Stock Code:1218

# TAISUN ENTERPRISE CO., LTD.
# AND SUBSIDIARIES

**Consolidated Financial Statements**

**With Independent Auditors' Review Report**
**For the Three Months Ended March 31, 2022 and 2021**

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

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# Independent Auditors' Review Report

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

## Introduction

We have reviewed the accompanying consolidated balance sheets of Taisun Enterprise Co., Ltd. and its subsidiaries as of March 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

## Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standards 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to $182,459 thousand and $181,489 thousand, constituting 1.68% and 1.95% of consolidated total assets as of March 31, 2022 and 2021, respectively, total liabilities amounting to $78,608 thousand and $69,974 thousand, constituting 1.86% and 3.34% of consolidated total liabilities as of March 31, 2022 and 2021, respectively, and total comprehensive income amounting to $(459) thousand and $1,779 thousand, constituting (0.32)% and 1.06% of consolidated total comprehensive income for the three months ended March 31, 2022 and 2021, respectively.

Furthermore, as stated in Note 6(g), the other equity accounted investments of Taisun Enterprise Co., Ltd. and its subsidiaries in its investee companies of $297,287 thousand and $293,455 thousand as of March 31, 2022 and 2021, respectively, and its equity in net earnings on these investee companies of $16,696 thousand and $16,455 thousand for the three months ended March 31, 2022 and 2021, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

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.

**Qualified Conclusion**

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews and the review reports of other auditors (please refer to Other Matters paragraph), nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Taisun Enterprise Co., Ltd. and its subsidiaries as of March 31, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, " Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

**Other Matters**

We did not review the financial statements of associates, which represented investments in other entities accounted for using the equity method. Those financial statements were reviewed by other auditors, whose review reports have been furnished to us, and our conclusion, insofar as it relates to the amounts included for associates, is based solely on the review reports of other auditors. The investments in associates accounted for using the equity method amounting to $3,066,959 thousand and $3,162,111 thousand, constituting 28.18% and 34.03% of consolidated total assets as of March 31, 2022 and 2021, respectively, and the related share of profit of associates accounted for using the equity method amounting to $38,284 thousand and $71,511 thousand, constituting 24.44% and 38.74% of consolidated total profit before tax for the three months ended March 31, 2022 and 2021, respectively.

The engagement partners on the reviews resulting in this independent auditors' review report are Hsin-Ting Huang and Kuo-Yang Tseng.

KPMG

Taipei, Taiwan (Republic of China)
May 10, 2022

**Notes to Readers**

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

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

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

**Reviewed only, not audited in accordance with the generally accepted auditing standards as of March 31, 2022 and 2021**

# TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES

## Consolidated Balance Sheets

## March 31, 2022, December 31, 2021, and March 31, 2021

## (Expressed in Thousands of New Taiwan Dollars)

| | | March 31, 2022 | | December 31, 2021 | | March 31, 2021 | |
|---|---|---|---|---|---|---|---|
| | **Assets** | **Amount** | **%** | **Amount** | **%** | **Amount** | **%** |
| | **Current assets:** | | | | | | |
| 1100 | Cash and cash equivalents (Note 6(a)) | $ 1,653,188 | 15 | 1,664,560 | 16 | 640,331 | 7 |
| 1110 | Current financial assets at fair value through profit or loss (Note 6(b)) | 89,737 | 1 | 93,798 | 1 | 86,841 | 1 |
| 1150 | Notes receivable, net (Note 6(d)) | 108,272 | 1 | 163,881 | 2 | 91,802 | 1 |
| 1170 | Accounts receivable, net (Note 6(d)) | 755,247 | 7 | 769,031 | 7 | 676,626 | 7 |
| 1180 | Accounts receivable due from related parties, net (Notes 6(d) and 7) | 412,693 | 4 | 452,151 | 4 | 423,939 | 5 |
| 1200 | Other receivables, net (Notes 6(e) and 13(a)) | 13,833 | - | 22,380 | - | 6,249 | - |
| 1220 | Total current tax assets | 1,502 | - | 1,502 | - | 1,502 | - |
| 1310 | Inventories, manufacturing business (Note 6(f)) | 932,131 | 9 | 711,566 | 7 | 818,026 | 9 |
| 1400 | Current biological assets | 25,170 | - | 26,023 | - | 25,633 | - |
| 1421 | Prepayments to suppliers | 359,936 | 3 | 609,887 | 6 | 123,029 | 1 |
| 1429 | Other prepayments | 38,690 | - | 47,834 | - | 23,439 | - |
| 1476 | Other current financial assets (Notes 6(a) and 8) | 384,479 | 4 | 12,254 | - | 216,124 | 3 |
| 1479 | Other current assets, others | 5,913 | - | 6,177 | - | 6,051 | - |
| | | 4,780,791 | 44 | 4,581,044 | 43 | 3,139,592 | 34 |
| | **Non-current assets:** | | | | | | |
| 1517 | Non-current financial assets at fair value through other comprehensive income (Note 6(c)) | 119,361 | 1 | 120,701 | 1 | 176,316 | 2 |
| 1550 | Investments accounted for using equity method (Notes 6(g) and 8) | 3,364,246 | 31 | 3,313,918 | 32 | 3,455,566 | 37 |
| 1600 | Property, plant and equipment (Note 6(h)) | 1,944,748 | 18 | 1,947,298 | 18 | 1,836,344 | 20 |
| 1755 | Right-of-use assets (Note 6(i)) | 14,450 | - | 14,496 | - | 13,316 | - |
| 1760 | Investment property, net (Note 6(j)) | 614,460 | 6 | 614,900 | 6 | 616,328 | 7 |
| 1780 | Intangible assets | 1,468 | - | 1,869 | - | 3,775 | - |
| 1830 | Non-current biological assets | 6,286 | - | 7,326 | - | 5,732 | - |
| 1840 | Deferred tax assets (Note 6(r)) | 3,059 | - | 3,059 | - | 7,659 | - |
| 1915 | Prepayments for business facilities | 2,298 | - | 1,242 | - | 3,081 | - |
| 1975 | Net defined benefit asset, non-current (Note 6(q)) | 20,574 | - | 19,850 | - | 22,449 | - |
| 1980 | Other non-current financial assets | 12,842 | - | 12,573 | - | 11,737 | - |
| | | 6,103,792 | 56 | 6,057,232 | 57 | 6,152,303 | 66 |
| | **Total assets** | **$ 10,884,583** | **100** | **10,638,276** | **100** | **9,291,895** | **100** |

| | | March 31, 2022 | | December 31, 2021 | | March 31, 2021 | |
|---|---|---|---|---|---|---|---|
| | **Liabilities and Equity** | **Amount** | **%** | **Amount** | **%** | **Amount** | **%** |
| | **Current liabilities:** | | | | | | |
| 2100 | Short-term borrowings (Note 6(k)) | $ 1,130,499 | 10 | 516,312 | 5 | 40,753 | - |
| 2110 | Short-term notes and bills payable (Note 6(l)) | 120,000 | 1 | 520,000 | 5 | 72,000 | 1 |
| 2120 | Current financial liabilities at fair value through profit or loss (Note 6(b)) | 11 | - | 1,481 | - | 127 | - |
| 2130 | Current contract liabilities (Note 6(u)) | 48,444 | - | 47,351 | - | 36,686 | - |
| 2150 | Notes payable | 945 | - | 719 | - | 1,345 | - |
| 2170 | Accounts payable (Notes 6(m) and 7) | 602,216 | 6 | 577,337 | 5 | 475,879 | 5 |
| 2200 | Other payables (Notes 6(q), (s) and (v)) | 861,471 | 8 | 467,193 | 4 | 439,527 | 5 |
| 2230 | Current tax liabilities (Note 6(r)) | 78,563 | 1 | 64,864 | 1 | 49,272 | 1 |
| 2280 | Current lease liabilities (Note 6(o)) | 2,618 | - | 2,498 | - | 1,615 | - |
| 2322 | Long-term borrowings, current portion (Note 6(n)) | 80,000 | 1 | - | - | - | - |
| 2399 | Other current liabilities, others (Note 7) | 155,612 | 1 | 164,163 | 2 | 141,272 | 2 |
| | | 3,080,379 | 28 | 2,361,918 | 22 | 1,258,476 | 14 |
| | **Non-Current liabilities:** | | | | | | |
| 2540 | Long-term borrowings (Note 6(n)) | 920,000 | 9 | 1,050,000 | 10 | 600,000 | 7 |
| 2570 | Deferred tax liabilities (Note 6(r)) | 222,537 | 2 | 222,537 | 2 | 222,537 | 2 |
| 2580 | Non-current lease liabilities (Note 6(o)) | 474 | - | 977 | - | 376 | - |
| 2640 | Net defined benefit liability, non-current (Note 6(q)) | 4,841 | - | 5,119 | - | 5,343 | - |
| 2670 | Other non-current liabilities, others | 6,645 | - | 6,598 | - | 5,498 | - |
| | | 1,154,497 | 11 | 1,285,231 | 12 | 833,754 | 9 |
| | **Total liabilities** | 4,234,876 | 39 | 3,647,149 | 34 | 2,092,230 | 23 |
| | **Equity (Note 6(c) and (s)):** | | | | | | |
| 3110 | Ordinary share | 4,999,990 | 46 | 4,999,990 | 47 | 4,999,990 | 54 |
| 3200 | Capital surplus | 1,006,742 | 9 | 993,134 | 10 | 974,083 | 10 |
| | Retained earnings: | | | | | | |
| 3310 | Legal reserve | 209,930 | 2 | 209,930 | 2 | 126,621 | 1 |
| 3320 | Special reserve | 240,776 | 2 | 240,776 | 2 | 240,776 | 3 |
| 3350 | Unappropriated retained earnings | 490,665 | 5 | 851,981 | 8 | 1,129,811 | 12 |
| 3400 | Other equity interest | (99,651) | (1) | (105,953) | (1) | (72,941) | (1) |
| 3500 | Treasury stock | (203,876) | (2) | (203,876) | (2) | (203,876) | (2) |
| | **Total equity attributable to owners of parent:** | 6,644,576 | 61 | 6,985,982 | 66 | 7,194,464 | 77 |
| 36XX | Non-controlling interests | 5,131 | - | 5,145 | - | 5,201 | - |
| | **Total equity** | 6,649,707 | 61 | 6,991,127 | 66 | 7,199,665 | 77 |
| | **Total liabilities and equity** | **$ 10,884,583** | **100** | **10,638,276** | **100** | **9,291,895** | **100** |

See accompanying notes to consolidated financial statements.

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

**Reviewed only, not audited in accordance with generally accepted auditing standards**

# TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES

## Consolidated Statement of Comprehensive Income

## For the three months ended March 31, 2022 and 2021

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

| | | For the three months ended March 31 | | | |
|---|---|---|---|---|---|
| | | 2022 | | 2021 | |
| | | Amount | % | Amount | % |
| 4000 | **Operating revenue (Notes 6(u) and 7)** | $ 2,573,577 | 100 | 2,259,043 | 100 |
| 5000 | **Operating costs (Notes 6(f) and 7)** | 2,177,741 | 85 | 1,889,721 | 84 |
| 5910 | Less: Unrealized profit (loss) from sales | 2,270 | - | 1,134 | - |
| 5920 | Add: Realized profit (loss) on from sales | 231 | - | 702 | - |
| | **Gross profit from operations** | 393,797 | 15 | 368,890 | 16 |
| | **Operating expenses (Notes 6(d), (f), (o), (q), (v) and 7):** | | | | |
| 6100 | Selling expenses | 194,137 | 8 | 192,113 | 9 |
| 6200 | Administrative expenses | 102,476 | 4 | 99,320 | 4 |
| 6450 | Expected credit loss | 861 | - | 818 | - |
| | **Total operating expenses** | 297,474 | 12 | 292,251 | 13 |
| | **Net operating income** | 96,323 | 3 | 76,639 | 3 |
| | **Non-operating income and expenses:** | | | | |
| 7020 | Other gains and losses, net (Note 6(w)) | 9,720 | - | 21,258 | 1 |
| 7050 | Finance costs, net (Note 6(w)) | (5,523) | - | (2,378) | - |
| 7060 | Shares of profit of associates and joint ventures accounted for using equity method, net (Note 6(g)) | 54,980 | 3 | 87,966 | 4 |
| 7100 | Total interest income | 1,117 | - | 1,126 | - |
| | **Total non-operating income and expenses** | 60,294 | 3 | 107,972 | 5 |
| 7900 | **Profit from continuing operations before tax** | 156,617 | 6 | 184,611 | 8 |
| 7950 | **Less: Income tax expenses ((Note 6(r))** | 16,500 | 1 | 19,500 | 1 |
| | **Profit** | 140,117 | 5 | 165,111 | 7 |
| 8300 | **Other comprehensive income (Note 6(s)):** | | | | |
| 8310 | **Components of other comprehensive income that will not be reclassified to profit or loss** | | | | |
| 8316 | Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income | (1,718) | - | 3,718 | - |
| 8320 | Shares of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss | (2,613) | - | (605) | - |
| 8349 | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | - | - | - | - |
| | | (4,331) | - | 3,113 | - |
| 8360 | **Components of other comprehensive income (loss) that will be reclassified to profit or loss** | | | | |
| 8361 | Exchange differences on translation of foreign financial statements | 9,185 | - | (161) | - |
| 8399 | Income tax related to components of other comprehensive income that will be reclassified to profit or loss | - | - | - | - |
| | | 9,185 | - | (161) | - |
| 8300 | **Other comprehensive income, net** | 4,854 | - | 2,952 | - |
| 8500 | **Total comprehensive income** | **$ 144,971** | **5** | **168,063** | **7** |
| | **Profit, attributable to:** | | | | |
| 8610 | Owners of parent | $ 140,116 | 5 | 165,063 | 7 |
| 8620 | Non-controlling interests | 1 | - | 48 | - |
| | **Profit** | **$ 140,117** | **5** | **165,111** | **7** |
| | **Comprehensive income attributable to:** | | | | |
| 8710 | Owners of parent | $ 144,985 | 5 | 167,999 | 7 |
| 8720 | Non-controlling interests | (14) | - | 64 | - |
| | **Total comprehensive income** | **$ 144,971** | **5** | **168,063** | **7** |
| | **Basic earnings per share (Note 6(t))** | | | | |
| 9750 | **Basic earnings per share** | **$** | **0.29** | | **0.34** |
| 9850 | **Diluted earnings per share** | **$** | **0.29** | | **0.34** |

See accompanying notes to consolidated financial statements.

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

**Reviewed only, not audited in accordance with generally accepted auditing standards**

# TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES

## Consolidated Statement of Changes in Equity

## For the three months ended March 31, 2022 and 2021

## (Expressed in Thousands of New Taiwan Dollars)

| | Equity attributable to owners of the parent company | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 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 stock | Total equity attributable to owners of the parent company | Non-controlling interests | Total equity |
| **Balance at January 1, 2021** | $ 4,999,990 | 974,083 | 126,621 | 240,776 | 964,748 | 1,332,145 | (31,870) | (44,007) | (75,877) | (203,876) | 7,026,465 | 5,137 | 7,031,602 |
| Profit | - | - | - | - | 165,063 | 165,063 | - | - | - | - | 165,063 | 48 | 165,111 |
| Other comprehensive income | - | - | - | - | - | - | (161) | 3,097 | 2,936 | - | 2,936 | 16 | 2,952 |
| Total comprehensive income | - | - | - | - | 165,063 | 165,063 | (161) | 3,097 | 2,936 | - | 167,999 | 64 | 168,063 |
| **Balance at March 31, 2021** | **$ 4,999,990** | **974,083** | **126,621** | **240,776** | **1,129,811** | **1,497,208** | **(32,031)** | **(40,910)** | **(72,941)** | **(203,876)** | **7,194,464** | **5,201** | **7,199,665** |
| **Balance at January 1,2022** | $ 4,999,990 | 993,134 | 209,930 | 240,776 | 851,981 | 1,302,687 | (34,553) | (71,400) | (105,953) | (203,876) | 6,985,982 | 5,145 | 6,991,127 |
| Profit | - | - | - | - | 140,116 | 140,116 | - | - | - | - | 140,116 | 1 | 140,117 |
| Other comprehensive income | - | - | - | - | - | - | 9,185 | (4,316) | 4,869 | - | 4,869 | (15) | 4,854 |
| Total comprehensive income | - | - | - | - | 140,116 | 140,116 | 9,185 | (4,316) | 4,869 | - | 144,985 | (14) | 144,971 |
| Appropriation and distribution of retained earnings: | | | | | | | | | | | | | |
| Cash dividends of ordinary share | - | - | - | - | (499,999) | (499,999) | - | - | - | - | (499,999) | - | (499,999) |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income by associates accounted for using eqity method | - | - | - | - | (1,433) | (1,433) | - | 1,433 | 1,433 | - | - | - | - |
| Other changes in capital surplus: | | | | | | | | | | | | | |
| Adjustments of capital surplus for company's cash dividends received by subsidiaries | - | 13,608 | - | - | - | - | - | - | - | - | 13,608 | - | 13,608 |
| **Balance at March 31, 2022** | **$ 4,999,990** | **1,006,742** | **209,930** | **240,776** | **490,665** | **941,371** | **(25,368)** | **(74,283)** | **(99,651)** | **(203,876)** | **6,644,576** | **5,131** | **6,649,707** |

See accompanying notes to consolidated financial statements.

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

**Reviewed only, not audited in accordance with generally accepted auditing standards**

# TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES

## Consolidated Statements of Cash Flows

## For the three months ended March 31, 2022 and 2021

## (Expressed in Thousands of New Taiwan Dollars)

| | For the three months ended March 31 | |
|---|---|---|
| | 2022 | 2021 |
| **Cash flows from (used in) operating activities:** | | |
| **Profit before tax** | $ 156,617 | 184,611 |
| **Adjustments:** | | |
| **Adjustments to reconcile profit (loss):** | | |
| Depreciation expense | 25,350 | 23,119 |
| Amortization expense | 401 | 636 |
| Expected credit losses | 861 | 818 |
| Net (gains) losses on financial assets or liabilities at fair value through profit or loss | 2,618 | (4,775) |
| Interest expense | 5,523 | 2,378 |
| Interest income | (1,117) | (1,126) |
| Shares of profit of associates and joint ventures accounted for using equity method | (54,980) | (87,966) |
| (Gains) losses on disposal of property, plant and equipment | (476) | 22 |
| Unrealized profit from sales | 2,270 | 1,134 |
| Realized profit on from sales | (231) | (702) |
| **Total adjustments to reconcile profit (loss)** | (19,781) | (66,462) |
| **Changes in operating assets and liabilities:** | | |
| Decrease (increase) in current financial assets at fair value through profit or loss | 10,000 | (455) |
| Decrease in notes receivable | 55,609 | 45,396 |
| Decrease in notes receivable due from related parties | - | 2,700 |
| Decrease (increase) in accounts receivable | 12,944 | (23,416) |
| Decrease (increase) in accounts receivable due from related parties | 39,458 | (56,615) |
| (Increase) decrease in other receivables | (1,438) | 719 |
| Increase in inventories | (218,575) | (245,729) |
| Decrease (increase) in biological assets | 1,262 | (3,405) |
| Decrease in prepayments | 259,327 | 173,686 |
| Decrease in other current assets | 309 | 282 |
| Increase in defined benefit assets - non-current | (724) | (689) |
| Increase in financial liabilities at fair value through profit or loss | - | 439 |
| Decrease in contract liabilities | (762) | (3,064) |
| Increase (decrease) in notes payable | 226 | (512) |
| Increase (decrease) in accounts payable | 23,466 | (50,066) |
| Decrease in other payables | (94,865) | (25,668) |
| Decrease in other current liabilities | (9,414) | (285) |
| Decrease in net defined benefit liabilities | (278) | (233) |
| **Total changes in operating assets and liabilities, net** | 76,545 | (186,915) |
| **Total adjustments** | 56,764 | (253,377) |
| Cash inflow (outflow) generated from operations | 213,381 | (68,766) |
| Interest received | 1,117 | 1,126 |
| Interest paid | (5,523) | (2,378) |
| Income taxes paid | (2,801) | - |
| **Net cash flows from (used in) operating activities** | 206,174 | (70,018) |

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

# TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES

## Consolidated Statements of Cash Flows (CONT'D)

## For the three months ended March 31, 2022 and 2021

## (Expressed in Thousands of New Taiwan Dollars)

| | For the three months ended March 31 | |
|---|---|---|
| | 2022 | 2021 |
| **Cash flows from (used in) investing activities:** | | |
| Acquisition of property, plant and equipment | (17,936) | (61,165) |
| Proceeds from disposal of property, plant and equipment | 621 | 1,707 |
| Increase in other financial assets | (372,494) | - |
| Decrease in other financial assets | - | 56,587 |
| Increase in prepayments for business facilities | (985) | (3,101) |
| **Net cash flows used in investing activities** | (390,794) | (5,972) |
| **Cash flows from (used in) financing activities:** | | |
| Increase in short-term borrowings | 1,284,960 | 1,205,977 |
| Decrease in short-term borrowings | (670,773) | (1,313,251) |
| Increase in short-term notes and bills payable | 255,000 | 204,000 |
| Decrease in short-term notes and bills payable | (655,000) | (152,000) |
| Repayments of long-term debt | (50,000) | - |
| Payment of lease liabilities | (763) | (554) |
| Increase in other non-current liabilities | - | 198 |
| **Net cash flows from (used in) financing activities** | 163,424 | (55,630) |
| **Effect of exchange rate changes on cash and cash equivalents** | 9,824 | (503) |
| **Net decrease in cash and cash equivalents** | (11,372) | (132,123) |
| **Cash and cash equivalents, beginning of the period** | 1,664,560 | 772,454 |
| **Cash and cash equivalents, end of the period** | **$ 1,653,188** | **640,331** |

See accompanying notes to consolidated financial statements.

**(English Translation of Consolidated Financial Statements Originally Issued in Chinese)**
**Reviewed only, not audited in accordance with generally accepted auditing standards**

# TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES

## Notes to the Consolidated Financial Statements

## March 31, 2022 and 2021

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

### (1) Company history

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

The consolidated financial statements of the Company as of March 31, 2022 and 2021 comprised the Company and its subsidiaries (together referred to as "the Group").

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

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

The consolidated financial statements were authorized for issuance by the Board of Directors on May 10, 2022.

### (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. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- 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"

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

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"

(Continued)

- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

**(4) Summary of significant accounting policies:**

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 "Interim Financial Reporting" which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2021. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2021.

(b) Basis of consolidation

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

| Investor Company | Subsidiary | Nature of business | Shareholding ratio | | | Notes |
|---|---|---|---|---|---|---|
| | | | March 31, 2022 | December 31, 2021 | March 31, 2021 | |
| The Company | PIN-TAI DISTRIBUTION, ENTERPRISE CO., LTD. | Wholesaler of cooking oil and food | 99.93 % | 99.93 % | 99.93 % | A subsidiary that the Company directly holds more than 50% of its shares. |
| The Group | TAIWAN NIKOMART CO., LTD. | Operating Chained Convenience Stores | 98.12 % | 98.12 % | 98.12 % | A subsidiary that the Group directly (indirectly) holds more than 50% of its shares. |
| The Group | CHUANG SHIN TRAFFIC CO., LTD. | Logistics | 97.42 % | 97.42 % | 97.42 % | A subsidiary that the Group directly holds more than 50% of its shares. |
| The Company | TAISUN YUAN CO., LTD. | Investment Management | 100.00 % | 100.00 % | 100.00 % | A subsidiary that the Company directly holds more than 50% of its shares. |
| The Company | TAISUN (CAYMAN) INVESTMENT LTD. | Investment | 100.00 % | 100.00 % | 100.00 % | A subsidiary that the Company directly holds more than 50% of its shares. |

(Continued)

| Investor Company | Subsidiary | Nature of business | Shareholding ratio | | | Notes |
|---|---|---|---|---|---|---|
| | | | March 31, 2022 | December 31, 2021 | March 31, 2021 | |
| TAISUN (CAYMAN) INVESTMENT LTD. | TAISUN ENTERPRISE (ZHANGZHOU) FOODS LTD. | Produce and sell food, beverage, snacks and canned products | 100.00 % | 100.00 % | 100.00 % | A subsidiary that TAISUN (CAYMAN) INVESTMENT LTD. directly holds more than 50% of its shares. |

Note: CHUANG SHIN TRAFFIC CO., LTD. is a non-significant subsidiary for the three months ended March 31, 2022 and 2021, its financial statements have not been reviewed.

(ii) Subsidiaries excluded from consolidation：None.

(c) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period using the effective annual tax rate which is forecasted by the management. This should be recognized fully as tax expense for the current period and allocated to current and deferred taxes based on its proportionate size.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(d) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year.

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

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and 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 preparation of the consolidated financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which is in conformity with the consolidated financial statements for the year ended December 31, 2021. For the related information, please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2021.

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

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

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the consolidated interim financial statements for the current period and the consolidated financial statements for the year ended December 31, 2021. Please refer to Note 6 of the consolidated financial statements for the year ended December 31, 2021.

(a) Cash and cash equivalents

| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|---|---|---|---|
| Cash on hand and petty cash | $ 1,603 | 1,206 | 1,325 |
| Check deposits | 15,366 | 22,503 | 25,155 |
| Cash in banks | 1,469,914 | 1,437,007 | 601,868 |
| Time deposits | 154,316 | 191,855 | - |
| Cash equivalents | 11,989 | 11,989 | 11,983 |
| Cash and cash equivalents | **$ 1,653,188** | **1,664,560** | **640,331** |

The deposit accounts of $4,293 thousand, $0 and $69,189 thousand, which did not meet the definition of cash and cash equivalents and were not restricted, were classified as other financial assets-current on the March 31, 2022, December 31, 2021 and March 31, 2021.

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

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

| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|---|---|---|---|
| Assets mandatorily measured at fair value through profit or loss: | | | |
| Derivative instruments not used for hedging | | | |
| Forward exchange contracts | $ 1,918 | 712 | 2,090 |
| Non-derivative financial assets | | | |
| Stocks listed on domestic markets | 56,824 | 59,896 | 53,436 |
| Beneficiary certificates open-end funds | 30,995 | 33,190 | 31,315 |
| Total | **$ 89,737** | **93,798** | **86,841** |
| Liabilities mandatorily measured at fair value through profit or loss: | | | |
| Non-derivative financial liabilities | | | |
| Forward exchange contracts | **$ 11** | **1,481** | **127** |

(Continued)

(i) Please refer to Note 6(x) for disclosure on financial instrument related credit, exchange rate and interest rate risk.

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

(iii) Derivative instruments not used for hedging

The Group holds derivative financial instruments to hedge certain foreign exchange and interest risk the Group is exposed to, arising from its operating, financing and investing activities. The following derivative instruments, without the application of hedge accounting, were classified as mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities:

**Forward exchange contracts:**

| | March 31, 2022 | | |
|---|---|---|---|
| | Contract amount (In thousands) | Exercise price | Exercise date |
| Buy option | USD 2,000 | 27.49~27.78(USD/NTD) | 2022.04.20~2022.05.12 |
| Sell option | USD 2,000 | 27.49~27.78(USD/NTD) | 2022.04.20~2022.05.12 |

| | December 31, 2021 | | |
|---|---|---|---|
| | Contract amount (In thousands) | Exercise price | Exercise date |
| Buy option | USD 4,000 | 27.49~27.78(USD/NTD) | 2022.02.22~2022.05.12 |
| Sell option | USD 4,000 | 27.49~27.78(USD/NTD) | 2022.02.22~2022.05.12 |

| | March 31, 2021 | | |
|---|---|---|---|
| | Contract amount (In thousands) | Exercise price | Exercise date |
| Buy option | USD 2,000 | 27.15~27.45(USD/NTD) | 2021.06.08~2021.08.31 |
| Sell option | USD 2,000 | 27.15~27.45(USD/NTD) | 2021.06.08~2021.08.31 |

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

| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|---|---|---|---|
| Equity instruments at fair value through other comprehensive income-non current: | | | |
| Shares of stock of listed companies | $ 106,612 | 108,329 | 154,734 |
| Shares of stock of unlisted companies | 1,155 | 1,155 | 3,444 |
| Shares of stock of overseas unlisted companies | 11,594 | 11,217 | 18,138 |
| Total | **$ 119,361** | **120,701** | **176,316** |

(Continued)

(i) The Group intends to hold its equity investments for long-term strategic purposes, rather than for transaction purposes. Therefore, the investments are measured at FVOCI.

(ii) On December 31, 2021, the Group sold its equity investment measured at FVOCI-Xinxing Electronics Co. Ltd. for strategic purpose. The fair value at the time of disposal was $96,125 thousand and accumulated gain on disposal was amounted to 76,331 thousand, which was reclassified from other equity to retained earnings.

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

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

(d) Notes and accounts receivable

| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|---|---|---|---|
| Notes receivable | $ 108,272 | 163,881 | 91,802 |
| Accounts receivable | 787,407 | 800,311 | 707,654 |
| Accounts receivable from related parties | 412,693 | 452,151 | 423,939 |
| Overdue receivables | 11,387 | 11,378 | 12,218 |
| Less：Allowance for impairment | (43,547) | (42,658) | (43,246) |
| | **$ 1,276,212** | **1,385,063** | **1,192,367** |

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

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

| | March 31, 2022 | | |
|---|---|---|---|
| | Gross carrying amount | Expected loss rate | Loss allowance provision |
| Current | $ 1,215,870 | 0~2.55% | 31,092 |
| Overdue 0 to 90 days | 41,298 | 0~4.62% | 954 |
| Overdue 91 to 180 days | 20 | 1.32~8.33% | 20 |
| Overdue 181 to 270 days | - | 5.49~11.42% | - |
| Overdue 271 to 360 days | - | 12.50~33.33% | - |
| Over 365 days past due | 844 | 100% | 844 |
| Total | **$ 1,258,032** | | **32,910** |

(Continued)

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

| | December 31, 2021 | | |
|---|---|---|---|
| | Gross carrying amount | Expected loss rate | Loss allowance provision |
| Current | $ 1,289,229 | 0~2.42% | 31,114 |
| Overdue 0 to 90 days | 31,534 | 0~0.9% | 3 |
| Overdue 181 to 270 days | - | 5.73~11.42% | - |
| Overdue 271 to 360 days | - | 13.04~33.33% | - |
| Over 365 days past due | 844 | 100% | 844 |
| Total | **$ 1,321,607** | | **31,961** |

| | March 31, 2021 | | |
|---|---|---|---|
| | Gross carrying amount | Expected loss rate | Loss allowance provision |
| Current | $ 1,136,760 | 0~2.73% | 30,949 |
| Overdue 0 to 90 days | 36,143 | 0~0.82% | 4 |
| Overdue 181 to 270 days | - | 6.59~11.42% | - |
| Overdue 271 to 360 days | - | 15~41.67% | - |
| Over 365 days past due | 861 | 100% | 861 |
| Total | **$ 1,173,764** | | **31,814** |

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

| | March 31, 2022 | | |
|---|---|---|---|
| | Gross carrying amount | Expected loss rate | Loss allowance provision |
| Current | $ 49,127 | 0.10% | 49 |
| Overdue 0 to 90 days | 1,857 | 2.14% | 39 |
| Overdue 91 to 180 days | 89 | 10.93% | 10 |
| Overdue 181 to 270 days | 131 | 12.73% | 16 |
| Overdue 271 to 360 days | - | 29.17% | - |
| Over 365 days past due | 9,869 | 100% | 9,869 |
| Total | **$ 61,073** | | **9,983** |

(Continued)

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

| | December 31, 2021 | | |
|---|---|---|---|
| | Gross carrying amount | Expected loss rate | Loss allowance provision |
| Current | $ 93,144 | 0.11% | 97 |
| Overdue 0 to 90 days | 2,305 | 2.23% | 51 |
| Overdue 91 to 180 days | 131 | 11.40% | 15 |
| Overdue 181 to 270 days | - | 13.29% | - |
| Overdue 271 to 360 days | - | 30.43% | - |
| Over 365 days past due | 9,797 | 100% | 9,797 |
| Total | **$ 105,377** | | **9,960** |

| | March 31, 2021 | | |
|---|---|---|---|
| | Gross carrying amount | Expected loss rate | Loss allowance provision |
| Current | $ 49,352 | 0.13% | 62 |
| Overdue 0 to 90 days | 1,136 | 2.73% | 31 |
| Overdue 91 to 180 days | 26 | 13.80% | 4 |
| Overdue 181 to 270 days | - | 15.28% | - |
| Overdue 271 to 360 days | - | 35% | - |
| Over 365 days past due | 10,698 | 100% | 10,698 |
| Total | **$ 61,212** | | **10,795** |

Other than note receivables and account receivables mentioned above, the loss allowance provision at 100% expected loss rate was determined as follow:

| | March 31, 2022 | | |
|---|---|---|---|
| | Gross carrying amount | Expected loss rate | Loss allowance provision |
| Over 365 days past due | **$ 654** | 100% | **654** |

| | December 31, 2021 | | |
|---|---|---|---|
| | Gross carrying amount | Expected loss rate | Loss allowance provision |
| Over 365 days past due | **$ 737** | 100% | **737** |

| | March 31, 2021 | | |
|---|---|---|---|
| | Gross carrying amount | Expected loss rate | Loss allowance provision |
| Over 365 days past due | **$ 637** | 100% | **637** |

(Continued)

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

The movements in the allowance for notes and accounts receivable were as follow:

| | For the three months ended March 31 | |
|---|---|---|
| | 2022 | 2021 |
| Balance on January 1 | $ 42,658 | 42,428 |
| Impairment losses recognized | 861 | 818 |
| Foreign exchange losses | 28 | - |
| Balance on March 31 | **$ 43,547** | **43,246** |

As of March 31, 2022, December 31, 2021 and March 31, 2021, the financial assets mentioned above were not pledged as collateral.

(e) Other receivables

| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|---|---|---|---|
| Other receivables | $ 19,233 | 27,780 | 11,649 |
| Less: allowance for impairment | (5,400) | (5,400) | (5,400) |
| | **$ 13,833** | **22,380** | **6,249** |

As of March 31, 2022, December 31, 2021 and March 31, 2021, there were no receivables that were past due but not impaired.

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

As of March 31, 2022, December 31, 2021 and March 31, 2021, the aforesaid financial assets were not pledged as collateral.

(f) Inventories

| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|---|---|---|---|
| Raw materials | $ 362,488 | 159,560 | 334,745 |
| Materials | 29,874 | 26,542 | 24,047 |
| Work in process | 160,343 | 173,563 | 138,252 |
| Finished goods | 327,707 | 300,391 | 285,454 |
| Merchandise | 51,719 | 51,510 | 35,528 |
| | **$ 932,131** | **711,566** | **818,026** |

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

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

| | For the three months ended March 31 | |
|---|---|---|
| | 2022 | 2021 |
| Operating cost | | |
| Inventory falling price gains from price recovery of inventory | $ (62) | (4) |
| Revenue from sale of scraps | (265) | (566) |
| Gains on physical inventory | 1,004 | 565 |
| Losses on disposal | 1,065 | 1,125 |
| Operating expenses | 5,778 | 4,920 |
| | **$ 7,520** | **6,040** |

For the three months ended March 31, 2022 and 2021, the Group recognized a gain from the reversal of allowance for inventory valuation loss resulting from destocking. Such gain was deducted from cost of goods sold.

As of March 31, 2022, December 31, 2021 and March 31, 2021, the aforesaid inventories were not pledged as collateral.

(g) Investments accounted for using equity method

(i) Subsidiaries that have material non-controlling interest were as follows:

| Name of Affiliates | Nature of relationship with the Group | Main operation location | Proportion of shareholding and voting rights | | |
|---|---|---|---|---|---|
| | | | March 31, 2022 | December 31, 2021 | March 31, 2021 |
| TAIWAN FAMILYMART CO., LTD. | Operate chained convenience stores, explore selling points for the Group | Taiwan | 22.47 % | 22.47 % | 22.47 % |

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

| March 31, 2022 | December 31, 2021 | March 31, 2021 |
|---|---|---|
| **$ 10,106,518** | **12,413,713** | **13,241,294** |

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 is 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.

(Continued)

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

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

| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|---|---|---|---|
| Current assets | $ 14,694,959 | 17,134,275 | 17,615,359 |
| Non-current assets | 52,146,789 | 50,472,010 | 43,931,795 |
| Current liabilities | (32,782,377) | (33,982,369) | (31,236,195) |
| Non-current liabilities | (27,941,224) | (26,628,080) | (24,656,722) |
| Net assets | **$ 6,118,147** | **6,995,836** | **5,654,237** |
| Net assets attributable to non-controlling interests | **$ 670,029** | **657,346** | **407,658** |
| Net assets attributable to investee | **$ 5,448,118** | **6,338,490** | **5,246,579** |

| | For the three months ended March 31 | |
|---|---|---|
| | 2022 | 2021 |
| Operating revenue | **$ 20,993,529** | **20,841,953** |
| Net income | 183,078 | 344,306 |
| Other comprehensive income | (11,633) | (2,717) |
| Total comprehensive income | **$ 171,445** | **341,589** |
| Comprehensive income attributable to non-controlling interests | **$ 12,682** | **26,052** |
| Comprehensive income attributable to investee | **$ 158,763** | **315,538** |

| | For the three months ended March 31 | |
|---|---|---|
| | 2022 | 2021 |
| Shares of net assets attributable to investee on January 1 | $ 1,424,230 | 1,484,149 |
| Comprehensive income attributable to the Group | 35,671 | 70,904 |
| subtotal | 1,459,901 | 1,555,053 |
| Add: investment property | 20,000 | 20,000 |
| Add: trademark | 129,713 | 129,713 |
| Add: goodwill | 1,457,345 | 1,457,345 |
| Book value of net equity of associates attributable to the Group on March 31 | **$ 3,066,959** | **3,162,111** |

Note: Since the rights to dividend receivables can be recognized on the ex dividend date, the shares of dividends distributed to the associates in the current period had not been deducted on the balance sheet date.

(Continued)

(ii) Associates

The Group's financial information about investments accounted for using the equity method that are individually insignificant was as follows:

| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|---|---|---|---|
| Carry amounts of individually insignificant associates' equity | **$ 297,287** | **282,630** | **293,455** |

| | For the three months ended March 31 | |
|---|---|---|
| | 2022 | 2021 |
| Attributable to the Group: | | |
| Net gain | $ 16,696 | 16,455 |
| Other comprehensive (loss) income | - | - |
| Comprehensive income | **$ 16,696** | **16,455** |

(iii) Pledge to secure

As of March 31, 2022 and 2020, the deals of the investment accounted for using equity method were pledged as collateral for long-term borrowings and credit lines, please refer to Note 8.

(iv) Except for TAIWAN FAMILYMART CO., LTD. , investments were accounted for using the equity method, and the share of profit or loss and other comprehensive income of those investments was calculated based on the financial statements that have not been reviewed.

(h) Property, plant and equipment

The movement in the cost, depreciation, and impairment loss of the property, plant and equipment of the Group as of March 31, 2022 and 2021 were as follows:

| | Land | Buildings | Machinery equipment | Transportation equipment | Other facilities | Construction in progress | Total |
|---|---|---|---|---|---|---|---|
| **Cost or deemed cost:** | | | | | | | |
| Balance on January 1, 2022 | $ 1,151,899 | 961,734 | 1,099,225 | 115,970 | 120,510 | 234,028 | 3,683,366 |
| Additions | - | - | 3,514 | - | 1,364 | 13,058 | 17,936 |
| Disposals | - | - | - | (1,069) | (259) | - | (1,328) |
| Transfer in | - | - | 4,701 | - | - | - | 4,701 |
| Transfer out | - | - | - | - | - | (4,701) | (4,701) |
| Effect of movement in exchange rate | - | 5,390 | 10,622 | 394 | 558 | - | 16,964 |
| Balance on March 31, 2022 | **$ 1,151,899** | **967,124** | **1,118,062** | **115,295** | **122,173** | **242,385** | **3,716,938** |
| Balance on January 1, 2021 | $ 1,151,899 | 949,120 | 1,004,424 | 106,091 | 114,835 | 128,393 | 3,454,762 |
| Additions | - | 375 | 1,436 | - | 1,315 | 58,039 | 61,165 |
| Disposals | - | - | (3,908) | (2,417) | (45) | - | (6,370) |
| Transfer in | - | 3,320 | 33,630 | - | 2,100 | - | 39,050 |
| Transfer out | - | - | - | - | - | (39,050) | (39,050) |
| Effect of movement in exchange rate | - | (240) | (439) | (15) | (25) | - | (719) |
| Balance on March 31, 2021 | **$ 1,151,899** | **952,575** | **1,035,143** | **103,659** | **118,180** | **147,382** | **3,508,838** |

(Continued)

| | Land | Buildings | Machinery equipment | Transportation equipment | Other facilities | Construction in progress | Total |
|---|---|---|---|---|---|---|---|
| **Depreciation and impairment loss:** | | | | | | | |
| Balance on January 1, 2022 | $ - | 703,756 | 868,460 | 68,771 | 95,081 | - | 1,736,068 |
| Depreciation for the period | - | 6,931 | 11,863 | 2,758 | 1,838 | - | 23,390 |
| Disposals | - | - | - | (924) | (259) | - | (1,183) |
| Effect of movement in exchange rate | - | 3,849 | 9,176 | 356 | 534 | - | 13,915 |
| Balance on March 31, 2022 | **$ -** | **714,536** | **889,499** | **70,961** | **97,194** | **-** | **1,772,190** |
| Balance on January 1, 2021 | $ - | 675,406 | 828,773 | 63,709 | 88,457 | - | 1,656,345 |
| Depreciation for the period | - | 7,046 | 10,177 | 2,495 | 1,670 | - | 21,388 |
| Disposals | - | - | (3,582) | (1,014) | (45) | - | (4,641) |
| Effect of movement in exchange rate | - | (174) | (387) | (14) | (23) | - | (598) |
| Balance on March 31, 2021 | **$ -** | **682,278** | **834,981** | **65,176** | **90,059** | **-** | **1,672,494** |
| **Carrying amounts:** | | | | | | | |
| Balance on January 1, 2022 | **$ 1,151,899** | **257,978** | **230,765** | **47,199** | **25,429** | **234,028** | **1,947,298** |
| Balance on March 31, 2022 | **$ 1,151,899** | **252,588** | **228,563** | **44,334** | **24,979** | **242,385** | **1,944,748** |
| Balance on January 1, 2021 | **$ 1,151,899** | **273,714** | **175,651** | **42,382** | **26,378** | **128,393** | **1,798,417** |
| Balance on March 31, 2021 | **$ 1,151,899** | **270,297** | **200,162** | **38,483** | **28,121** | **147,382** | **1,836,344** |

(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 Group still keeps the original certificate of ownership of the real estate for security purpose.

(ii) Please refer to Note 6(w) for the disposal of profit and loss.

(iii) As of March 31, 2022, December 31, 2021 and March 31, 2021, the aforementioned land, houses and buildings were not provided as collateral guarantees.

(i) Right-of-use assets

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

| | Land | Buildings | Total |
|---|---|---|---|
| **Cost:** | | | |
| Balance on January 1, 2022 | $ 21,683 | 10,470 | 32,153 |
| Additions | - | 380 | 380 |
| Effect of movement in exchange rate | 857 | - | 857 |
| Balance on March 31, 2022 | **$ 22,540** | **10,850** | **33,390** |
| Balance on January 1, 2021 | $ 21,776 | 5,922 | 27,698 |
| Additions | - | 911 | 911 |
| Effect of movement in exchange rate | (38) | - | (38) |
| Balance on March 31, 2021 | **$ 21,738** | **6,833** | **28,571** |

(Continued)

**TAISUN ENTERPRISE CO., LTD. AND SUBSIDIARIES**
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| | | Land | Buildings | Total |
|---|---|---|---|---|
| **Accumulated depreciation:** | | | | |
| Balance on January 1, 2022 | $ | 10,695 | 6,962 | 17,657 |
| Depreciation for the period | | 112 | 746 | 858 |
| Effect of movement in exchange rate | | 425 | - | 425 |
| Balance on March 31, 2022 | **$** | **11,232** | **7,708** | **18,940** |
| Balance on January 1, 2021 | $ | 10,299 | 4,308 | 14,607 |
| Depreciation for the period | | 111 | 556 | 667 |
| Effect of movement in exchange rate | | (19) | - | (19) |
| Balance on March 31, 2021 | **$** | **10,391** | **4,864** | **15,255** |
| **Carrying amounts:** | | | | |
| Balance on March 31, 2022 | **$** | **11,308** | **3,142** | **14,450** |
| Balance on March 31, 2021 | **$** | **11,347** | **1,969** | **13,316** |

As of March 31, 2022, December 31, 2021 and March 31, 2021, the investment properties were not pledged as collateral.

(j) Investment property

The following are the investment property, including properties, owned by the Group, with leases containing an initial noncancellable lease term of 1 to 2 years. Some leases provide the lessees with options to extend at the end of the term:

The rental revenue of investment property is a fixed amount.

| | Self-owned property | | |
|---|---|---|---|
| | Land and improvements | Buildings | Total |
| **Carrying amounts:** | | | |
| Balance on January 1, 2022 | **$ 566,062** | **48,838** | **614,900** |
| Balance on March 31, 2022 | **$ 566,062** | **48,398** | **614,460** |
| Balance on January 1, 2021 | **$ 566,062** | **50,756** | **616,818** |
| Balance on March 31, 2021 | **$ 566,062** | **50,266** | **616,328** |

(i) There were no significant additions, disposal, or recognition and reversal of impairment losses of investment property for the three months ended March 31, 2022 and 2021. Information on depreciation for the period is discussed in Note 12. Please refer to Note 6(j) of the 2021 annual consolidated financial statements for other related information.

(ii) The fair value of investment property was not significantly different from those disclosed in Note 6(j) of the annual consolidated financial statements for the year ended December 31, 2021.

(iii) As of March 31, 2022, December 31, 2021 and March 31, 2021, the investment properties were not pledged as collateral.

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(k) Short-term borrowings

| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|---|---|---|---|
| Letter of credit | $ 750,499 | 54,312 | 40,753 |
| Unsecured bank loans | 380,000 | 462,000 | - |
| Total | **$ 1,130,499** | **516,312** | **40,753** |
| Unused credit lines | **$ 2,713,570** | **2,998,312** | **2,711,881** |
| Interest rates | **0.58%~1.59%** | **0.66%~1.53%** | **0.55%~1.25%** |

For the three months ended March 31, 2022 and 2021, the Group obtained from short-term borrowings amounting to $1,284,960 thousand and $1,205,977 thousand, the repayment amounting to $670,773 thousand and $1,313,251 thousand, respectively.

Please refer to Note 8 for details on pledged assets for bank loans.

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

(l) Short-term notes and bills

The short-term notes and bills payable were summarized as follows:

| | March 31, 2022 | | | |
|---|---|---|---|---|
| | Gauarantee or acceptance institution | Range of interest rates (%) | Amount | Unused credit lines |
| Commercial paper payable | China Bills Finance Corporation, Taiwan Cooperative Bills Finance Corporation, Ta Ching Bills Finance Corporation | 0.87%~1.30% | **$ 120,000** | **$ 1,070,000** |

| | December 31, 2021 | | | |
|---|---|---|---|---|
| | Gauarantee or acceptance institution | Range of interest rates (%) | Amount | Unused credit lines |
| Commercial paper payable | China Bills Finance Corporation, Interational Bills Finance Corporation, Taiwan Cooperative Bills Finance Corporation, Grand Bills Finance Corporation, Ta Ching Bills Finance Corporation | 0.89%~1.30% | **$ 520,000** | **720,000** |

(Continued)

| | March 31, 2021 | | | |
|---|---|---|---|---|
| | Gauarantee or acceptance institution | Range of interest rates (%) | Amount | Unused credit lines |
| Commercial paper payable | China Bills Finance Corporation, Interational Bills Finance Corporation, Grand Bills Finance Corporation, Ta Ching Bills Finance Corporation | 0.86%~1.30% | **$ 72,000** | **$ 1,118,000** |

For the three months ended March 31, 2022 and 2021, the Group obtained from short-term notes and bills amounting to $255,000 thousand and $204,000 thousand, the repayment amounting to $655,000 thousand and $152,000 thousand, respectively. As of March 31, 2022 and 2021, the Group did not pledged assets to provide collateral for commercial paper payable.

Please refer to Note 8 for pledged assets on bank loans.

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

(m) Account payable

| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|---|---|---|---|
| Payables to suppliers | **$ 602,216** | **577,337** | **475,879** |

(n) Long-term borrowings

| | March 31, 2022 | | | |
|---|---|---|---|---|
| | Currency | Interest rate | Year due | Amount |
| Secured bank loans | NTD | 1%~1.03% | 2022~2023 | $ 700,000 |
| Unsecured bank loans | NTD | 1.26% | 2024 | 300,000 |
| Less: Current portion | | | | (80,000) |
| Total | | | | **$ 920,000** |
| Unused credit line | | | | **$ 800,000** |

| | December 31, 2021 | | | |
|---|---|---|---|---|
| | Currency | Interest rate | Year due | Amount |
| Secured bank loans | NTD | 1%~1.06% | 2023 | $ 750,000 |
| Unsecured bank loans | NTD | 1.26% | 2024 | 300,000 |
| Less: Current portion | | | | - |
| Total | | | | **$ 1,050,000** |
| Unused credit line | | | | **$ 708,972** |

| | March 31, 2021 | | | |
|---|---|---|---|---|
| | Currency | Interest rate | Year due | Amount |
| Secured bank loans | NTD | 1% | 2023 | $ 600,000 |
| Less: Current portion | | | | - |
| Total | | | | **$ 600,000** |
| Unused credit line | | | | **$ 1,200,000** |

(i) Collateral for bank loans

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

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

(iii) For the three months ended March 31, 2022 and 2021, the Group obtained from long-term borrowings were both amounting to $0 , the repayment amounting to $50,000 thousand and $0, respectively.

(o) Lease liabilities

The Group's lease liabilities were as follows：

| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|---|---|---|---|
| Current | **$ 2,618** | **2,498** | **1,615** |
| Non-current | **$ 474** | **977** | **376** |

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

The amounts recognized in profit or loss were as follows:

| | For the three months ended March 31 | |
|---|---|---|
| | 2022 | 2021 |
| Interest on lease liabilities | **$ 12** | **8** |
| Expenses relating to short-term leases | **$ 129** | **127** |
| Expenses relating to leases of low-value, excluding short-term leases of low-value assets | **$ 31** | **8** |

The amounts recognized in the statement of cash flows by the Group were as follows:

| | For the three months ended March 31 | |
|---|---|---|
| | 2022 | 2021 |
| Total cash outflow for leases | **$ 935** | **697** |

(i) Real estate leases

The Group leases house and buildings for its warehouses. The leases of warehouses typically run for a period of 1 to 3 years.

(ii) Other leases

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

(p) Operating leases

There were no significant changes in operating lease for the three months ended March 31, 2022 and 2021. Please refer to Note 6(p) of the consolidated financial statements for the year ended December 31, 2021 for other related information.

(q) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or no other material onetime events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2021 and 2020.

The expenses recognized in profit or loss for the Group are as follows:

| | For the Three Months Ended March 31 | |
|---|---|---|
| | 2022 | 2021 |
| Operating cost | $ 115 | 139 |
| Selling expenses | 63 | 72 |
| Administration expenses | 124 | 166 |
| Total | **$ 302** | **377** |

(ii) Defined contribution plans

For the three months ended March 31, 2022 and 2021, the Group' s employee benefits retirement expenses amounted to $5,576 thousand and $5,196 thousand, respectively.

(r) Income tax

Tax expense in the interim financial statements is measured at net income multiplied by management's best estimation on year end effective tax rate.

(i) The income tax expense were as follows:

| | For the Three Months Ended March 31 | |
|---|---|---|
| | 2022 | 2021 |
| Current income tax expense | | |
| Current period incurred | $ 16,500 | 19,500 |
| Income tax expense from continuing operations | **$ 16,500** | **19,500** |

(ii) Status of approval of income tax

| Company | Year |
|---|---|
| The Company | 2019 |
| PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD. | 2019 |
| TAIWAN NIKOMART CO., LTD. | 2020 |
| CHUANG SHIN TRAFFIC CO., LTD. | 2020 |
| TAISUN YUAN CO., LTD. | 2020 |

(s) Share capital and other equity

As of March 31, 2022, December 31, 2021 and March 31, 2021, the authorized capital of the Company consisted of 1,000,000 thousand shares, respectively, at a par value of $10 per share, amounting to $10,000,000 thousand, respectively, with the outstanding shares amounting to $4,999,990 thousand.

(i) Capital surplus

The components of the capital surplus were as follows:

| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|---|---|---|---|
| Treasury shares transactions | $ 71,496 | 57,888 | 38,837 |
| Changes in equity of associates accounted for using equity method | 17 | 17 | 17 |
| Surplus from issuance of ordinary shares | 915,977 | 915,977 | 915,977 |
| Surplus from issuance of ordinary shares-employee stock options | 4,132 | 4,132 | 4,132 |
| Expired employee stock options | 1,561 | 1,561 | 1,561 |
| Other | 13,559 | 13,559 | 13,559 |
| | **$ 1,006,742** | **993,134** | **974,083** |

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, after 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.

A resolution was approved during the shareholders' meeting on December 26, 2021 for the amendments of the Company's articles of association as follows:

The Company is in its mature stage of business cycle and its annual earnings and future cash flow are stable while it still have significant expansion of production capacity and development plans in the next few years. Therefore, the distribution of surplus earnings should first be used to offset any deficit after the end of each quarter. If the surplus earnings are to be distributed in cash, it should be reported during the stockholder's meeting, without needing of approval, in accordance with Article 228-1 and 240-5 of Company Act. The Company's articles of incorporation stipulate that the Company's net earnings should first be used to offset the prior quarter's deficits, if any, after paying any income taxes. The appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital. Aside from the aforesaid legal reserve, the Company may, under its Articles of Incorporation or as required by the government, appropriate the earnings for special reserve. Of the remaining balance, 10% is to be appropriated as legal reserve, and the proportion of cash dividend shall not be less than 30% of the total dividend distribution.

If the cash dividend is less than NTD 0.1, the Board of Directors have the right not to distribute it.

1) Legal reserve

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

2) Special reserve

The Company applied for exemptions during its first-time adoption of IFRSs, resulting in its retained earnings to increase by $240,776 thousand, incurred from unrealized revaluation increments, exchange differences on translation of foreign financial statements, and fair value of investment property being used as the cost on initial recognition at the transition date. In accordance with rules 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 March 31, 2022, December 31, 2021, and March 31, 2021, the Company recognized the special reserve related to all IFRSs adjustments amounting to $240,776 thousand.

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.

The special reserve that was calculated at the end of the period through the difference between the market price and the book value of the parent company's shares held by its subsidiaries based on their shareholding percentage shall not be distributed. However, if the market price rebounds, the special reserve shall be reversed according to their shareholding percentage.

3) Earnings distribution

The amounts of cash dividends of appropriations of earnings for 2021 and 2020 had been approved in the Board of Directors' meetings on March 25, 2022 and in the shareholders' meeting on August 18, 2021, respectively. These earnings were appropriated as follows:

| | 2021 | 2020 |
|---|---|---|
| Common stock dividends per share | | |
| Cash | $ 499,999 | 699,999 |
| Dividends per share | $ 1 | 1.4 |

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

The common stock dividends payable on March 31, 2022, was $486,391 thousand, and was accounted as other payables.

There will be no earnings distribution for the first quarter of the year based on the resolution approved during the Board meeting held on May 10, 2022.

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(iii) Treasury stock (held by the subsidiaries)

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

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

| Subsidiaries | Beginning shares | Add | Less | Ending shares |
|---|---|---|---|---|
| **For the three months ended March 31, 2022** | | | | |
| PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD. | 10,351 | - | - | 10,351 |
| TAIWAN NIKOMART CO., LTD. | 2,960 | - | - | 2,960 |
| CHUANG SHIN TRAFFIC CO., LTD. | 368 | - | - | 368 |
| | **13,679** | **-** | **-** | **13,679** |
| **For the three months ended March 31, 2021** | | | | |
| PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD. | 10,351 | - | - | 10,351 |
| TAIWAN NIKOMART CO., LTD. | 2,960 | - | - | 2,960 |
| CHUANG SHIN TRAFFIC CO., LTD. | 368 | - | - | 368 |
| | **13,679** | **-** | **-** | **13,679** |

| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|---|---|---|---|
| PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD. | $ 154,637 | 154,637 | 154,637 |
| TAIWAN NIKOMART CO., LTD. | 44,880 | 44,880 | 44,880 |
| CHUANG SHIN TRAFFIC CO., LTD. | 4,359 | 4,359 | 4,359 |
| | **$ 203,876** | **203,876** | **203,876** |

The stock prices of the Company as of March 31, 2022, December 31, 2021, and March 31, 2021, were NTD 28.00、NTD 27.30 and NTD 30.00 respectively.

(Continued)

(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, 2022 | $ (34,553) | (71,400) | (105,953) |
| Exchange differences on foreign operation | 9,185 | - | 9,185 |
| Unrealized gain from financial assets measured at fair value through other comprehensive income | - | (1,703) | (1,703) |
| Changes in other comprehensive income (loss) of associates accounted for using equity methods | - | (2,613) | (2,613) |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income of associates accounted for using equity method | - | 1,433 | 1,433 |
| Balance on March 31, 2022 | **$ (25,368)** | **(74,283)** | **(99,651)** |
| Balance on January 1, 2021 | $ (31,870) | (44,007) | (75,877) |
| Exchange differences on foreign operation | (161) | - | (161) |
| Unrealized gain from financial assets measured at fair value through other comprehensive income | - | 3,702 | 3,702 |
| Changes in other comprehensive income (loss) of associates accounted for using equity methods | - | (605) | (605) |
| Balance on March 31, 2021 | **$ (32,031)** | **(40,910)** | **(72,941)** |

(t) Earnings per share

The Group's basic earnings per share and diluted earnings for per share were calculated as follows:

| | For the Three Months Ended March 31 | |
|---|---|---|
| | 2022 | 2021 |
| **Basic earnings per share** | | |
| Profit from continuing operation attributable to the Company | **$ 140,116** | **165,063** |
| 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 | **$ 0.29** | **0.34** |
| **Diluted earnings per share** | | |
| Profit from continuing operation attributable to the Company (after adjusting the effect of diluted ordinary shares) | **$ 140,116** | **165,063** |
| Adjusted weighted-average number of ordinary shares | 486,393 | 486,393 |
| The impact of employee stock compensation | 1,452 | 1,857 |
| Adjusted weighted-average number of ordinary shares (after adjusting the effect of diluted ordinary shares) | **487,845** | **488,250** |
| Earnings per share | **$ 0.29** | **0.34** |

(Continued)

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(u) Revenue from contracts with customers

(i) Disaggregation of revenue

| | For the Three Months Ended March 31, 2022 | | | | |
|---|---|---|---|---|---|
| | Consumption division | Commodity division | Foreign division | Other | Total |
| Main product/service | | | | | |
| Consumer food | $ 1,441,640 | - | 149,278 | - | 1,590,918 |
| Bulk materials and aquafeeds | - | 878,170 | - | - | 878,170 |
| Service revenue | - | - | - | 101,451 | 101,451 |
| Rental revenue from investment properties | - | - | - | 3,038 | 3,038 |
| | **$ 1,441,640** | **878,170** | **149,278** | **104,489** | **2,573,577** |

| | For the Three Months Ended March 31, 2021 | | | | |
|---|---|---|---|---|---|
| | Consumption division | Commodity division | Foreign division | Other | Total |
| Main product/service | | | | | |
| Consumer food | $ 1,125,978 | - | 111,525 | - | 1,237,503 |
| Bulk materials and aquafeeds | - | 919,485 | - | - | 919,485 |
| Service revenue | - | - | - | 100,056 | 100,056 |
| Rental revenue from investment properties | - | - | - | 1,999 | 1,999 |
| | **$ 1,125,978** | **919,485** | **111,525** | **102,055** | **2,259,043** |

(ii) Contract balances

| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|---|---|---|---|
| Notes receivable | $ 108,272 | 163,881 | 91,802 |
| Accounts receivable | 787,407 | 800,311 | 707,654 |
| Accounts receivable-related parties | 412,693 | 452,151 | 423,939 |
| Overdue receivable | 11,387 | 11,378 | 12,218 |
| Less: loss allowance | (43,547) | (42,658) | (43,246) |
| Total | **$ 1,276,212** | **1,385,063** | **1,192,367** |
| Contract liabilities-sales | **$ 48,444** | **47,351** | **36,686** |

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

(Continued)

The amount of revenue recognized for the three months ended March 31, 2022 and 2021, which were included in the contract liabilities balance at the beginning of the period, were $25,098 thousand and $17,549 thousand, respectively.

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

(v) 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 three months ended March 31, 2022 and 2021, remuneration of employees f $8,605 thousand and $10,092 thousand, respectively, and remuneration of directors of $6,884 thousand and $7,064 thousand, respectively, were estimated on the basis of the Company' s net profit before tax, excluding the remuneration of employees and directors of each period, multiplied by the percentage of remuneration of employees and directors as specified in the Company's articles of incorporation. Such amounts were recognized as operating expenses for the three months ended March 31, 2022 and 2021, Management is expecting that the differences, if any, between the actual distributed amounts and estimated amounts will be treated as changes in accounting estimates and will be charged to profit or loss. The number of shares to be distributed was calculated based on the closing price of the Company's ordinary shares, one day prior to Board of Directors meeting.

For the years ended December 31, 2022 and 2021, the Company had accrued remuneration of employees of $34,500 thousand and $49,188 thousand, respectively, and remuneration of directors of $27,000 thousand and $34,431 thousand, respectively. There was no difference between the amounts approved in the Board of Directors meeting and the amounts distributed. For further information, please refer to Market Observation Post System website.

(w) Non-operating income and expenses

(i) Other gains and losses

The details of other gain and losses were as follows:

| | For the Three Months Ended March 31 | |
|---|---|---|
| | 2022 | 2021 |
| Rental revenue | $ 1,017 | 1,235 |
| Dividend income | 185 | - |
| Foreign exchange gains | 6,386 | 9,203 |
| Gains (losses) on disposal of property, plant and equipment | 476 | (22) |
| (Losses) gains on financial assets at FVTPL | (2,618) | 4,775 |
| Delivery service income | 2,129 | 2,508 |
| Other gains and losses | 2,145 | 3,559 |
| | **$ 9,720** | **21,258** |

(Continued)

(ii) Finance costs

The details of finance costs were as follows:

| | For the Three Months Ended March 31 | |
|---|---|---|
| | 2022 | 2021 |
| Interest expense | | |
| Bank loans | $ 5,511 | 2,370 |
| Lease liability | 12 | 8 |
| | **$ 5,523** | **2,378** |

(x) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For related information, please refer to Note 6(y) of the consolidated financial statements for the year ended December 31, 2021.

(i) Credit risk

1) Credit risk exposure

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

2) Concentration of credit risk

Except for the Group's largest client, CENTRAL UNION OIL CORP., the Group did not have any major credit risk exposure to any individual counterparty or any "counterparties that have similar traits" (referred to by the Group as its "associates").

As at March 31, 2022, December 31, 2021 and March 31, 2021, the Group reviewed the concentrations of credit risk arising from its biggest customer-CENTRAL UNION OIL CORP., and it was below 24.56%, 26.00% and 28.07%, 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 6(e) for the movement of allowance for loss.

(ii) Liquidity risk

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

(Continued)

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

| | Carrying amount | Contractual cash flows | Within 6 months | 6-12 months | 1-2 years | 2-5 years |
|---|---|---|---|---|---|---|
| **March 31, 2022** | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Lease liabilities | $ 3,092 | 3,357 | 1,591 | 1,248 | 518 | - |
| Unsecured bank loans (NTD) | 680,000 | 693,517 | 384,074 | 1,889 | 3,777 | 303,777 |
| Unsecured bank loans (USD) | 750,499 | 754,575 | 754,575 | - | - | - |
| Secured bank loans (NTD) | 700,000 | 707,933 | 83,213 | 3,147 | 621,573 | - |
| Short-term notes and bills payable | 120,000 | 120,000 | 120,000 | - | - | - |
| Non-interest bearing liabilities | 984,886 | 984,886 | 984,886 | - | - | - |
| | **$ 3,238,477** | **3,264,268** | **2,328,339** | **6,284** | **625,868** | **303,777** |
| **December 31, 2021** | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Lease liabilities | $ 3,475 | 3,506 | 1,263 | 1,263 | 980 | - |
| Unsecured bank loans (USD) | 462,000 | 464,864 | 464,864 | - | - | - |
| Unsecured bank loans (NTD) | 54,312 | 54,504 | 54,504 | - | - | - |
| Secured bank loans (NTD) | 1,050,000 | 1,069,098 | 5,751 | 5,751 | 755,708 | 301,888 |
| Short-term notes and bills payable | 520,000 | 520,000 | 520,000 | - | - | - |
| Non-interest bearing liabilities | 1,051,847 | 1,051,847 | 1,051,847 | - | - | - |
| | **$ 3,141,634** | **3,163,819** | **2,098,229** | **7,014** | **756,688** | **301,888** |
| **March 31, 2021** | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Lease liabilities | $ 1,991 | 2,004 | 1,076 | 551 | 377 | - |
| Unsecured bank loans (USD) | 40,753 | 40,936 | 40,936 | - | - | - |
| Secured bank loans (NTD) | 600,000 | 615,000 | 3,000 | 3,000 | 6,000 | 603,000 |
| Short-term notes and bills payable | 72,000 | 72,000 | 72,000 | - | - | - |
| Non-interest bearing liabilities | 922,249 | 922,249 | 922,249 | - | - | - |
| | **$ 1,636,993** | **1,652,189** | **1,039,261** | **3,551** | **6,377** | **603,000** |

(Continued)

(iii) Currency risk

1) Exposure of foreign currency risk

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

| | March 31, 2022 | | | December 31, 2021 | | | March 31, 2021 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Foreign Currency | Exchange Rate | NTD | Foreign Currency | Exchange Rate | NTD | Foreign Currency | Exchange Rate | NTD |
| Financial assets | | | | | | | | | |
| Monetary items | | | | | | | | | |
| USD : NTD | $ 41,341 | 28.622 | 1,178,877 | 15,045 | 27.690 | 415,578 | 11,315 | 28.531 | 321,355 |
| USD : CNY | - | - | - | 24 | 6.379 | 662 | 2,003 | 6.560 | 57,150 |
| JPY : NTD | 35,586 | 0.2353 | 8,373 | - | - | - | - | - | - |
| CNY : NTD | 5,036 | 4.512 | 22,723 | 5,010 | 4.341 | 21,745 | - | - | - |
| CNY : USD | 13,000 | 0.158 | 58,659 | 13,000 | 0.157 | 56,428 | 13,000 | 0.15 | 56,569 |
| Financial liabilities | | | | | | | | | |
| Monetary items | | | | | | | | | |
| USD : NTD | 26,221 | 28.62 | 750,499 | 1,961 | 27.690 | 54,312 | 1,429 | 28.531 | 40,753 |
| USD : CNY | - | - | - | - | - | - | 2,000 | 6.560 | 57,062 |

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, other financial assets-current, accounts receivable, other receivables and borrowings that are denominated in foreign currency. A 1% appreciation or depreciation of US dollar against New Taiwan dollar as of March 31, 2022 and 2021 would have increased (decreased) the pre-tax net income for the three months ended March 31, 2022 and 2021 by $4,145 thousand and $2,698 thousand, respectively. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for both periods.

3) Foreign exchange gains or losses on monetary item

Since the Group has various kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by the total amount. For the three months ended March 31, 2022 and 2021, the foreign exchange (loss) gain (including realized and unrealized portions) amounted to $6,386 thousand and $9,203 thousand, respectively.

(iv) Interest rate analysis

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

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

| | Book value | | |
|---|---|---|---|
| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
| Fixed rate instruments: | | | |
| Financial assets | $ 24,382 | 24,243 | 158,918 |
| Financial liabilities | 120,000 | 520,000 | 72,000 |
| | **$ (95,618)** | **(495,757)** | **86,918** |
| Variable rate instruments: | | | |
| Financial assets | $ 1,996,316 | 1,628,862 | 671,058 |
| Financial liabilities | 2,130,499 | 1,566,312 | 640,753 |
| | **$ (134,183)** | **62,550** | **30,305** |

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

If the interest rate increases / decreases by 0.5%, the Group' s net income will decrease /increase by $134 thousand and $30 thousand for the three months ended March 31, 2022 and 2021, respectively, assuming all other variable factors remaining constant. This is mainly due to the Group's floating interest rate of cash in bank and borrowing factoring.

(v) Other market price risk

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

| | For the three months ended March 31 | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| | 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% | $ 4,774 | 3,513 | 7,053 | 3,390 |
| Decrease 5% | (4,774) | (3,513) | (7,053) | (3,390) |

(Continued)

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

(vi) Fair value of financial instruments

1) Categories of financial instruments and fair value hierarchy

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

| | March 31, 2022 | | | | |
|---|---|---|---|---|---|
| | | 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 | $ 1,918 | - | 1,918 | - | 1,918 |
| Non derivative financial assets | | | | | |
| Listed Stocks | 56,824 | 56,824 | - | - | 56,824 |
| Beneficiary Certificate-Open-end Funds | 30,995 | 30,995 | - | - | 30,995 |
| Subtotal | 89,737 | 87,819 | 1,918 | - | 89,737 |
| Financial assets at fair value through other comprehensive income | | | | | |
| Shares of stock listed on domestic markets | $ 106,612 | 106,612 | - | - | 106,612 |
| Shares of stock unlisted on domestic markets | 1,155 | - | - | 1,155 | 1,155 |
| Shares of stock unlisted on foreign markets | 11,594 | - | - | 11,594 | 11,594 |
| Subtotal | 119,361 | 106,612 | - | 12,749 | 119,361 |
| Financial assets at amortized cost | | | | | |
| Cash and cash equivalents | $ 1,653,188 | - | - | - | - |
| Notes and accounts receivables (including related parties) | 1,276,212 | - | - | - | - |
| Other receivables (including related parties) | 13,833 | - | - | - | - |
| Other financial asset-current | 384,479 | - | - | - | - |
| Other financial asset-non current | 20,575 | - | - | - | - |
| Subtotal | 3,348,287 | - | - | - | - |
| Total | **$ 3,557,385** | **194,431** | **1,918** | **12,749** | **209,098** |

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

| | March 31, 2022 | | | | |
|---|---|---|---|---|---|
| | | Fair value | | | |
| | Book value | Level 1 | Level 2 | Level 3 | Total |
| Financial liability at fair value through profit or loss | | | | | |
| Derivative financial liabilities | | | | | |
| Foreign exchange option | $ 11 | - | 11 | - | 11 |
| Financial liabilities at amortized cost | | | | | |
| Short term borrowings | $ 1,130,499 | - | - | - | - |
| Short term notes and bills payable | 120,000 | - | - | - | - |
| Notes and accounts payable (including related parties) | 603,161 | - | - | - | - |
| Other payables (including related parties) | 861,471 | - | - | - | - |
| lease liabilities (including non-current) | 3,092 | - | - | - | - |
| Long term borrowings | 1,000,000 | - | - | - | - |
| Deposits received (recognized in the balance sheet as other non-current liabilities, others) | 6,645 | - | - | - | - |
| Subtotal | 3,724,868 | - | - | - | - |
| Total | **$ 3,724,879** | **-** | **11** | **-** | **11** |

| | December 31, 2021 | | | | |
|---|---|---|---|---|---|
| | | 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 | $ 712 | - | 712 | - | 712 |
| Non derivative financial assets | | | | | |
| Listed Stocks | 59,896 | 59,896 | - | - | 59,896 |
| Beneficiary Certificate-Open-end Funds | 33,190 | 33,190 | - | - | 33,190 |
| Subtotal | 93,798 | 93,086 | 712 | - | 93,798 |
| Financial assets at fair value through other comprehensive income | | | | | |
| Shares of stock listed on domestic markets | $ 108,329 | 108,329 | - | - | 108,329 |
| Shares of stock unlisted on domestic markets | 1,155 | - | - | 1,155 | 1,155 |
| Shares of stock unlisted on foreign markets | 11,217 | - | - | 11,217 | 11,217 |
| Subtotal | 120,701 | 108,329 | - | 12,372 | 120,701 |
| Financial assets at amortized cost | | | | | |
| Cash and cash equivalents | $ 1,664,560 | - | - | - | - |
| Notes and account receivables (including related parties) | 1,385,063 | - | - | - | - |
| Other receivables (including related parties) | 22,380 | - | - | - | - |
| Other financial asset-current | 12,254 | - | - | - | - |
| Other financial asset-non current | 12,573 | - | - | - | - |
| Subtotal | 3,096,830 | - | - | - | - |
| Total | **$ 3,311,329** | **201,415** | **712** | **12,372** | **214,499** |

(Continued)

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

| | December 31, 2021 | | | | |
|---|---|---|---|---|---|
| | | Fair value | | | |
| | Book value | Level 1 | Level 2 | Level 3 | Total |
| Financial liability at fair value through profit or loss | | | | | |
| Derivative financial liabilities | | | | | |
| Foreign exchange option | $ 1,481 | - | 1,481 | - | 1,481 |
| Financial liabilities at amortized cost | | | | | |
| Short term borrowings | $ 516,312 | - | - | - | - |
| Short term notes and bills payable | 520,000 | - | - | - | - |
| Notes and accounts payable (including related parties) | 578,056 | - | - | - | - |
| Other payables (including related parties) | 467,193 | - | - | - | - |
| lease liabilities (including non-current) | 3,475 | - | - | - | - |
| Long term borrowings | 1,050,000 | - | - | - | - |
| Deposits received (recognized in the balance sheet as other non-current liabilities, others) | 6,598 | - | - | - | - |
| Subtotal | 3,141,634 | - | - | - | - |
| Total | **$ 3,143,115** | **-** | **1,481** | **-** | **1,481** |

| | March 31, 2021 | | | | |
|---|---|---|---|---|---|
| | | 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 | $ 2,090 | - | 2,090 | - | 2,090 |
| Non derivative financial assets | | | | | |
| Listed Stocks | 53,436 | 53,436 | - | - | 53,436 |
| Beneficiary Certificate-Open-end Funds | 31,315 | 31,315 | - | - | 31,315 |
| Subtotal | 86,841 | 84,751 | 2,090 | - | 86,841 |
| Financial assets at fair value through other comprehensive income | | | | | |
| Shares of stock listed on domestic markets | $ 154,734 | 154,734 | - | - | 154,734 |
| Shares of stock unlisted on domestic markets | 3,444 | - | 2,289 | 1,155 | 3,444 |
| Shares of stock unlisted on foreign markets | 18,138 | - | - | 18,138 | 18,138 |
| Subtotal | 176,316 | 154,734 | 2,289 | 19,293 | 176,316 |
| Financial assets at amortized cost | | | | | |
| Cash and cash equivalents | $ 640,331 | - | - | - | - |
| Notes and accounts receivable (including related parties) | 1,192,367 | - | - | - | - |
| Other receivables (including related parties) | 6,249 | - | - | - | - |
| Other financial asset-current | 216,124 | - | - | - | - |
| Other financial asset-non current | 11,737 | - | - | - | - |
| Subtotal | 2,066,808 | - | - | - | - |
| Total | **$ 2,329,965** | **239,485** | **4,379** | **19,293** | **263,157** |

(Continued)

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

| | March 31, 2021 | | | | |
|---|---|---|---|---|---|
| | | Fair value | | | |
| | Book value | Level 1 | Level 2 | Level 3 | Total |
| Financial liability at fair value through profit or loss | | | | | |
| Derivative financial liabilities | | | | | |
| Foreign exchange option | $ 127 | - | 127 | - | 127 |
| Financial liabilities at amortized cost | | | | | |
| Short term borrowings | $ 40,753 | - | - | - | - |
| Short term notes and bills payable | 72,000 | - | - | - | - |
| Notes and accounts payable (including related parties) | 477,224 | - | - | - | - |
| Other payables (including related parties) | 439,527 | - | - | - | - |
| lease liabilities (including non-current) | 1,991 | - | - | - | - |
| Long term borrowings | 600,000 | - | - | - | - |
| Deposits received (recognized in the balance sheet as other non current liabilities, others) | 5,498 | - | - | - | - |
| Subtotal | 1,636,993 | - | - | - | - |
| Total | **$ 1,637,120** | **-** | **127** | **-** | **127** |

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

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

a) Financial assets and liabilities measured at amortized cost

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

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

a) Non-derivative financial instruments

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

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

(Continued)

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

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

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

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

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

b) Derivative financial instruments

These are based on the valuation model accepted by the most market users, ex: discount rate and option pricing model. Forward exchange agreement is usually based on the current forward rate. Fair value of structured financial instruments is based on appropriated valuation model, ex: Black-Scholes model, or other valuation model, ex: Monte Carlo simulation.

c) Financial instruments measured at fair value

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3: Unobservable inputs for the asset or liability.

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

4) Transfers between Level 1 and Level 2

There were no changes in the valuation techniques for fair value for the three months ended March 31, 2022 and 2021. In addition, there have been no transfers from each level for the three months ended March 31, 2022 and 2021.

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

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

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

Quantified information of significant unobservable inputs was as follow:

| Item | Valuation technique | Significant unobservable inputs | Interrelationship between significant unobservable inputs and fair value measurement |
|---|---|---|---|
| Financial assets at fair value through other comprehensive income-equity investments without an active market | net asset value method | ·net asset value | · Not applicable |
| | | ·Market illiquidity discount (as of March 31, 2022, December 31, 2021 and March 31, 2021 were 25%) | · 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 | · Not applicable |
| | | ·Market illiquidity discount (as of March 31, 2022, December 31, 2021 and March 31, 2021 were 25%) | · The estimated fair value would increase (decrease) if the market illiquidity discount were lower (higher) |

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

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

(Continued)

| | Inputs | Fluctuation in inputs | Profit or loss | | Other comprehensive income | |
|---|---|---|---|---|---|---|
| | | | Favorable | Unfavorable | Favorable | Unfavorable |
| **March 31, 2022** | | | | | | |
| Financial assets at fair value through other comprehensive income | | | | | | |
| Equity investments without an active market | Market illiquidity discount | 1% | **$ -** | **-** | **127** | **(127)** |
| **December 31, 2021** | | | | | | |
| Financial assets at fair value through other comprehensive income | | | | | | |
| Equity investments without an active market | Market illiquidity discount | 1% | **$ -** | **-** | **124** | **(124)** |
| **March 31, 2021** | | | | | | |
| Financial assets at fair value through other comprehensive income | | | | | | |
| Equity investments without an active market | Market illiquidity discount | 1% | **$ -** | **-** | **192** | **(192)** |

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.

(y) Financial risk management

There were no significant changes in the Group' s financial risk management and policies as disclosed in Note 6(z) of the consolidated financial statements for the year ended December 31, 2021.

(z) Capital management

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

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

| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|---|---|---|---|
| Total liabilities | $ 4,234,876 | 3,647,149 | 2,092,230 |
| Less: cash and cash equivalents | (1,653,188) | (1,664,560) | (640,331) |
| Net debt | 2,581,688 | 1,982,589 | 1,451,899 |
| Total capital | 6,649,707 | 6,991,127 | 7,199,665 |
| Adjusted captial | **$ 9,231,395** | **8,973,716** | **8,651,564** |
| Debt to equity ratio | **27.97%** | **22.09%** | **16.78%** |

Note: The estimation of dividends payable for 2021 resolved at the Board meeting resulted in an increase in debt to equity ratio on March 31, 2022.

(Continued)

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

The Group's investing and financing activities which did not affect the current cash flow for the three months ended March 31, 2022 and 2021 were from foreign exchange movement.

**(7) Related-party transactions:**

(a) Names and relationship with the Group

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

| Name of related party | Relationship with the Group |
|---|---|
| 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. (Note) | Substantive related parties (other related parties) |

Note: No longer a related party since March 1, 2021.

(b) Significant transactions with related parties

(i) Sale of Goods to Related Parties

| | For the Three Months Ended March 31 | |
|---|---|---|
| | 2022 | 2021 |
| Associates: | | |
| CENTRAL UNION OIL CORP. | $ 648,636 | 761,780 |
| Other associates | 135,422 | 133,548 |
| Other related parties | - | 22,207 |
| | **$ 784,058** | **917,535** |

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

The Group provides services to its related parties and nonrelated parties, wherein the charges varies depending on the distance of the area and the nature of the contracted items. In addition, the payment term used by the subsidiary for its regular customers is at the end of each month. The Group's credit terms for the physical distribution and publication distribution of related parties are 30 days and 45 days, respectively, after the end of the month, while the credit term for non-related parties is within 30 to 45 days after the end of the month.

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

The sales prices of food to TAISUN FOODS & MARKETING CO., LTD. is deducted from the related sales expenses based on the market price. The payment term of the original transaction is 50% advance receivables, and 50% monthly change-90 days promissory notes.

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

(ii) Purchase of Goods and Processing Fee from Related Parties

| | For the Three Months Ended March 31 | |
|---|---|---|
| | 2022 | 2021 |
| Associates－CENTRAL UNION OIL CORP. | $ 66,091 | 71,870 |

The above payment term for purchasing goods from related parties is within 30 days upon the arrival of the goods, which is the same as those offered to other related parties. The processing fee incurred from the soybean oil refining and processing expenses outsourced by the Group to its related parties was made in advance according to the estimated processing volume, with payment terms reconciled within 15 days after the monthly settlement to make up the payment. In addition, the Group has no other refining and processing transaction outsourced to non-related parties.

(iii) Receivables from Related Parties

The receivables from related parties were as follows:

| Accounts | Related party category | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|---|---|---|---|---|
| Account receivable | Associates | | | |
| | －CENTRAL UNION OIL CORP. | $ 324,077 | 363,762 | 346,775 |
| | －Other associates | 88,616 | 88,389 | 77,164 |
| | | $ 412,693 | 452,151 | 423,939 |

(iv) Payables from Related Parties

The payables from related parties were as follows:

| Accounts | Related party category | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|---|---|---|---|---|
| Accounts payable | Associates | $ 28,994 | 10,863 | 9,917 |

(Continued)

(v) Other

| Accounts | Related party category | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|---|---|---|---|---|
| Other current liabilities | Associates | $ 12,610 | 9,809 | 5,766 |

(c) Key management personnel compensation

| | For the three months ended March 31 | |
|---|---|---|
| | 2022 | 2021 |
| Short-term employee benefits | $ 16,170 | 14,041 |

**(8) Pledged assets:**

| Okedged assets | Pledge to secure | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|---|---|---|---|---|
| Other current financial assets | Forward foreign exchange contract and foreign exchange options | $ 4,293 | 4,154 | 4,280 |
| Other current financial assets | Credit lines of sort-term bank loans | - | - | 142,655 |
| Other current financial assets | Deposit guarantee from provisional execution | 8,100 | 8,100 | - |
| Other current financial assets | Letter of credit-loan for material purchase | 372,086 | - | - |
| Investment using equity method | Long-term bank loans | 354,379 | 350,255 | 365,383 |
| | | $ 738,858 | 362,509 | 512,318 |

**(9) Commitments and contingencies:**

(a) Unused standby letters of credit

| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|---|---|---|---|
| Unused standby letters of credit | $ 516,595 | 478,359 | 983,348 |

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

| | March 31, 2022 | December 31, 2021 | March 31, 2021 |
|---|---|---|---|
| Signed-contract | $ 299,410 | 300,766 | 275,619 |
| Paid-price | $ 242,385 | 243,028 | 147,382 |

(Continued)

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

(c) As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group has issued a promissory note of $250,000 thousand, $250,000 thousand and $160,000 thousand, respectively, as a guarantee for bank financing and performance.

**(10) Losses due to major disasters: None.**

**(11) Subsequent events: None.**

**(12) Other:**

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

| | For the three months ended March 31 | | | | | |
|---|---|---|---|---|---|---|
| | 2022 | | | 2021 | | |
| By function / By item | Cost of Sale | Operating Expense | Total | Cost of Sale | Operating Expense | Total |
| Employee benefits | | | | | | |
| Salary | 55,472 | 120,003 | 175,475 | 52,408 | 114,060 | 166,468 |
| Labor and health insurance | 6,951 | 9,261 | 16,212 | 6,076 | 8,364 | 14,440 |
| Pension | 2,542 | 3,336 | 5,878 | 2,365 | 3,208 | 5,573 |
| Others | 3,608 | 3,794 | 7,402 | 3,501 | 3,950 | 7,451 |
| Depreciation | 22,491 | 2,719 | 25,210 | 20,257 | 2,734 | 22,991 |
| Amortization | 11 | 390 | 401 | - | 636 | 636 |

Depreciation for the three months ended March 31, 2022 and 2021, each amounting to $140 thousand and $128 thousand, respectively, was recognized as other gains and losses.

(Continued)

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

**(13) Other disclosures:**

(a) Information on significant transactions:

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

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

| Number | Name of lender | Name of borrower | Account name | Related party | Highest balance of financing to other parties during the period | Ending balance | Actual usage amount during the period | Range of interest rates during the period | Purposes of fund financing for the borrower | Transaction amount for business between two parties | Reasons for short-term financing | Allowance for bad debt | Collateral | | Individual funding loan limits | Maximum limit of fund financing |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | Item | Value | | |
| 0 | The Company | TAISUN ENTERPRISE (ZHANG ZHOU) FOODS LTD. | Other receivables-related party | Yes | 58,659 | 58,659 | 22,561 | 2.1% | 2 | - | Operation Requirements | - | Promissory Notes | 22,561 | 664,458 | 1,328,915 |
| 1 | TAISUN (CAYMAN) INVESTMENT LTD. | TAISUN ENTERPRISE (ZHANG ZHOU) FOODS LTD. | Other receivables-related party | Yes | 58,659 | 58,659 | 58,659 | 2.1% | 2 | - | Operation Requirements | - | Promissory Notes | 58,659 | 259,606 | 259,606 |

Note 1: Lending of capital has the following two types:
1.Entities with business transaction with the Company
2. Loans provided for short-term financing

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

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

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

(ii) Guarantees and endorsements for other parties: None

(iii) Securities held as of March 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

| Name of holder | Category and name of security | Relationship with company | Account title | Ending balance | | | | Note |
|---|---|---|---|---|---|---|---|---|
| | | | | Shares/Units (thousands) | Carrying value | Percentage of ownership (%) | Fair value | |
| The Company | Fubon S&P US Preferred Stock ETF | - | Note 2 | 1,000,000 | 15,810 | - % | 15,810 | |
| The Company | Yuanta Global Future Telecommunication ETF | - | 〃 | 500,000 | 15,185 | - % | 15,185 | |
| The Company | Stock-YI JINN INDUSTRIAL CO., LTD | - | 〃 | 2,622,600 | 48,125 | 0.87 % | 48,125 | |
| The Company | Stock- CANDO CORPORATION | - | 〃 | 256,923 | - | 0.07 % | - | |
| The Company | Cathay Financial Holding Co., Ltd. Preferred Stock A | - | Note 3 | 333,000 | 20,912 | - % | 20,912 | |
| 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-YIN-WANG CO., LTD | - | 〃 | 10,000 | 100 | 10.00 % | 100 | |
| The Company | Stock-TAISUN FOODS & MARKETING CO., LTD. | - | 〃 | 886,788 | - | 18.90 % | - | |
| The Company | Stock-FWOSOW INDUSTRY CO., LTD. | | 〃 | 3,765,000 | 75,111 | 1.17 % | 75,111 | |
| 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 | 65 | - % | 65 | |
| PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD. | Stock-KERRY TJ LOGISTICS CO., LIMITED | - | 〃 | 15,524 | 680 | - % | 680 | |
| PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD. | Stock-WUS PRINTED CIRCUIT CO., LTD. | - | 〃 | 729 | 23 | - % | 23 | |

(Continued)

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

| Name of holder | Category and name of security | Relationship with company | Account title | Ending balance | | | | Note |
|---|---|---|---|---|---|---|---|---|
| | | | | Shares/Units (thousands) | Carrying value | Percentage of ownership (%) | Fair value | |
| PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD. | Stock-LITE-ON TECHNOLOGY CORPORATION | - | Note 3 | 6,260 | 426 | - % | 426 | |
| 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 | 37 | - % | 37 | |
| PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD. | Stock-SILICON INTEGRATED SYSTEMS CORP. | - | 〃 | 2,306 | 56 | - % | 56 | |
| PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD. | Stock-China Development Financial Holding Corporation | - | 〃 | 56,505 | 1,085 | - % | 1,085 | |
| PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD. | Stock-Taishin Financial Holding Co., Ltd. | - | 〃 | 102,478 | 2,101 | - % | 2,101 | |
| PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD. | Stock-Shin Kong Financial Holding Co., Ltd. | - | 〃 | 20,225 | 218 | - % | 218 | |
| PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD. | Stock-CGS INTERNATIONAL, INC. | - | 〃 | 565 | 17 | - % | 17 | |
| PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD. | Stock-TAISUN ENTERPRISE CO., LTD. | Parent /Subsidiary | 〃 | 10,351,332 | 289,837 | 2.07 % | 289,837 | |
| 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 | 8,699 | 0.04 % | 8,699 | |
| TAIWAN NIKOMART CO., LTD. | Stock- TAISUN ENTERPRISE CO., LTD. | Parent /Subsidiary | Note 3 | 2,960,186 | 82,885 | 0.59 % | 82,885 | |
| CHUANG HSIN TRAFFIC CO., LTD. | Stock-Taitung Business Bank | - | Note 2 | 9,628 | - | - % | - | |
| CHUANG HSIN TRAFFIC CO., LTD. | Stock- TAISUN ENTERPRISE CO., LTD. | Parent /Subsidiary | Note 3 | 368,524 | 10,319 | 0.07 % | 10,319 | |
| CHUANG HSIN TRAFFIC CO., LTD. | Stock-SYSGRATION LTD. | - | 〃 | 42,451 | 1,813 | 0.03 % | 1,813 | |
| CHUANG HSIN TRAFFIC CO., LTD. | Stock- CHUNG HSIN ELECTRIC & MACHINERY MANUFACTURING CORPORATION | - | 〃 | 1,928 | 105 | - % | 105 | |
| CHUANG HSIN TRAFFIC CO., LTD. | Stock- Winbond Electronics Corporation | - | 〃 | 5,305 | 166 | - % | 166 | |
| CHUANG HSIN TRAFFIC CO., LTD. | Stock- HUALON CORPORATION | - | 〃 | 5,176 | - | - % | - | |
| CHUANG HSIN TRAFFIC CO., LTD. | Stock- PAO SHIANG CONSTRUCTION & INDUSTRIAL CO., LTD | - | 〃 | 38,760 | - | - % | - | |
| CHUANG HSIN TRAFFIC CO., LTD. | Stock- KUEI HUNG INDUSTRIAL CO., LTD | - | 〃 | 22,000 | - | - % | - | |
| CHUANG HSIN TRAFFIC CO., LTD. | Stock- ORNATUBE ENTERPRISE CO., LTD. | - | 〃 | 60,000 | - | 0.01 % | - | |
| CHUANG HSIN TRAFFIC CO., LTD. | Stock- POWERCHIP SEMICONDUCTER MAUFACTURING CO. | - | 〃 | 38,995 | 2,067 | - % | 2,067 | |
| TAISUN (CAYMAN) INVESTMENT LTD. | Stock-YAMAI LIMITED | - | 〃 | - | 11,594 | 3.66 % | 11,594 | Note 4 |
| TAISUN YUAN CO., LTD. | Stock-FWOSOW INDUSTRY CO., LTD. | - | 〃 | 86,000 | 1,716 | 0.03 % | 1,716 | |

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

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

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

Note 4: Unissued shares.

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

(iv) Individual securities acquired or disposed with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(Continued)

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

(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 | (413,432) | (18) % | OA60 | No significant difference to the general customers. | General purchases payments in 30~60 days for non-related party | 441,920 | 35% | |
| The Company | CENTRAL UNION OIL CORP. | Investee Company measured by equity method | Sale | (648,636) | (29) % | OA45~60 | Deduct sales expenses related to CENTRAL UNION OIL CORP. based on market price | No comparable client | 324,077 | 26% | |
| PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD. | TAISUN ENTERPRISE CO., LTD. | Ultimerte parent conpany | Purchase | 413,432 | 97 % | OA60 | No significant difference to the general customers | General purchases payments in 30~60 days for non-related party | (441,920) | (98)% | |

(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 324,077 | 7.54 | - | - | 363,762 | - |
| The Company | PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD. | Subsidiary | Account receivable 441,920 | 3.73 | - | - | 436,596 | - |

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

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

| No. (Note 1) | Name of company | Name of counter-party | Nature of relationship (Note 2) | Intercompany transactions | | | |
|---|---|---|---|---|---|---|---|
| | | | | Account name | Amount | Trading terms | Percentage of the consolidated net revenue or total assets |
| 0 | The Company | PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD. | 1 | Sales revenue | 413,432 | OA60 | 16.06% |
| 0 | The Company | PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD. | 1 | Account receivable-related party | 441,920 | 〃 | 4.06% |
| 0 | The Company | TAISUN ENTERPRISE (ZHANG ZHOU) FOODS LTD. | 1 | Other receivables-related party | 22,561 | Half-year imputed interest, repay the principal when matured | 0.21% |
| 1 | TAISUN (CAYMAN) INVESTMENT LTD. | TAISUN ENTERPRISE (ZHANG ZHOU) FOODS LTD. | 1 | Other receivables-related party | 58,659 | Half-year imputed interest repay the principal when matured | 0.54% |

Note 1: The numbering is as follows:

1.“0” represents the parent company.

2.Subsidiaries are sequentially numbered from 1 by company.

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

1.Transactions from parent company to subsidiary.

2.Transactions from subsidiary to parent company.

3.Transactions between subsidiaries.

(Continued)

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

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2022 (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 March 31, 2022 | | | Net income (losses) of investee | Share of profits/losses of investee | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | March 31, 2022 | December 31, 2021 | Shares | Percentage of ownership | Carrying value | | | |
| The Company | TAIWAN NIKOMART CO., LTD. | Taiwan | Operation of chain convenience stores | 284,067 | 284,067 | 27,203,632 | 73.92 % | 22,357 | (174) | (128) | 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 % | 184,422 | 5,365 | 5,361 | Note 1, 2, 3 |
| The Company | TAISUN YUAN CO., LTD. | Taiwan | Investment management | 5,000 | 5,000 | 500,000 | 100.00 % | 21,316 | 14 | 14 | |
| The Company | TAISUN (CAYMAN) INVESTMENT LTD. | Cayman | Investments | 1,498,670 | 1,498,670 | 40,290,000 | 100.00 % | 259,603 | 15,633 | 15,633 | |
| The Company | CENTRAL UNION OIL CORP. | Taiwan | Manufacturing, processing and sales of bean products | 204,125 | 204,125 | 20,000,000 | 33.33 % | 297,287 | 50,085 | 16,696 | Note 2 |
| The Company | TAIWAN FAMILYMART CO., LTD. | Taiwan | Operation of, and investment in, chain convenience stores | 2,341,622 | 2,341,622 | 50,136,417 | 22.46 % | 3,063,332 | 170,396 | 38,269 | |
| The Company | CHUANG SHIN TRAFFIC CO., LTD. | Taiwan | Logistics | 15,352 | 15,352 | 1,358,480 | 13.26 % | 7,792 | 18 | 2 | Note 1 |
| PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD. | CHUANG SHIN TRAFFIC CO., LTD. | Taiwan | Logistics | 94,780 | 94,780 | 8,630,240 | 84.21 % | 96,117 | 18 | Note 5 | |
| PIN-TAI DISTRIBUTION ENTERPRISE CO., LTD. | TAIWAN NIKOMART CO., LTD. | Taiwan | Operation of chain convenience stores | 87,084 | 87,084 | 8,904,412 | 24.20 % | 30,824 | (174) | 〃 | Note 3 |
| 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 % | 3,627 | 170,396 | 15 | |

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(s).

Note 2: Unrealized gains and losses on transactions between affiliates have been eliminated.

Note 3: The impairment loss recognized with the indication of impairment has been deducted.

Note 4: Subsidiaries transactions have been written off when preparing the consolidated financial reports.

Note 5: Disclosures are exempted in accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(c) Information on investment in Mainland China:

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

(In Thousands of New Taiwan Dollars)

| Name of investee | Main business and products | Total amount of paid-in capital | Method of investment | Accumulated outflow of investment from Taiwan as of January 1, 2022 | Investment flows | | Accumulated outflow of investment from Taiwan as of March 31, 2022 | 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. | 787,105 (USD27,500) | (Note 1 ) | 955,975 (USD33,400) | - | - | 955,975 (USD33,400) | 15,096 | 100.00% | 15,096 | 182,002 | - |
| Cheng Da Restaurant Investment Management (Sichuan) LTD. | Fresh bread and other food products | 36,350 (USD1,270) | (Note 6) | 17,746 (USD620) | - | - | 17,746 (USD620) | - | 3.66% | - | - | - |
| JIANGSU DA MAI FOODS LTD. | Fresh bread and other food products | 95,254 (USD3,328) | (Note 6) | 20,894 (USD730) | - | - | 20,894 (USD730) | - | 3.66% | - | 1,220 | - |

(Continued)

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

(ii) Limitation on investment in Mainland China:

| Accumulated Investment in Mainland China as of March 31, 2022 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on Investment |
|---|---|---|
| 994,615 | 1,369,563 | 3,989,824 |

Note 1: Indirect investment in Mainland China through the company (TAISUN (CAYMAN) INVESTMENT LTD.) in the third region.

Note 2: Indirect investment in Mainland China through an existing company in Mainland China. According to the rules of the Investment Board, Ministry of Economic Affairs, the reinvestment of investment businesses in Mainland China does not need to apply to the Investment Board; therefore, these investment amounts are not included in the calculation of the Company's investment in Mainland China.

Note 3: The recognition of the investment through profit or loss of TAISUN ENTERPRISE (ZHANG ZHOU) FOODS LTD. was 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 28.62 as of March 31, 2022.

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.

(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. | 134,728,000 | 26.94 % |
| EVERWIN INVESTMENT CO., LTD. | 31,434,000 | 6.28 % |
| CHU-YU INVESTMENT LTD. | 25,149,000 | 5.02 % |

(Continued)

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

## (14) Segment information:

The Group's operating segment information and reconciliation are as follows:

| For the Three Months Ended March 31, 2022 | Consumption division | Commodity division | Foreign division | Other | Adjustment and eliminations | Total |
|---|---|---|---|---|---|---|
| Total revenue | $ 1,441,747 | 878,063 | 149,278 | 104,489 | - | 2,573,577 |
| **Reportable segment profit or loss** | $ 70,165 | 52,969 | 15,633 | 17,850 | - | 156,617 |
| **For the Three Months Ended March 31, 2021** | | | | | | |
| Total revenue | $ 1,125,978 | 919,485 | 111,525 | 102,055 | - | 2,259,043 |
| **Reportable segment profit or loss** | $ 51,775 | 52,646 | 9,570 | 70,620 | - | 184,611 |

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