk materials and aquafeeds | - | 2,742,619 | - | 2,742,619 |
| Revenue from investment properties | - | - | 9,240 | 9,240 |
| | **$ 4,085,684** | **2,742,619** | **9,240** | **6,837,543** |

(Continued)

(ii) Contract balances

| | December 31, 2020 | December 31, 2019 | January 1, 2019 |
|---|---|---|---|
| Notes receivable | $ 105,333 | 94,996 | 92,094 |
| Notes receivable-related parties | 2,700 | 2,344 | 201,975 |
| Accounts receivable | 361,292 | 320,890 | 290,120 |
| Accounts receivable-related parties | 702,786 | 626,496 | 462,239 |
| Receivables | 10,708 | 10,906 | 173,685 |
| Less: loss allowance | (41,077) | (40,814) | (203,477) |
| Total | **$ 1,141,742** | **1,014,818** | **1,016,636** |

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

(t) 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 financial statements.

**TAISUN ENTERPRISE CO., LTD.**
**Notes to the Financial Statements**

(u) 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 | $ 6,222 | 5,269 |
| Foreign exchange loss | (2,349) | (26,409) |
| Impairment gain on property, plant and equipment | 769 | 377 |
| Gains on disposal of non-current assets held for sale (Note) | - | 9,420 |
| Gains on disposal of investments | 3,755 | - |
| Gains on financial assets at FVTPL | 7,627 | 2,340 |
| Dilivey service income | 13,539 | 12,165 |
| Other gains and losses | 26,429 | 29,170 |
| | **$ 55,992** | **32,332** |

Note: The Company transferred the non-current assets held for sale to the buyer in March 2019, and recognized the disposal benefit of $9,240 thousand.

(ii) Finance costs

The details of finance costs were as follows:

| | For the Years Ended December 31 | |
|---|---|---|
| | 2020 | 2019 |
| Interest expense | | |
| Bank loans | **$ 11,354** | **17,247** |

(v) Financial instruments

(i) Credit risk

1) Credit risk exposure

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

(Continued)

2) Concentration of credit risk

Apart from the Company's most significant customer, CENTRAL UNION OIL CORP. and PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD, the Company 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 Company are regarded as group of counterparties with similar credit characteristics. As at reporting date, the Company reviewed the concentrations of credit risk arising from CENTRAL UNION OIL CORP. and PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD, and it was below 57.11% and 56.44%, 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(f) for the decision made by Company as to whether or not its credit risk is to be low risk. Please refer to Note 4(e) for the movement in the allowance for impairment for doubtful accounts.

(ii) Liquidity risk

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

| | Carrying amount | Contractual cash flows | Within 6 months | 6-12 months | 1-2 years | 2-5 years |
|---|---|---|---|---|---|---|
| **December 31, 2020** | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Unsecured bank loans (USD) | $ 108,027 | 108,706 | 108,706 | - | - | - |
| Secured bank loans (NTD) | 600,000 | 615,000 | 3,000 | 3,000 | 6,000 | 603,000 |
| Non-interest bearing liabilities | 830,599 | 830,599 | 830,599 | - | - | - |
| | **$ 1,538,626** | **1,554,305** | **942,305** | **3,000** | **6,000** | **603,000** |
| **December 31, 2019** | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Unsecured bank loans (USD) | $ 122,609 | 124,273 | 124,273 | - | - | - |
| Unsecured bank loans (NTD) | 912,500 | 944,369 | 194,046 | 42,898 | 47,740 | 659,685 |
| Short-term notes and bills payable | 100,000 | 100,000 | 100,000 | - | - | - |
| Non-interest bearing liabilities | 580,664 | 580,664 | 580,664 | - | - | - |
| | **$ 1,715,773** | **1,749,306** | **998,983** | **42,898** | **47,740** | **659,685** |

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

**TAISUN ENTERPRISE CO., LTD.**
**Notes to the Financial Statements**

(iii) Currency risk

1) Exposure of foreign currency risk

The Company'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 |
| Financial assets | | | | | | |
| Monetary items | | | | | | |
| USD : NTD | $ 11,168 | 28.508 | 318,000 | 31,651 | 30.106 | 978,227 |
| Non-Monetary items | | | | | | |
| USD : NTD | 6,153 | 28.508 | 175,286 | 7,557 | 30.106 | 108,176 |
| Financial liabilities | | | | | | |
| Monetary items | | | | | | |
| USD : NTD | 3,789 | 28.508 | 108,027 | 4,073 | 30.106 | 122,609 |

2) Sensitivity analysis

The Company' 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 and other receivables 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 $3,082 thousand and $7,710 thousaand, 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

| | 2020 | | 2019 | |
|---|---|---|---|---|
| | Foreign exchange gains (losses) | Average exchange rate | Foreign exchange gains (losses) | Average exchange rate |
| USD | $ (2,349) | 29.568 | (26,409) | 30.924 |

(iv) Interest rate analysis

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

| | Book value | |
|---|---|---|
| | December 31, 2020 | December 31, 2019 |
| Fixed rate instruments: | | |
| Financial assets | $ 146,816 | 645,792 |
| Financial liabilities | - | 100,000 |
| | **$ 146,816** | **545,792** |

(Continued)

| | Book value | |
|---|---|---|
| | December 31, 2020 | December 31, 2019 |
| Variable rate instruments: | | |
| Financial assets | $ 556,730 | 506,192 |
| Financial liabilities | 108,027 | 1,035,109 |
| | **$ 448,703** | **(528,917)** |

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 Company'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 Company's net income will decrease /increase by $2,244 thousand and $2,645 thousand for the years ended December 31, 2020 and 2019, respectively, assuming all other variable factors remaining constant. This is mainly due to the Company's floating interest rate of cash in bank and borrowings.

(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% | **$ 7,291** | **3,683** | **2,240** | **3,364** |
| Decrease 5% | **$ (7,291)** | **(3,683)** | **(2,240)** | **(3,364)** |

(vi) Fair value of financial instruments

1) Categories of financial instruments and fair value hierarchy

The Company 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 Company'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:

# TAISUN ENTERPRISE CO., LTD.
## Notes to the Financial Statements

| | December 31, 2020 | | | | |
|---|---|---|---|---|---|
| | | Fair value | | | |
| | Book value | Level 1 | Level 2 | Level 3 | Total |
| 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 | 43,325 | 43,325 | - | - | 43,325 |
| Beneficiary Certificate-Open-end Funds | 30,335 | 30,335 | - | - | 30,335 |
| Subtotal | 75,029 | 73,660 | 1,369 | - | 75,029 |
| Financial assets at fair value through other comprehensive income | | | | | |
| Shares of stock listed on domestic markets | $ 144,668 | 144,668 | - | - | 144,668 |
| Shares of stock unlisted on domestic markets | 1,155 | - | 1,155 | - | 1,155 |
| Subtotal | 145,823 | 144,668 | 1,155 | - | 145,823 |
| Financial assets at amortized cost | | | | | |
| Cash and cash equivalents | $ 580,448 | - | - | - | - |
| Notes and account receivables (including related parties) | 1,141,742 | - | - | - | - |
| Other receivables (including related parties) | 63,162 | - | - | - | - |
| Other financial asset-current | 146,816 | - | - | - | - |
| Other financial asset-non current | 10,178 | - | - | - | - |
| Subtotal | 1,942,346 | - | - | - | - |
| Total | **$ 2,163,198** | **218,328** | **2,524** | **-** | **220,852** |
| 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 | $ 108,027 | - | - | - | - |
| Notes and accounts payable (including related parties) | 462,226 | - | - | - | - |
| Other payables (including related parties) | 365,613 | - | - | - | - |
| Long term borrowings (including current portion) | 600,000 | - | - | - | - |
| Deposits received (recognized in the balance sheet as other non-current liabilities, others) | 3,068 | - | - | - | - |
| Subtotal | 1,538,934 | - | - | - | - |
| Total | **$ 1,539,787** | **-** | **853** | **-** | **853** |

(Continued)

# TAISUN ENTERPRISE CO., LTD.
## Notes to the Financial Statements

| | December 31, 2019 | | | | |
|---|---|---|---|---|---|
| | | Fair value | | | |
| | Book value | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at fair value through profit or loss | | | | | |
| Derivative financial assets | | | | | |
| Foreign exchange option | $ 109 | - | 109 | - | 109 |
| Non derivative financial assets | | | | | |
| Listed Stocks | 37,635 | 37,635 | - | - | 37,635 |
| Beneficiary Certificate-Open-end Funds | 29,640 | 29,640 | - | - | 29,640 |
| Subtotal | 67,384 | 67,275 | 109 | - | 67,384 |
| Financial assets at fair value through other comprehensive income | | | | | |
| Shares of stock listed on domestic markets | $ 41,748 | 41,748 | - | - | 41,748 |
| Shares of stock unlisted on domestic markets | 3,055 | - | - | 3,055 | 3,055 |
| Subtotal | 44,803 | 41,748 | - | 3,055 | 44,803 |
| Financial assets at amortized cost | | | | | |
| Cash and cash equivalents | $ 886,133 | - | - | - | - |
| Notes and accounts receivable (including related parties) | 1,014,818 | - | - | - | - |
| Other receivables (including related parties) | 112,331 | - | - | - | - |
| Other financial asset-current | 286,007 | - | - | - | - |
| Other financial asset-non current | 8,158 | - | - | - | - |
| Subtotal | 2,307,447 | - | - | - | - |
| Total | **$ 2,419,634** | **109,023** | **109** | **3,055** | **112,187** |
| 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 | $ 272,609 | - | - | - | - |
| Short term notes and bills payable | 100,000 | - | - | - | - |
| Notes and accounts payable (including related parties) | 400,257 | - | - | - | - |
| Other payables (including related parties) | 334,407 | - | - | - | - |
| Long term borrowings (including current portion) | 762,500 | - | - | - | - |
| Deposits received (recognized in the balance sheet as other non current liabilities, others) | 2,917 | - | - | - | - |
| Subtotal | 1,872,690 | - | - | - | - |
| Total | **$ 1,874,141** | **-** | **1,451** | **-** | **1,451** |

(Continued)

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.

If the financial instruments held by the Company 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 Company 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 Company 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.

(Continued)

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 Company 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.

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 Company' 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 Company'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<br>·Market illiquidity discount (as of December 31, 2020 and 2019 were both 25%) | ·Not applicable<br>· 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<br>·Market illiquidity discount (as of December 31, 2020 and 2019 were both 25%) | ·Not applicable<br>· 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 Company' 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% | - | - | 12 | (12) |
| **December 31, 2019** | | | | | | |
| Financial assets at fair value through other comprehensive income | | | | | | |
| Equity investments without an active market | Market illiquidity discount | 1% | - | - | 31 | (31) |

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.

(w) Financial risk management

(i) Overview

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

1) Credit risk

2) Liquidity risk

3) Market risk

The following likewise discusses the Company' 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 Company's risk management policies, wherein the management reports regularly to the Board of Directors on its activities.

The Company' s risk management policies are established to identify and analyze the risks faced by the Company, 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 Company' s activities. The Company, 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 Company' s Internal Audit Department oversees how the management' s supervision complies with the Company' s risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. 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.

(iii) Credit risk

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

1) Accounts receivable and other receivables

The Company' s exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the management also considers the demographics of the Company'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 percentage of net sales of two specific clients invested by the Company through equity method were 51% and 53% respectively. The two clients mentioned above engaged in the manufacturing (upstream) and wholesale (downstream) of edible products. The Company 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 Company 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 Company's finance department. As the Company 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 Company do not have compliance issues and no significant credit risk.

3) Guarantee

The Company' 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 Company did not provide any endorsement and guarantee for CENTRAL UNION OIL CORP.

(iv) Liquidity risk

Liquidity risk is a risk that the Company is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company'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 Company's reputation.

The Company 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 Company' s unused credit line amounted to $3,821,885 thousand and $3,740,923 thousand, respectively.

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

The Company 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 Company'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.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company 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 Company 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

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

(x) Capital management

The Company'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 Company 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 | $ 1,808,572 | 2,143,206 |
| Less: cash and cash equivalents | (580,448) | (886,133) |
| Net debt | **$ 1,228,124** | **1,257,073** |
| Total equity | **$ 7,026,465** | **6,599,888** |
| Adjusted equity | **$ 8,254,589** | **7,856,961** |
| Debt-to-equity ratio | **14.88 %** | **16.00 %** |

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

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

The Company'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.**
**Notes to the 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 Company during the periods covered in the parent company only financial statements.

| Name of related party | Relationship with the Company |
|---|---|
| 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) |
| PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD. | A subsidiary of the Company |
| TAIWAN NIKOMART CO., LTD. | 〃 |
| PIONEER TRAFFIC CO., LTD. | 〃 |
| TAISUN YUAN CO., LTD. | 〃 |
| TAISUN (CAYMAN) INVESTMENT LTD. | 〃 |
| TAISUN ENTERPRISE (ZHANGZHOU) FOODS LTD. | 〃 |
| TAISUN (HERBAL) LTD. | 〃 |

(b) Significant transactions with related parties

(i) Sale of Goods to Related Parties

| | For the years ended December 31 | |
|---|---|---|
| | 2020 | 2019 |
| Subsidiaries-PIN-TAI DISTRIBUTION, ENTERPRISE CO. | $ 1,782,814 | 1,626,081 |
| Other subsidiaries | 453 | - |
| Associates: | | |
| CENTRAL UNION OIL CORP. | 1,836,951 | 2,024,620 |
| Other associates | 10,923 | 18,211 |
| Other related parties | 162,998 | 139,395 |
| | **$ 3,794,139** | **3,808,307** |

(Continued)

Parts of the Company's selling channel of beverages and cooking oil are distributed to related parties, and different canteens inside the military welfare organizations and establishments. However, an additional commission is charged by the delivery agency to the Company for every delivery it makes to the military welfare organizations and establishments. Therefore, the selling price offered to the military welfare organizations and establishments is higher than that offered to the related parties. Furthermore, the selling price offered to TAISUN FOODS & MARKETING CO., LTD is lower as compared to other related parties due to the nature of its business, which is export trading. There were no major differences in the selling price between the related parties and general customers.

The payment term of the previous transaction for PIN-TAI DISTRIBUTION, ENTERPRISE CO. LTD. was every 10 days – 75-day promissory notes. However, for the current payment term, which began in November 2019, the charge is monthly – 60-day promissory notes.

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

The unrealized gross profit on sales between the Company and the above-mentioned related parities has been eliminated based on the equity ratio.

No collaterals were pledged from the receivables of the related parties. However, the Company 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 | $ 262,479 | 265,893 |

The above processing cost is the soybean refining processing expenditure derived from the committed related parties of the Company. 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 Company does not outsource the processing transaction to other non-related parties.

**TAISUN ENTERPRISE CO., LTD.**
**Notes to the Financial Statements**

(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 Subsidiaries | $ - | 26 |
| | Other related parties | 2,700 | 2,318 |
| Account receivable | Subsidiaries-PIN-TAI DISTRIBUTION, ENTERPRISE CO., LTD. | 406,490 | 338,917 |
| | Associates-CENTRAL UNION OIL CORP. | 269,069 | 256,841 |
| | Other associates | 2,917 | 3,293 |
| | Other related parties | 1,500 | 4,636 |
| Other receivable | Subsidiaries-TAISUN ENTERPRISE (ZHANGZHOU) FOODS LTD. | 57,551 | 106,241 |
| | Other Subsidiaries | 2,834 | 2,637 |
| | | **$ 743,061** | **714,909** |

(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 | $ 2,282 | 4,093 |
| Other payable | Subsidiaries | 2,709 | 12,654 |
| | | **$ 4,991** | **16,747** |

(v) Guarantees and endorsements

The guarantees and endorsements for related parties were as follows:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Subsidiaries: | | |
| TAISUN (CAYMAN) INVESTMENT LTD. | **$ -** | **165,583** |

(Continued)

(vi) Loans to related parties

The Company's actual loan to related parties was as follows:

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Subsidiaries: | | |
| TAISUN ENTERPRISE (ZHANGZHOU) FOODS LTD. | $ 57,016 | 105,371 |

The Company's loan to related parties was calculated at an annual interest rate of 2.62%, wherein the Company receives promissory notes as collateral. Also the Company evaluated that no bad debts were recognized for TAISUN ENTERPRISE (ZHANGZHOU) FOODS LTD. For the years ended December 31, 2020 and 2019, the interest revenue from the loan mentioned above were $2,229 thousand and $3,454 thousand respectively.

(vii) Leases

1) Rental revenue

| | For the Years Ended December 31 | |
|---|---|---|
| | 2020 | 2019 |
| Subsidiaries | $ 528 | 528 |

2) Rental expenditure

| | For the Years Ended December 31 | |
|---|---|---|
| | 2020 | 2019 |
| Subsidiaries | $ 179 | 126 |

The abovementioned leases were conducted under general market price, and the payments were paid (received) by months.

(viii) Other

1) For the years ended December 31, 2020 and 2019, the Company paid logistice fees, promotion fees and gift fees were as follows:

| | For the Years Ended December 31 | |
|---|---|---|
| | 2020 | 2019 |
| Subsidiaries | $ 28,064 | 17,769 |

2) For the years ended December 31, 2020 and 2019, the Company received information service fees and warehousing fees were as follows:

| | For the Years Ended December 31 | |
|---|---|---|
| | 2020 | 2019 |
| Subsidiaries | $ 3,829 | 3,943 |

(Continued)

**TAISUN ENTERPRISE CO., LTD.**
**Notes to the Financial Statements**

(c) Key management personnel compensation

| | For the Years Ended December 31 | |
|---|---|---|
| | 2020 | 2019 |
| Short-term employee benefits | $ 67,936 | 61,161 |
| Post-employment benefits | - | 8,100 |
| | **$ 67,936** | **69,261** |

**(8) Pledged assets:**

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

| Asset | Purpose of pledge | December 31, 2020 | December 31, 2019 |
|---|---|---|---|
| Other current financial asset | Forward foreign exchange contract and foreign exchange options | $ 4,276 | 4,516 |
| Other current financial asset | Credit lines of short-term bank loans | 142,540 | 112,897 |
| Investment through equity method | Long-term bank loans | 357,184 | - |
| | | **$ 504,000** | **117,413** |

**(9) Commitments and contingencies:**

(a) Unused standby letters of credit

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Unused standby letters of credit | **$ 773,746** | **217,013** |

(b) The Company provides endorsements and guarantees to its related parties: Please refer to Note 7.

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

| | December 31, 2020 | December 31, 2019 |
|---|---|---|
| Signed-contract | **$ 286,285** | **157,936** |
| Paid-price | **$ 128,393** | **90,338** |

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

**(10) Losses Due to Major Disasters:None**

**(11) Subsequent Events:None**

(Continued)

**TAISUN ENTERPRISE CO., LTD.**
**Notes to the Financial Statements**

**(12) Other:**

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

| | For the Years Ended December 31 | | | | | |
|---|---|---|---|---|---|---|
| | 2020 | | | 2019 | | |
| By funtion / By item | Cost of Sale | Operating Expense | Total | Cost of Sale | Operating Expense | Total |
| Employee benefits | | | | | | |
| Salary | 163,291 | 289,815 | 453,106 | 157,780 | 253,369 | 411,149 |
| Labor and health insurance | 18,005 | 15,406 | 33,411 | 16,754 | 15,085 | 31,839 |
| Pension | 7,729 | 8,329 | 16,058 | 7,367 | 8,379 | 15,746 |
| Remuneration of directors | - | 45,303 | 45,303 | - | 41,289 | 41,289 |
| Others | 11,616 | 9,148 | 20,764 | 12,270 | 9,268 | 21,538 |
| Depreciation | 56,960 | 7,438 | 64,398 | 55,546 | 7,498 | 63,044 |
| Depletion | - | - | - | - | - | - |
| Amortization | - | 2,686 | 2,686 | - | 3,802 | 3,802 |

For the years ended December 31, 2020 and 2019, the information on the number of employees and employee benefit expense of the Company is as follows:

| | 2020 | 2019 |
|---|---|---|
| Numbers of employees | **537** | **519** |
| Numbers of directors (non-employee) | **4** | **4** |
| Average employee benefit expenses | **$ 982** | **933** |
| Average employee salary expenses | **$ 850** | **798** |
| Percentages of average employee salary expense | **6.52 %** | |
| Supervisor's remuneration | **$ -** | **-** |

The Company's salary and remuneration policy information (including directors, managers and employees) is as follows:

(i) The remuneration of the directors of the Company is decided in accordance with Article 19 of the articles of incorporation.

The chairman's and directors' remuneration are remunerated through their performance on their duties in the company by the Salary and Compensation Committee.

The article, which is authorized by the Board of Directors, and accessed through the chairman's and the director's individual participation in the Company's operations and the value of contribution and the peer industry level; in addition, if the Company makes a profit this year, the director's remuneration shall be allocated less than 5% in accordance with the articles of incorporation. The actual allocation rate, which is reviewed by the Salary and Compensation Committee and is decided on the Board meeting.

(Continued)

As for independent directors, the Board of Directors will determine their monthly fixed remuneration, and attendance fees will be paid each time to the directors. And all independent directors will not participate in the Company's profit distribution.

(ii) The remuneration of the Company's general manager, deputy general managers and managers of equivalent positions includes salary and bonuses. The salary refers to the level of the same industry and the titles, ranks, academic (experience) background, professional ability and responsibilities, etc. And the bonuses are based on managers' performance evaluations, which include financial indicators (such as the Company's revenue, the achievement rate of pre-tax net profit and after-tax net profit) and non-financial indicators (such as major deficiencies in compliance with laws and regulations and operational risks in the department under the jurisdiction), corresponding to the contribution to the overall operation of the Company, then the evaluation are submitted to the Salary and Compensation Committee for deliberation.

(iii) The employee compensation policy is determined based on the individual's ability, contribution to the Company, performance, the market value of the position he holds, and consideration of the Company's future operational risks. It is positively related to business performance and is not based on their age or gender, race, religion, political stance, marital status, and union membership. If the Company makes a profit in the current year, more than 2% shall be allocated as employee compensation in accordance with the Company's articles of association. Employees who have served for two years can apply to join the shareholding trust. The overall remuneration package of employees mainly includes three parts: basic fixed salary, bonus, and benefits; and the standard of payment, basic fixed salary is based on the market situation of the position held by the employee, and the bonus is linked to the achievement of employees and department goals and the Company's business performance. The business performance of the Company will be issued to the team or individuals who hold an annual commendation. As for the welfare design, the requirements of the law and the needs of the employees are taken into account to design the benefits that the employees can enjoy.

# TAISUN ENTERPRISE CO., LTD.
## Notes to the 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 Company:

(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 CO., 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 CO., 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 shortterm 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 whollyowned 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.

(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.
## Notes to the 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 | | | | 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-YI JINN INDUSTRIAL CO., LTD | - | 〃 | 2,622,600 | 43,325 | 0.87 % | 43,325 | |
| The Company | Stock- Breeze Digital Technology CO., LTD. | - | 〃 | 147,000 | - | 2.94 % | - | |
| The Company | Stock- CANDO CORPORATION | - | 〃 | 256,923 | - | 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 | |
| The Company | Stock-UNIMICRON TECHNOLOGY CORP. | - | 〃 | 485,000 | 42,389 | 0.03 % | 42,389 | |
| The Company | Stock-YIN-WANG CO.,LTD. | - | 〃 | 10,000 | 100 | 10.00 % | 100 | |
| The Company | Stock-TAISUN FOODS & MARKETING CO., LTD. | Other related party | 〃 | 886,788 | - | 18.90 % | - | |
| The Company | Stock-FWUSOW INDUSTRY CO., LTD. | | 〃 | 3,765,000 | 81,702 | 1.17 % | 81,702 | |
| 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 | |
| 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 % | - | |
| 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 | |
| TAIWAN NIKOMART CO., LTD. | Stock- TAISUN ENTERPRISE CO., LTD. | Parent /Subsidiary | Note 3 | 2,960,186 | 81,701 | 0.59 % | 81,701 | |
| 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 | |
| PIONEER TRAFFIC CO., LTD. | Stock-SYSGRATION LTD. | - | 〃 | 42,451 | 1,753 | 0.03 % | 1,753 | |
| 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 | |
| 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 % | - | |
| PIONEER TRAFFIC CO., LTD. | Stock- POWERCHIP SEMICONDUCTER MAUFACTURING CO. | - | 〃 | 38,995 | 1,559 | - % | 1,559 | |

(Continued)

# TAISUN ENTERPRISE CO., LTD.
## Notes to the Financial Statements

| Name of holder | Category and name of security | Relationship with company | Account title | Ending balance | | | | Note |
|---|---|---|---|---|---|---|---|---|
| | | | | Shares/Units | Carrying value | Percentage of ownership (%) | Fair value | |
| TAISUN (CAYMAN) INVESTMENT LTD. | Stock-YAMAI LIMITED | - | 〃 | - | 18,123 | 3.66 % | 18,123 | Note 4 |
| TAISUN YUAN CO., LTD. | Stock-FWUSOW INDUSTRY CO., LTD. | - | 〃 | 86,000 | 1,866 | 0.03 % | 1,866 | |

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.

(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 clien | 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 clien | 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 Distributioin 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)% | |

(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).

(Continued)

# TAISUN ENTERPRISE CO., LTD.
## Notes to the Financial Statements

(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 | | | Net income (losses) of investee | Share of profits/losses of investee | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2020 | December 31, 2019 | Shares (thousands) | Percentage of wnership | 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 | 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 | 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 | 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 | 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 | 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 | 2,129,633 | 478,457 | |
| The Company | PIONEER TRAFFIC CO., LTD. | Taiwan | Logistics | 15,352 | 15,352 | 1,358,480 | 13.26 % | 8,509 | 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 | 14,171 | Note 4 | |
| 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 | 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 | 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 | 2,129,633 | 191 | |

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(q).

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: 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 | 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% | 60,067 | 94,183 | - |
| TAISUN (HERBAL) LTD | Beverage shop | 285,528 (CNY65,000) | (Note 2 ) | - | - | - | - | 37 | 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% | - | 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% | - | 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.

(Continued)

# TAISUN ENTERPRISE CO., LTD.
## Notes to the Financial Statements

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).

(d) Major shareholders:

| Shareholding<br>Shareholder's Name | 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:**

Please refer to the consolidated financial statements for the year ended December 31, 2020.

**Taisun Enterprise Co., Ltd.**

**Statement of cash and cash equivalents**

**December 31, 2020**

**(Expressed in thousands of New Taiwan Dollars)**

| Item | Description | Amount |
|---|---|---|
| Cash on hand | | $ 200 |
| Cash in banks | | |
| Foreign currency deposits | USD1,497 thousand (rate 28.508) | 42,749 |
| | JPY20,634 thousand (rate 0.2765) | 5,705 |
| Check deposits | | 23,518 |
| Current deposits | | 508,276 |
| | | **$ 580,448** |

**Statement of trade receivables**

| Client name | Description | Amount | Note |
|---|---|---|---|
| Client A | Payment for goods | $ 67,715 | |
| Client B | 〃 | 49,053 | |
| Client C | 〃 | 42,186 | |
| Others | 〃 | 202,338 | The year-end balance of each client did not exceed 5% of the account balance |
| Total | | 361,292 | |
| Less: Allowance loss | | (7,559) | |
| Net trade receivable | | **$ 353,733** | |

**Taisun Enterprise Co., Ltd.**

**Statement of account receivables-related parties**

**December 31, 2020**

**(Expressed in thousands of New Taiwan Dollars)**

| Client name | Description | Amount | Note |
|---|---|---|---|
| CENTRAL UNION OIL CORP. | Payment for goods | $ 269,069 | |
| PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD. | 〃 | 406,490 | |
| Others | 〃 | 27,227 | The year-end balance of each client did not exceed 5% of the account balance |
| Total | | 702,786 | |
| Less: Allowance for impairment | | (22,810) | |
| | | **$ 679,976** | |

**Statement of inventories**

| Item | Amount | | Note |
|---|---|---|---|
| | Cost | Net Realizable Value | |
| Raw materials | $ 148,879 | 111,647 | Market price was based on the selling price on the reporting date |
| Materials | 27,221 | 26,446 | " |
| Work in process | 106,364 | 105,822 | " |
| Finished goods | 266,194 | 270,691 | " |
| Consumptive biological assets | 21,827 | 22,727 | " |
| Subtotal | 570,485 | 537,333 | |
| Less: Allowance for, and loss from, slow-moving inventories | (23,199) | | |
| Total | **$ 547,286** | | |

**Taisun Enterprise Co., Ltd.**

**Statement of changes in investments accounted for using the equity method**

**For the year ended December 31, 2020**

**(Expressed in thousands of New Taiwan Dollars)**

| Name of investee | Benining balance | | Addition | | Decrease (note 1) | | Exchange difference on translation of foreign financial statement | Adjustments for using equity method (Note 2) | Ending balance | | | Market value or net assets value | | Collateral |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | Shares | Amount | | | Shares | Percentage of ownership | Amount | Unit price | Total amount | |
| TAIWAN NIKOMART CO., LTD. | 27,203,632 | $ 15,531 | - | - | - | - | - | 3,084 | 27,203,632 | 73.92 % | 18,615 | - | - | None |
| PIN-TAI DISTIBUTION ENTERPRISE CO., LTD. | 21,255,839 | 108,231 | - | - | - | - | - | 23,347 | 21,255,839 | 99.93 % | 131,578 | - | - | " |
| TAISUN (CAYMEAN) INVESTMENT CO., LTD. | 47,290,000 | 108,176 | - | - | 7,000,000 | - | (2,828) | 69,938 | 40,290,000 | 100.00 % | 175,286 | - | - | " |
| CENTRAL UNION OIL CO., LTD. | 20,000,000 | 255,452 | - | - | - | 24,000 | - | 41,326 | 20,000,000 | 33.33 % | 272,778 | - | - | " |
| TAIWAN FAMILYMART CO., LTD. | 50,154,417 | 2,947,763 | - | - | 18,000 | 327,132 | - | 466,945 | 50,136,417 | 22.46 % | 3,087,576 | - | - | Note 3 |
| PIONEER TRAFFIC CO., LTD. | 1,358,480 | 9,793 | - | - | - | 2,038 | - | 754 | 1,358,480 | 13.26 % | 8,509 | - | - | None |
| TAISUN YUAN CO., LTD. | 500,000 | 9,160 | - | - | - | - | - | 1,786 | 500,000 | 100.00 % | 10,946 | - | - | " |
| | | **$ 3,454,106** | | **-** | | **353,170** | **(2,828)** | **607,180** | | | **3,705,288** | | | |

Note 1: The decrease in the current period was due to the acquisition of cash dividends amounting to $352,042 thousand dollars from the invested companies and the disposition of stocks amounting to $1,128 thousand.

Note 2: Adjustments using equity method comprised of gain or loss from subsidiaries and affiliated enterprises amounting to $611,212 thousand. Also, the capital reserve treasury shares amounted to $12,297 thousand dollars and the change in other comprehensive income amounted to $(15,063) thousand, as well as the unrealized gain or loss from downstream and upstream transactions amounted to $(1,266) thousand.

Note 3: The Company provides long-term loan for guarantees and pledges.

**Taisun Enterprise Co., Ltd.**

**Statement of changes in property, plant and equipment**

**For the year ended December 31, 2020**

**(Expressed in thousands of New Taiwan Dollars)**

Please refer to Note 6(h) for more information.

**Statement of changes in investment property**

Please refer to Note 6(i) for more information.

**Statement of changes in account payables**

**December 31, 2020**

Please refer to Note 6(l) for more information.

The year-end balance of each provider did not exceed 5% of the account balance.

**Taisun Enterprise Co., Ltd.**

**Statement of long-term borrowings**

**For the year ended December 31, 2020**

**(Expressed in thousands of New Taiwan Dollars)**

| Creditor | Description | Ending balance | Contract period | Interest rate | Collateral | Note |
|---|---|---|---|---|---|---|
| JihSun International Commercial Bank | | $ 100,000 | 2020.10.30~2023.07.21 | 1.00 % | Investment using equity method | |
| JihSun International Commercial Bank | | 200,000 | 2020.11.04~2023.07.21 | 1.00 % | Investment using equity method | |
| Taishin International Bank | | 300,000 | 2020.11.04~2023.11.03 | 1.00 % | Investment using equity method | |
| Net borrowings | | **$ 600,000** | | | | |

**Statement of operating revenue**

**For the year ended December 31, 2020**

| Item | Quantity | Amount |
|---|---|---|
| Soy powder and soybean | 183,424 tons | $ 2,264,675 |
| Beverage | 12,165 thousand boxes | 2,400,900 |
| Cooking oil | 35,721 tons | 2,112,165 |
| Livestock | 18,069 tons | 382,018 |
| Biological technology | | 1,043 |
| Others | | 6,896 |
| Subtotal | | 7,167,697 |
| Less: Sales return | | (15,743) |
| Sales discount | | (11,159) |
| Net operating revenue | | **$ 7,140,795** |

**Taisun Enterprise Co., Ltd.**

**Statement of operating costs**

**For the year ended December 31, 2020**

**(Expressed in thousands of New Taiwan Dollars)**

| Item | Description | Amount |
|---|---|---|
| Cost of sales from manufacturing | | |
| Raw material | | |
| Raw material, January 1 | | $ 296,284 |
| Add: Purchase | | 3,374,903 |
| Less: Raw material, December 31 | | (148,879) |
| Transfer into expense | | (2,057) |
| Inventory loss of raw materials | | (227) |
| Disposal of raw materials | | (743) |
| | | 3,519,281 |
| Indirect raw materials | | |
| Materials, January 1 | | 23,335 |
| Add: Purchase | | 951,440 |
| Less: Materials, December 31 | | (27,221) |
| Transfer into expense | | (331) |
| Disposal of materials | | (1,592) |
| | | 945,631 |
| Direct labor | | 114,649 |
| Manufacturing expense | | 578,842 |
| Work in process, January 1 | | 114,649 |
| Add: Purchase | | 393,614 |
| Inventory gain on work in process | | 8,437 |
| Less: Work in process, December 31 | | (106,364) |
| Disposal of work in process | | (415) |
| Cost of finished goods | | 5,568,324 |
| Finished goods, January 1 | | 247,158 |
| Add: Purchase | | 489,895 |
| Less: Finished goods, December 31 | | (288,021) |
| Transfer into expense | | (23,324) |
| Inventory loss on finished goods | | (2,003) |
| Transfer into biological assets-non current | | (1,998) |
| Disposal of finished goods | | (4,446) |
| Loss from price loss of inventory | | (1,822) |
| Revenue from sales of scraps | | (4,864) |
| Inventory gain | | (6,207) |
| Disposal of inventory | | 7,196 |
| Cost of goods sold | | 5,979,888 |
| Cost of lease | | 2,317 |
| | | **$ 5,982,205** |

**Taisun Enterprise Co., Ltd.**

**Statement of operating expenses**

**For the year ended December 31, 2020**

**(Expressed in thousands of New Taiwan Dollars)**

| Item | Selling Expenses | Administrative Expenses | Total |
|---|---|---|---|
| Salary and wages expenses | $ 77,429 | 221,032 | 298,461 |
| Transportation expense | 85,837 | 290 | 86,127 |
| Advertising expense | 154,717 | - | 154,717 |
| Taxes | 70,197 | 3,265 | 73,462 |
| Other | 211,526 | 96,918 | 308,444 |
| Total | **$ 599,706** | **321,505** | **921,211** |

Note1: The year-end balance of each item did not exceed 5% of the account balance.

Note2: The expected credit losses in operating expense amounted to $263 thousand.