

**Taisun Int'l (Holding) Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Three Months Ended March 31, 2020 and 2019 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Taisun Int'l (Holding) Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Taisun Int'l (Holding) Corporation and its subsidiaries (collectively referred to as the "Group") as of March 31, 2020 and 2019, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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

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

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of the Group as of March 31, 2020 and 2019, its consolidated financial performance, and its consolidated cash flows for the three months ended March 31, 2020 and 2019 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.

The engagement partners on the reviews resulting in this independent auditors' review report are Yu-Shiou Su and Wen-Yea Shyu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 6, 2020

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with 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 applied in the Republic of China.

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.

TAISUN INT'L (HOLDING) CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars or U.S. Dollars, Except Par Value)

ASSETS	March 31, 2020 (Reviewed)			December 31, 2019 (Audited)			March 31, 2019 (Reviewed)		
	NTD	USD	%	NTD	USD	%	NTD	USD	%
CURRENT ASSETS									
Cash and cash equivalents (Note 6)	\$ 139,822	\$ 4,626	5	\$ 161,945	\$ 5,402	6	\$ 409,672	\$ 13,292	19
Financial assets at fair value through other comprehensive income - current (Note 7)	-	-	-	24,252	809	1	25,022	812	1
Financial assets at amortized cost - current (Note 8)	1,084,053	35,866	40	1,278,261	42,637	50	652,735	21,179	30
Notes receivable	12	-	-	232	8	-	2,096	68	-
Trade receivables (Note 9)	85,668	2,834	3	74,295	2,478	3	69,660	2,260	3
Other receivables	40,385	1,336	2	34,657	1,156	1	28,832	936	2
Inventories (Note 10)	300,643	9,947	11	249,052	8,307	10	265,260	8,607	12
Other current assets (Note 14)	45,607	1,508	2	67,139	2,236	3	61,575	1,998	3
Total current assets	1,696,190	56,117	63	1,889,833	63,033	74	1,514,852	49,152	70
NON-CURRENT ASSETS									
Financial assets at amortized cost - non-current (Note 8)	325,200	10,759	12	-	-	-	-	-	-
Property, plant and equipment (Note 12)	477,919	15,812	18	487,662	16,267	19	426,500	13,839	20
Right-of-use assets (Note 13)	142,424	4,712	6	145,040	4,838	6	99,998	3,245	5
Other intangible assets	444	15	-	576	19	-	984	32	-
Deferred tax assets	7,142	236	-	7,354	245	-	5,370	174	-
Prepayments for equipment	23,792	787	1	23,255	776	1	76,897	2,495	3
Other non-current assets (Note 14)	4,448	147	-	4,295	144	-	35,814	1,162	2
Total non-current assets	981,369	32,468	37	668,182	22,289	26	645,563	20,947	30
TOTAL	\$ 2,677,559	\$ 88,585	100	\$ 2,558,015	\$ 85,322	100	\$ 2,160,415	\$ 70,099	100
LIABILITIES AND EQUITY									
CURRENT LIABILITIES									
Short-term borrowings (Note 15)	\$ 626,629	\$ 20,732	23	\$ 604,254	\$ 20,155	24	\$ 258,956	\$ 8,402	12
Trade payables	118,952	3,936	5	114,595	3,822	5	103,124	3,346	5
Other payables (Note 16)	68,601	2,270	3	71,598	2,388	3	61,079	1,982	3
Current tax liabilities (Note 21)	11,374	376	-	7,719	257	-	8,195	266	-
Lease liabilities - current (Note 13)	5,438	180	-	5,813	194	-	3,657	119	-
Other current liabilities	17,867	589	1	10,858	362	-	14,269	463	1
Total current liabilities	848,861	28,083	32	814,837	27,178	32	449,280	14,578	21
NON-CURRENT LIABILITIES									
Deferred income tax liabilities (Note 21)	1	-	-	101	3	-	-	-	-
Lease liabilities - non-current (Note 13)	5,511	182	-	6,831	228	-	-	-	-
Guarantee deposits received	1,185	39	-	1,181	39	-	2,807	91	-
Total non-current liabilities	6,697	221	-	8,113	270	-	2,807	91	-
Total liabilities	855,558	28,304	32	822,950	27,448	32	452,087	14,669	21
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 18)									
Ordinary shares	392,700	12,667	15	392,700	12,667	15	392,700	12,667	18
Capital surplus	653,216	21,364	24	653,216	21,364	26	653,216	21,364	30
Retained earnings									
Legal reserve	84,046	2,756	3	84,046	2,756	3	54,177	1,794	3
Special reserve	91,193	3,013	3	91,193	3,013	4	112,024	3,684	5
Unappropriated earnings	743,458	23,741	28	644,195	20,444	25	580,840	18,304	27
Total retained earnings	918,697	29,510	34	819,434	26,213	32	747,041	23,782	35
Other equity	(142,612)	(3,260)	(5)	(130,285)	(2,370)	(5)	(84,629)	(2,383)	(4)
Total equity	1,822,001	60,281	68	1,735,065	57,874	68	1,708,328	55,430	79
TOTAL	\$ 2,677,559	\$ 88,585	100	\$ 2,558,015	\$ 85,322	100	\$ 2,160,415	\$ 70,099	100

Note: These consolidated financial statements were originally presented in U.S. dollars. For the purpose of comparison, the consolidated balance sheets have been subsequently translated to New Taiwan dollars at an exchange rate of NT\$30.225:US\$1, NT\$29.98:US\$1 and NT\$30.82:US\$1 as of March 31, 2020, December 31, 2019 and March 31, 2019, respectively. Since the par value of shares is NT\$10, the historical exchange rate of the issue date in the Company's Articles of Incorporation is used to calculate the shares.

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

TAISUN INT'L (HOLDING) CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars or U.S. Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

	For the Three Months Ended March 31					
	2020			2019		
	NTD	USD	%	NTD	USD	%
SALES (Note 19)	\$ 498,677	\$ 16,564	100	\$ 461,233	\$ 14,961	100
COST OF GOODS SOLD (Note 20)	<u>311,371</u>	<u>10,342</u>	<u>62</u>	<u>335,082</u>	<u>10,869</u>	<u>73</u>
GROSS PROFIT	<u>187,306</u>	<u>6,222</u>	<u>38</u>	<u>126,151</u>	<u>4,092</u>	<u>27</u>
OPERATING EXPENSES (Note 20)						
Selling and marketing expenses	59,552	1,978	12	41,545	1,348	9
General and administrative expenses	25,312	841	5	22,332	724	5
Research and development expenses	<u>4,717</u>	<u>157</u>	<u>1</u>	<u>3,425</u>	<u>111</u>	<u>-</u>
Total operating expenses	<u>89,581</u>	<u>2,976</u>	<u>18</u>	<u>67,302</u>	<u>2,183</u>	<u>14</u>
PROFIT FROM OPERATIONS	<u>97,725</u>	<u>3,246</u>	<u>20</u>	<u>58,849</u>	<u>1,909</u>	<u>13</u>
NON-OPERATING INCOME AND EXPENSES						
Other income (Note 20)	25,034	831	5	14,327	464	3
Other gains and losses (Note 20)	(3,566)	(118)	(1)	955	31	-
Finance costs (Note 20)	<u>(4,537)</u>	<u>(151)</u>	<u>(1)</u>	<u>(1,801)</u>	<u>(58)</u>	<u>-</u>
Total non-operating income and expenses	<u>16,931</u>	<u>562</u>	<u>3</u>	<u>13,481</u>	<u>437</u>	<u>3</u>
PROFIT BEFORE INCOME TAX	114,656	3,808	23	72,330	2,346	16
INCOME TAX EXPENSE (Note 21)	<u>10,896</u>	<u>362</u>	<u>2</u>	<u>7,163</u>	<u>232</u>	<u>2</u>
NET PROFIT FOR THE PERIOD	<u>103,760</u>	<u>3,446</u>	<u>21</u>	<u>65,167</u>	<u>2,114</u>	<u>14</u>
OTHER COMPREHENSIVE LOSS						
Items that will not be reclassified subsequently to profit or loss:						
Unrealized (loss) gain on investments in equity instruments designated as at fair value through other comprehensive income	(3,978)	(132)	(1)	1,255	40	1
Exchange differences on translation to the presentation currency	14,466	-	3	5,573	-	1
Items that maybe reclassified subsequently to profit or loss:						
Exchange differences on translating the financial statements of foreign operations	<u>(27,312)</u>	<u>(907)</u>	<u>(6)</u>	<u>(266)</u>	<u>(8)</u>	<u>-</u>
Other comprehensive (loss) income for the period, net of income tax	<u>(16,824)</u>	<u>(1,039)</u>	<u>(4)</u>	<u>6,562</u>	<u>32</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 86,936</u>	<u>\$ 2,407</u>	<u>17</u>	<u>\$ 71,729</u>	<u>\$ 2,146</u>	<u>16</u>
NET PROFIT ATTRIBUTABLE TO:						
Owners of the Company	<u>\$ 103,760</u>	<u>\$ 3,446</u>	<u>21</u>	<u>\$ 65,167</u>	<u>\$ 2,114</u>	<u>14</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:						
Owners of the Company	<u>\$ 86,936</u>	<u>\$ 2,407</u>	<u>17</u>	<u>\$ 71,729</u>	<u>\$ 2,146</u>	<u>16</u>

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TAISUN INT'L (HOLDING) CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars or U.S. Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

	For the Three Months Ended March 31					
	2020			2019		
	NTD	USD	%	NTD	USD	%
EARNINGS PER SHARE (Note 22)						
Basic	\$ 2.64	\$ 0.09		\$ 1.66	\$ 0.05	
Diluted	\$ 2.64	\$ 0.09		\$ 1.66	\$ 0.05	

Note: These consolidated financial statements were originally presented in U.S. dollars. For the purpose of comparison, the consolidated statements of comprehensive income have been subsequently translated to New Taiwan dollars at an average exchange rate of NT\$30.106:US\$1 and NT\$30.83:US\$1 for the three months ended March 31, 2020 and 2019, respectively. Since the par value of shares is NT\$10, the historical exchange rate of the issue date in the Company's Articles of Incorporation is used to calculate the shares.

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

(Concluded)

TAISUN INT'L (HOLDING) CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Ordinary Shares (Note 18)			Retained Earnings (Note 18)			Other		Total Equity
	Shares (In Thousands)	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Exchange Differences on Translating the Financial Statements of Foreign Operations	
BALANCE AT JANUARY 1, 2019	39,270	\$ 392,700	\$ 653,216	\$ 54,177	\$ 112,024	\$ 515,697	\$ (1,209)	\$ (89,982)	\$ 1,636,623
Net profit for the three months ended March 31, 2019	-	-	-	-	-	65,167	-	-	65,167
Other comprehensive income for the three months ended March 31, 2019, net of income tax	-	-	-	-	-	-	1,255	5,307	6,562
Total comprehensive income for the three months ended March 31, 2019	-	-	-	-	-	65,167	1,255	5,307	71,729
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(24)	-	-	(24)
BALANCE AT MARCH 31, 2019	<u>39,270</u>	<u>\$ 392,700</u>	<u>\$ 653,216</u>	<u>\$ 54,177</u>	<u>\$ 112,024</u>	<u>\$ 580,840</u>	<u>\$ 46</u>	<u>\$ (84,675)</u>	<u>\$ 1,708,328</u>
BALANCE AT JANUARY 1, 2020	39,270	\$ 392,700	\$ 653,216	\$ 84,046	\$ 91,193	\$ 644,195	\$ (1,064)	\$ (129,221)	\$ 1,735,065
Net profit for the three months ended March 31, 2020	-	-	-	-	-	103,760	-	-	103,760
Other comprehensive loss for the three months ended March 31, 2020, net of income tax	-	-	-	-	-	-	(3,978)	(12,846)	(16,824)
Total comprehensive income (loss) the three months ended March 31, 2020	-	-	-	-	-	103,760	(3,978)	(12,846)	86,936
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(4,497)	4,497	-	-
BALANCE AT MARCH 31, 2020	<u>39,270</u>	<u>\$ 392,700</u>	<u>\$ 653,216</u>	<u>\$ 84,046</u>	<u>\$ 91,193</u>	<u>\$ 743,458</u>	<u>\$ (545)</u>	<u>\$ (142,067)</u>	<u>\$ 1,822,001</u>

Note: These consolidated financial statements were originally presented in U.S. dollars. For the purpose of comparison, the consolidated statements of changes in equity have been subsequently translated to New Taiwan dollars at an average exchange rate of NT\$30.106:US\$1 and NT\$30.83:US\$1 for the three months ended March 31, 2020 and 2019, respectively. Since the par value of shares is NT\$10, the historical exchange rate of the issue date in the Company's Articles of Incorporation is used to calculate the shares.

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

TAISUN INT'L (HOLDING) CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of U.S. Dollars)

(Reviewed, Not Audited)

	Ordinary Shares (Note 18)			Retained Earnings (Note 18)			Other		
	Shares (In Thousands)	Share Capital	Capital Surplus	Comprehensive Income	Special Reserve	Unappropriated Earnings	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Exchange Differences on Translating the Financial Statements of Foreign Operations	Total Equity
BALANCE AT JANUARY 1, 2019	39,270	\$ 12,667	\$ 21,364	\$ 1,794	\$ 3,684	\$ 16,190	\$ (39)	\$ (2,376)	\$ 53,284
Net profit for the three months ended March 31, 2019	-	-	-	-	-	2,114	-	-	2,114
Other comprehensive income (loss) for the three months ended March 31, 2019, net of income tax	-	-	-	-	-	-	40	(8)	32
Total comprehensive income (loss) for the three months ended March 31, 2019	-	-	-	-	-	2,114	40	(8)	2,146
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-
BALANCE AT MARCH 31, 2019	<u>39,270</u>	<u>\$ 12,667</u>	<u>\$ 21,364</u>	<u>\$ 1,794</u>	<u>\$ 3,684</u>	<u>\$ 18,304</u>	<u>\$ 1</u>	<u>\$ (2,384)</u>	<u>\$ 55,430</u>
BALANCE AT JANUARY 1, 2020	39,270	\$ 12,667	\$ 21,364	\$ 2,756	\$ 3,013	\$ 20,444	\$ (35)	\$ (2,335)	\$ 57,874
Net profit for the three months ended March 31, 2020	-	-	-	-	-	3,446	-	-	3,446
Other comprehensive loss for the three months ended March 31, 2020, net of income tax	-	-	-	-	-	-	(132)	(907)	(1,039)
Total comprehensive income (loss) for the three months ended March 31, 2020	-	-	-	-	-	3,446	(132)	(907)	2,407
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(149)	149	-	-
BALANCE AT MARCH 31, 2020	<u>39,270</u>	<u>\$ 12,667</u>	<u>\$ 21,364</u>	<u>\$ 2,756</u>	<u>\$ 3,013</u>	<u>\$ 23,741</u>	<u>\$ (18)</u>	<u>\$ (3,242)</u>	<u>\$ 60,281</u>

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

TAISUN INT'L (HOLDING) CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars or U.S. Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2020		2019	
	NTD	USD	NTD	USD
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax	\$ 114,656	\$ 3,808	\$ 72,330	\$ 2,346
Adjustments for:				
Depreciation expenses	25,534	848	20,843	675
Amortization expenses	128	4	132	4
Finance costs	4,537	151	1,801	58
Interest income	(24,943)	(828)	(14,194)	(460)
Dividend income	(91)	(3)	(133)	(4)
Loss on disposal of property, plant and equipment	-	-	123	4
Changes in operating assets and liabilities				
Notes receivable	241	8	(1,696)	(55)
Trade receivables	(10,718)	(356)	(14,058)	(456)
Other receivables	(120)	(4)	92	3
Inventories	(49,374)	(1,640)	24,849	806
Other current assets	21,917	728	(11,129)	(361)
Trade payables	3,432	114	2,806	91
Other payables	(4,606)	(153)	(4,594)	(149)
Other current liabilities	6,834	227	9,280	301
Cash generated from operations	87,427	2,904	86,452	2,803
Interest paid	(3,510)	(116)	(1,512)	(48)
Income tax paid	(7,132)	(237)	(9,999)	(324)
Net cash generated from operating activities	76,785	2,551	74,941	2,431
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase from sale of financial assets at fair value through other comprehensive income	-	-	(8,999)	(292)
Proceeds from sale of financial assets at fair value through other comprehensive income	20,221	669	925	30
Purchase from sale of financial assets at amortized cost	(120,062)	(3,988)	(47,971)	(1,556)
Payments for property, plant and equipment	(16,824)	(559)	(14,891)	(482)
Payments for intangible assets	-	-	(149)	(5)
Increase in other non-current assets	(90)	(3)	(62)	(2)
Increase in prepayments for equipment	(361)	(12)	(6,043)	(196)

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TAISUN INT'L (HOLDING) CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars or U.S. Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2020		2019	
	NTD	USD	NTD	USD
Interest received	\$ 19,628	\$ 652	\$ 6,874	\$ 224
Dividend received	<u>91</u>	<u>3</u>	<u>133</u>	<u>4</u>
Net cash used in investing activities	<u>(97,397)</u>	<u>(3,238)</u>	<u>(70,183)</u>	<u>(2,275)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from short-term borrowings	17,371	577	29,998	973
Repayment of the principal portion of lease liabilities	<u>(1,575)</u>	<u>(51)</u>	<u>(926)</u>	<u>(29)</u>
Net cash generated from financing activities	<u>15,796</u>	<u>526</u>	<u>29,072</u>	<u>944</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(17,307)</u>	<u>(615)</u>	<u>2,413</u>	<u>34</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(22,123)	(776)	36,243	1,134
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>161,945</u>	<u>5,402</u>	<u>373,429</u>	<u>12,158</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 139,822</u>	<u>\$ 4,626</u>	<u>\$ 409,672</u>	<u>\$ 13,292</u>

Note: These consolidated financial statements were originally presented in U.S. dollars. For the purpose of comparison, the consolidated statements of cash flows have been subsequently translated to New Taiwan dollars at an average exchange rate of NT\$30.106:US\$1 and NT\$30.83:US\$1 for the three months ended March 31, 2020 and 2019, respectively. Since the par value of shares is NT\$10, the historical exchange rate of the issue date in the Company's Articles of Incorporation is used to calculate the shares.

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

(Concluded)

TAISUN INT'L (HOLDING) CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars or U.S. Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

Taisun Int'l (Holding) Corporation (the "Company") was incorporated in the Cayman Islands in February 2014 for the purpose of organizational restructuring for initial public offering and application for listing on the Taiwan Stock Exchange (TWSE). Based on the equity exchange agreement, the Company completed the organizational restructuring on December 31, 2014 and became the holding company of all of the consolidated entities.

The Company and the subsidiaries (collectively, the "Group") mainly manufacture and sell baby diapers, baby pants, adult diapers, sanitary napkins and wet wipes.

The Company's shares have been listed on the TWSE since January 2017.

The functional currency of the Company is the U.S. dollar. For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars and U.S. dollars, since the Company's shares are listed on the TWSE.

The exchange rate of NT\$30.225:US\$1, NT\$29.98:US\$1 and NT\$30.82:US\$1 was used for the balances as of March 31, 2020, December 31, 2019 and March 31, 2019, respectively. The average exchange rate was NT\$30.106:US\$1, NT\$30.912:US\$1 and NT\$30.83:US\$1, respectively. Since the par value of shares is NT\$10, the historical exchange rate of the issue date in the Company's Articles of Incorporation is used to calculate the shares.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on May 6, 2020.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies:

- 1) Amendments to IFRS 3 "Definition of a Business"

The Group applies the amendments to IFRS 3 to transactions that occur on or after January 1, 2020. The amendments require that for an entity to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. To judge whether the acquired process is substantive, there will be different judgement requirements depending on whether there is output on the acquisition date. In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether or not an acquired set of activities and assets is a business.

2) Amendments to IAS 1 and IAS 8 “Definition of Material”

The Group adopted the amendments starting from January 1, 2020. The threshold for materiality influencing users has been changed to “could reasonably be expected to influence” and, therefore, the disclosures in the consolidated financial report have been adjusted and immaterial information that may obscure material information has been deleted.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

b. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2020

Note: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’s share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’s share of the gain or loss is eliminated.

2) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32: Financial Instruments: Presentation, the aforementioned terms would not affect the classification of the liability.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of the above standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries, including structured entities).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the in the subsidiaries. Consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 11 and Table 4 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the following, refer to the consolidated financial statements for the year ended December 31, 2019.

- Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty were applied in the preparation of the consolidated financial statements for the three months ended March 31, 2020 as those for the year ended December 31, 2019.

6. CASH AND CASH EQUIVALENTS

	March 31, 2020	December 31, 2019	March 31, 2019
<u>New Taiwan dollars</u>			
Cash on hand	\$ 310	\$ 353	\$ 897
Checking accounts and demand deposits	40,178	32,875	31,359
Cash equivalents (investments with original maturities of less than 3 months)			
Time deposits	<u>99,334</u>	<u>128,717</u>	<u>377,416</u>
	<u>\$ 139,822</u>	<u>\$ 161,945</u>	<u>\$ 409,672</u>
<u>U.S. dollars</u>			
Cash on hand	\$ 10	12	\$ 30
Checking accounts and demand deposits	1,330	1,097	1,016
Cash equivalents (investments with original maturities of less than 3 months)			
Time deposits	<u>3,286</u>	<u>4,293</u>	<u>12,246</u>
	<u>\$ 4,626</u>	<u>\$ 5,402</u>	<u>\$ 13,292</u>

The market rate intervals of cash in the bank at the end of the reporting period were as follows:

	March 31, 2020	December 31, 2019	March 31, 2019
Demand deposits	0.1%-1.09%	0.1%-0.3%	0.10%-0.80%
Time deposits	0.85%-5%	2.06%-5.5%	1.40%-5.50%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2020	December 31, 2019	March 31, 2019
<u>New Taiwan dollars</u>			
<u>Current</u>			
Investments in equity instruments at FVTOCI	\$ <u>-</u>	\$ <u>24,252</u>	\$ <u>25,022</u>
<u>Current</u>			
Domestic investments			
Listed shares and emerging market shares			
Ordinary shares - Satitar Co., Ltd.	\$ -	\$ 2,424	\$ 2,598
Ordinary shares - King's Town Bank	-	5,025	4,800
Ordinary shares - China Steel Corporation	<u>-</u>	<u>4,780</u>	<u>5,060</u>
	<u>-</u>	<u>12,229</u>	<u>12,458</u>
Foreign investments			
Listed shares and emerging market shares			
Ordinary shares - Viet Nam Engine And			
Agricultural Machinery Corporation	-	2,931	3,506
Ordinary shares - Tu Liem Urban			
Development Joint-Stock Company	-	-	2,325
Ordinary shares - Pha Lai Thermal Power			
Joint Stock Company	-	4,525	4,222
Ordinary shares - PetroVietnam Power Nhon			
Trach 2 JSC	-	1,961	2,511
Ordinary shares - Vietnam Rubber Group			
- Joint Stock Company	<u>-</u>	<u>2,606</u>	<u>-</u>
	<u>-</u>	<u>12,023</u>	<u>12,564</u>
	\$ <u>-</u>	\$ <u>24,252</u>	\$ <u>25,022</u>

U.S. dollars

Current

Investments in equity instruments at FVTOCI	\$ <u>-</u>	\$ <u>809</u>	\$ <u>812</u>
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(Continued)

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Current</u>			
Domestic investments			
Listed shares and emerging market shares			
Ordinary shares - Satitar Co., Ltd.	\$ -	\$ 81	\$ 84
Ordinary shares - King's Town Bank	-	168	156
Ordinary shares - China Steel Corporation	-	159	164
	<u>-</u>	<u>408</u>	<u>404</u>
Foreign investments			
Listed shares and emerging market shares			
Ordinary shares - Viet Nam Engine And Agricultural Machinery Corporation	-	98	114
Ordinary shares - Tu Liem Urban Development Joint-Stock Company	-	-	76
Ordinary shares - Pha Lai Thermal Power Joint Stock Company	-	151	137
Ordinary shares - PetroVietnam Power Nhon Trach 2 JSC	-	65	81
Ordinary shares - Vietnam Rubber Group - Joint Stock Company	-	87	-
	<u>-</u>	<u>401</u>	<u>408</u>
	<u>\$ -</u>	<u>\$ 809</u>	<u>\$ 812</u>

These investments in equity instruments are not held for trading. Instead, they are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

The Group acquired ordinary shares of NT\$8,999 thousand (US\$292 thousand) for medium to long-term strategic purposes; at the end of the reporting period the management designated these investments as at FVTOCI.

For the three months ended March 31, 2020 and 2019, the Group adjusted investment portfolio in order to diversify investment risks and sold some of its shares. The sold shares had a fair value of NT\$20,221 thousand (US\$669 thousand) and NT\$925 thousand (US\$30 thousand), and the Group transferred a loss of NT\$(4,497) thousand (US\$(149) thousand) and NT\$(24) thousand from other equity to retained earnings.

Dividends of NT\$91 thousand (US\$3 thousand) and NT\$133 thousand (US\$4 thousand) were recognized during the three months ended March 31, 2020 and 2019, respectively. Dividends related to investments derecognized during the three months ended March 31, 2020 and 2019 were NT\$91 thousand (US\$3 thousand) and NT\$0 (US\$0), respectively, and those related to investments held as of March 31, 2020 and 2019 were NT\$0 and NT\$2,325 thousand (US\$76 thousand), respectively.

8. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2020	December 31, 2019	March 31, 2019
<u>New Taiwan dollars</u>			
<u>Current</u>			
Time deposits with original maturities of more than 3 months	\$ <u>1,084,053</u>	\$ <u>1,278,261</u>	\$ <u>652,735</u>
<u>Non-current</u>			
Time deposits with original maturities of more than 1 year	\$ <u>325,200</u>	\$ <u>-</u>	\$ <u>-</u>
<u>U.S. dollars</u>			
<u>Current</u>			
Time deposits with original maturities of more than 3 months	\$ <u>35,866</u>	\$ <u>42,637</u>	\$ <u>21,179</u>
<u>Non-current</u>			
Time deposits with original maturities of more than 1 year	\$ <u>10,759</u>	\$ <u>-</u>	\$ <u>-</u>

The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 2.2%-8.25%, 2.3%-7.3% and 5%-7.5% per annum as of March 31, 2020, December 31, 2019 and March 31, 2019, respectively.

9. TRADE RECEIVABLES

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Trade receivables</u>			
<u>New Taiwan dollars</u>			
At amortized cost			
Gross carrying amount	\$ 85,818	\$ 74,445	\$ 70,431
Less: Allowance for impairment loss	<u>(150)</u>	<u>(150)</u>	<u>(771)</u>
	\$ <u>85,668</u>	\$ <u>74,295</u>	\$ <u>69,660</u>
<u>U.S. dollars</u>			
At amortized cost			
Gross carrying amount	\$ 2,839	\$ 2,483	\$ 2,285
Less: Allowance for impairment loss	<u>(5)</u>	<u>(5)</u>	<u>(25)</u>
	\$ <u>2,834</u>	\$ <u>2,478</u>	\$ <u>2,260</u>

The average credit period of sales of goods was 30 days. No interest was charged on trade receivables. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

March 31, 2020

(In Thousands of New Taiwan Dollars)

	Posting Date Less Than 90 Days	Posting Date 91 to 180 Days	Posting Date 181 to 360 Days	Posting Date Over 360 Days	Total
Gross carrying amount	\$ 78,422	\$ 4,959	\$ 2,437	\$ -	\$ 85,818
Loss allowance (Lifetime ECL)	<u>-</u>	<u>(50)</u>	<u>(100)</u>	<u>-</u>	<u>(150)</u>
Amortized cost	<u>\$ 78,422</u>	<u>\$ 4,909</u>	<u>\$ 2,337</u>	<u>\$ -</u>	<u>\$ 85,668</u>

(In Thousands of U.S. Dollars)

	Posting Date Less Than 90 Days	Posting Date 91 to 180 Days	Posting Date 181 to 360 Days	Posting Date Over 360 Days	Total
Gross carrying amount	\$ 2,594	\$ 164	\$ 81	\$ -	\$ 2,839
Loss allowance (Lifetime ECL)	<u>-</u>	<u>(2)</u>	<u>(3)</u>	<u>-</u>	<u>(5)</u>
Amortized cost	<u>\$ 2,594</u>	<u>\$ 162</u>	<u>\$ 78</u>	<u>\$ -</u>	<u>\$ 2,834</u>

December 31, 2019

(In Thousands of New Taiwan Dollars)

	Posting Date Less Than 90 Days	Posting Date 91 to 180 Days	Posting Date 181 to 360 Days	Posting Date Over 360 Days	Total
Gross carrying amount	\$ 68,706	\$ 1,567	\$ 4,129	\$ 43	\$ 74,445
Loss allowance (Lifetime ECL)	<u>-</u>	<u>(16)</u>	<u>(91)</u>	<u>(43)</u>	<u>(150)</u>
Amortized cost	<u>\$ 68,706</u>	<u>\$ 1,551</u>	<u>\$ 4,038</u>	<u>\$ -</u>	<u>\$ 74,295</u>

(In Thousands of U.S. Dollars)

	Posting Date Less Than 90 Days	Posting Date 91 to 180 Days	Posting Date 181 to 360 Days	Posting Date Over 360 Days	Total
Gross carrying amount	\$ 2,292	\$ 52	\$ 138	\$ 1	\$ 2,483
Loss allowance (Lifetime ECL)	<u>-</u>	<u>(1)</u>	<u>(3)</u>	<u>(1)</u>	<u>(5)</u>
Amortized cost	<u>\$ 2,292</u>	<u>\$ 51</u>	<u>\$ 135</u>	<u>\$ -</u>	<u>\$ 2,478</u>

March 31, 2019

(In Thousands of New Taiwan Dollars)

	Posting Date Less Than 90 Days	Posting Date 91 to 180 Days	Posting Date 181 to 360 Days	Posting Date Over 360 Days	Total
Gross carrying amount	\$ 66,497	\$ 2,921	\$ 288	\$ 725	\$ 70,431
Loss allowance (Lifetime ECL)	<u>-</u>	<u>(17)</u>	<u>(29)</u>	<u>(725)</u>	<u>(771)</u>
Amortized cost	<u>\$ 66,497</u>	<u>\$ 2,904</u>	<u>\$ 259</u>	<u>\$ -</u>	<u>\$ 69,660</u>

(In Thousands of U.S. Dollars)

	Posting Date Less Than 90 Days	Posting Date 91 to 180 Days	Posting Date 181 to 360 Days	Posting Date Over 360 Days	Total
Gross carrying amount	\$ 2,157	\$ 95	\$ 9	\$ 24	\$ 2,285
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>(24)</u>	<u>(25)</u>
Amortized cost	<u>\$ 2,157</u>	<u>\$ 95</u>	<u>\$ 8</u>	<u>\$ -</u>	<u>\$ 2,260</u>

The Group's expected credit loss rate are as follows: 0-1% within 180 days; 30-50% within 180 days to 360 days; 100% 1 year and above.

The movements of the loss allowance of trade receivables were as follows:

	For the Three Months Ended March 31	
	2020	2019
<u>New Taiwan dollars</u>		
Balance at January 1	\$ 150	\$ 768
Add: Impairment loss	-	-
Foreign exchange gains and losses	<u>-</u>	<u>3</u>
Balance at March 31	<u>\$ 150</u>	<u>\$ 771</u>
<u>U.S. dollars</u>		
Balance at January 1	\$ 5	\$ 25
Add: Impairment loss	-	-
Foreign exchange gains and losses	<u>-</u>	<u>-</u>
Balance at March 31	<u>\$ 5</u>	<u>\$ 25</u>

10. INVENTORIES

	March 31, 2020	December 31, 2019	March 31, 2019
<u>New Taiwan dollars</u>			
Merchandise	\$ 6,397	\$ 5,933	\$ 2,174
Finished goods	117,861	82,832	84,450
Raw materials	125,755	123,664	140,827
Inventory in transit	<u>50,630</u>	<u>36,623</u>	<u>37,809</u>
	<u>\$ 300,643</u>	<u>\$ 249,052</u>	<u>\$ 265,260</u>
<u>U.S. dollars</u>			
Merchandise	\$ 212	\$ 198	\$ 71
Finished goods	3,899	2,763	2,740
Raw materials	4,161	4,124	4,569
Inventory in transit	<u>1,675</u>	<u>1,222</u>	<u>1,227</u>
	<u>\$ 9,947</u>	<u>\$ 8,307</u>	<u>\$ 8,607</u>

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2020 and 2019 included NT\$311,371 thousand (US\$10,342 thousand) and NT\$335,082 thousand (US\$10,869 thousand), respectively.

11. SUBSIDIARIES

Subsidiaries Included in Consolidated Financial Statements

The detailed information on the Company's subsidiaries at the end of the reporting period was as follows:

Investor	Investee	Business Nature	Proportion of Ownership			Remark
			March 31, 2020	December 31, 2019	March 31, 2019	
Taisun Int'l (Holding) Corporation	Taisun Vietnam Co., Ltd. (VN)	Manufacture and sale of baby diapers, baby pants, adult diapers, sanitary napkins and wet wipes	100%	100%	100%	a
	Taipoly (Far East) Corporation (Mauritius)	Trading	100%	100%	100%	b
	Winsun (Cambodia) Co., Ltd. (Cambodia)	Manufacture and sale of baby diapers, baby pants, adult diapers, sanitary napkins and wet wipes	100%	100%	100%	c
	AB Care (Singapore) Pte. Ltd.	Trading	100%	100%	-	d
Winsun (Cambodia) Co., Ltd. (Cambodia)	Winsun Trade Co., Ltd. (VN)	Trading	100%	100%	100%	e

- Taisun Vietnam Co., Ltd. (VN) was incorporated in 2001 in Vietnam.
- Taipoly (Far East) Corporation (Mauritius) was incorporated in 2006 in Mauritius.
- Winsun (Cambodia) Co., Ltd. (Cambodia) was incorporated in 2005 in Cambodia.
- Taipoly International Pte. Ltd. was incorporated in April 2019 in Singapore and was renamed AB Care (Singapore) Pte. Ltd. in October 2019, and the registration of changes has been completed.
- Winsun Trade Co., Ltd. was incorporated in December 2017 in Vietnam.

12. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Equipment under Finance Leases	Property in Construction	Total
<u>New Taiwan dollars</u>								
<u>Cost</u>								
Balance at January 1, 2019	\$ 139,658	\$ 512,914	\$ 28,573	\$ 34,460	\$ 11,695	\$ 167	\$ 19,034	\$ 746,501
Additions	-	6,397	689	1,055	287	-	6,463	14,891
Disposals	-	(217)	-	-	-	-	-	(217)
Reclassifications	-	43	-	-	-	-	(43)	-
Transfer from prepaid equipment	-	61,074	5,887	-	-	-	-	66,961
Effect of foreign currency exchange differences	462	1,627	90	116	37	-	59	2,391
Balance at March 31, 2019	<u>\$ 140,120</u>	<u>\$ 581,838</u>	<u>\$ 35,239</u>	<u>\$ 35,631</u>	<u>\$ 12,019</u>	<u>\$ 167</u>	<u>\$ 25,513</u>	<u>\$ 830,527</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2019	\$ 29,170	\$ 319,012	\$ 19,103	\$ 5,494	\$ 9,193	\$ 140	\$ -	\$ 382,112
Disposals	-	(94)	-	-	-	-	-	(94)
Depreciation expense	2,108	14,273	1,119	1,689	277	32	-	19,498
Effect of foreign currency exchange differences	93	2,318	60	21	29	(10)	-	2,511
Balance at March 31, 2019	<u>\$ 31,371</u>	<u>\$ 335,509</u>	<u>\$ 20,282</u>	<u>\$ 7,204</u>	<u>\$ 9,499</u>	<u>\$ 162</u>	<u>\$ -</u>	<u>\$ 404,027</u>
Carrying amounts at March 31, 2019	<u>\$ 108,749</u>	<u>\$ 246,329</u>	<u>\$ 14,957</u>	<u>\$ 28,427</u>	<u>\$ 2,520</u>	<u>\$ 5</u>	<u>\$ 25,513</u>	<u>\$ 426,500</u>
<u>U.S. dollars</u>								
<u>Cost</u>								
Balance at January 1, 2019	\$ 4,547	\$ 16,702	\$ 930	\$ 1,119	\$ 381	\$ 5	\$ 620	\$ 24,304
Additions	-	207	22	34	9	-	210	482
Disposals	-	(7)	-	-	-	-	-	(7)
Reclassifications	-	1	-	-	-	-	(1)	-
Transfer from prepaid equipment	-	1,981	191	-	-	-	-	2,172
Effect of foreign currency exchange differences	(1)	(5)	-	3	-	-	(1)	(4)
Balance at March 31, 2019	<u>\$ 4,546</u>	<u>\$ 18,879</u>	<u>\$ 1,143</u>	<u>\$ 1,156</u>	<u>\$ 390</u>	<u>\$ 5</u>	<u>\$ 828</u>	<u>\$ 26,947</u>

(Continued)

	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Equipment under Finance Leases	Property in Construction	Total
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2019	\$ 949	\$ 10,387	\$ 622	\$ 178	\$ 300	\$ 5	\$ -	\$ 12,441
Disposals	-	(3)	-	-	-	-	-	(3)
Depreciation expense	68	464	36	55	9	-	-	632
Effect of foreign currency exchange differences	-	39	-	-	(1)	-	-	38
Balance at March 31, 2019	<u>\$ 1,017</u>	<u>\$ 10,887</u>	<u>\$ 658</u>	<u>\$ 233</u>	<u>\$ 308</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 13,108</u>
Carrying amounts at March 31, 2019	<u>\$ 3,529</u>	<u>\$ 7,992</u>	<u>\$ 485</u>	<u>\$ 923</u>	<u>\$ 82</u>	<u>\$ -</u>	<u>\$ 828</u>	<u>\$ 13,839</u>
<u>New Taiwan dollars</u>								
<u>Cost</u>								
Balance at January 1, 2020	\$ 156,364	\$ 653,181	\$ 36,256	\$ 34,717	\$ 11,836	\$ 167	\$ 27,960	\$ 920,481
Additions	-	1,582	-	-	-	-	15,242	16,824
Disposals	-	-	-	-	-	-	-	-
Reclassifications	-	345	-	-	-	-	(345)	-
Transfer from prepaid equipment	-	-	-	-	-	-	-	-
Effect of foreign currency exchange differences	(379)	(5,376)	(338)	233	(132)	-	(481)	(6,473)
Balance at March 31, 2020	<u>\$ 155,985</u>	<u>\$ 649,732</u>	<u>\$ 35,918</u>	<u>\$ 34,950</u>	<u>\$ 11,704</u>	<u>\$ 167</u>	<u>\$ 42,376</u>	<u>\$ 930,832</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2020	\$ 37,165	\$ 351,615	\$ 22,026	\$ 11,948	\$ 9,898	\$ 167	\$ -	\$ 432,819
Disposals	-	-	-	-	-	-	-	-
Depreciation expense	2,406	18,027	1,231	1,273	280	-	-	23,217
Effect of foreign currency exchange differences	(333)	(2,488)	(235)	46	(113)	-	-	(3,123)
Balance at March 31, 2020	<u>\$ 39,238</u>	<u>\$ 367,154</u>	<u>\$ 23,022</u>	<u>\$ 13,267</u>	<u>\$ 10,065</u>	<u>\$ 167</u>	<u>\$ -</u>	<u>\$ 452,913</u>
Carrying amounts at March 31, 2020	<u>\$ 116,747</u>	<u>\$ 282,578</u>	<u>\$ 12,896</u>	<u>\$ 21,683</u>	<u>\$ 1,639</u>	<u>\$ -</u>	<u>\$ 42,376</u>	<u>\$ 477,919</u>
<u>U.S. dollars</u>								
<u>Cost</u>								
Balance at January 1, 2020	\$ 5,216	\$ 21,787	\$ 1,209	\$ 1,158	\$ 395	\$ 6	\$ 933	\$ 30,704
Additions	-	53	-	-	-	-	506	559
Disposals	-	-	-	-	-	-	-	-
Reclassifications	-	11	-	-	-	-	(11)	-
Transfer from prepaid equipment	-	-	-	1	-	-	-	1
Effect of foreign currency exchange differences	(55)	(354)	(21)	(3)	(8)	-	(26)	(467)
Balance at March 31, 2020	<u>\$ 5,161</u>	<u>\$ 21,497</u>	<u>\$ 1,188</u>	<u>\$ 1,156</u>	<u>\$ 387</u>	<u>\$ 6</u>	<u>\$ 1,402</u>	<u>\$ 30,797</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2020	\$ 1,239	\$ 11,729	\$ 735	\$ 397	\$ 331	\$ 6	\$ -	\$ 14,437
Disposals	-	-	-	-	-	-	-	-
Depreciation expense	80	599	41	42	9	-	-	771
Effect of foreign currency exchange differences	(21)	(180)	(14)	(2)	(6)	-	-	(223)
Balance at March 31, 2020	<u>\$ 1,298</u>	<u>\$ 12,148</u>	<u>\$ 762</u>	<u>\$ 437</u>	<u>\$ 334</u>	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ 14,985</u>
Carrying amounts at March 31, 2020	<u>\$ 3,863</u>	<u>\$ 9,349</u>	<u>\$ 426</u>	<u>\$ 719</u>	<u>\$ 53</u>	<u>\$ -</u>	<u>\$ 1,402</u>	<u>\$ 15,812</u>

(Concluded)

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Industrial building	20-50 years
Engineering systems	14-15 years
Other	5-7 years
Machinery and equipment	2-10 years
Transportation equipment	3-8 years
Office equipment	2-6 years
Other equipment	3-10 years

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Carrying amounts</u>			
<u>In thousands of New Taiwan dollars</u>			
Land	\$ 131,430	\$ 132,362	\$ 96,352
Buildings	<u>10,994</u>	<u>12,678</u>	<u>3,646</u>
	<u>\$ 142,424</u>	<u>\$ 145,040</u>	<u>\$ 99,998</u>
<u>In thousands of U.S. dollars</u>			
Land	\$ 4,348	\$ 4,415	\$ 3,126
Buildings	<u>364</u>	<u>423</u>	<u>119</u>
	<u>\$ 4,712</u>	<u>\$ 4,838</u>	<u>\$ 3,245</u>
	For the Three Months Ended March 31		
	2020	2019	
<u>In thousands of New Taiwan dollars</u>			
Additions to right-of-use assets	<u>\$ -</u>	<u>\$ 1,272</u>	
Depreciation charge for right-of-use assets			
Land	\$ 754	\$ 407	
Buildings	<u>1,563</u>	<u>938</u>	
	<u>\$ 2,317</u>	<u>\$ 1,345</u>	
<u>In thousands of U.S. dollars</u>			
Additions to right-of-use assets	<u>\$ -</u>	<u>\$ 41</u>	
Depreciation charge for right-of-use assets			
Land	\$ 25	\$ 13	
Buildings	<u>52</u>	<u>30</u>	
	<u>\$ 77</u>	<u>\$ 43</u>	

b. Lease liabilities

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Carrying amounts</u>			
<u>In thousands of New Taiwan dollars</u>			
Current	<u>\$ 5,438</u>	<u>\$ 5,813</u>	<u>\$ 3,657</u>
Non-current	<u>\$ 5,511</u>	<u>\$ 6,831</u>	<u>\$ -</u>
<u>In thousands of U.S. dollars</u>			
Current	<u>\$ 180</u>	<u>\$ 194</u>	<u>\$ 119</u>
Non-current	<u>\$ 182</u>	<u>\$ 228</u>	<u>\$ -</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2020	December 31, 2019	March 31, 2019
Buildings	1.41%-4.60%	1.41%-4.60%	1.41%-4.60%

c. Material lease-in activities and terms

The Group leases certain buildings for the use of office spaces with lease terms of 2-3 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

The Group also leases land and buildings for the use of product manufacturing with lease terms of 34 to 50 years in Vietnam and Cambodia, and the land in Cambodia can be renewed for another period of 50 years upon expiration of the lease period. Lease payment is paid in one whole lump sum at the time of contract, and the Group does not have bargain purchase options to acquire the leasehold land at the end of the lease terms.

The Group signed an agreement to acquire ownership of lands and buildings in Vietnam with non-related parties in September 2018 for manufacturing and storage of the products. In the third quarter of 2019, a certificate of registration of the land right use and transfer of ownership were obtained, so prepayment of buildings and land recorded under other assets was reclassified to right-of-use assets.

d. Other lease information

	For the Three Months Ended March 31	
	2020	2019
<u>New Taiwan dollars</u>		
Expenses relating to short-term leases	<u>\$ 1,656</u>	<u>\$ 751</u>
Total cash outflow for leases	<u>\$ (3,231)</u>	<u>\$ (1,677)</u>
<u>U.S. dollars</u>		
Expenses relating to short-term leases	<u>\$ 55</u>	<u>\$ 24</u>
Total cash outflow for leases	<u>\$ (106)</u>	<u>\$ (53)</u>

14. OTHER ASSETS

	March 31, 2020	December 31, 2019	March 31, 2019
<u>New Taiwan dollars</u>			
<u>Current</u>			
Prepayments	\$ 11,135	\$ 1,454	\$ 7,533
Business tax carry forward	21,031	51,379	38,874
Prepayments and others	<u>13,441</u>	<u>14,306</u>	<u>15,168</u>
	<u>\$ 45,607</u>	<u>\$ 67,139</u>	<u>\$ 61,575</u>
<u>Non-current</u>			
Refundable deposits	\$ 4,151	\$ 4,213	\$ 2,133
Prepayment for buildings and land	-	-	33,614
Others	<u>297</u>	<u>82</u>	<u>67</u>
	<u>\$ 4,448</u>	<u>\$ 4,295</u>	<u>\$ 35,814</u>
<u>U.S. dollars</u>			
<u>Current</u>			
Prepayments	\$ 368	\$ 48	\$ 244
Business tax carry forward	696	1,714	1,261
Prepayments and others	<u>444</u>	<u>474</u>	<u>493</u>
	<u>\$ 1,508</u>	<u>\$ 2,236</u>	<u>\$ 1,998</u>
<u>Non-current</u>			
Refundable deposits	\$ 137	\$ 141	\$ 69
Prepayment for buildings and land	-	-	1,091
Others	<u>10</u>	<u>3</u>	<u>2</u>
	<u>\$ 147</u>	<u>\$ 144</u>	<u>\$ 1,162</u>

The Group signed an agreement to acquire ownership of lands and buildings in Vietnam with non-related parties in September 2018. In the third quarter of 2019, the registration certificate of land use right and ownership transfer was obtained, so the prepayment of buildings and land was reclassified as right-of-use assets.

15. BORROWINGS

Short-term Borrowings

	March 31, 2020	December 31, 2019	March 31, 2019
<u>New Taiwan dollars</u>			
Unsecured borrowings			
Line of credit borrowings	<u>\$ 626,629</u>	<u>\$ 604,254</u>	<u>\$ 258,956</u>
<u>U.S. dollars</u>			
Unsecured borrowings			
Line of credit borrowings	<u>\$ 20,732</u>	<u>\$ 20,155</u>	<u>\$ 8,402</u>

The range of weighted average effective interest rates on bank loans was 1.2%-5.15%, 1.25%-5.1% and 1.41%-4.60% per annum as of March 31, 2020, December 31, 2019 and March 31, 2019.

16. OTHER LIABILITIES

	March 31, 2020	December 31, 2019	March 31, 2019
<u>New Taiwan dollars</u>			
Other payables			
Payables for salaries or bonuses	\$ 15,903	\$ 16,571	\$ 12,637
Payables for bonuses to employees and directors	4,213	10,325	4,080
Payables for purchases of equipment	11,139	2,848	17,396
Payables for services	1,524	4,383	3,550
Payables for retention from construction	3,397	11,049	5,746
Others	<u>32,425</u>	<u>26,422</u>	<u>17,670</u>
	<u>\$ 68,601</u>	<u>\$ 71,598</u>	<u>\$ 61,079</u>
<u>U.S. dollars</u>			
Other payables			
Payables for salaries or bonuses	\$ 526	\$ 553	\$ 410
Payables for bonuses to employees and directors	139	344	132
Payables for purchases of equipment	369	95	564
Payables for services	50	146	115
Payables for retention from construction	112	369	186
Others	<u>1,074</u>	<u>881</u>	<u>575</u>
	<u>\$ 2,270</u>	<u>\$ 2,388</u>	<u>\$ 1,982</u>

17. RETIREMENT BENEFIT PLANS

Defined Contribution Plans

Taisun Int'l (Holding) Corporation Taiwan Branch of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, Taisun Int'l (Holding) Corporation Taiwan Branch makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiary, Taisun Vietnam Co., Ltd. (VN), WINSUN (CAMBODIA) CO., LTD (Cambodia) in Vietnam and Cambodia are members of a state-managed retirement benefit plan operated by the local government. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions. The other related expenses are included in employee benefits expense.

18. EQUITY

a. Share capital

Ordinary shares

	March 31, 2020	December 31, 2019	March 31, 2019
Numbers of shares authorized (in thousands)	100,000	100,000	100,000
Shares authorized	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Number of shares issued and fully paid (in thousands)	39,270	39,270	39,270
Shares issued (in New Taiwan dollars)	\$ 392,700	\$ 392,700	\$ 392,700
Shares issued (in U.S. dollars)	\$ 12,667	\$ 12,667	\$ 12,667

b. Capital surplus

Capital surplus which is generated from the issuance of ordinary shares may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors after the amendment, refer to employees' compensation and remuneration of directors and supervisors in Note 20-f.

According to the Cayman Company's Articles and Regulations of public companies, after considering the financial, business and operational factors, the distribution of dividends to shareholders should be more than 20% of the net profit of the current year and distributed according to their shareholding percentage. The distribution of dividends to shareholders is made by the issuance of share dividends and the payment of cash dividends. In principle, cash dividends should be more than 50% of the total dividends distributed.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2019 and 2018 were approved in the shareholders' meetings on February 27, 2020 and June 28, 2019, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2019	2018	2019	2018
Cash dividends	\$ 243,474	\$ 208,131	\$6.2	\$5.3
Legal reserve	34,516	29,869	-	-
Special reserve	39,091	20,831	-	-

d. Special reserve

	For the Three Months Ended	
	2020	2019
<u>New Taiwan dollars</u>		
Beginning at January 1	\$ 91,193	\$ 112,024
Appropriation in respect of:		
Debit to other equity items	-	-
Balance at March 31	<u>\$ 91,193</u>	<u>\$ 112,024</u>
<u>U.S. dollars</u>		
Beginning at January 1	\$ 3,013	\$ 3,684
Appropriation in respect of:		
Debit to other equity items	-	-
Balance at March 31	<u>\$ 3,013</u>	<u>\$ 3,684</u>

19. REVENUE

	For the Three Months Ended March 31	
	2020	2019
<u>New Taiwan dollars</u>		
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 498,677</u>	<u>\$ 461,233</u>
<u>U.S. dollars</u>		
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 16,564</u>	<u>\$ 14,961</u>

a. Contract information

Revenue from sale of goods

The Group mainly sell baby diapers, baby pants, adult diapers, sanitary napkins and wet wipes to the retailers, the dealers, the self-operated stores and the online sales. As sales discounts are provided when the sales to certain retailers reach the pre-agreed amount, revenue is reduced by the estimated sales discounts which are forecasted based on past experience. The rest of the goods are sold at a fixed price per contract.

b. Contract balances

	March 31, 2020	December 31, 2019	March 31, 2019
<u>New Taiwan dollars</u>			
Trade receivables (Note 9)	<u>\$ 85,668</u>	<u>\$ 74,295</u>	<u>\$ 69,660</u>
Contract liabilities - current			
Sale of goods	<u>\$ 13,994</u>	<u>\$ 5,805</u>	<u>\$ 8,973</u>
<u>U.S. dollars</u>			
Trade receivables (Note 9)	<u>\$ 2,834</u>	<u>\$ 2,478</u>	<u>\$ 2,260</u>
Contract liabilities - current			
Sale of goods	<u>\$ 463</u>	<u>\$ 193</u>	<u>\$ 291</u>

The Group makes the collection in advance and accounts for contract liabilities under other current liabilities based on the contracts.

20. NET PROFIT AND OTHER COMPREHENSIVE INCOME (LOSS)

Net profit was attributable to:

a. Other income

	For the Three Months Ended March 31	
	2020	2019
<u>New Taiwan dollars</u>		
Interest income		
Bank deposits	\$ 24,943	\$ 14,194
Dividends		
Investments in equity instruments at FVTOCI	<u>91</u>	<u>133</u>
	<u>\$ 25,034</u>	<u>\$ 14,327</u>
<u>U.S. dollars</u>		
Interest income		
Bank deposits	\$ 828	\$ 460
Dividends		
Investments in equity instruments at FVTOCI	<u>3</u>	<u>4</u>
	<u>\$ 831</u>	<u>\$ 464</u>

b. Other gains and losses

	For the Three Months Ended March 31	
	2020	2019
<u>New Taiwan dollars</u>		
Net foreign exchange (loss) gains	\$ (3,450)	\$ 1,024
Loss on disposal of property, plant and equipment	-	(123)
Other	<u>(116)</u>	<u>54</u>
	<u>\$ (3,566)</u>	<u>\$ 955</u>
<u>U.S. dollars</u>		
Net foreign exchange (loss) gains	\$ (115)	\$ 33
Loss on disposal of property, plant and equipment	-	(4)
Other	<u>(3)</u>	<u>2</u>
	<u>\$ (118)</u>	<u>\$ 31</u>

c. Finance costs

	For the Three Months Ended March 31	
	2020	2019
<u>New Taiwan dollars</u>		
Interest on bank loans	\$ 4,442	\$ 1,791
Interest on lease liabilities	<u>95</u>	<u>10</u>
	<u>\$ 4,537</u>	<u>\$ 1,801</u>
<u>U.S. dollars</u>		
Interest on bank loans	\$ 148	\$ 58
Interest on lease liabilities	<u>3</u>	<u>-</u>
	<u>\$ 151</u>	<u>\$ 58</u>

d. Depreciation and amortization

	For the Three Months Ended March 31	
	2020	2019
<u>New Taiwan dollars</u>		
Property, plant and equipment	\$ 23,217	\$ 19,498
Right-of-use assets	2,317	1,345
Intangible assets	<u>128</u>	<u>132</u>
	<u>\$ 25,662</u>	<u>\$ 20,975</u>
<u>U.S. dollars</u>		
Property, plant and equipment	\$ 771	\$ 632
Right-of-use assets	77	43
Intangible assets	<u>4</u>	<u>4</u>
	<u>\$ 852</u>	<u>\$ 679</u>
<u>New Taiwan dollars</u>		
An analysis of depreciation by function		
Operating costs	\$ 22,289	\$ 18,373
Operating expenses	<u>3,245</u>	<u>2,470</u>
	<u>\$ 25,534</u>	<u>\$ 20,843</u>

(Continued)

		For the Three Months Ended March 31	
		2020	2019
<u>U.S. dollars</u>			
An analysis of depreciation by function			
Operating costs		\$ 740	\$ 596
Operating expenses		<u>108</u>	<u>79</u>
		<u>\$ 848</u>	<u>\$ 675</u>
<u>New Taiwan dollars</u>			
An analysis of amortization by function			
Operating expenses		<u>\$ 128</u>	<u>\$ 132</u>
<u>U.S. dollars</u>			
An analysis of amortization by function			
Operating expenses		<u>\$ 4</u>	<u>\$ 4</u> (Concluded)
e. Employee benefits expense			
		For the Three Months Ended March 31	
		2020	2019
<u>New Taiwan dollars</u>			
Employee benefits			
Others (including salary expense, insurance expense, post-employment benefits)		<u>\$ 62,710</u>	<u>\$ 49,513</u>
<u>U.S. dollars</u>			
Employee benefits			
Others (including salary expense, insurance expense, post-employment benefits)		<u>\$ 2,083</u>	<u>\$ 1,606</u>
<u>New Taiwan dollars</u>			
An analysis of employee benefits expense by function			
Operating costs		\$ 24,205	\$ 19,854
Operating expenses		<u>38,505</u>	<u>29,659</u>
		<u>\$ 62,710</u>	<u>\$ 49,513</u>
<u>U.S. dollars</u>			
An analysis of employee benefits expense by function			
Operating costs		\$ 804	\$ 644
Operating expenses		<u>1,279</u>	<u>962</u>
		<u>\$ 2,083</u>	<u>\$ 1,606</u>

f. Employees' compensation and remuneration of directors

The Company accrued employees' compensation and remuneration of directors at rates of no less than 2% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. For the three months ended March 31, 2020 and 2019, the employees' compensation and the remuneration of directors were as follows:

	For the Three Months Ended March 31	
	2019	2018
Employees' compensation	2.5%	3.7%
Remuneration of directors	0.8%	-

Amount

	For the Three Months Ended March 31			
	2019		2018	
	Cash	Shares	Cash	Shares
<u>New Taiwan dollars</u>				
Employees' compensation	\$ 2,916	\$ -	\$ 2,783	\$ -
Remuneration of directors	997	-	-	-

U.S. dollars

Employees' compensation	96	-	90	-
Remuneration of directors	33	-	-	-

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The appropriations of employees' compensation and remuneration of directors for 2019 and 2018 that were resolved by the board of directors on February 27, 2020 and March 8, 2019, respectively, are shown below:

	For the Year Ended December 31			
	2019		2018	
	Cash	Shares	Cash	Shares
<u>New Taiwan dollars</u>				
Employees' compensation	\$ 11,080	\$ -	\$ 9,240	\$ -
Remuneration of directors	880	-	800	-
<u>U.S. dollars</u>				
Employees' compensation	358	-	300	-
Remuneration of directors	29	-	26	-

Due to future operational needs, the Company held the board of directors' meeting on February 27, 2020, and that meeting resulted in the actual amounts of the employees' compensation and remuneration of directors paid for 2019 to differ from the amounts recognized in the consolidated financial statements for the year ended December 31, 2019. The differences were adjusted to profit and loss for the year ended December 31, 2020.

	For the Year Ended December 31, 2019	
	Employees' Compensation	Remuneration of Directors and Supervisors
<u>New Taiwan dollars</u>		
Amounts approved in the board of directors' meeting	\$ 11,080	\$ 880
Amounts recognized in the annual consolidated financial statements	\$ 9,065	\$ 989
<u>U.S. dollars</u>		
Amounts approved in the board of directors' meeting	\$ 358	\$ 29
Amounts recognized in the annual consolidated financial statements	\$ 302	\$ 33

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2020 and 2019 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

21. INCOME TAXES

- a. The major components of tax expense (benefit) were as follows:

	For the Three Months Ended March 31	
	2020	2019
<u>New Taiwan dollars</u>		
Current tax		
In respect of the current period	\$ 11,566	\$ 8,197
In respect of the prior period	(639)	(78)
Deferred tax		
In respect of the current period	(31)	(956)
Income tax expense recognized in profit or loss	\$ 10,896	\$ 7,163
<u>U.S. dollars</u>		
Current tax		
In respect of the current period	\$ 384	\$ 266
In respect of the prior period	(21)	(3)
Deferred tax		
In respect of the current period	(1)	(31)
Income tax expense recognized in profit or loss	\$ 362	\$ 232

b. Income tax assessments

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

22. EARNINGS PER SHARE

Unit: NT\$ Per Share

**For the Three Months Ended
March 31**

	2020	2019
Basic earnings per share	<u>\$ 2.64</u>	<u>\$ 1.66</u>
Diluted earnings per share	<u>\$ 2.64</u>	<u>\$ 1.66</u>

Unit: US\$ Per Share

**For the Three Months Ended
March 31**

	2020	2019
Basic earnings per share	<u>\$ 0.09</u>	<u>\$ 0.05</u>
Diluted earnings per share	<u>\$ 0.09</u>	<u>\$ 0.05</u>

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Net profit for the period is as follows:

**For the Three Months Ended
March 31**

	2020	2019
<u>New Taiwan dollars</u>		
Profit for the period attributable to owners of the Company	<u>\$ 103,760</u>	<u>\$ 65,167</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 103,760</u>	<u>\$ 65,167</u>
<u>U.S. dollars</u>		
Profit for the period attributable to owners of the Company	<u>\$ 3,446</u>	<u>\$ 2,114</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 3,446</u>	<u>\$ 2,114</u>

Weighted average number of ordinary shares outstanding (in thousands of shares):

	For the Three Months Ended March 31	
	2020	2019
Weighted average number of ordinary shares used in the computation of basic earnings per share	39,270	39,270
Effect of potentially dilutive ordinary shares:		
Employees' compensation	<u>76</u>	<u>73</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>39,346</u>	<u>39,343</u>

If the Group offered to settle the compensation or bonuses paid to employees in cash or shares, the Group assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

23. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings, other equity).

The Group is not subject to any externally imposed capital requirements.

Key management personnel of the Group review the capital structure on a quarterly basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

24. FINANCIAL INSTRUMENTS

- a. Fair value of financial instruments measured at fair value on a recurring basis

Fair value hierarchy

March 31, 2020: None.

December 31, 2019

	Level 1	Level 2	Level 3	Total
<u>New Taiwan dollars</u>				
Financial assets at FVTOCI				
Equity instruments				
Domestic listed shares and emerging market shares	\$ 12,229	\$ -	\$ -	\$ 12,229
Foreign listed shares and emerging market shares	<u>12,023</u>	<u>-</u>	<u>-</u>	<u>12,023</u>
	<u>\$ 24,252</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,252</u>
<u>U.S. dollars</u>				
Financial assets at FVTOCI				
Equity instruments				
Domestic listed shares and emerging market shares	\$ 408	\$ -	\$ -	\$ 408
Foreign listed shares and emerging market shares	<u>401</u>	<u>-</u>	<u>-</u>	<u>401</u>
	<u>\$ 809</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 809</u>

March 31, 2019

	Level 1	Level 2	Level 3	Total
<u>New Taiwan dollars</u>				
Financial assets at FVTOCI				
Equity instruments				
Domestic listed shares and emerging market shares	\$ 12,458	\$ -	\$ -	\$ 12,458
Foreign listed shares and emerging market shares	<u>12,564</u>	<u>-</u>	<u>-</u>	<u>12,564</u>
	<u>\$ 25,022</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,022</u>
<u>U.S. dollars</u>				
Financial assets at FVTOCI				
Equity instruments				
Domestic listed shares and emerging market shares	\$ 404	\$ -	\$ -	\$ 404
Foreign listed shares and emerging market shares	<u>408</u>	<u>-</u>	<u>-</u>	<u>408</u>
	<u>\$ 812</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 812</u>

There were no transfers between Levels 1 and 2 in the current and prior period.

b. Categories of financial instruments

	March 31, 2020	December 31, 2019	March 31, 2019
<u>New Taiwan dollars</u>			
<u>Financial assets</u>			
Financial assets at amortized cost (1)	\$ 1,675,140	\$ 1,549,390	\$ 1,162,995
Financial assets at FVTOCI			
Equity instruments	-	24,252	25,022
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (2)	814,182	790,447	423,159
<u>U.S. dollars</u>			
<u>Financial assets</u>			
Financial assets at amortized cost (1)	54,218	51,681	37,735
Financial assets at FVTOCI			
Equity instruments	-	809	812
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (2)	26,938	26,365	13,730

- 1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents and notes receivable and trade receivables.
- 2) The balances include financial liabilities measured at amortized cost, which comprise short-term loans, trade and other payables.

c. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, notes receivable, trade receivables, other receivables, trade payables, other payables, borrowings and lease liabilities. The Group's corporate treasury function provides services to each business unit, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures according to the degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The corporate treasury function quarterly reports to the Group's risk management committee, an independent body that monitors risks and policies which were implemented to mitigate risk exposures.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

Several subsidiaries of the Company had foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign-currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 26.

Sensitivity analysis

The Group was mainly exposed to the VND and RMB.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar/U.S. dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and which represents management's assessment of the reasonably possible change in foreign exchange rates is 5%. The sensitivity analysis included only outstanding foreign-currency denominated monetary items and foreign exchange forward contracts designated as cash flow hedges and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with the USD weakening 5% against the relevant currency. For a 5% strengthening of the USD against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be negative.

	VND Impact	
	For the Three Months Ended	
	March 31	
	2020	2019
<u>New Taiwan dollars</u>		
Profit or loss	\$ (9,726)	\$ (5,553)
<u>U.S. dollars</u>		
Profit or loss	(322)	(180)

- i. This was mainly attributable to the exposure on outstanding USD receivables and payables which were not hedged at the end of the reporting period.

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings and using interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring that the most cost-effective hedging strategies are applied.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	March 31, 2020	December 31, 2019	March 31, 2019
<u>New Taiwan dollars</u>			
Fair value interest rate risk			
Financial assets	\$ 1,508,587	\$ 1,406,978	\$ 1,030,151
Financial liabilities	-	-	-
Cash flow interest rate risk			
Financial assets	39,860	32,132	30,486
Financial liabilities	626,629	604,254	258,956
<u>U.S. dollars</u>			
Fair value interest rate risk			
Financial assets	49,911	46,930	33,425
Financial liabilities	-	-	-
Cash flow interest rate risk			
Financial assets	1,319	1,072	988
Financial liabilities	20,732	20,155	8,402

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming that the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. A 0.25% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.25% higher and all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2020 and 2019 would have decreased by NT\$367 thousand (US\$12 thousand) and NT\$143 thousand (US\$5 thousand), respectively, which would be mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Group, could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and continuously monitored such transactions to ensure that the aggregate value of concluded transactions is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved annually by the risk management committee.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. The Group had available unutilized short-term bank loan facilities which are set out in the following section (b).

a) Liquidity and interest risk rate table for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

March 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>New Taiwan dollars</u>					
Trade payables	\$ 89,483	\$ 11,181	\$ 18,288	\$ -	\$ -
Lease liabilities	508	1,268	3,662	5,511	-
Variable interest rate liabilities	<u>138,685</u>	<u>209,565</u>	<u>278,379</u>	<u>-</u>	<u>-</u>
	<u>\$ 228,676</u>	<u>\$ 222,014</u>	<u>\$ 300,329</u>	<u>\$ 5,511</u>	<u>\$ -</u>
<u>U.S. dollars</u>					
Trade payables	\$ 2,961	\$ 370	\$ 605	\$ -	\$ -
Lease liabilities	17	42	121	182	-
Variable interest rate liabilities	<u>4,588</u>	<u>6,934</u>	<u>9,210</u>	<u>-</u>	<u>-</u>
	<u>\$ 7,566</u>	<u>\$ 7,346</u>	<u>\$ 9,936</u>	<u>\$ 182</u>	<u>\$ -</u>

December 31, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>New Taiwan dollars</u>					
Trade payables	\$ 78,544	\$ 36,051	\$ -	\$ -	\$ -
Lease liabilities	510	1,536	3,767	6,831	-
Variable interest rate liabilities	<u>359</u>	<u>461,432</u>	<u>142,463</u>	<u>-</u>	<u>-</u>
	<u>\$ 79,413</u>	<u>\$ 499,019</u>	<u>\$ 146,230</u>	<u>\$ 6,831</u>	<u>\$ -</u>

U.S. dollars

Trade payables	\$ 2,620	\$ 1,202	\$ -	\$ -	\$ -
Lease liabilities	17	51	126	228	-
Variable interest rate liabilities	<u>12</u>	<u>15,391</u>	<u>4,752</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,649</u>	<u>\$ 16,644</u>	<u>\$ 4,878</u>	<u>\$ 228</u>	<u>\$ -</u>

March 31, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>New Taiwan dollars</u>					
Trade payables	\$ 103,124	\$ -	\$ -	\$ -	\$ -
Lease liabilities	312	721	2,624	-	-
Variable interest rate liabilities	<u>44,689</u>	<u>68,727</u>	<u>145,540</u>	<u>-</u>	<u>-</u>
	<u>\$ 148,125</u>	<u>\$ 69,448</u>	<u>\$ 148,164</u>	<u>\$ -</u>	<u>\$ -</u>

U.S. dollars

Trade payables	\$ 3,346	\$ -	\$ -	\$ -	\$ -
Lease liabilities	10	23	86	-	-
Variable interest rate liabilities	<u>1,413</u>	<u>2,267</u>	<u>4,722</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,769</u>	<u>\$ 2,290</u>	<u>\$ 4,808</u>	<u>\$ -</u>	<u>\$ -</u>

b) Financing facilities

	March 31, 2020	December 31, 2019	March 31, 2019
<u>New Taiwan dollars</u>			
Unsecured bank overdraft facilities, reviewed annually and payable on demand:			
Amount used	\$ 626,629	\$ 604,254	\$ 258,956
Amount unused	<u>741,576</u>	<u>810,327</u>	<u>619,892</u>
	<u>\$ 1,368,205</u>	<u>\$ 1,414,581</u>	<u>\$ 878,848</u>
<u>U.S. dollars</u>			
Unsecured bank overdraft facilities, reviewed annually and payable on demand:			
Amount used	\$ 20,732	\$ 20,155	\$ 8,402
Amount unused	<u>24,535</u>	<u>27,029</u>	<u>20,113</u>
	<u>\$ 45,267</u>	<u>\$ 47,184</u>	<u>\$ 28,515</u>

25. RELATED-PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

a. Related party name and relationship

Name	Relationship
Tai, Chao-Rong	Key management personnel (chairman of the Company)

b. Endorsements and guarantees provided by related parties

Bank deposits of the Company and its subsidiaries are guaranteed by the chairman of the Company on March 31, 2020, December 31, 2019 and March 31, 2019.

c. Compensation of key management personnel

	For the Three Months Ended March 31	
	2020	2019
<u>New Taiwan dollars</u>		
Short-term benefits	<u>\$ 9,222</u>	<u>\$ 7,125</u>
<u>U.S. dollars</u>		
Short-term benefits	<u>\$ 305</u>	<u>\$ 231</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

26. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The group entities' significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

March 31, 2020

	Foreign Currencies (In U.S. Thousands)	Exchange Rate	Carrying Amount
<u>New Taiwan dollars</u>			
<u>Financial assets</u>			
Monetary items VND	\$ 2,113	23,624 (USD:VND)	\$ 63,853
<u>Financial liabilities</u>			
Monetary items VND	8,549	23,624 (USD:VND)	258,377
<u>U.S. dollars</u>			
<u>Financial assets</u>			
Monetary items VND	2,113	23,624 (USD:VND)	2,113
<u>Financial liabilities</u>			
Monetary items VND	8,549	23,624 (USD:VND)	8,549

December 31, 2019

	Foreign Currencies (In U.S. Thousands)	Exchange Rate	Carrying Amount
<u>New Taiwan dollars</u>			
<u>Financial assets</u>			
Monetary items VND	\$ 1,830	23,172 (USD:VND)	\$ 54,878 (Continued)

	Foreign Currencies (In U.S. Thousands)	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items VND	\$ 9,508	23,172 (USD:VND)	\$ 285,048
<u>U.S. dollars</u>			
<u>Financial assets</u>			
Monetary items VND	1,830	23,172 (USD:VND)	1,830
<u>Financial liabilities</u>			
Monetary items VND	9,508	23,172 (USD:VND)	9,508 (Concluded)
<u>March 31, 2019</u>			
	Foreign Currencies (In U.S. Thousands)	Exchange Rate	Carrying Amount
<u>New Taiwan dollars</u>			
<u>Financial assets</u>			
Monetary items VND	\$ 2,126	23,201 (USD:VND)	\$ 65,521
<u>Financial liabilities</u>			
Monetary items VND	5,730	23,201 (USD:VND)	176,584
<u>U.S. dollars</u>			
<u>Financial assets</u>			
Monetary items VND	2,126	23,201 (USD:VND)	2,126
<u>Financial liabilities</u>			
Monetary items VND	5,730	23,201 (USD:VND)	5,730

For the three months ended March 31, 2020 and 2019, unrealized net foreign exchange (loss) gains were NT\$(3,450) thousand (US\$(115) thousand) and NT\$1,024 thousand (US\$33 thousand), respectively.

27. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (None)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (None)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisitions of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposals of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 2)
- 9) Trading in derivative instruments (None)
- 10) Intercompany relationships and significant intercompany transactions (Table 3)
- 11) Information on investees (Table 4)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (None)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (None)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
 - c) The amount of property transactions and the amount of the resultant gains or losses
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes

- e) The highest period balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds
- f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services
- c. Information of major shareholders

All shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder are listed on Table 5.

28. SEGMENT INFORMATION

a. Segment revenue and results

The chief operating decision maker views the segment directly selling baby and adult diapers and feminine products in Asia and Africa as one individual operating segment. Though the Group considers the following elements in decision-making, management views the segment mentioned above as a single operating segment when preparing the consolidated financial statements:

- 1) Whether operating units have similar long-term gross margins.
- 2) Whether the nature of products and production processes are similar.
- 3) Whether the delivery of products to customers is the same.

The following is an analysis of the Group's revenue and results from continuing operations by reportable segments.

	Taisun Vietnam Co., Ltd. (VN)		Winsun (Cambodia) Co., Ltd (Cambodia)		Other Subsidiaries		Internal Transfer Pricing		Total	
	For the Three Months Ended March 31		For the Three Months Ended March 31		For the Three Months Ended March 31		For the Three Months Ended March 31		For the Three Months Ended March 31	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<u>New Taiwan dollars</u>										
Revenue	\$ 393,101	\$ 374,425	\$ 103,479	\$ 84,666	\$ 47,153	\$ 11,610	\$ (45,056)	\$ (9,468)	\$ 498,677	\$ 461,233
Expenditures	(333,745)	(331,886)	(67,497)	(63,555)	(45,086)	(16,737)	45,376	9,794	(400,952)	(402,384)
Operating profit	59,356	42,539	35,982	21,111	2,067	(5,127)	320	326	97,725	58,849
Interest revenue									25,034	14,194
Financial costs									(4,537)	(1,801)
Other gains or losses									(3,566)	1,088
Profit before tax									\$ 114,656	\$ 72,330
Recognizable assets										
Notes receivable	\$ -	\$ -	\$ -	\$ -	\$ 12	\$ 2,096	\$ -	\$ -	\$ 12	\$ 2,096
Trade receivables	84,833	65,972	-	-	12,931	8,932	(12,096)	(5,244)	85,668	69,660
Inventories	238,950	211,576	57,259	52,655	4,434	1,029	-	-	300,643	265,260
Property, plant and equipment	308,623	279,375	171,496	150,622	40	91	(2,240)	(3,588)	477,919	426,500
	<u>\$ 632,406</u>	<u>\$ 556,923</u>	<u>\$ 228,755</u>	<u>\$ 203,277</u>	<u>\$ 17,417</u>	<u>\$ 12,148</u>	<u>\$ (14,336)</u>	<u>\$ (8,832)</u>	<u>864,242</u>	<u>763,516</u>
General assets									<u>1,813,317</u>	<u>1,396,899</u>
Total assets									<u>\$ 2,677,559</u>	<u>\$ 2,160,415</u>
Recognizable liabilities										
Short-term loans	\$ 284,778	\$ 148,956	\$ 45,338	\$ -	\$ 296,514	\$ 110,000	\$ (1)	\$ -	\$ 626,629	\$ 258,956
Accounts payable	108,045	80,777	11,714	22,870	11,247	4,626	(12,054)	(5,149)	118,952	103,124
	<u>\$ 392,823</u>	<u>\$ 229,733</u>	<u>\$ 57,052</u>	<u>\$ 22,870</u>	<u>\$ 307,761</u>	<u>\$ 114,626</u>	<u>\$ (12,055)</u>	<u>\$ (5,149)</u>	<u>745,581</u>	<u>362,080</u>
General liabilities									<u>109,977</u>	<u>90,007</u>
Total liabilities									<u>\$ 855,558</u>	<u>\$ 452,087</u>
Revenue	\$ 13,057	\$ 12,145	\$ 3,437	\$ 2,746	\$ 1,566	\$ 377	\$ (1,496)	\$ (307)	\$ 16,564	\$ 14,961
Expenditures	(11,086)	(10,765)	(2,242)	(2,062)	(1,498)	(543)	1,508	318	(13,318)	(13,052)
Operating profit	1,971	1,380	1,195	684	68	(166)	12	11	3,246	1,909
Interest revenue									831	460
Financial costs									(151)	(58)
Other gains or losses									(118)	35
Profit before tax									<u>\$ 3,808</u>	<u>\$ 2,346</u>

(Continued)

	Taisun Vietnam Co., Ltd. (VN)		Winsun (Cambodia) Co., Ltd (Cambodia)		Other Subsidiaries		Internal Transfer Pricing		Total	
	For the Three Months Ended March 31		For the Three Months Ended March 31		For the Three Months Ended March 31		For the Three Months Ended March 31		For the Three Months Ended March 31	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Recognizable assets										
Notes receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68	\$ -	\$ -	\$ -	\$ 68
Trade receivables	2,807	2,141	-	-	428	290	(401)	(171)	2,834	2,260
Inventories	7,906	6,865	1,894	1,708	147	33	-	1	9,947	8,607
Property, plant and equipment	10,211	9,065	5,674	4,887	1	3	(74)	(116)	15,812	13,839
	<u>\$ 20,924</u>	<u>\$ 18,071</u>	<u>\$ 7,568</u>	<u>\$ 6,595</u>	<u>\$ 576</u>	<u>\$ 394</u>	<u>\$ (475)</u>	<u>\$ (286)</u>	<u>\$ 28,593</u>	<u>\$ 24,774</u>
General assets									59,992	45,325
Total assets									<u>\$ 88,585</u>	<u>\$ 70,099</u>
Recognizable liabilities										
Short-term loans	\$ 9,422	\$ 4,833	\$ 1,500	\$ -	\$ 9,810	\$ 3,569	\$ -	\$ -	\$ 20,732	\$ 8,402
Accounts payable	3,575	2,621	388	742	372	150	(399)	(167)	3,936	3,346
	<u>\$ 12,997</u>	<u>\$ 7,454</u>	<u>\$ 1,888</u>	<u>\$ 742</u>	<u>\$ 10,182</u>	<u>\$ 3,719</u>	<u>\$ (399)</u>	<u>\$ (167)</u>	<u>\$ 24,668</u>	<u>\$ 11,748</u>
General liabilities									3,636	2,921
Total liabilities									<u>\$ 28,304</u>	<u>\$ 14,669</u>

(Concluded)

The Group measures the financial information by overall operating condition and the key management personnel formulate decisions based on that information. Thus, the segment information is disclosed from the consolidated perspective.

Segment revenue reported above represents revenue generated from external customers.

Segment profit represented the profit before tax earned by each segment without the allocation of central administration costs and directors' salaries, the share of profit of associates, the gains recognized on the disposal of interests in former associates, rental revenue, interest income, the gains or losses on disposals of property, plant and equipment, the gains or losses on disposals of financial instruments, foreign exchange gains or losses, valuation gains or losses on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

TABLE 1

TAISUN INT’L (HOLDING) CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
1	Taisun Int’l (Holding) Corporation	Winsun (Cambodia) Co., Ltd. (Cambodia)	Other receivables	Yes	\$ 149,900 (US\$ 5,000)	\$ 149,900 (US\$ 5,000)	\$ 105,788 (US\$ 3,500)	2	The need for short-term financing	\$ -	Operating capital	\$ -	\$ -	\$ -	\$ 364,400 (US\$ 12,056)	\$ 728,800 (US\$ 24,112)	Note

Note: The individual loan amount of fund to a company for a short-term period shall not exceed 20% of the net worth of the Company, and the total loan amount of fund shall not exceed 40% of the net worth of the Company.

TABLE 2

TAISUN INT’L (HOLDING) CORPORATION AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Taisun Int’l (Holding) Corporation	Winsun (Cambodia) Co., Ltd. (Cambodia)	Transactions from parent company to subsidiary	\$ 105,788 (US\$ 3,500)	Note	\$ -	-	\$ -	\$ -

Note: Financing is provided from parent company to subsidiary; thus, there is no need to calculate the turnover rate.

TABLE 3

TAISUN INT’L (HOLDING) CORPORATION AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2020
(In Thousands of New Taiwan Dollars or U.S. Dollars)**

No. (Note 1)	Company Name	Counterparty	Natural of Relationship (Note 2)	Intercompany Transactions			
				Financial Statement Account	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets (%) (Note 3)
1	Taisun Vietnam Co., Ltd. (VN)	Tausan Int’L (Holding) Corporation	b	Sales	\$ 15,335 (US\$ 509)	No significant difference from those with third parties	3
				Trade receivables	12,096 (US\$ 400)	No significant difference from those with third parties	-
2	Tausan Int’L (Holding) Corporation	Winsun (Cambodia) Co., Ltd. (Cambodia)	a	Other receivables	105,788 (US\$ 3,500)	Financing provided and the term of each loan for funding is one year.	4
3	Taipoly (Far East) Corporation (Mauritius)	Winsun (Cambodia) Co., Ltd. (Cambodia)	c	Sales	29,749 (US\$ 988)	No significant difference from those with third parties	6

Note 1: The business transactions between the parent company and the subsidiaries should be indicated in the number column respectively, numbers as follows:

- a. Parent company fills in 0.
- b. Subsidiaries are numbered sequentially according to the Company from 1.

Note 2: The following numerals indicate the respective nature of relationship between the two parties in the transaction:

- a. Transactions from parent company to subsidiary.
- b. Transactions from subsidiary to parent company.
- c. Transactions between subsidiaries.

Note 3: The transaction amount accounts for the calculation of the combined total revenue or total assets ratio, if it belongs to assets and liabilities, and is calculated by the ending balance accounts for the calculation of the combined total assets. If it belongs to income, it is calculated by the accumulated amount in the period accounts for the calculation of the combined total revenue.

Note 4: The important transaction of this form may be determined by the Company according to the principle of materiality.

TABLE 4**TAISUN INT’L (HOLDING) CORPORATION AND SUBSIDIARIES****INFORMATION OF INVESTEEES****MARCH 31, 2020****(In Thousands of New Taiwan Dollars or U.S. Dollars)**

Investor Company	Investee Company (Notes 1 and 2)	Location	Main Businesses and Products	Original Investment Amount		Balance as of March 31, 2020			Net Income (Loss) of the Investee (Note 2,b)	Share of Profit (Loss) (Note 2,c)	Note
				March 31, 2020	December 31, 2019	Number of Shares (In Thousands)	Percentage Ownership (%)	Carrying Amount			
Taisun Int’l (Holding) Corporation	Taisun Vietnam Co., Ltd. (VN)	Vietnam	Manufacture and sale of baby diapers, adult diapers, feminine products and wipes	\$ 246,585 (US\$ 7,791)	\$ 246,585 (US\$ 7,791)	-	100	\$ 1,403,295 (US\$ 46,428)	\$ 62,089 (US\$ 2,062)	\$ 62,089 (US\$ 2,062)	Difference from side stream transactions of US\$10 thousand
	Taipoly (Far East) Corporation (Mauritius)	Mauritius	Trading	5,450 (US\$ 180)	5,450 (US\$ 180)	-	100	37,634 (US\$ 1,245)	3,700 (US\$ 123)	4,019 (US\$ 133)	
	Winsun (Cambodia) Co., Ltd. (Cambodia)	Cambodia	Manufacture and sale of baby diapers, adult diapers, feminine products and wipes	365,343 (US\$ 11,690)	365,343 (US\$ 11,690)	-	100	537,809 (US\$ 17,794)	40,370 (US\$ 1,341)	40,370 (US\$ 1,341)	
	AB CARE (Singapore) Pte. Ltd.	Singapore	Trading	225 (US\$ 7)	225 (US\$ 7)	-	100	15,141 (US\$ 501)	(31) (US\$ (1))	(31) (US\$ (1))	
Winsun (Cambodia) Co., Ltd. (Cambodia)	Winsun Trade Co., Ltd. (VN)	Vietnam	Trading	14,773 (US\$ 500)	14,773 (US\$ 500)	-	100	15,791 (US\$ 522)	209 (US\$ 7)	209 (US\$ 7)	

Note 1: If a publicly-issued company has a foreign holding company and the consolidated financial statements are used as the main financial statements in accordance with local laws and regulations, the disclosure of information about foreign invested companies may only reveal relevant information to the holding company.

Note 2: Not in the situation described in Note 1, fill in according to the following regulations:

- “Investee Company”, “Location”, “Main business items”, “Original investment amount”, “Percentage ownership at the end of the period” should be filled in sequentially by the Company’s investment situation and each direct or indirect control of the accrued company’s re-investment situation, and the remarks column indicates the relationship of each invested company and the (public) company (such as the genus subsidiary or grand company).
- The column “Net income (loss) of the Investee” should be filled in the amount of profit and loss of each investment company.
- The column “Share of profit (loss)” only needs to fill in the profit and loss amount of each of the investee company which the Company recognized as a direct reinvestment and the investment company is evaluated by the equity method. When filling the “recognition of the current profit and loss of each subsidiary of the direct investment”, the confirmed amount of profit and loss of each subsidiary in the current period already includes the investment profit and loss that should be recognized for its reinvestment according to the regulations.

TABLE 5**TAISUN INT'L (HOLDING) CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****MARCH 31, 2020****(In Thousands of New Taiwan Dollars or U.S. Dollars)**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
EVERLINK OVERSEAS INC.	16,907,000	43.05
KT LOOK INT'L INC.	8,539,300	21.74
Investment account of Virtus KAR International Small-Cap Fund (VISAX) (HSBC Bank as custodian bank)	2,280,626	5.80

Note 1: Table 5 is based on the information on the last business day of the quarter provided by the Taiwan Depository & Clearing Corporation (TDCC). TDCC calculate the total number of ordinary shares and preference shares held by shareholders who retain more than 5% of the Company's share (including treasury shares) that have been delivered without physical registration. The number of shares in the Company's consolidated financial statements and the actual number of shares delivered without physical registration may differ due to different calculation basis.

Note 2: As per information above, if the shareholder delivers the shares to the trust, shares will be disclosed based on the trustee's account. Additionally, according to the Securities and Exchange Act, more than 10% of the Company's shares, which include shares held by the internal stakeholders and some delivered to the trust that have rights to decision making, should be declared. For information regarding internal stakeholder declaration, refer to the Market Observation Post System website of the Taiwan Stock Exchange Corporation.