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福懋油脂股份有限公司  
FORMOSA OILSEED PROCESSING CO., LTD.

## 2020 ANNUAL REPORT

Publication Date: May 20, 2021

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FORMOSA OILSEED PROCESSING CO., LTD. Website: [www.fopco.com.tw](http://www.fopco.com.tw)

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Name of the accounting firm: Deloitte & Touche Taiwan

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Telephone: (02) 2725-9988

Website: www.deloitte.com.tw

VI. Any exchanges where the company's securities are traded offshore: None.

VII. Company website: www.fopco.com.tw

FORMOSA OILSEED PROCESSING CO., LTD.

2020 ANNUAL REPORT

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# One. Letter to Shareholders

Ladies and gentlemen, our cherished shareholders:

We welcome all of you as our honored guests to participate and engage in the regular meeting of shareholders today. On behalf of the Company, I would like to thank you for your advocacy and support to our company over the past year. The Company's managerial performance in 2020 was good. The consolidated operating income amounted to NT\$508.157 million in 2020, and the consolidated profit before tax amounted to NT\$563.172 million.

I hereby presents the Company's operating results in 2020 and its business plan for the next year as follows:

## I. 2020 Business Report

### (I) Implementation of the business plan and budget

#### 1. Implementation of the business plan

Unit: NT\$1,000

Title	2020	2019	Variable%
Operating revenue	10,213,493	10,646,506	(4.01%)
Operating costs	9,143,081	9,633,963	(5.10%)
Realized operating margin	1,112,449	1,049,941	5.95%
Operating income	508,157	445,828	13.98%
Profit before tax	563,172	493,175	14.19%

2. The Company did not disclose the consolidated financial forecast for the year of 2020; therefore, the information regarding budget implementation is not available.

### (II) Analysis of revenues, expenditures and profitability

Title		2020	2019
Financial structure (%)	Debt-Asset Ratio (%)	51.48	52.87
	Ratio of Long-term Capital to Fixed Assets (%)	159.19	194.90
Solvency (%)	Current Ratio	144.02	180.10
	Quick Ratio	99.22	123.26
Profitability (%)	Return on Assets	5.71	5.98
	Return on Shareholders' Equity	11.32	10.91
	Pre-tax net profit to paid-in capital ratio	25.75	22.55
	Earnings Per Share	1.72	1.55

**(III) R&D Status:**

The Company commits to the R&D for the edible oil products, the flour products, and animal feed products. In the aspect of frying oil products, we are trying to improve the quality of palm oil for increasing its stability for frying. In terms of flour, we provide products that show distinguishing features according to various wheat species and different places of origin to the downstream processing manufacturer's needs for the purpose of promoting the products' competitiveness in the market. As for animal feed products, we successively adopt adding vegetable oil and dehulled whole fat soybean powder into the new formula to lower material variation and elevate stability of feed and animal growth performance.

**II. Summary of the Business Plan for 2021****(I) Estimated sales volume**

Unit: ton

Main products	Estimated sales volume
Oil products	219,944
Raw material products	233,360
Feed products	95,386
Flour products	246,256
Total	794,946

**(II) Guideline for management**

## 1. Focusing on core business

The newly built edible oil refinery plant at Taichung harbor area invested by the Company is expected to begin formal mass production this year. In addition to continuously focusing on sales of commodity related products, the Company is going to expand terminal consuming market sales in the present edible oil client group and the potential client groups, expecting to increase the market share of each niche product and the additional value of commodity processing.

## 2. Implementation of food safety policy

The Company will persist in strengthening the food material safety and origin tracking mechanism. The laboratory owned by the Company is equipped with well-advanced instruments which can instantly perform the most thorough examination on incoming raw materials and outgoing products to keep the quality consistency. The newly built factory at

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Taichung harbor area meets higher standards of the environmental safety and health in the near future, and we expect that the advanced products it produce can break into the high additional value market and stay ahead of the competition.

3. Expanding export markets

By gathering information about feed industry and edible oil industry in the neighbor countries and analysing the condition of supplies and demands of each country, we have built the costumer bases from Japan, Korea, Vietnam, Malaysia, Hong Kong and so forth. Furthermore, we have synchronously acquired international market information from international grain commodity merchants and made quotation regularly for export customers after price analysis. Up to now, the volume and types of export products are gradually increasing, including flour, wheat bran, and soybean oil... etc.

4. Innovation and resource integration

The Company will continue improving the corporation's inner process. By means of making decision actively, closely following the whole market fluctuation, fast responding to the changes of terminal consuming markets, adopting more flexible strategy internally, adjusting inventory, pursuing profit growth, adopting innovative business integration strategy externally, and maintaining corporation operation continual growth, the Company spares no efforts to achieve each product expcted oprating goal this year.

### III. The Company's Future Development Strategy

The Company keeps the faith of "Making health sustainable and creating future together". Engaging in food processing, we always put food safety into our first consideration. We monitor the process from raw materials to end-products strictly to ensure the stable quality of the edible oils and flour; therefore, we can earn costumer's recognition and praise. By providing good quality products to customers, we are able to create high proficiency ad profit, and construct vision of sustainable health for the Company.

### IV. External Competition, Legal Environment and Overall Business Environment

#### (I) External Competition

Under the effect of global free trade system and regional economic trends, models of import and export trade were more flexible and thus made the domestic competition become fiercer. The Company can handle the total competition from markets by seeking mutiple pathways and models, controling quality with R&D/Logistics Production team, collocating comprehensive sales channels, and strengthening orders management and customer relationship.

(II) Legal Environment

The Company discusses with legal consultants periodically or aperiodically about legal problems derived from international trade, food safety, and feed safety to renew the code of practice. In addition, the Company acts by regulations for listed companies set by the Authority to intensify corporate governance.

(III) Overall Business Environment

Under the impact of global economic change and competition, soybean has become apparently a bargaining chip between international trade. The price of soybean is tend to be interfered by external information and has a aarge amount of fluctuation. Besides, abnormal climate in grain producing areas around the world causes the uncertainty of agricultural production and affects the international grain price fluctuation. Therefore, a well managed material stock position has a significant relation to operating results.

I hereby earnestly request our shareholders's constant support and cherishing. All the staff of the Company will spare no efforts to create the greastest interest.

Wish you good health and great fortune.

Best Regards,

Chairman SHU, YI-CHEUN

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## Two. Company Profile

### I. Date of Incorporation/Registration : April 18<sup>th</sup>, 1986

### II. Company History

- 1991 Apr. The Company was listed on the Taiwan Stock Exchange
- 1991 Aug. A capital increase of 150,000,000 NTD in cash and 48,310,640 NTD by Capital Surplus Transferred to Capital. the amount of capital was changed to 520,381,580 NTD.
- 1992 Jul. A capital increase of 21,953,590 NTD by cumulative unappropriated earnings and 31,222,900 NTD by Capital Surplus. The amount of capital was changed to 573,558,070 NTD.
- 1992 Dec. The flour plant obtained The GMP Mark Certification.
- 1993 Feb. The oil plant obtained The GMP Mark Certification.
- 1993 Sep. The Company's stock was permitted by the Securities Regulatory Commission and began formal public offering.
- 1994 Mar. A capital increase of 120,000,000 NTD in cash and 30,291,040 NTD by earning. The amount of capital was changed to 723,849,110 NTD.
- 1994 Jul. A capital increase of 34,382,830 NTD by earning. The amount of capital was changed to 758,231,940 NTD.
- 1995 Aug. A capital increase of 150,000,000 NTD in cash, 39,911,600 NTD by earning, and 37,911,600 NTD by Capital Surplus Transferred to Capital. The amount of capital was changed to 986,055,140 NTD.
- 1996 Jul. Promoted from second board (TIGER Board) stocks to first board stocks.
- 1996 Aug. A capital increase of 62,861,020 NTD by earning, 59,163,310 NTD by capital surplus transferred, and 197,200,000 NTD in cash. the amount of capital was changed to 1,305,279,470 NTD.
- 1997 Jun. The flour plant and oil plant obtained The ISO 9002 Certification.
- 1997 Aug. A capital increase of 174,000,000 NTD in cash, 130,527,960 NTD by capital surplus transferred and earning, and 4,079,000 by employee bonus transferred. The amount of capital was changed to 1,613,886,430 NTD.
- 1998 Aug. A capital increase of 166,432,040 NTD by capital surplus transferred and earning. The amount of capital was changed to 1,780,318,470 NTD.
- 1998 Sep. A capital increase of 215,100,000 NTD. The amount of capital was changed to 1,995,418,470 NTD

- 1999 Oct. Investment Board, MOEA Approved investing via the third area. Established FORMOSA OILSEED PROCESSING (NINGBO) LTD. in the mainland China.
- 2002 May Department of Commerce, MOEA approved the Company merging with the subsidiary company, GaoMing Investment Co Ltd. 12,754,819 of treasury shares were cancelled, which equals to 127,548,190 NTD. The amount of capital after cancellation is 1,867,870,280 NTD.
- 2002 Aug. Certified by the ISO 9001 : 2000 / CNS 12681 quality control system certification from Bureau of Standards, Metrology and Inspection, MOEA
- 2004 Feb. Department of Commerce, MOEA approved that the Company cancelled stock repurchase, 9,577,000 shares which equaled to 95,770,000 NTD. The amount of capital is 1,772,100,280 NTD after the cancellation.
- 2004 Sep. Department of Commerce, MOEA approved that the Company cancelled stock repurchase, 14,510,000 shares which equaled to 145,100,000NTD. The amount of capital is 1,627,000,280NTD after the cancellation.
- 2007 Aug. The Company increased the amount of investment up to 420,000,000 NTD in Top Food Industry Corporation at April, 2005, March and December, 2006. Now the Company hold 55.26% of shares. Transfer the production and sales business of flour to the subsidiary company-Top Food Industry Corporation.
- 2007 Oct. Issue the first secured convertible bonds 500,000,000 NTD
- 2009 Dec. domestically.
- 2010 Jul. Department of Commerce, MOEA approved the issuance of convertible bonds converting to new shares, which are 6,510,344 shares, equaled to 65,103,440 NTD. The amount of capital was 1,692,103,720 NTD.
- 2010 Sep. A capital increase of 56,945,000 NTD by earning. The amount of capital was 1,749,048,720 NTD.
- 2011 Sep. A capital increase of 69,961,950 NTD by earning. The amount of capital was 1,819,010,670 NTD.
- 2011 Oct. The Company invested 25,000,000NTD into Yuan He food Co. Ltd. and held its 100% shares.
- 2012 May Department of Commerce, MOEA approved the issuance of convertible bonds converting to new shares, which are 7,633

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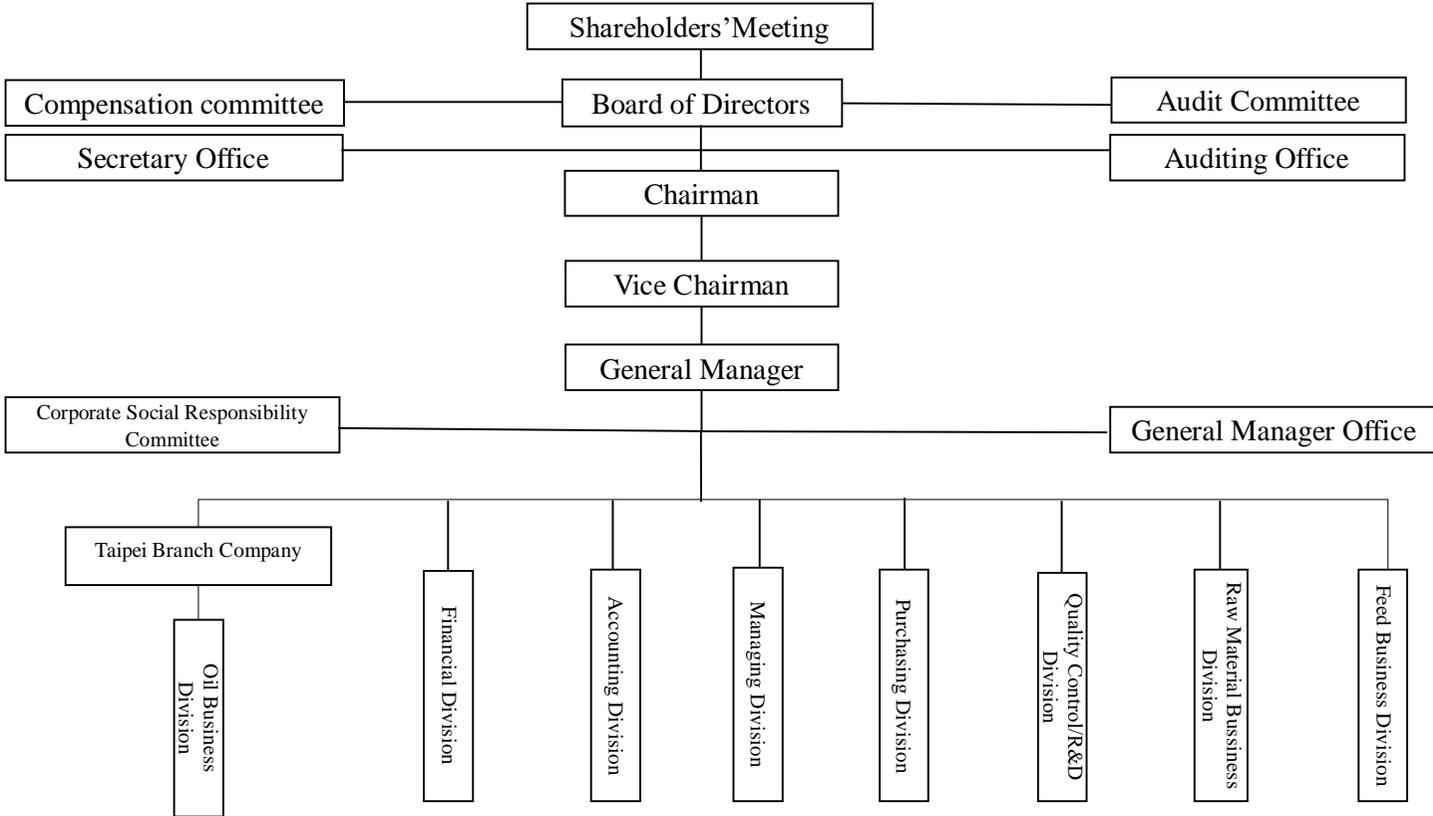
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	shares, equaled to 76,330NTD. The amount of capital was 1,819,087,000 NTD.
2012 Sep.	A capital increase of 54,570,320 NTD by Capital Surplus Transferred to Capital. The amount of capital was 1,873,657,320NTD.
2012 Dec.	Department of Commerce, MOEA approved the issuance of convertible bonds converting to new shares, which are 24,193 shares, equaled to 241,930 NTD. The amount of capital was 1,873,899,250 NTD after the issuance.
2013 Mar.	The Company invested 25,000,000 NTD into Yuan He food Co. Ltd. at March, 2013, and held its 100% shares.
2013 Apr.	Department of Commerce, MOEA approved the issuance of convertible bonds converting to new shares, which are 80,644 shares, equaled to 806,440 NTD. The amount of capital was 1,874,705,690 NTD after the issuance.
2013 Sep.	Department of Commerce, MOEA approved the issuance of convertible bonds converting to new shares, which are 9,524,190 shares, equaled to 95,241,900NTD. The amount of capital was 1,969,947,590 NTD after the issuance.
2013 Nov.	After the oil product safety incident, MOEA cancelled the oil plant's GMP certification. The Company cancelled the ISO 9001 and ISO 22000 certification spontaneously.
2014 Feb.	Department of Commerce, MOEA approved the issuance of convertible bonds converting to new shares, which are 124,999 shares, equaled to 1,249,990 NTD. The amount of capital was 1,971,197,580 NTD after the issuance.
2014 Mar.	Department of Commerce, MOEA approved the issuance of convertible bonds converting to new shares, which are 4,316,652 shares, equaled to 43,166,520 NTD. The amount of capital was 2,014,364,100 NTD after the issuance.
2014 Jun.	Department of Commerce, MOEA approved the issuance of convertible bonds converting to new shares, which are 1,233,329 shares, equaled to 12,333,290 NTD. The amount of capital was 2,026,697,390 NTD after the issuance.
2014 Jun.	The Company's oil plant regained the ISO 9001 certification.
2014 Aug.	Department of Commerce, MOEA approved the issuance of convertible bonds converting to new shares, which are 324,998 shares, equaled to 3,249,980 NTD. The amount of capital was 2,029,947,370 NTD after the issuance.

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- 2014 Dec. Department of Commerce, MOEA approved the issuance of convertible bonds converting to new shares, which are 8,258,321 shares, equaled to 82,583,210 NTD. The amount of capital was 2,112,530,580 NTD after the issuance.
- 2015 Feb. Department of Commerce, MOEA approved the issuance of convertible bonds converting to new shares, which are 7,449,993 shares, equaled to 74,499,930 NTD. The amount of capital was 2,187,030,510 NTD after the issuance.
- 2015 May The Company's oil plant passed the ISO 22000 and HACCP certifications.
- 2016 Feb. The Company's oil plant passed the Islamic HALAL certification.
- 2016 Mar. The Company's oil plant joined the Sustainable Roundtable on Sustainable Palm Oil (RSPO) organization.
- 2018 Mar. The Company's feed plant passed ISO 22000 certification. The Company's oil plant passed the Sanitation And Safety Control Of Food Businesses certification (Secondary Food Quality Control).
- 2018 May. The Company passed the Sustainable Roundtable on Sustainable Palm Oil (RSPO) organization certification.

## I. Organizational System of the Company

### (I) Organization Structure



(II) Businesses of principal divisions

Department	Main Duty
Secretary Office	Handling board of directors, shareholders related meetings, and stock affairs
General Manager Office	Planing managing strategies, commodity purchasing plans, attending related guild meetings, and other assignment from the general manager
Auditing Office	Establishing and operating each internal control system, executing audit plans, providing improving suuggestions, and analysing abnormality
Raw Material Bussiness Division	Resiponsible for the processing and selling of single raw materials
Oil Business Division	Resiponsible for producing, selling, planing, and executing of edible oil
Feed Business Division	Resiponsible for producing, selling, planing, and executing of feed
Quality Control/R&D Division	Responsible for developing new products and quality control
Purchasing Division	Responsible for materials purchaing and managing the safety stock
Financial Division	Responsible for planing and executing financial opreations and capital management
Accounting Division	Responsible for planing and executing accounting and tax affairs
Managing Division	Responsible for planing and executing human resource, general affairs, public safety, and information management
Taipei Branch Company	Selling edible oil, soybean meal, flour, and consumer goods

## II. Information on the Company's Directors, Supervisors, General Manager, Assistant General Managers, Deputy Assistant General Managers, and the Supervisors of All the Company's Divisions and Branch Units

### (I) Information on Directors and Supervisors

#### 1. Directors and Supervisors

Unit: Share April 26<sup>th</sup>, 2021

Title (Note1)	Nationality or place of registration	Name	Gender	Date of Electing (Appointment)	Term of Office	Date of First Elected (Note2)	Shareholdings on election		Current shareholdings		Shares currently held by spouses and/or children of minor age		shares held through nominees		Principal work experience and academic qualification (Note3)	Position(s) held concurrently in the company and/or in any other company	Any other supervisor, Director or Supervisor who is a spouse or a relative within the second degree of kinship of this person			Notes (Note4)
							Number of shares	Percentage (%)	Number of shares	Percentage (%)	Number of shares	Percentage (%)	Number of shares	Percentage (%)			Title	Name	Relationship	
Chairman	ROC	JIN SHENG INVESTMENT LTD.	—	2019.6.27	3-year	2017.11.09	2,177,419	1.00	2,177,419	1.00	—	—	—	—	—	—	—	—	—	—
	ROC	Representative: Shu Yi-Cheun	Male	—	—	—	—	—	1,559,865	0.71	11,071	0.01	—	—	MBA, University of Southern California	Director: Fortune Electric Co., Ltd. CENTRAL UNION OIL CORP. NINGBO FORMOSA OILSEED PROCESSING LTD. Chairman: JUNG SHIANG INTERNATIONAL CO., LTD. FU YOU AN KANG CO., LTD.	—	—	—	—
Vice Chairman	ROC	TAI SHENG OCEAN DEVELOPMENT CO., LTD.	—	2019.6.27	3-year	2013.6.25	2,798,619	1.28	2,798,619	1.28	—	—	—	—	—	—	—	—	—	—
	ROC	Representative: Lin Yueh-Tin	Female	—	—	—	3,038,855	1.39	3,038,855	1.39	8,889,766	4.06	—	—	BS in Accounting	Director: TOP FOOD INDUSTRY CORPORATION JUNG SHIANG INTERNATIONAL CO., LTD.	Director	WU MEI-HUNG	Sister-in-law	—
Director	ROC	TAI SHENG OCEAN DEVELOPMENT CO., LTD.	—	2019.6.27	3-year	2013.6.25	2,798,619	1.28	2,798,619	1.28	—	—	—	—	—	—	—	—	—	—
	ROC	Representative: Wu Mei-Hung	Female	—	—	—	10,463	—	37,000	0.02	1,071	—	—	—	National Chia-Yi Senior Commercial Vocational School	—	Vice Chairman	LIN YUEH-TIN	Sister-in-law	—
Director	ROC	HUAIDE INSURANCE AGENT COMPANY	—	2019.6.27	3-year	2019.6.27	830,000	0.38	2,059,000	0.94	—	—	—	—	—	—	—	—	—	—
	ROC	Representative: Hsu Wei-Ping	Male	—	—	—	—	—	323,000	0.15	—	—	—	—	Simon Fraser University	Vice General Manager: Yangde Insurance Agency Co., Ltd. Supervisor: Podak Industrial Co., Ltd.	—	—	—	—
Director	ROC	MORN SUN FEED MILL CORP.	—	2019.6.27	3-year	2016.6.28	5,740,889	2.62	5,169,889	2.36	—	—	—	—	—	—	—	—	—	—
	ROC	Representative: Huang Qiang	Male	—	—	—	—	—	31,802	0.01	—	—	—	—	Master of Industrial Engineering, UC Berkeley	General Manager: MORN SUN FEED MILL CORP. Director: TOP FOOD INDUSTRY CORPORATION Supervisor: FU YOU AN KANG CO., LTD.	—	—	—	—

Title (Note1)	Nationality or place of registration	Name	Gender	Date of Electing (Appointment)	Term of Office	Date of First Elected (Note2)	Shareholdings on election		Current shareholdings		Shares currently held by spouses and/or children of minor age		Shares held through nominees		Principal work experience and academic qualification (Note3)	Position(s) held concurrently in the company and/or in any other company	Any other supervisor, Director or Supervisor who is a spouse or a relative within the second degree of kinship of this person			Notes (Note4)
							Number of shares	Percentage (%)	Number of shares	Percentage (%)	Number of shares	Percentage (%)	Number of shares	Percentage (%)			Title	Name	Relationship	
Director	ROC	You Wei Investment Corp.	—	2019.6.27	3year	2019.6.27	2,177,419	1.00	2,177,419	1.00	—	—	—	—	—	—	—	—	—	—
	ROC	Representative: Lin Wen-Peng	Male	—	—	—	—	—	—	—	—	—	—	—	College of Law, National Taiwan University	—	—	—	—	—
Independent Director	ROC	Chen Chong-Rui	Male	2019.6.27	3year	2016.6.28	—	—	—	—	—	—	—	College of Law, TungHai University	—	—	—	—	—	—
Independent Director	ROC	Huang Shi-Hui	Female	2019.6.27	3year	2019.6.27	—	—	—	—	—	—	—	College of Accounting, National Kaohsiung University of Science and Technology	—	—	—	—	—	—
Independent Director	ROC	Lu Hsin-Hwa (Note5)	Male	2020.1.31	(Note5)	2016.6.28	—	—	—	—	—	—	—	Master, Normal University	Chairman: Jingyang Media Technology Co., Ltd.	—	—	—	—	—

Note1: Corporate shareholder should present name and title separately (Representative's name should exist)

Note2: Date of first elected as a director or a supervisor. Explanation is required if discontinuance occurs.

Note3: Experience related to the current title. Disclosure of the Name and Position of the Person, and the Duration of Employment at the Accounting Firm or Its Affiliated Enterprise.

Note4: Where the chairman of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto:

(1)The chairman Shu Yi-Chen is the representative of JIN SHENG INVESTMENT LTD., as the same as the general manager. The Company belongs to commodity industry which needs instant decision-making. The chairman holding a concurrent position as general manager helps instant judgement of purchases, handling of industry information, and international price, and also, makes the board understand the managerial condition fully.

(2)The formal measurements for the Company to strengthen supervision: 1. We have Audit Committee which can efficiently supervise the Company. 2. Over the half of the members of the Board does not hold a concurrent position as a employee or a manager. 3. We strengthen the operating ability of the Board by arranging our members of the Board to attend professional director courses.

Note5: Lu Hsin-Hwa was nominated as an independent director at the extraordinary general meeting on January 31<sup>st</sup>, 2020 (term of office: 2020.1.31-2022.6.26) \*

## 2. Principal shareholders of institutional shareholders

April 26<sup>th</sup>, 2021

Name of institutional Shareholder (Note1)	Principal shareholders of institutional shareholders(Note2)
MORN SUN FEED MILL CORP.	Huang, Pei-Ling 7.14%、Huang Qi-Ye 6.67%、Hui De International Co., Ltd. 5.88%、Huang, Qiang 4.68%、Ye, Xue-Ling 3.81%、Xu-Zhuo, Feng-Jiao 3.59%、Huang, Da-You 3.45%、Huang, Yun-Hui 2.31%、Wu, Shang-Ying 2.27%、Da Mao Dao Yuan Co., Ltd. 2.00%
JIN SHENG INVESTMENT LTD.	Shu, Yi-Cheun 38%、Kuan, Yiao-Lan 19%、Shu, Yi-Xuan 19%、Shu, Yi-Xin 19%
TAI SHENG OCEAN DEVELOPMENT CO., LTD.	Xing Tai Industrial Co., Ltd. 100%
Huaide Insurance Agent Company	Huaide Investment Co., Ltd. 18.69%、Hsu, Wen-Tung 17.38%、Hsu-Lu, Hui-Hwa 16.43%、Hsu, Wei-Ping 7.86%
You Wei Investment Corp.	Shu, Yi-Cheun 38%、Kuan, Yiao-Lan 19%、Shu, Yi-Xuan 19%、Shu, Yi-Xin 19%

Note1: For directors and supervisors acting as the representatives of institutional shareholders, this section shall indicate the names of the institutional shareholders

Note2: This section shall indicate the names of its 10 largest shareholders and the holding percentage of each. If the sharehold is an institution, fill up the following table.

Note3: For institutional shareholders not belonging to company organization, the aforementioned shareholders' names and percentage equal to donators' names and donating percentage.

## 3. Principal shareholders of the principal shareholders who are juristic persons

Corporation name (Note1)	Principal shareholders of institutions (Note2)
Hui De International Co., Ltd.	Huang, Da-Zhong 26.7%、Huang, Yun-Hui 8.9%、Huang, Yun-Wen 7.5%、Huang, Yun-Tian 7.5%、Huang, Xun-Gao 5%、Huang, Yu-Zhu 5%
Da Mao Dao Yuan Co., Ltd.	Luo, Ren-Fen 99.9%、Chen, You-Hao 0.01%
Xing Tai Industrial Co., Ltd.	An-Ding Investment Co., Ltd. 44.43%、Mei An Biochemical Technology Co., Ltd. 9.78%、Nong An Biotechnology Co., Ltd. 8.36%、Qin, Hui-Ru 7.32%、Ton Gan Chemical Co., Ltd. 7.03%、An Da Investment Co., Ltd. 4.46%、Sheng Feng Investment Co., Ltd. 3.26%、An He Investment Co., Ltd. 2.35%、Wu, Xing-Cheng 1.79%、Wu, Mei-Hong 0.63%
Huaide Investment Co., Ltd.	Hsu-Lu, Hui-Hwa 30%、Hsu, Wen-Tung 30%

Note1: For principal shareholders are institutional shareholders, this section shall indicate the names of the institutional shareholders

Note2: This section shall indicate the names of its 10 largest shareholders and the holding percentage of each. If the sharehold is an institution, fill up the following table.

Note3: For institutional shareholders not belonging to company organization, the aforementioned shareholders' names and percentage equal to donators' names and donating percentage.

4. Information on Directors and Supervisors

April 26<sup>th</sup>, 2021

Name		At least 5 years of experience at work and qualified professionally as follows			Conform to independent status (Note1)												The number of other public companies Part-time as an independent director for
		An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the company in a public or private junior college, college or university	A judge, public prosecutor, attorney, certified public accountant or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the company	Have work experience in the areas of commerce, law, finance, or accounting or otherwise necessary for the business of the company	1	2	3	4	5	6	7	8	9	10	11	12	
Chairman	JIN SHENG INVESTMENT LTD. rep. : Shu Yi-Cheun			✓			✓		✓	✓		✓	✓	✓	✓		0
Vice Chairman	TAI SHENG OCEAN DEVELOPMENT CO., LTD. rep. : Lin Yueh-Tin			✓					✓	✓	✓	✓	✓		✓		0
Director	TAI SHENG OCEAN DEVELOPMENT CO., LTD. rep. : Wu Mei-Hung			✓			✓		✓	✓	✓	✓	✓		✓		0
Director	MORN SUN FEED MILL CORP. rep. : Huang Qiang			✓	✓		✓	✓		✓	✓		✓	✓	✓		0
Director	Huaide Insurance Agent Company rep. : Hsu Wei-Ping			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		0
Director	You Wei Investment Corp. rep. : Lin Wen-Peng		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		0
Independent Director	Chen Chong-Rui			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Independent Director	Huang Shi-Hui			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Independent Director	Lu Hsin-Hwa			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note1: Please "✓" the corresponding boxes if the directors or supervisors have been any of the following during the two years prior to being elected or during the term of office.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the company or any of its affiliates (provided, independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent are excluded)
- (3) Not a natural person shareholder that holds by himself/herself or by his/her spouse or minor child or in someone else's name more than 1% of all circulating shares of the Company or is on the Top 10 shareholding list.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under (1) or any of the persons in (2) and (3).
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Paragraph 1 or 2, Article 27 of the Company Act (provided, independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent are excluded).
- (6) Not a director, supervisor or employee of another company where a majority of the company's director seats or voting shares and those of any other company are controlled by the same person (provided, independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent are excluded).
- (7) Not a director (or governor), supervisor or employee of that other company or institution where the chairperson, general manager or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses (provided, independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent are excluded).
- (8) Not a director, supervisor, manager, or a shareholder holding more than 5% of shares of a specific company or institution with financial or business activities with the Company (provided, if the certain company or institutions holds 20 percent or more and no more than 50 percent of the total number of issued shares of the Company; and independent directors appointed in accordance with the Act or the laws and regulations of the local country by and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent are excluded).
- (9) Not a professional individual who or an owner, partner, director, supervisor or officer of a sole proprietorship, partnership, company or institution that provides auditing services to the company or any affiliate of the company or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the compensation committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) Not having a marital relationship or a relative within the second degree of kinship to any other director of the Company.
- (11) None of the conditions indicated under Article 30 of the Company Act.
- (12) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.

(II) Information on the Company's Directors, Supervisors, General Manager, Assistant General Managers, Deputy Assistant General Managers, and the Supervisors of All the Company's Divisions and Branch Units

Unit: Share April 26<sup>th</sup>, 2021

Title (Note1)	Nationality	Name	Gender	Date of Election(Appointment)	Shares held		Shares held by spouses and/or children of minor age		Shares held through nominees		Principal work experience and academic qualifications (Note2)	Positions Held Concurrently in Other Companies	Any other managerial officer who is a spouse or a relative with the second degree of kinship of this person			Note (Note3)
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Chairman and General Manager	ROC	Shu Yi-Cheun	Male	2016.08.05	1,559,865	0.71	11,071	0.01	-	-	MBA, University of Southern California	Director: Fortune Electric Co., Ltd. · CENTRAL UNION OIL CORP. · NINGBO FORMOSA OILSEED PROCESSING LTD. Chairman:JUNG SHIANG INTERNATIONAL CO., LTD. · FU YOU AN KANG CO., LTD.	-	-	-	Note3
Vice General Manager	ROC	Chang Chih-Pin	Male	2020.11.11	-	-	4,000	-	-	-	M.S. in Marketing, National Chung Hsing University	None	-	-	-	-
Senior Assistant Manager	ROC	Hu Kun-Jui	Male	2015.04.15	-	-	-	-	-	-	Public Finance & Taxation, Tamsui Institute of Business Administration	None	-	-	-	-
Senior Assistant Manager	ROC	Chang Chin-Yu	Male	2016.06.01	12,383	0.01	-	-	-	-	National MinShyong Vocational High School of Agriculture & Industry	None	-	-	-	-
Assistant Manager	ROC	Tang Tsung-Yin	Male	2017.05.15	-	-	-	-	-	-	M.S. in Agricultural Chemistry, National Taiwan University	None	-	-	-	-
Assistant Manager	ROC	Lin Fang-Ru	Female	2020.10.30	20,860	0.01	640	-	-	-	Business Management, Ling Tung Junior Colleges of Commerce	None	-	-	-	-
Assistant Manager	ROC	Hsieh Chiang-Ling	Male	2020.10.30	-	-	-	-	-	-	M.S. in Industrial Management, National Central University	None	-	-	-	-
Assistant Manager	ROC	Chiu Pao-Sheng	Male	2020.10.30	-	-	-	-	-	-	B.S. in Adolescence and Child welfare, Providence University	None	-	-	-	-
Manager	ROC	Lee Chien-Yi	Male	2020.03.27	-	-	-	-	-	-	M.S. in Finance, Chaoyang University of Technology	Manager of TOP FOOD INDUSTRY CORPORATION · Supervisor of JUNG SHIANG INTERNATIONAL CO., LTD.	-	-	-	-

Note1: This section should include information of Information on the Company's General Manager, Assistant General Managers, Deputy Assistant General Managers, and the Supervisors of all the Company's divisions and branch units. And any title equals to General Manager, Assistant General Manager, or Assistant Manager shall be revealed.

Note2: Experience relates to the current position If the person held a post in the firm that the CPA is affiliated with or its associated enterpris, description of the title and duty is required.

Note3: If the chairman, general manager or person holding an equivalent position are the same person or are spouses, the information regarding the reasons, reasonableness, necessity and countermeasures (such as adding more seats of independent directors, with a majority of directors not concurring employees or managers) shall be disclosed.

- (1) The chairman SHU, YI-CHEUN is the representative of JIN SHENG INVESTMENT LTD., as the same as the general manager. The Company belongs to commodity industry which needs instant decision-making. The chairman holding a concurrent position as general manager making instant judgement of purchases, handling of industry information, and international price, and also, makes the board understand the managerial condition fully.
- (2) The formal measurements for the Company to strengthen supervision: 1. We have Audit Committee which can efficiently supervise the Company. 2. Over the half of the members of the Board does not hold a concurrent position as an employee or a manager. 3. We strengthen the operating ability of the Board by arranging our members of the Board to attend professional director courses.

III. Remunerations Paid in the Most Recent Fiscal Year to Directors, Supervisors, President and Vice Presidents  
(I) Remuneration to the Directors and Independent Directors

Unit: NT\$1,000 ; % December 31st, 2020

Title	Name (Note 1)	Remuneration of Directors								After-tax earnings ratio of the sum of A, B, C, and D (Note 10)								Relevant remunerations received by Directors who are also employees				Percentage of total amount of A, B, C, D, E, F, and G to net income after tax (Note 10)		Claim of remunerations from re-invested businesses other than subsidiaries or the parent company (Note 11)
		Remuneration (A) (Note 2)		Retirement allowance/severance (B)		Remuneration to Directors (C)(Note 3)		Businesses execution expenses (D) (Note 4)		After-tax earnings ratio of the sum of A, B, C, and D (Note 10)		Salary, bonus and special disbursement (E) (Note 5)		Retirement allowance/severance (F)		Employees' compensation (G) (Note 6)								
		This company	Companies in the financial statements (Note 7)	This company	Companies in the financial statements (Note 7)	This company	Companies in the financial statements (Note 7)	This company	Companies in the financial statements (Note 7)	This company	Companies in the financial statements (Note 7)	This company	Companies in the financial statements (Note 7)	This company	Companies in the financial statements (Note 7)	This company	Companies in the financial statements (Note 7)	Current value	Stock value	Current value	Stock value	This company	Companies in the financial statements (Note 7)	
Chairman	JIN SHENG INVESTMENT LTD.	-	-	-	-	1,532	1,532	-	-	0.41	0.41	-	-	-	-	-	-	-	-	-	-	0.41	0.41	None
	Representative : Shu Yi-Cheun	-	-	-	-	-	-	48	54	0.01	0.01	3,569	3,569	108	108	228	-	228	-	-	-	1.05	1.05	None
Chairman	TAI SHENG OCEAN DEVELOPMENT CO., LTD.	-	-	-	-	1,532	1,532	-	-	0.41	0.41	-	-	-	-	-	-	-	-	-	-	0.41	0.41	None
	Representative : Lin Yueh-Tin	-	-	-	-	-	-	153	168	0.04	0.04	3,569	3,569	108	108	228	-	228	-	-	-	1.08	1.08	None
Director	TAI SHENG OCEAN DEVELOPMENT CO., LTD.	-	-	-	-	1,532	1,532	-	-	0.41	0.41	-	-	-	-	-	-	-	-	-	-	0.41	0.41	None
	Representative : Wu Mei-Hong (*4)	-	-	-	-	-	-	24	24	0.01	0.01	1,387	1,387	74	74	-	-	-	-	-	-	0.40	0.40	None
	Representative : Yeh Wen-Lung (*4)	-	-	-	-	-	-	16	22	-	0.01	-	-	-	-	-	-	-	-	-	-	-	0.01	None
Director	MORN SUN FEED MILL CORP.	-	-	-	-	1,532	1,532	-	-	0.41	0.41	-	-	-	-	-	-	-	-	-	-	0.41	0.41	None
	Representative : Huang Qiang	-	-	-	-	-	-	48	63	0.01	0.02	-	-	-	-	-	-	-	-	-	-	0.01	0.02	None
Director	Huaide Insurance Agent Company	-	-	-	-	1,532	1,532	-	-	0.41	0.41	-	-	-	-	-	-	-	-	-	-	0.41	0.41	None
	Representative : Hsu Wei-Ping	-	-	-	-	-	-	48	48	0.01	0.01	-	-	-	-	-	-	-	-	-	-	0.01	0.01	None
Director	You Wei Investment Corp.	-	-	-	-	1,532	1,532	-	-	0.41	0.41	-	-	-	-	-	-	-	-	-	-	0.41	0.41	None
	Representative : Lin Wen-Peng	-	-	-	-	-	-	48	48	0.01	0.01	-	-	-	-	-	-	-	-	-	-	0.01	0.01	None
Independent Director	Chen Chong-Rui	480	480	-	-	-	-	48	48	0.14	0.14	-	-	-	-	-	-	-	-	-	-	0.14	0.14	None
Independent Director	Huang Shi-Hui	480	480	-	-	-	-	48	48	0.14	0.14	-	-	-	-	-	-	-	-	-	-	0.14	0.14	None
Independent Director	Lu Hsin-Hwa (*4)	440	440	-	-	-	-	40	40	0.13	0.13	-	-	-	-	-	-	-	-	-	-	0.13	0.13	None

1. Please specify the payment policy, system, standards and structure of the remuneration of independent directors, as well as the relevance between the factors, such as their responsibilities, risks, input time and the amount of paid remuneration: the Company's independent directors

are paid with only fixed monthly transportation, but no performance bonus or any remuneration for directors/supervisors.

2. Other than the disclosures in the previous table, please specify the remunerations paid to the directors who provided services to any company in the financial statements (such as serving as non-employee advisor) in the recent year: None

\*Disclosure of the related information on Directors (Independent Director excluded) and Independent Director:

\*1.No retirement allowance/ severance was given in 2020. 2. The item F means withdrawal of capitalized retirement allowance/ severance in 2020. 3. Remuneration of Directors and employees is proposed figure.

4. TAI SHENG OCEAN DEVELOPMENT CO., LTD. Changed its representative: 2020.09.08 Wu, Mei-Hong resigned on 2021.02.22 YEH WEN-LUNG resigned · 2021.02.22 sent Wu, Mei-Hong as its representative to now.

Independent Director by-election : LU HSIN-HWA · date; 2020.01.31 °

Note1 : Names of Directors shall be listed separately (names and representatives of the institutional shareholders shall be listed separately) and Directors and Independent Directors shall be categorized separately and each amount of payment shall be disclosed on an aggregate basis. Where the Chairman concurrently serves as the General Manager or Assistant General Manager, this table and remuneration paid to General Manager and Assistant General Managers shall be completed (to disclose aggregate remuneration information with the name(s) indicated for each remuneration range), and the remuneration brackets shall be specified.

Note2 : It indicates the remuneration paid to Directors (including Directors' salaries, duty allowances, severance pay, various bonuses and incentives, etc.) for the most recent fiscal year.

Note3 : The distribution amount of remuneration to Directors approved by the Board of Directors for the most recent fiscal year shall be provided.

Note4 : It indicates the expenses related to business executions of Directors (including travel expenses, special disbursement, allowances, accommodation, company car, and other physical items) for the most recent fiscal year. Where houses, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the offered assets, the actual rent or fair market rent, expenses on fuel and other benefits shall be disclosed. In addition, where a driver is placed, please provide an explanation in the notes on the compensation paid to the driver by the company, which is not included in the remuneration. In addition, where a driver is placed, please provide an explanation in the notes on the compensation paid to the driver by the company, as it is not included in the remuneration.

Note5 : It indicates the remuneration paid to a director who is also an employee (position held currently as General Manager, Assistant General Managers, other managerial officers or an employee) including directors' salaries, duty allowances, severance pay, various bonuses and incentives, etc., for the most recent fiscal year. Where houses, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the offered assets, the actual rent or fair market rent, expenses on fuel and other benefits shall be disclosed. In addition, where a driver is placed, please provide an explanation in the notes on the compensation paid to the driver by the company, which is not included in the remuneration. In addition, where a driver is placed, please provide an explanation in the notes on the compensation paid to the driver by the company, as it is not included in the remuneration. In addition, the salaries recognized by IFRS 2 "Share-based Payment;" including the employee stock certificates, restricted employee rights to new shares and participation in cash replenishment of shares; must be calculated as compensation.

Note6 : It indicates the employees' remuneration (including stocks and cash) received by a Director who is also an employee (including the position held currently as General Manager, Assistant General Managers, other managerial officer or an employee) for the most recent fiscal year, the distribution amount of employees' remunerations approved by the Board of Directors for the most recent fiscal year shall be disclosed. If it cannot be estimated, the proposed distribution amount this year shall be calculated in proportion to the actual distribution amount last year. For employee bonus paid to managerial officers, the names and distribution shall be additionally provided.

Note 7: The total remunerations paid to Directors of this Company by companies in the consolidated financial statements (including this Company) shall be disclosed.

Note 8: The total remunerations paid to Directors by this Company, the name of a Director shall be disclosed in the corresponding remuneration range.

Note 9: The names of the directors must be disclosed in the attributable pay grade of the various remuneration amounts paid to the various directors by all of the companies listed in the consolidated report (including this company).

Note 10: After-tax earnings refer to the after-tax earnings listed in the unconsolidated or individual financial statements in the recent year.

Note 11: a. The amount of relevant remunerations received by a Supervisor of this Company from the invested company other than subsidiaries, or the parent company, shall be provided clearly in this column (please indicate "none" if there is no such remuneration)

b. Where Directors of this Company received relevant remunerations from the invested company other than subsidiaries, or the parent company, the remunerations received by Directors of this Company from the invested company other than subsidiaries shall be included in the "I" column of the remuneration range table with the field name changed to "the parent company and all reinvested companies."

c. The compensation refers to relevant remunerations to the Company's Directors including remunerations, compensation (including employees' remunerations and remunerations to Directors and Supervisors) and business execution expenses received by a Director of this Company in the capacity of a Directors, Supervisor or Managerial Officer of the invested company or the parent company.

\* The information on the compensation disclosed in this table is different from the concept of income of the Income Tax Act. Therefore, the purpose of this Table is for information disclosure only and not for tax purposes

### (III) Remunerations for the General Manager and Vice General Manager

Unit: NT\$ 1000

Title	Name	Salaries(A) (Note2)		Retirement allowance/severance (B)		Bonus and special expenditure(C) (Note 3)		Employee remunerations(D) (Note 4)				After-tax earnings ratio of the sum of A, B, C, and D (%) (Note 8)		Receiving remuneration from a subsidiary company or parent company (Note9)
		This company	Companies in the financial statements (Note 5)	This company	Companies in the financial statements (Note 5)	This company	Companies in the financial statements (Note 5)	This company		Companies in the financial statements (Note 5)		This company	Companies in the financial statements (Note 5)	
								Current value	Stock Value	Current value	Stock Value			
Chairman and General Manager	Shu Yi-Chenu	2,677	2,677	108	108	892	892	228	-	228	-	1.04	1.04	None
Vice General Manager	Chang Chih-Pin	1,396	1,396	86	86	633	633	109	-	109	-	0.59	0.59	None

\* Any title equals to General Manager or Vice General Manager shall be disclosed.

Note 1: Names of general managers and vice general managers shall be listed separately and individual payments made shall be disclosed through a summary. Where the Chairman concurrently serves as the General Manager or Assistant General Manager, this table and remuneration paid to Directors/Independent Directors shall be completed (to disclose aggregate remuneration information with the name(s) indicated for each remuneration range) and the remuneration brackets shall be specified.

Note 2: Salaries, additional pay, and severance pay for general managers and vice general managers in the latest year.

Note 3: Various prizes, awards, transportation, special expenditure, various allowances, dormitory, cars and other actual items provided and other compensations for general managers and vice general managers in the latest year. Where houses, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the offered assets, the actual rent or fair market rent, expenses on fuel and other benefits shall be disclosed. In addition, where a driver is placed, please provide an explanation in the notes on the compensation paid to the driver by the company, which is not included in the remuneration. In addition, where a driver is placed, please provide an explanation in the notes on the compensation paid to the driver by the company, as it is not included in the remuneration. In addition, the salaries recognized by IFRS 2 "Share-based Payment;" including the employee stock certificates, restricted employee rights to new shares and participation in cash replenishment of shares; must be calculated as compensation.

Note 4: Employee remunerations (including stock and cash) distributed to general managers and vice general managers through the Board of Directors in the latest year (including stock and cash). If it is impossible to estimate the value planned to be distributed this year, follow the actual value distributed last year and calculate proportionally. In addition, the attached Table 1-3 shall be completed.

Note 5: The total value of remunerations paid to general managers and vice general managers of the Company by all companies in the Consolidated Report (including the Company) shall be disclosed.

Note 6: For the total value of various remunerations paid to each general manager and vice general manager by the Company, disclose the name of the general manager and the vice general manager in the respective bracket.

Note 7: For the total value of various remunerations paid to each general manager and vice general manager of the Company by all companies (including the Company) in the Consolidated Report, disclose the name of the general manager and vice general manager in the respective bracket.

Note 8: After-tax earnings refer to the after-tax earnings listed in the unconsolidated or individual financial statements in the recent year.

Note 9: a. The amount of relevant remunerations received by the general managers and vice general managers of this Company from the invested company other than subsidiaries, or the parent company, shall be provided clearly in this column (please indicate "none" if there is no such remuneration)

b. In the event that the general managers and vice general managers of the Company claim related remunerations from reinvested businesses other than subsidiaries or the parent company, the said remunerations shall be combined in Column E of the remuneration bracket table and the name of the column shall be changed to "the parent company and all reinvested businesses."

c. Remunerations are the compensation, rewards (including rewards for employees, directors and supervisors) and operational expenses, among others, claimed by general managers and vice general managers of the Company who serve as the director, supervisor or manager at a reinvested business other than the subsidiary or the parent company.

\* The information on the compensation disclosed in this table is different from the concept of income of the Income Tax Act. Therefore, the purpose of this Table is for information disclosure only and not for tax purposes.

### (IV) Top Five Managers Received the Highest Remuneration and their status( Note 1 )

Title	Name	Salaries (A) (Note2)		Retirement allowance/severance (B)		Bonus and special expenditure (C) (Note 3)		Employee remunerations (D) (Note 4)				After-tax earnings ratio of the sum of A, B, C, and D (%) (Note6)		Claim of remunerations from re-invested businesses other than subsidiaries or the parent company (Note 7)
		This Company	Companies in the financial statements (Note 5)	This Company	Companies in the financial statements (Note 5)	This Company	Companies in the financial statements (Note 5)	This Company		Companies in the financial statements (Note 5)		This Company	Companies in the financial statements (Note 5)	
								Current value	Stock Value	Current value	Stock Value			
Chairman and General Manager	Shu Yi-Cheun	2,677	2,677	108	108	892	892	228	-	228	-	1.04	1.04	None
Vice Chairman	Lin Yueh-Tin	2,677	2,677	108	108	892	892	228	-	228	-	1.04	1.04	None
Vice General Manager	Chang Chih-Pin	1,396	1,396	86	86	633	633	109	-	109	-	0.59	0.59	None

Senior Assistant Manager	Chang Chin-Yu	1,377	1,377	81	81	363	363	99	-	99	-	0.51	0.51	None
Executive Director (Note8)	Wu Mmi-Hung	1,387	1,387	74	74	-	-	-	-	-	-	0.39	0.39	None

Note 1 : The so called “Top Five Managers Received the Highest Remuneration”, the managers mean the managers of the Company. As the definition of managers, we obey the rule set by the section about the “Manager” in Taiwan Caizheng Sanzi No. 0920001301 Letter Order by the Former Ministry of Finance Securities and Futures Regulatory Commission. The calculating rules of the “Top Five Managers Received the Highest Remuneration” is the sum-up of the Salaries, Retirement allowance/ severance, Bonus and special expenditure, and Employee remunerations(A+B+C+D). If any director is the aforementioned manager, this table and the table(1-1) shall be filled.

Note 2: Salaries, additional pay, and severance pay for Top Five Managers Received the Highest Remuneration in the latest year.

Note 3: Various prizes, awards, transportation, special expenditure, various allowances, dormitory, cars and other actual items provided and other compensations for Top Five Managers Received the Highest Remuneration in the latest year. Where houses, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the offered assets, the actual rent or fair market rent, expenses on fuel and other benefits shall be disclosed. In addition, where a driver is placed, please provide an explanation in the notes on the compensation paid to the driver by the company, which is not included in the remuneration. In addition, where a driver is placed, please provide an explanation in the notes on the compensation paid to the driver by the company, as it is not included in the remuneration. In addition, the salaries recognized by IFRS 2 “Share-based Payment;” including the employee stock certificates, restricted employee rights to new shares and participation in cash replenishment of shares; must be calculated as compensation.

Note 4: Employee remunerations (including stock and cash) distributed to Top Five Managers Received the Highest Remuneration through the Board of Directors in the latest year (including stock and cash). If it is impossible to estimate the value planned to be distributed this year, follow the actual value distributed last year and calculate proportionally. In addition, the attached Table 1-3 shall be completed.

Note 5 : The total value of remunerations paid to general managers and vice general managers of the Company by all companies in the Consolidated Report (including the Company) shall be disclosed.

Note 6 : After-tax earnings refer to the after-tax earnings listed in the unconsolidated or individual financial statements in the recent year.

Note 7 : a. The amount of relevant remunerations received by Top Five Managers Received the Highest Remuneration of this Company from the invested company other than subsidiaries, or the parent company, shall be provided clearly in this column (please indicate “none” if there is no such remuneration)

b. Remunerations are the compensation, rewards (including rewards for employees, directors and supervisors) and operational expenses, among others, claimed by Top Five Managers Received the Highest Remuneration of the Company who serve as the director, supervisor or manager at a reinvested business other than the subsidiary or the parent company.

Note 8: Executive Director WU MEI-HUNG retired on 2020.09.08.

\* The information on the compensation disclosed in this table is different from the concept of income of the Income Tax Act. Therefore, the purpose of this Table is for information disclosure only and not for tax purposes.

(V) Managers received the distributed remuneration and their status

Unit : NT\$1000/1000 shares April 26<sup>th</sup>, 2021

	Title (Note1)	Name (Note1)	Stock value	Current value	Total	Total amount to after-tax earnings ratio (%)
Manager	Chairman and General Manager	Shu Yi-Cheun	-	1,172	1,172	0.31
	Vice Chairman	Lin Yueh-Tin				
	Vice General Manager	Chang Chih-Pin				
	Senior Assistant Manager	Hu Kun-Jui				
	Senior Assistant Manager	Chang Chin-Yu				
	Division Director	Tsai Qing-Song (Note5)				
	Assistant Manager	Tang Tsung-Yin				
	Assistant Manager	Lin Fang-Ru				
	Assistant Manager	Hsieh Chiang-Ling				
	Assistant Manager	Chiu Pao-Sheng				
	Manager	Lee Chien-Yi				

Note 1: The name and title of the individual shall be disclosed but distribution of profits may be disclosed through an aggregation.

Note 2: Employee remunerations (including stock and cash) distributed to managers through the Board of Directors in the latest year. If it is impossible to estimate the value planned to be distributed this year, follow the actual value distributed last year and calculate proportionally. After-tax earnings are those in the latest year. When the International Financial Reporting Standards are adopted, after-tax earnings are those indicated in the entity or individual financial report from the most recent year.

Note 3: For the applicability to managers, follow the Tai-Cai-Zheng-San-Zi No. 0920001301 letter dated March 27, 2003. It shall apply to the following:

- (1) The general manager and his/her equivalent;
- (2) the vice general manager and his/her equivalent;
- (3) the associate manager and his/her equivalent;
- (4) the head of the Department of Finance;
- (5) the head of the Department of Accounting;
- (6) others that deal with corporate management and have the right to provide their signatures.

Note 4: If the director, general manager and vice general manager claimed employee remunerations (including stock and cash), besides providing information about remunerations paid to directors (including independent directors), supervisors, general managers and vice general managers, this table shall also be completed.

Note 5: Division director Tsai Qing-Song was re-assigned to the related company on 2020.08.11.

(VI) Compare and describe separately the analysis of ratios of total remunerations paid to directors, supervisors, general managers, and vice general managers of the Company for the past two years by the Company and all companies in the Consolidated Report in after-tax earnings indicated in the entity or individual financial reports and describe correlation among the remuneration payment policy, standards and combination, remuneration establishing procedures, and management efficacy and risks in the future. :

Title \ Year	2020		2019	
	The Company	Companies in the financial statements	The Company	Companies in the financial statements
Director	5.42%	5.44%	5.65%	6.55%
Supervisor	-	-	0.34%	0.35%
General Manager and Vice General Manager	1.63%	1.63%	1.00%	1.01%

Explanation : (I) Remuneration payment policy : Directors' and supervisors' remuneration is the remuneration for attending meeting. Chairman, vice chairman, general manager, and vice general manager are paid monthly.

(II) Remuneration payment standard : Salaries for chairman, vice chairman, general manager, and vice general manager are determined by general standards.

(III) Procedure for determining remuneration : Directors' and supervisors' remuneration and salaries for attending meetings are determined by the articles of incorporation. General managers' and vice general managers' salaries are determined by the conclusion of the directors' meeting.

(IV) Linkage to operating performance : The outcome of the operating performance affects the assignment of year-end bonuses and earning for managers.

## IV. Implementation of Corporate Governance

### (I) State of Board of Directors

#### ( 1 ) Information for State of Board of Directors

Throughout 2020 and up to the date this Annual Report was printed, the Board of Directors met 12 times (A); attendance of directors and supervisors is as follows:

Title	Name (Note1)	Actual frequency of attendance (being seated) in meetings (B)	Frequency of attendance through proxy	Actual attendance (being seated) rate (B/A) (Note 2)	Note
Chairman	JIN SHENG INVESTMENT LTD. Representative : Shu Yi-Cheun	12	0	100%	
Vice Chairman	TAI SHENG OCEAN DEVELOPMENT CO., LTD. Representative : Lin Yueh-Tin	12	0	100%	
Director	TAI SHENG OCEAN DEVELOPMENT CO., LTD. Representative : Wu Mei-Hung Representative : Yeh Wen-Lung	10	0	83.33%	Representative changed to Yeh Wen-Lung on 2020.09.08
Director	MORN SUN FEED MILL CORP. Representative : Huang Qiang	12	0	100%	
Director	Huaide Insurance Agent Company Representative : Hsu Wei-Ping	11	1	91.67%	
Director	You Wei Investment Corp. Representative : Lin Wen-Peng	11	1	91.67%	
Independent Director	Chen Chong-Rui	9	2	75%	
Independent Director	Huang Shi-Hui	12	0	100%	
Independent Director	Lu Hsin-Hwa	10	0	100%	Newly-appointed, date of by-election was 2020.1.31

Other details to be documented:

I. In case of any following situation during the operation of the Board of Directors, the date, meeting, description of proposal, opinions from all independent directors and the Company's treatment to such opinions shall be specified.

(I) Matters specified in Paragraph 3, Article 14, Securities and Exchange Act

(II) Other than the aforementioned, any resolution of the Board of Directors meetings objected to by the independent directors or with reserved opinions, recorded or by written statements.

Date	Proposal content	Opinions from all independent directors, and the Company responses to their opinions
2020.03.27	1. The 2019 parent company only financial statements of the Company. 2. The 2019 consolidated financial statements of the Company 3. Revising some provisions of the company's internal control system. 4. Case of 2019 "Evaluation of the effectiveness of the internal control system" and "Statement of Internal Control System" of the Company. 5. Case of financial supervisor change.	Approved by all the attending independent directors
2020.05.12	1. The 2019Q1 consolidated financial statements of the Company and its subsidiary companies.	Approved by all the attending independent directors

2020.07.27	1. The Company updated and revised related internal control cycle operating procedures and management regulations.	Approved by all the attending independent directors
2020.10.28	1. The Company applied to two financial institutions including Cooperative Treasury Co., Ltd. for renewal of the financing quota when it expired.	Approved by all the attending independent directors
2020.11.11	1. The 2019Q1 consolidated financial statements of the Company and its subsidiary companies. 2. Accountant's Independence and Competency Assessment 3. The company's 2021 audit plan. 4. Formulated the company's "Internal Auditor's Appointment and Removal, Evaluation, Salary and Remuneration Measures". 5 The company increased the budget for the new plant in Taichung Port Area.	Approved by all the attending independent directors
2020.12.24	1. The company revised the "Accounting System." 2. The company revised the "Internal Control System."	Approved by all the attending independent directors

II. For the enforcement of recusal upon conflicts of interest among directors, the name of the director, content of the proposal, reason for the recusal, and participation in the voting process or not shall be described:

2020.10.28 Board of Directors discussing proposals, "The company's 2019 manager employee compensation amount distribution plan", Chairman SHU, YI-CHEUN and Vice Chairman LIN, YUEH-TIN had evaded and did not participate in the discussion and voting because of their self-interest.

III. The public listed company shall disclose the cycle and period, scope, method, and description of self-evaluation or peer evaluation of the board of directors:

Self-evaluation cycle: once annually

Self-evaluation period: 2020.01.01~2020.12.31

Self-evaluation range	Self-evaluation method	Self-evaluation description
The board of directors overall	Self-evaluation of the board of directors	The Company established the criteria for evaluating the performance of the board of directors as the following five aspects (45 questions): A.Participation in the operation of the company; B.Improvement of the quality of the board of directors' decision making; C.Composition and structure of the board of directors; D.Election and continuing education of the directors; and E.Internal control. The average score is 4.24 points (out of 5 points), and the evaluation result is "excellent".
Board members	Self-evaluation of the board members	The criteria for evaluating the performance of the board members (on themselves or peers) covers the following six aspects (23 questions): A.Alignment of the goals and missions of the company; B.Awareness of the duties of a director; C.Participation in the operation of the company; D.Management of internal relationship and communication; E.The director's professionalism and continuing education; and F.Internal control. The average score is 4.21 points (out of 5 points), and the evaluation result is "excellent".
Audit committee	Self-evaluation of the audit committee	The criteria for evaluating the performance of the audit committee covers the following five aspects (22 questions): A.Participation in the operation of the company; B.Awareness of the duties of the functional committee; C.Improvement of quality of decisions made by the functional committee; D.Makeup of the audit committee and election of its members and E.Internal control. The average score is 4.64 points (out of 5 points), and the evaluation result is "excellent".
Compensation committee	Self-evaluation of the compensation committee	The criteria for evaluating the performance of the compensation committee covers the following four aspects(19questions): A.Participation in the operation of the company; B.Awareness of the duties of the functional committee; C.Improvement of quality of decisions made by the functional committee; D.Makeup of the compensation committee and election of its members

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		The average score is 4.53 points (out of 5 points), and the evaluation result is "excellent".
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III. Assessment of the reinforced functional objectives of the Board of Directors (e.g., to set up the Audit Committee and to enhance information transparency, among others) and implementation status of the objectives of the immediate year and the latest year:  
The company's board of directors approved the "Board Performance Evaluation Measures" in 2020 and has completed the 2020 evaluation.

Note1 : For directors and supervisors acting as the representatives of institutional shareholders, shall indicate the names of the institutional shareholders and the names of their representatives.

Note2 :

(1) The date of resignation is specified for Directors or Supervisors who had resigned prior to the close of the financial year. The percentage of actual attendance (%) is calculated based on the number of board of directors meetings held and the number of actual attendance during active duty.

(2) If a re-election of directors or supervisors had taken place prior to the close of the financial year, directors/supervisors of both the previous and the current term are listed; in which case, the remarks column would specify the re-election date and whether the director/supervisor was elected in the previous term, the new term, or both. The percentage of actual attendance (%) was calculated based on the number of board of directors meetings held and actual attendance during active duty.

(II) Operation of the Audit Committee or Participation of Supervisors in the Operations of the Board of Directors:

1. Operation of the Audit Committee

Throughout 2020 and up to the date this Annual Report was printed, the Board of Directors met 8 times (A); attendance to the meetings as follows:

Title	Name (Note1)	Actual frequency of attendance (being seated) in meetings (B)	Frequency of attendance through proxy	Actual attendance (being seated) rate (B/A) (Note 2)	Note
Independent Director	Chen Chong-Rui	7	1	87.5%	
Independent Director	Huang Shi-Hui	8	0	100%	
Independent Director	Lu Hsin-Hwa	7	0	100%	Newly-appointed, date of by-election was 2020.1.31

Other details to be documented:

I. In case of any following situation during the operation of the Audit Committee, the date of the meeting, description of proposal, opinions from all audit committee members and the Company's treatment to such opinions shall be specified.

(I) Matters specified in Article 14-5 of the Securities and Exchange Act:

Date	Description of proposal	Outcome of resolution	The Company's treatment to audit committee's opinions
2020.03.27	1. The 2019 parent company only financial statements of the Company. 2. The 2019 consolidated financial statements of the Company 3. Revising some provisions of the company's internal control system. 4. Case of 2019 "Evaluation of the effectiveness of the internal control system" and "Statement of Internal Control System" of the Company. 5. Case of financial supervisor change.	Approved	Approved by the board of directors
2020.05.12	1. The 2019Q1 consolidated financial statements of the Company and its subsidiary companies.	Approved	Approved by the board of directors
2020.07.27	1. The Company updated and revised related internal control cycle operating procedures and management regulations.	Approved	Approved by the board of directors
2020.10.28	1. The Company applied to two financial institutions including Cooperative Treasury Co., Ltd. for renewal of the financing quota when it expired.	Approved	Approved by the board of directors
2020.11.11	1. The 2019 Q3 consolidated financial statements of the Company and its subsidiary companies. 2. Accountant's Independence and Competency Assessment 3. The company's 2021 audit plan. 4. Formulated the company's "Internal Auditor's Appointment and Removal, Evaluation, Salary and Remuneration Measures". 5 The company increased the budget for the new plant in Taichung Port Area.	Approved	Approved by the board of directors
2020.12.24	1. The company revised the "Accounting System." 2. The company revised the "Internal Control System."	Approved	Approved by the board of directors

(II) Any matter that has not been approved by the audit committee, but has been adopted with the approval of two-thirds or more of all board directors without having been approved by the audit committee : None.

II. If an independent director has any conflict of interest regarding issues discussed during the meeting that could result in harm to the Company's interests said director shall recuse him or herself. If this prevents the Committee from coming to a decision, then the situation shall be reported to the Board of Directors and the Board will make the final decision on said resolution: None.

III. Communication between independent directors and internal audit managers and external auditors (regarding issues such as Company financial and operational status):

(I) Policies of the communication between independent directors and internal audit managers:

1. Independent directors and accountants have regular meetings at least once a year. Accountants report to the audit committee on matters related to the company's review (audit) plan, findings and results; in case of major abnormal events, they may convene meetings at any time.
2. Independent directors and internal audit managers have regular meetings at least once a year; the internal audit managers attend the audit committee to report on the company's internal audit performance and internal control operations; in case of major abnormal events, they can convene meetings at any time.

(II) Summary of communication results between independent directors and external auditors:

Date	Communication focuses	Result
2020.11.11 (Forum)	1. The external auditors' explanation on the annual audit plan and the preliminary opinions of the key audit items. 2. Introduction of the external auditors team and confirmation of its compliance for independence. 3. The external auditors discussed and communicated on the questions raised by the participants.	No objection

(III) Summary of communication results between independent directors and internal audit managers:

Date	Communication focuses	Result
2020.01.20	Execution of audit business from October to November 2019.	No objection
2020.03.27	Execution of audit business from November 2019 to February 2020.	No objection
2020.05.13	Execution of audit business from November 2019 to March 2020.	No objection
2020.07.27	Execution of audit business from April to May 2020.	No objection
2020.10.28	Execution of audit business from May to August 2020.	No objection
2020.11.11 (Forum)	1. The internal audit manager summarized the audit work in the first 10 months and explained the key audit work in the coming year. 2. The internal audit manager discussed and communicated with the questions raised by the participants.	No objection
2020.11.11	Execution of audit business from September to October 2020.	No objection
2020.12.24	Execution of audit business from August to October 2020.	No objection

Note :

1. If an independent director leaves office before the end of the year, the date of resignation shall be indicated in the remarks column, and the actual attendance rate (%) shall be calculated based on the number of meetings of the Audit Committee and the actual attendance during his/her term of office.
2. Before the end of the year, if there is an independent director reelected, the new and former independent directors shall be listed, and the date of the new or reelected independent director shall be indicated in the remarks column. The actual attendance rate (%) shall be calculated based on the number of meetings of the Audit Committee and the number of actual attendances.

(III) Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE Listed Companies” and Reasons

Evaluation items	Operation situation (Note 1)		Deviations from "the Corporate Governance Best-Practice Principles for TWSE Listed Companies" and Reasons	
	Y	N		Summary
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE Listed Companies”?	✓		The Company has stipulated “Code of Practice for Corporate Governance” and announced it on the official website.	None
2. Corporate Ownership Structure and Shareholders’ Rights and Interests:				
(I) Does the Company have internal operating procedures for dealing with shareholders’ suggestions, doubts, disputes and lawsuits and implement them in accordance with the procedures?	✓		The company has a dedicated line to handle shareholder suggestions or disputes and other issues.	None
(II) Does the Company have a list of the major shareholders and the final controllers of the major shareholders who actually control the Company?	✓		The Company regularly discloses important matters related to shareholding changes of major shareholders, and keeps a good relationship with major shareholders.	None
(III) Does the Company establish, implement risk control and firewall mechanisms between interested enterprises?	✓		The management of assets and finances is clearly defined in accordance with internal control rights and responsibilities, and risk assessments are indeed carried out and appropriate firewalls are established. The parent company has established regulations for the supervision of subsidiaries.	None
(IV) Does the Company have internal regulations that prohibit insiders from buying and selling securities using unpublished information in the market?	✓		The Company has formulated “Procedures for the Prevention of Insider Trading Management” to establish confidential operations and prohibition measures before major internal information affecting stock prices is disclosed to the public.	None
3. Composition and Duties of the Board of Directors				
(I) Does the Board of Directors formulate a pluralistic	✓		The company has established the qualifications of directors and independent	None

approach to membership and implement it?		directors in Articles 20 and 24 of the "Code of Practice on Corporate Governance". The diversity of directors is also an important consideration. The diversity of board members is detailed Note 1.	
(II) Does the company voluntarily set up other functional committees besides Compensation Committee and Audit Committee according to law?	✓	The company has established Compensation Committee and Audit Committee in accordance with the law, and has also established Corporate Social Responsibility Committee.	None
(III) Does the Company have a performance evaluation system for the Board of Directors and its evaluation methods, which are evaluated annually and regularly; The Company also report the results of the performance evaluation to the Board of Directors and apply them to the remuneration of individual directors and the reference for nomination renewal?	✓	The company's board of directors approved the "Board Performance Evaluation Measures" on March 27, 2020. The 2020 board performance evaluation has been completed and the board of directors reported on March 25, 2021.	None
(IV) Does the Company evaluate the independence of Accountant on a regular basis?	✓	The company has established the company's assessment standards for the independence of accountants in accordance with Article 47 of the Accountants Law and the No. 10 Bulletin of the Code of Professional Ethics for Accountants. The Company Regularly assess the independence of the certified public accountant every year, after obtaining the independence statement issued by the certified public accountant and perform the assessment in accordance with the above-mentioned independence evaluation standards. According to the assessment results, both accountants Liao, Wan-Yi and Chen, Zhao-Mei from the Deloitte & Touche CPA firm meet the company's independence assessment standards. The Company The company has submitted the results to the audit committee and the board of directors on November 11, 2020 and approved.(Note 2)	None
4. Does a TWSE Listed Company allocate qualified and appropriate number of corporate governance personnel, and designate corporate governance supervisor to be responsible for corporate governance related affairs (including but not limited to providing directors and supervisors with the necessary information to	✓	Related business has been jointly undertaken by the secretary of the board of directors and the managing division, and is supervised by the head of the accounting division. The main tasks include providing information required by directors to perform their business, assisting directors in complying with laws and regulations, handling matters related to the board of directors and shareholder meetings in accordance with the law, regularly reviewing and revising relevant corporate	None

carry out business, assisting directors and supervisors to comply with the laws, handling the relevant matters of the meetings of the Board of Directors and shareholders' meetings according to law, making the minutes of the Board of Directors and shareholders' meetings, etc.)?			governance measures, and arranging directors' training courses.	
5. Does the Company establish communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers), and set up stakeholder zones on its website, and properly respond to stakeholders' concerns on important issues of corporate social responsibility?	✓		The company has spokespersons and acting spokespersons, and has set up a special area for stakeholders on the company's website to establish communication channels with stakeholders.	None
6. Does the Company appoint a professional stock agency to handle the affairs of the shareholder' meeting?	✓		The company appoints a professional stock affairs agency to handle the affairs of the shareholders meeting.	None
7. Information Disclosure (I) Does the Company set up a website to disclose financial business and corporate governance information?	✓		The company's website (www.fopco.com.tw) has disclosed business and corporate governance information.	None
(II) Does the Company adopt other ways of disclosure of information(e.g. setting up English websites, appointing special persons to be responsible for the collection and disclosure of Company information, implementing the spokesperson system, placing Company websites in the process of legal person's presentation, etc.)?	✓		The company has established a dedicated person responsible for the collection and disclosure of company information, and has implemented a spokesperson system.	None
(III) Does the Company announce and declare the annual financial report within two months after the end of the fiscal year, and announce and declare the first, second, and third quarter financial reports and the monthly operating situation as early as possible within the prescribed time limit?	✓	✓	The company announced the first, second, third quarter and annual financial reports and monthly operating conditions within the time limit as required.	In the future, the company will announce and report financial reports and monthly operating conditions in advance based on actual needs.

<p>8. Does the Company have any other important information that is helpful to understand the operation of corporate governance (including but not limited to the rights and interests of employees, employee care, investor relations, supplier relations, rights of stakeholders, further education of directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, and purchase of liability insurance for directors and supervisors)?</p>	<p>✓</p>	<p>1. Employee rights and care: The company has established working rules, held regular labor-management meetings, established employee care mailboxes to maintain two-way communication with employees, provided employees with labor insurance, health insurance, and retirement pensions in accordance with the law, and set up employee restaurants, regular health checks, and prepared employee dormitories for remote employees. Establish an employee welfare committee to provide a perfect workplace for employees.</p> <p>2. Investor Relations: In accordance with relevant regulations, the company announces relevant business, financial and other important information at the "Market Observation Post System". There is also a spokesperson system to respond to the information required by investors in real time.</p> <p>3. Supplier Relations: The company fills out supplier information survey forms for qualified suppliers, and schedules actual factory visit procedures for important suppliers; in terms of supplier communication, the purchasing division conducts two-way communication to coordinate various departments of the company to deal with related issues.</p> <p>4. Stakeholder's rights: The establishment of a corporate social responsibility committee, with senior executives serving as the main committee as the contact window with the related parties, to respond to the issues of the related parties at any time to protect the legitimate rights and interests of both parties.</p> <p>5. Directors' training situation: The directors of the company have relevant professional knowledge and arrange courses related to relevant laws and regulations according to actual needs</p> <p>6. Implementation of risk management policies and risk measurement standards : Please refer to this annual report, Seven. Review and Analysis of Financial Position and Financial Performance, and the Risk Concern.</p> <p>7. Enforcement of customer policy: The company maintains close contact with customers. In addition to providing customized products and services, there is also a research and development unit that provides professional consultations on the feed customers' use of materials. The information provided by customers is used as a reference for product improvement, so</p>	<p>None</p>
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		as to achieve the company's and A win-win goal for customers. 8. The company has purchased liability insurance for all directors. The insurance period is from September 7, 2020 to September 7, 2021.	
9. Please state the improvement of the corporate governance assessment issued by the Corporate Governance Center of Taiwan Stock Exchange Co., Ltd. in recent years, and put forward priorities and measures for strengthening the assessment of those who have not yet improved. (Those who are not included in the Company are not required to fill in): None			

Note 1 : Diversification policy of the composition of the board of directors

Name	Gender	Management	Leadership	Industry knowledge	Financial Accounting	Law	Crisis Handling	International view
Shu Yi-Cheun	M	✓	✓	✓	✓		✓	✓
Lin Yueh-Tin	F	✓	✓	✓	✓		✓	✓
Wu Mei-Hung	F	✓	✓	✓	✓		✓	✓
Huang Qiang	M	✓	✓	✓			✓	✓
Hsu Wei-Ping	M	✓	✓		✓		✓	✓
Lin Wen-Peng	M					✓	✓	✓
Lu Hsin-Hwa	M	✓	✓	✓			✓	✓
Chen Chong-Rui	M					✓	✓	✓
Huang Shi-Hui	F				✓		✓	✓

Note2 : Independence Assessment Form for Certified Public Accountants

Item	Assessment	Y	N
1	As of the most recent audit, the CPAs have been changed within seven years.	✓	
2	CPAs have no significant financial relationship with the client.	✓	
3	CPAs avoid any inappropriate relationship with the client.	✓	
4	CPAs should ensure that their assistants are honest, just, and independent.	✓	
5	The financial statements of institutions served by CPAs within the first two years of their practice shall not be audited.	✓	
6	The name of CPAs may not be used by others.	✓	
7	CPAs do not hold shares in the company and related companies.	✓	
8	CPAs do not have any money borrowing from the company and affiliated companies.	✓	
9	CPAs do not have a co-investment or benefit-sharing relationship with the company or affiliated companies.	✓	
10	CPAs do not concurrently perform regular jobs in the company or affiliated companies, and receive fixed salary.	✓	
11	CPAs do not involve the management function of the company or related companies to make decisions.	✓	
12	CPAs do not concurrently operate other businesses that may lose their independence.	✓	
13	CPAs have no spouse or second-class kinship with the management staff of the company.	✓	
14	CPAs do not charge any commissions related to the business.	✓	
15	Up to now, no punishment has been imposed or the principle of independence has been compromised.	✓	

Assessment Date : 2020 Outcome : The CPAs are independent

The current directors' training situation:

Title	Name	Date of taking office	Date of training		Organizer	Course Title	Training Hours
			From	To			
Institutional Director Representative	Shu Yi-Cheun	2019.06.27	2020/10/28	2020/10/28	Securities and Futures Institute	Directors' Responsibilities and Risk Management under the Latest Corporate Governance Blueprint	12
			2020/12/24	2020/12/24		Practical issues of unconventional transactions that directors and supervisors should pay attention to	
			2020/05/11	2020/05/11		Industry 4.0 and how companies can lead innovation and transformation	
			2020/08/10	2020/08/10		Discussion on employee reward strategy and tool application	
Institutional Director Representative	Lin Yueh-Tin	2019.06.27	2020/10/28	2020/10/28	Securities and Futures Institute	Directors' Responsibilities and Risk Management under the Latest Corporate Governance Blueprint	6
			2020/12/24	2020/12/24		Practical issues of unconventional transactions that directors and supervisors should pay attention to	
Institutional Director Representative	Yeh Wen-Lung	2020.09.08	2020/10/28	2020/10/28	Securities and Futures Institute	Directors' Responsibilities and Risk Management under the Latest Corporate Governance Blueprint	6
			2020/12/24	2020/12/24		Practical issues of unconventional transactions that directors and supervisors should pay attention to	
Institutional Director Representative	Hsu Wei-Ping	2019.07.18	2020/10/28	2020/10/28	Securities and Futures Institute	Directors' Responsibilities and Risk Management under the Latest Corporate Governance Blueprint	6
			2020/12/24	2020/12/24		Practical issues of unconventional transactions that directors and supervisors should pay attention to	
Institutional Director Representative	Huang Qiang	2019.06.27	2020/10/28	2020/10/28	Securities and Futures Institute	Directors' Responsibilities and Risk Management under the Latest Corporate Governance Blueprint	6
			2020/12/24	2020/12/24		Practical issues of unconventional transactions that directors and supervisors should pay attention to	
Institutional Director Representative	Lin Wen-Peng	2019.11.27	2020/08/19	2020/08/19	Securities and Futures Institute	Directors and Supervisors (Independent) and Corporate Governance Executives Advanced Seminar-Discussion on Human Resources and M&A Integration Issues in the Process of Corporate M&A	12
			2020/10/28	2020/10/28		Directors' Responsibilities and Risk Management under the Latest Corporate Governance Blueprint	
			2020/12/24	2020/12/24		Practical issues of unconventional transactions that directors and supervisors should pay attention to	
			2020/09/22	2020/09/22	TWSE	"Listed Corporate Governance 3.0-Blueprint for Sustainable Development" Summit Forum Agenda	
Independent Director	Chen Chong-Rui	2019.06.27	2020/10/28	2020/10/28	Securities and Futures Institute	Directors' Responsibilities and Risk Management under the Latest Corporate Governance Blueprint	6
			2020/12/24	2020/12/24		Practical issues of unconventional transactions that directors and supervisors should pay attention to	
Independent Director	Huang Shi-Hui	2019.06.27	2020/10/28	2020/10/28	Securities and Futures Institute	Directors' Responsibilities and Risk Management under the Latest Corporate Governance Blueprint	6
			2020/12/24	2020/12/24		Practical issues of unconventional transactions that directors and supervisors should pay attention to	
Independent Director	Lu Hsin-Hwa	2020.01.31	2020/10/28	2020/10/28	Securities and Futures Institute	Directors' Responsibilities and Risk Management under the Latest Corporate Governance Blueprint	6
			2020/12/24	2020/12/24		Practical issues of unconventional transactions that directors and supervisors should pay attention to	

(IV) The Composition, Responsibilities and Operations of the Compensation Committee:

1. The board of directors of the company established the compensation committee in accordance with the approved organizational rules of the compensation committee. Its main responsibilities are to formulate proposals for the following items:

- (1) Remuneration of directors and managers
- (2) Other cases assigned by the board of directors.

2. The compensation committee consists of three members, one of whom is the convener.

(1) Membership of Compensation Committee

Status (Note1)	Name	Qualifications	Meet one of the following professional requirements, together with at least five-year work experience	Compliance with the independence requirement (Note 2)										Number of other public offering companies with part-time membership of their Compensation Committee	Note	
				1	2	3	4	5	6	7	8	9	10			
Indepent Director	Chen Chong-Rui			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—	—
Indepent Director	Huang Shi-Hui			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—	—
Indepent Director	Lu Hsin-Hwa			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—	Note3

Note1 : Provide “director, independent director or other” for the “status.”

Note 2: When any of the following conditions is met for each member during the two years prior to and during their tenure, please check “✓” in the box underneath each conditional code.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the company or any of its affiliates (provided, independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent are excluded)
- (3) Not a natural person shareholder that holds by himself/herself or by his/her spouse or minor child or in someone else's name more than 1% of all circulating shares of the Company or is on the Top 10 shareholding list.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under (1) or any of the persons in (2) and (3).
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Paragraph 1 or 2, Article 27 of the Company Act (provided, independent directors appointed in accordance with the Act or the laws and regulations of the local country by and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent are excluded).
- (6) Not a director, supervisor or employee of another company where a majority of the company's director seats or voting shares and those of any other company are controlled by the same person (provided, independent directors appointed in accordance with the Act or the laws and regulations of the local country by and concurrently serving as such at the Company and its parent or subsidiary or a subsidiary of the same parent are excluded).
- (7) Not a director (or governor), supervisor or employee of that other company or institution where the chairperson, general manager or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses (provided, independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at the Company and its parent or subsidiary or a subsidiary of the same parent are excluded).
- (8) Not a director, supervisor, officer or shareholder holding 5% or more of the shares, of a specified company or institution that has a financial or business relationship with the Company (provided, if the certain company or institutions holds 20 percent or more and no more than 50 percent of the total number of issued shares of the Company; and independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent are excluded).
- (9) Not a professional individual who or an owner, partner, director, supervisor or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the

remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

(10) None of the conditions indicated under Article 30 of the Company Act

Note3 : LU HSIN-HWA was by-elected since 2020.02.27.

## (2) State of operations of the compensation committee

I. The Company's Compensation Committee has 3 members in total

II. Tenure of current members: 2020.08.08~2022.06.26

The Compensation Committee met 2 times (A) in total throughout 2020 and up to the date this Annual Report was printed. Qualification and attendance of the members are as follows:

Title	Name	The actual frequency of attendance in the meetings (B)	Frequency of attendance through proxy	Actual attendance rate (%) (B/A) (Note)	Notes
Convener	Chen Chong-Rui	2	0	100%	
Member	Huang Shi-Hui	2	0	100%	
Member	Lu Hsin-Hwa	1	0	100%	New appointment, by-election date 2020.02.27
Other details to be documented:					
I. If the Board of Directors does not accept or modifies suggestions provided by the Compensation Committee, the date of the Board of Directors meeting, the session number, contents of the proposal, decisions made by the Board of Directors, and management of opinions from the Compensation Committee by the Company should be stated (If the compensation and rewards approved by the Board of Directors are superior to those advised by the Compensation Committee, there should be descriptions of the differences and reasons considered): None.					
II. For decisions made by the Compensation Committee, as long as there are members objecting or having their reservations that are recorded or stated in writing, the date of the Compensation Committee meeting, the session number, contents of the proposal, and how opinions from all members and from opposing members are handled should be described: None.					

Note: :

(1) The date of resignation is specified for members of the compensation committee who had resigned prior to the close of the financial year. The percentage of actual attendance (%) is calculated based on the number of the compensation committee meetings held and the number of actual attendance during active duty.

(2) If a re-election of the compensation committee had taken place prior to the close of the financial year, members of both the previous and the current term are listed; in which case, the remarks column would specify the re-election date and whether the member was elected in the previous term, the new term, or both. The percentage of actual attendance (%) was calculated based on the number of the compensation committee meetings held and actual attendance during active duty.

III. Resolutions of the Compensation Committee

Date	Proposal item	Result	The company's handling of the opinions of the Committee
2020.01.20	The company's 2019 year-end bonus distribution plan for managers	Approved	Approved by the board of directors
2020.10.28	1. The company's 2019 director and supervisor's remuneration allocation proposal 2. The company's 2019 manager employee compensation amount distribution plan	Approved	Approved by the board of directors

(V) Corporate governance implementation status and deviations from Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies and reasons

Assessed areas	Operational status(Note1)			Deviations from Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies and reasons
	Y	N	Summary(Note2)	
1. Has the Company conducted the risk assessments regarding the environmental, social and corporate governance issues related to the Company's operations based on the principle of materiality and established the relevant risk management policies or strategies accordingly? (Note3)	✓		The company has established a "Corporate Social Responsibility Committee". Each functional group regularly identifies stakeholders and collects issues of concern to stakeholders. The committee proposes management guidelines and policies based on important issues of concern. Please note 4 for relevant risk management policies or strategies.	None
2. Does the company have a unit that specializes (or is involved) in CSR practices? Is the CSR unit run by senior management as authorized by the Board of Directors and reports its progress to the Board of Directors?	✓		The company's "Corporate Social Responsibility Committee" established by the general manager is responsible for the proposal and implementation of corporate social responsibility policies, systems or related management policies and specific plans. The corporate social responsibility report is publicly issued after being audited by an accountant. The audit results are reported to the board of directors on a regular basis every year.	None
3. Environmental Issues (I)Has the Company developed an appropriate environmental management system, given its distinctive industrial characteristics?  (II)Has the Company endeavored to improve the utilization efficiency of various resources and used recycled materials which have a low impact on the environment?	✓  ✓		1. Promote industrial waste reduction and implement pollution prevention work. 2. Conduct environmental inspections on discharge pipes and perimeters every year.  The company is a bulk grain processing plant. During the manufacturing process, it has dust collection equipment to prevent dust particles from leaking and pollution. The water pollution prevention strategy adopts a strict front-end wastewater classification and diversion	None  None

Assessed areas	Operational status(Note1)			Deviations from Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies and reasons												
	Y	N	Summary(Note2)													
(III) Has the Company evaluated the potential risks and opportunities from the climate changes to the current and future Company, and take countermeasures to the climate related issues?	✓		<p>strategy, which is divided into process equipment cooling water and wastewater generated from cleaning the floor of the work area. The waste clay produced by the company's oil manufacturing process can be reused to make fertilizer, accounting for more than 80% of the company's waste.</p> <p>Global warming has a significant impact on climate change, and climate change also affects the harvest of crops. The company continues to pay attention to global climate changes, and immediately evaluates the market fluctuations of bulk grains, confirms potential risks and opportunities, and purchases raw materials from different areas in a timely manner to enhance the company's operating efficiency.</p>	None												
(IV) Has the Company had statistics of the greenhouse gas emission, water usage and the total weight of wastes in the past two years, as well as established the policies for energy-saving, carbon-reduction, water reduction and other waste management?	✓		<p>The Company regularly reports water consumption and waste volume to environmental protection and water conservancy authorities every month and reports fossil fuel consumption quarterly with relevant emissions data. This year, the Company has planned a photovoltaic power generation system to reduce power consumption.</p> <p>The relevant information for the most recent two years is as follows:</p> <p style="text-align: right;">Unit : ton</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Item</th> <th>2020</th> <th>2019</th> </tr> </thead> <tbody> <tr> <td>Green house gas emmision</td> <td>3,645</td> <td>1,983</td> </tr> <tr> <td>Water consumption</td> <td>55,156</td> <td>42,424</td> </tr> <tr> <td>Total weight of waste</td> <td>654</td> <td>735</td> </tr> </tbody> </table>	Item	2020	2019	Green house gas emmision	3,645	1,983	Water consumption	55,156	42,424	Total weight of waste	654	735	None
Item	2020	2019														
Green house gas emmision	3,645	1,983														
Water consumption	55,156	42,424														
Total weight of waste	654	735														
4. Social issues (I) Has the Company developed related management policies and procedures in accordance with applicable laws and regulations and the International Bill of Human Rights?	✓		<p>Respecting for employees is one of the Company's operating principles. Followsng human management, providing necessary assistance to all employees, providing a fair and reasonable working environment, formulating annual training plans to train employees' professional skills, and helping employees grow are the Company's obligation. In accordance with the relevant provisions of the</p>	None												

Assessed areas	Operational status(Note1)			Deviations from Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies and reasons
	Y	N	Summary(Note2)	
(II) Has the Company appropriately reflected the corporate business performance or achievements in the employee remuneration policy, to ensure the recruitment, retention, and motivation of human resources and achieve the objective of sustainable operations?	✓		<p>Gender Work Equality Law, the management rules have been amended to implement the "Sexual Harassment Prevention Measures in the Workplace Appeals and Disciplinary Regulations" And clearly stipulated "Work Rules" to protect employees.</p> <ol style="list-style-type: none"> <li>1. The Company has established an employee welfare committee according to laws and regulations to provide employees and their children with marriage subsidies, family funeral subsidies and employee travel subsidies and other welfare measures.</li> <li>2. Set up a "Labor Retirement Reserve Fund Supervision Committee" in accordance with the law to ensure that employees have a stable retirement fund allocation and payment.</li> <li>3. There is a "year-end bonus distribution and employee compensation distribution method" to reward employees. The Company's articles of association stipulate: If the company makes a profit during the year, 2%-4% should be allocated for employee compensation. The distribution method can be stocks or cash, and its distribution objects can include employees of affiliated companies who meet certain conditions.</li> </ol>	None
(III) Does the Company provide employees with a safe and healthy work environment as well as periodic safety and health education?	✓		<ol style="list-style-type: none"> <li>1. The Company regularly organizes labor safety education training and fire drills, and provides annual physical health inspections to protect the health of employees.</li> <li>2. The Company implements labor work environment monitoring in accordance with the law, improves the work environment based on the results, and provides necessary personal protective equipment.</li> <li>3. In accordance with the implementation method of labor work environment monitoring, the Company announces the monitoring results in obvious places.</li> </ol>	None

Assessed areas	Operational status(Note1)			Deviations from Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies and reasons
	Y	N	Summary(Note2)	
(IV) Has the Company implemented an effective training program that helps employees develop skills over the course of their career?	✓		In order to provide employees with complete training and development, the company constructs an "Education and Training System Diagram". Through the process of talent cultivation and development, the company continues to explore organizational and personal needs, and constantly reviews and gradually launches various necessary trainings to enhance the knowledge and skills required for personal career development.	None
(V) Has the Company followed relevant laws, regulations and international guidelines when marketing or labeling their products and services and established the relevant police to protect consumers' interest and the complaint procedure?	✓		<ol style="list-style-type: none"> <li>1. The Company's marketing products and services are handled in accordance with relevant regulations on products and services.</li> <li>2. The Company has a dedicated customer service line, and has dedicated personnel responsible for handling customer related issues to protect consumer rights.</li> </ol>	None
(VI) Has the Company established the supplier management policies, to require the suppliers to comply with related regulations of the environment, occupational health and safety and labor's rights and what is the status of the implementation?	✓		When new suppliers are selected, they need to sign the "Supplier Social Responsibility Commitment" to encourage suppliers to jointly fulfill their corporate social responsibility commitments and comply with relevant laws and regulations such as occupational safety and health, labor human rights, and environmental protection. In case of violation or illegality, the Company has the right to terminate the contract between both parties.	None
V. Does the Company prepare the reports disclosing the Company's non-financial information, such as CSR reports, by referring the internationally recognized reporting standards or guidelines? Are the aforementioned reports assured or attested to by any third-party certifier?	✓		The company publishes a corporate social responsibility report in 2020. This report follows the principles of The Global Reporting Initiative and is written with reference to the core options of The Global Reporting Initiative Sustainability Reporting Standards published by the Global Sustainability Standard Board in 2016. And the independent third-party impartial unit (Deloitte & Touche Taiwan) conducted limited assurance based on the Standard on Assurance Engagements Bulletin No. 1: "Confirmed Cases of Non-historical Financial Information Verification or Review".	None

Assessed areas	Operational status(Note1)			Deviations from Corporate Social Responsibility Best Practice Principles for TWSE/GTSM listed companies and reasons
	Y	N	Summary(Note2)	
VI. If the Company has its own CSR principles established according to the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, please describe the differences between its implementation and the principles: The Company has formulated the "Corporate Social Responsibility Code", which has relevant regulations for the implementation of corporate governance, development of a sustainable environment, maintenance of social welfare, and strengthening of corporate social responsibility information disclosure; For more information on the implementation of the Company's corporate social responsibility, please refer to the Company's corporate social responsibility report.				
VII. Other Important Information to Help Understand Utilization of Corporate Social Responsibilities: Following the food safety and quality policy (Production with care, Reliable quality, and Customer confidence), our company adopts the following strategies: (1) Implement education and training to improve employees' safety awareness and ability. (2) Promote the participation of all employees and integrate them into daily operation activities. (3) Implement supervision and continuously improve safety and health performance. (4) Comply with environmental safety and health laws and regulations, emphasizing industrial safety and personnel health.				

Note1 : If "Yes" is checked, please explain the important policies, strategies, measures, and implementation conditions adopted; If “No”, please explain the reason and illustrate the related policies, strategies, and measures to be adopted in the future.

Note 2 : Where a Corporate Social Responsibility Report has been prepared by the Company, the Summary may be replaced by reference to CRS Report and the index page.

Note 3 : The principle of materiality means that the issues of environmental, social, and corporate governance will have a significant influence on the Company's investors and other stakeholders.

Note 4 : The Company conducts risk assessment of environmental, social and corporate governance issues related to company operations in accordance with the principle of the importance of corporate social responsibility. Based on the result of the assessment, the Company formulates relevant risk management policies or strategies as follows:

Major issues	Risk assessment	Risk management policies or strategies
Environment	Energy policies and waste discharge	Full understanding the environmental regulations and requirements of relevant government office, the Company manages and operates activities according to the environmental protection standards. The Company conducts air pollution inspections and water pollution inspections in feed, oatmeal, and oil factories every year.
Society	Food safety management	Internal: Set up a food safety and sanitation team to supervise, control and improve food safety related operations, and strengthen training for relevant departments every year. External: Obtain ISO9001, ISO22000 and HACCP certification, and follow this concept to establish a related quality assurance system to ensure product quality and present high-quality and healthy products. Convene monthly food safety and hygiene team meetings to regularly follow up and review related operations.
Corporate Governance	Law compliance	The company assigns relevant personnel to be responsible for changes in food safety and sanitation laws and environmental, safety and health laws and regulations. In addition to updating laws and regulations in the internal document management system from time to time, the Company also broadcasts new knowledge of relevant laws and regulations in internal training.
	Moral/Ethical code of conduct	The Company continues to promote corporate integrity management policies and employee training, and organizes integrity and prevention of insider trading advocacy activities to strengthen employee ethics and integrity codes of conduct.
	Strategy for sustainability	The company established a "Corporate Social Responsibility Committee" to focus on the rights and interests of stakeholders. While pursuing sustainable operation and profitability, the Company attaches importance to environmental, social and corporate governance factors and incorporates them into the Company's management policies and operating activities. The Company convenes a corporate social responsibility committee meeting every year, conducts regular follow-up reviews and issues a "Corporate Social Responsibility Report."

	Supplier Management	The Company controls the cost of raw materials and the trend of raw materials through a weekly raw material procurement meeting. The Company conducts on-site evaluation of suppliers at least twice a year, and the supplier is included in the list of qualified suppliers after the evaluation is qualified, and then the Company shall purchase from it.
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(VI) Fulfillment of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies":

Evaluation items	Operation situation (Note 1)			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Y	N	Summary	
<p>1. Formulating Integrity Management Policies and Programs</p> <p>(I) Does the Company formulate the integrity management policy approved by the Board of Directors, and has stated in the regulations and external documents the policies and practices of integrity management, as well as commitment from the board and senior management to actively implement the management policy?</p> <p>(II) Does the Company establish an evaluation mechanism for the risk of dishonesty, and regularly analyze and evaluate the business activities with higher risks in the business scope, and formulate relevant prevention measures accordingly, which at least covers the second paragraph of Article 7 of " Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies "?</p> <p>(III) Does the Company clearly define the operating procedures, behavior guidelines, disciplinary punishment, and appeal system to prevent dishonesty, and implement and regularly review and revise?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>The Company has formulated the Code of Integrity Management. Directors, supervisors, managers and employees are all pragmatically focused on their own businesses and implement the integrity management policy.</p> <p>The company has formulated the "Integrity Management Operating Procedures and Behavior Guidelines" and implemented them.</p> <p>The company's "Integrity Management Operating Procedures and Behavior Guidelines" has taken precautionary measures against business activities with a high risk of dishonesty within the business scope.</p>	<p>None</p> <p>None</p> <p>None</p>

<p>2. Implementation of Integrity Management</p>			
<p>(I) Does the Company evaluate the integrity records of its clients and specify the terms of integrity in its contracts with the clients?</p>	<p>✓</p>	<p>Before the transaction, the Company will evaluate the legality of its counterparties and whether there has been a record of dishonesty in order to ensure that its business operations are fair and transparent and will not request, provide or accept bribes.</p>	<p>None</p>
<p>(II) Does the Company set up a dedicated unit affiliated to the Board of Directors to promote the integrity of the enterprise and report regularly (at least once a year) to the Board of Directors on its implementation on the dishonest prevention policy, program, and results?</p>	<p>✓</p>	<p>The company's designated management office promotes the company's integrity management policy on a full-time basis. If there is an incident of dishonesty, it will be reported and handled according to its authority. The full-time unit reported the implementation of integrity management to the board of directors on December 24, 2020.</p> <p>The Company implements the integrity management policy, and the relevant implementation status in 2020:</p> <ol style="list-style-type: none"> <li>1. In March 2020, the "Ethical Business Procedures and Behavior Guidelines" were revised and approved by the board of directors.</li> <li>2. The Company's ISO implementation committee, food safety team (oil products), and food safety team (feed, livestock) revised the ISO9001 quality management system, ISO22000 food safety management system operating procedures and internal audit operating procedures in 2020 in accordance with the latest ISO international certification standards, and conduct ISO internal and external audits and management review meetings once a year, so that the Company's products and services meet international standards, and allow the public to have confidence in the safety, reliability and quality of the Company's products. By doing these, the Company can realize the integrity management philosophy.</li> <li>3. In order to strengthen honest management and ethics, the company conducts promotional activities and tests on the relevant regulations of the integrity management code according to the content of colleagues' duties every year. Integrity training has been implemented for business and financial accounting colleagues in 2020, a total of 74 participants in 4 sessions. The company actively implements the values of</li> </ol>	<p>None</p>

Evaluation items	Operation situation (Note 1)			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Y	N	Summary	
			<p>integrity and ethics, strengthens corporate governance and risk management, and establishes a corporate culture of integrity to strengthen of the management.</p> <p>4. The 2019 “Corporate Social Responsibility Report” was issued in September 2020, which revealed that the “Supplier Social Responsibility Commitment” must be signed during the selection of new suppliers in 2019 to encourage suppliers to jointly implement their corporate social responsibility commitments such as following relevant laws and regulations on occupational safety and health, labor human rights and environmental protection. In case of violation or illegality, the company can terminate the contract between the two parties at any time.</p> <p>5. Audit implementation status: In 2020, the company so far has not received reports or complaints of dishonesty or immorality.</p>	
(III) Does the Company formulate policies to prevent conflicts of interest, provide appropriate channels for presentation, and implement them?	✓		The company has formulated the "Integrity Management Operating Procedures and Behavior Guidelines", clearly set out the conflict of interest policy and provide appropriate presentation channels.	None
(IV) Does the Company establish an effective accounting system and internal control system for the implementation of integrity management, draft related audit plan by the internal auditing units, or entrusted to the Accountants for further audit?	✓		The company has established an effective accounting system and internal control system, which are regularly checked by the internal audit unit.	None
(V) Does the Company conduct internal and external education and training on a regular basis?	✓		The company conducts relevant internal and external training and publicity for current directors, managers and employees at least once a year. On December 24, 2020, a total of 9 persons of directors and managers were given a "Practical issues of unconventional transactions that directors and supervisors should pay attention to" external training course. On December 28, 2020, employees were given guidance on	None

Evaluation items	Operation situation (Note 1)			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Y	N	Summary	
			preventing insider trading and participated 49 person-times.	
3. Operation of the integrity channel				
(I) Does the Company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	✓		In order to implement honest operation, the company has established a "Reporting System", which clearly specifies the reporting channels and the audit office of the dedicated unit, and exposes the reporting channels on the company's website to facilitate informants to report. In addition, informants will be rewarded for true cases.	None
(II) Does the Company establish standard operating procedures for confidential reporting on investigating accusation cases, take follow-up measures after the investigation, and adopt other relevant confidential mechanism?	✓		The Company has established a "Reporting System", and it is clear that the identity of the informants and the content of the report are kept confidential.	None
(III) Does the company provide proper whistleblower protection?	✓		The Company has established a "Reporting System" and clearly stated that the company has taken measures to protect whistleblowers from being improperly handled due to whistleblowing.	None
IV. Enhancing Information Disclosure Does the Company disclose the contents of its Code of Integrity Management and promote its effectiveness on its website and MOPS?	✓		The company discloses relevant information on the company website and MOPS.	None
V. If a Company has its own code of integrity management in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe the differences between its operation and the codes: None.				
VI. Other important information that will help us to understand the integrity management of the Company (e.g. when the Company reviews and amends its Code of Integrity Management): None.				

Note 1: The statements shall be made in Summary column no matter if Y or N is checked in Operation situation column.

(VII) Ways to inquire about corporate governance codes and related regulations:

1. The Company regularly reveals updated information on the website: <http://www.fopco.com.tw>
2. The company's website information is collected and maintained by dedicated personnel. Publicly disclosed financial business information is available on the website for public reference.

(VIII) Other important information that can enhance the understanding of the operation of corporate governance should be disclosed together: None.

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(IX) Implementation status of internal control system

1. Statement of Internal Control

FORMOSA OILSEED PROCESSING CO., LTD.

Statement of Internal Control



Date: March 25<sup>th</sup>, 2021

Based on the results of our self-assessment, the Company's internal control system for 2020 is hereby declared as follows:

- I. The Company knows that establishing, enforcing, and maintaining an internal control system is the responsibility of the Company's Board of Directors and managers and has such a system in place already. It is meant to reasonably ensure fulfillment of the operational efficacy and efficiency (including profits, performance, and protection of asset security), reliability, timeliness, and transparency of financial reports, and compliance with applicable laws and regulations, among other goals.
- II. The internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide reasonable assurance for the achievement of the above three objectives. Moreover, due to the change of environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the Company's internal control system has a self-monitoring mechanism. Once the deficiencies are identified, the Company will take corrective action.
- III. The Company determines the effectiveness of the design and implementation of its internal control system in accordance with the items in "Governing Regulations for Public Company's Establishment of Internal Control System" (hereinafter called "Governing Regulations") that are related to the effectiveness of internal control systems. The items adopted in the Governing Regulations for determining the internal control system are the five constitutional elements of the internal control system divided according to the management and control process: 1. control environment, 2. risk assessment, 3. control process, 4. information and communication, and 5. supervision. Each element further encompasses several items. Please refer to the "Governing Regulations" for details.
- IV. The Company has adopted the abovementioned determining items and conducted inspection of the design and effectiveness of its internal control system.
- V. Pursuant to the results of the abovementioned inspections, the Company is of the view that the design and implementation of its internal control system as of December 31, 2020 (including its supervision and management of subsidiaries), including its awareness of the extent by which the operating effects and efficiency goals are fulfilled, reliability, timeliness, and transparency of reports, and compliance with relevant laws and regulations, are such that it is effective and capable of reasonably ensuring fulfillment of the above-mentioned goals.
- VI. This Statement constitutes a major part of the Company's Annual Report and the Company's Prospectus that are made available to the public. The Company shall be legally liable under Articles 20, 32, 171 and 174 of the Securities and Exchange Act with respect to any unlawful aspects such as falsehood or concealment of facts in relation to the aforesaid statement.
- VII. This Statement was approved at the meeting of the Company's Board of Directors on March 25, 2021 with none of the 9 directors attending the meeting expressing dissent. All agreed on the contents of this Statement.

FORMOSA OILSEED PROCESSING CO., LTD.

Chairman :

Signature



General Manager:

Signature



2. When a CPA is authorized to review the internal control system, the Project Audit Report of Internal Control System prepared by the CPA shall be disclosed:

The Company complies with the letter No. 1091800746 of the Taiwan Stock Exchange, "Your company's internal control system has major deficiencies in the design or implementation. Please appoint at least a non-contracted CPA to conduct a project audit of the internal control system in 2019 and issue an audit report...". Therefore, the company commissioned non-contracted CPAs from PwC Taiwan on March 26, 2020 to implement the company's 2019 internal control system project audit. The project audit report is as follows:

### Formosa Oil Processing Company Limited Project Audit Report of Internal Control System

We have audited the Statement, provided by Formosa Oilseed Processing Company Limited ( the Company) on March 27th, 2020, which concerns the internal control system related to the Company itself, external financial reporting, and safeguarding of asset security failing to maintain the effectiveness of design and implementation after an evaluation at December 31st, 2019 as the attachment.

Maintaining the effectiveness of the internal control system and evaluating its effectiveness is the responsibility of the management hierarchy. Our responsibility is to provide opinions toward the effectiveness of the internal control system and the Company's internal control system statement according to the audit result.

We conduct audits in accordance with "Regulations Governing Establishment of Internal Control Systems by Public Companies" and the auditing standards generally accepted in the Republic of China to obtain reasonable assurance whether the aforementioned internal control system of the Company maintains validity in all material respects. The auditing work includes gaining an understanding of the internal control, testing and assessing the effectiveness of the internal control design, and other audit processes which are considered necessary. We believe the auditing work provides a reasonable basis on which to express opinions.

Material defects in the internal control system related to external financial reporting mean there are multiple defects exist in the internal control system which cannot reasonably assure the Company to start, permit, record, process, or report transactions, or can make the risk of material misstatements exceed negligible possibility in external financial statement which are hard to prevent or detect.

Material defects in the internal control system related to the safeguarding of asset security mean the internal control system cannot reasonably assure the timely prevention or

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detection of the acquisition, use, and disposal of major assets under unauthorized conditions.

As the Statement described, the following material defects are existing in the design and implementation of the internal control system within the period:

1. In the partial internal control system, written rules are not set up or actual operating procedures are not renewed according to the law.
2. The decision-making process of investment and transaction is not appropriately authorized and evaluated.
3. Managerial rules on some stakeholders are not appropriately set up.

Every internal control system has inherent limitations. Therefore, the internal control system of the Company might not be able to prevent or detect errors or fraud that have occurred. Besides, compliance to the internal control might decrease due to the change of the future environment. An effective internal control system in this period does not ensure its effectiveness in the future.

In our opinion judging by the assessment items to the efficacy of internal control systems in “Regulations Governing Establishment of Internal Control Systems by Public Companies,” the internal control system related to the Company, the external financial reporting, and safeguarding of asset security, which was designed and Implemented on December 31st, 2019, does not maintain its effectiveness in partially material respects due to the aforementioned material defects affecting the achievement of the control objectives. The Statement, which concerns the internal control system related to the Company itself, external financial reporting, and safeguarding of asset security failing to maintain the effectiveness of design and implementation provided by the Company on March 27th, 2020, present fairly in all material respects.

The purpose of issuing the audit report is to provide necessary information for the Company and the Taiwan Stock Exchange Corporation to understand and evaluate the internal control system.

PwC Firm

Auditors

XU,LIN-SHUN

XIAO,CHUN-YUAN

July 1st, 2020

(X) Any legal sanctions against the Company or its internal personnel, or any disciplinary action taken by the Company against its own personnel for violating internal control requirements, in the latest year and up to the date this Annual Report was printed; if the outcome of the disciplinary actions would affect the shareholders' interests or the share price materially, the description of the action, major deficiencies and improvements shall be specified: None.

(XI) Important decision reached in shareholders' meetings and made by the Board of Directors and the Compensation Committee in the latest year and up to the date this Annual Report was printed:

1. Implementation of the resolutions of the general shareholders' meeting:

Important decisions made in the 2020 general shareholders' meeting:

(1) Approval of the 2019 annual business report, parent company only financial statements and consolidated financial statements

(2) Approval of the 2019 surplus distribution proposal

Implementation status: Set August 18, 2020 as the distribution base date, and September 10, 2020 as the distribution date. (Cash dividend of 1.30 NTD per share)

2. Implementation of the resolutions of the interim shareholders meeting:

Contents and implementation of important resolutions of the first interim meeting of shareholders in 2020:

(1) By-election for the independent director of the company.

List of Independent Directors elected: LU HSIN-HWA ◦

(2) Approval of lifting the prohibition on competition for new independent directors of the company.

3. Critical resolutions of the board of directors :

Meeting Date	Critical resolutions
2020.01.03	1. Approved candidates nominated for independent directors through the company's first interim meeting of shareholders in 2020.
2020.01.20	1. Approved the company's 2019 year-end bonus distribution plan for managers. 2. Approved company's application to three financial institutions including Bank SinoPac for the renewal of the financing lines and the change of joint guarantor. 3. Approved the company's appointment of supervisors of NINGBO FORMOSA OILSEED PROCESSING LTD.
2020.02.27	1. Approved the proposal of reappointing the salary and compensation committee of the company.
2020.03.27	1. Approved the company's 2019 annual business report. 2. The amount and method of withdraw of 2019 profit for employee compensation and compensation for directors and supervisors. 3. Approved the company's 2019 individual financial statements. 4. Approved the company's 2019 consolidated financial statements and its subsidiaries. 5. Approved the 2019 surplus distribution proposal. 6. Approved the company's 2020 business plan. 7. Approved the revision of some provisions of the company's internal control system. 8. Approved the company's 2019 "Internal Control System Effectiveness Assessment" and "Internal Control System Declaration". 9. Approved the company's application to CHB Bank and other eight financial institutions for the renewal of financing lines and the change of the joint guarantor. 10. Approved the formulation of the company's "Board Performance Evaluation Measures". 11. Approved the amendment to the company's "Articles of Association of the Employee Welfare Committee". 12. Approved the amendment to some of the provisions of the company's "Integrity Management Operating Procedures and Behavior Guidelines". 13. Approved the financial supervisor change case. 14. Approved the proposal for convening the 2020 regular shareholders meeting.
2020.05.13	1. Approved the consolidated financial statements of the company and its subsidiaries for the first quarter of 2020. 2. Approved the case of renewing financing lines and changing the joint guarantor from six financial institutions including Mega Bank. 3. Approved the formulation of the "Measures for the Independence Evaluation of Financial Reporting Certified Public Accountants" of the company. 4. Approved the amendment to some of the provisions of the company's "Code of Practice on Corporate Governance". 5. Approved the amendment to some of the provisions of the company's "Code of Practice for Corporate Social Responsibility".
2020.05.22	1. Approved the proposal of appointing directors and nominating supervisors of the subsidiary TOP FOOD INDUSTRY CORPORATION by the company.
2020.07.27	1. Approved the company's proposal for the 2020 ex-dividend base date. 2. Approved the company's update with and revision of relevant internal control cycle operating procedures and management methods. 3. Approved the revision of the company's "Layered Responsibility Measures". 4. Approved the company application to three financial institutions including Mega Banking Corporation for the renewal of the financing line upon expiry.
2020.08.12	1. Approved the consolidated financial statements of the company and its subsidiaries for the second quarter of 2020. 2. Approved the company's revision with internal control system-investment planning operations. 3. Approved the company's revision with "layered responsibility approach". 4. Approved the company's endorsement and guarantee with the subsidiary TOP FOOD INDUSTRY CORPORATION

Meeting Date	Critical resolutions
	5. Approved the company application to four financial institutions including Taishin Bank for the renewal of the financing line on expiry.
2020.09.08	Approved the company's reassignment of the director of Sun Company's NINGBO FORMOSA OILSEED PROCESSING LTD.
2020.10.28	<ol style="list-style-type: none"> <li>1. Approved the proposal for the distribution of the remuneration amount of the directors and supervisors of the company for 2019.</li> <li>2. Approved the company's 2019 annual manager employee compensation allocation proposal.</li> <li>3. Approved revisions of some authorized items with the company's "Layered Responsibility Measures".</li> <li>4. Approved our company's application to two financial institutions including Taiwan Cooperative Bank for the renewal of the financing lines on expiry.</li> </ol>
2020.11.11	<ol style="list-style-type: none"> <li>1. Approved the consolidated financial statements of the company and its subsidiaries for the third quarter of 2020.</li> <li>2. Approved the accountant's independence and competency assessment.</li> <li>3. Approved the company's application to Panhsin Bank for the renewal of the financing line on expiry.</li> <li>4. Approved the company's 2021 audit plan.</li> <li>5. Approved the formulation of the company's "Internal Auditor Appointment and Dismissal, Evaluation, Salary and Remuneration Measures".</li> <li>6. Approved revisions of some authorized items with the company's "Layered Responsibility Method".</li> <li>7. Approved the promotion of Chang Chih Pin from the Raw Material Department to the deputy general manager of the company's business group.</li> <li>8. Approved the company's budget proposal for adding new factories in the Taichung Port Area.</li> </ol>
2020.12.24	<ol style="list-style-type: none"> <li>1. Approved the revision of the company's "Accounting System".</li> <li>2. Approved the revision of the company's "internal control system"</li> <li>3. Approved the company's application to four financial institutions including Kaohsiung Bank for the renewal of the financing lines upon expiry.</li> </ol>
2020.01.07	<ol style="list-style-type: none"> <li>1. Approved the revision of the company's "Management Measures for Year-end Bonus Distribution and Annual Staff Remuneration Distribution".</li> <li>2. Approved the company's year-end bonus distribution plan for managers for the year 2020.</li> </ol>
2020.03.25	<ol style="list-style-type: none"> <li>1. Approved the company's business report for the year 2020.</li> <li>2. Approved the company's individual financial statements for the year 2020.</li> <li>3. Approved the consolidated financial statements of the company and its subsidiaries for the year 2020.</li> <li>4. Approved the surplus distribution proposal for the year 2020.</li> <li>5. Approved the company's profit withdrawing employee remuneration and the amount and method of directors' remuneration for the year 2020.</li> <li>6. Approved the company's business plan for the year 2021.</li> <li>7. Approved the company's "Internal Control System Effectiveness Assessment" and "Internal Control System Declaration" for the year 2020.</li> <li>8. Approved the company's application to five financial institutions including Hua Nan Bank for the renewal of the financing lines on expiry and the new line.</li> <li>9. Approved the revision of the company's "organization system".</li> <li>10. Approved the revision of some of the provisions of the company's "Accounting System".</li> <li>11. Approved the revision of the provisions of the company's "Director Election Measures".</li> <li>12. Approved amendments to some of the provisions of the "Rules of Procedures for Shareholders' Meetings" of the company.</li> </ol>

Meeting Date	Critical resolutions
	13. Approved the proposal for convening the regular shareholders meeting for the year 2021.
2020.05.12	1. Approved the consolidated financial statements of the company and its subsidiaries for the first quarter of 2021. 2. Approved the company's application to six financial institutions including First Commercial Bank for the renewal of the financing lines on expiry and the new line. 3. Approved to set up a corporate governance supervisor. 4. Approved the company's appointment of director and supervisors of JUNG SHIANG INTERNATIONAL CO., LTD.

(12) In the most recent year and as of the publication date of the annual report, directors or supervisors have different opinions on important resolutions approved by the board of directors and have records or written statements, and their main content: None.

(13) In the most recent year and as of the printing date of the annual report, the summary table of the resignation and dismissal of the company's chairman, general manager, accounting supervisor, financial supervisor, internal audit supervisor, corporate governance supervisor, and R&D supervisor, is as follows:

Summary table of the resignation and dismissal of relevant persons in the company

Title	Name	Recruitment date	Dismissal date	Reasons for resignation or dismissal
Finance Associate	Chen Shi-zhang	2016.03.28	2020.03.16	Transferred to be the special assistant to the chairman of the subsidiary

Note: The relevant persons of the company refer to the chairman, general manager, accounting supervisor, financial supervisor, internal audit supervisor, corporate governance supervisor and R&D supervisor, etc.

## V. Information on Accountant Fees

### Public Accountant Information

Accounting Firm Name	Accountant's Name		Audit Period	Remark
Deloitte United Accounting Firm	Liao Wanyi	Chen Zhaomei	2020.01.01-2020.12.31	Financial Statement Verification Visa
Pwc United Accounting Firm	Xu Linshun	Xiao Chunyuan	2019.01.01-2019.12.31	Project review of internal control system

Note: If the company has changed accountants or accounting firms this year, please list the inspection period separately and explain the reason for the replacement in the remarks column.

Amount Unit : New Taiwan Dollar '000

Public Expenses Item		Public Audit Expenses	Non-Public Audit Expenses	Total
Amount Level				
1	Less than NTD 2,000,000	-	-	-
2	2,000,000 ( inclusive ) ~4,000,000	2,780	2,284	-
3	4,000,000 ( inclusive ) ~6,000,000	-	-	5,064
4	6,000,000 ( inclusive ) ~8,000,000	-	-	-
5	8,000,000 ( inclusive ) ~10,000,000	-	-	-
6	10,000,000 ( inclusive ) and above	-	-	-

1. If the non-audit public expenses paid to the certified public accountant, the certified public accountant's firm and its affiliated companies are more than one-fourth of the audit public fee, the amount of the audited and non-audited public fee and the content of the non-audit service shall be disclosed:

Amount Unit : New Taiwan Dollar'000

Accounting Firm Name	Accountant's Name	Public Expenses	Non-Audited Public Expenses					Inspection Period by Accountant	Remark
			System Design	Business Registration	Human Resources	Others	Subtotal		
Deloitte United Accounting Firm	Liao Wan-yi Chen Zhao-me	2,780	-	44	-	-	44	2020.01.01 to 2020.12.31	None
Deloitte United Accounting Firm	Kang Yu-ye	-	-	-	-	160	160	2020.01.01 to 2020.12.31	Note1
Deloitte United Accounting Firm	Wu Shi-zong	-	-	-	-	400	400	2020.01.01 to 2020.12.31	Note2
Pwc United Accounting Firm	Xu Lin-shun Xiao Chun-Yuan	-	-	-	-	1,680	1,680	2019.01.01 to 2019.12.31	Note3

Note 1: Other items of non-audit public expense: NTD 160,000 for transfer pricing research analysis.

Note 2: Other items of non-audit public expense: NTD 400,000 for the corporate social responsibility report.

Note 3: Other items of non-audit public expense: NTD 80,000 for the project review of the internal control system.

2. If the accounting firm is replaced and the public audit expense paid during the

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replacement year is less than the public audit expense of the previous year, the amount and reason for the audit public expense before and after the replacement shall be disclosed: Not applicable.

3. The public audit fee has been reduced by more than 15% compared with the previous year. The amount, proportion and reason for the reduction of public audit fee should be disclosed: Not applicable.

## VI. Information on Change of Accountant :

## (1) About the former accountant

Date of Change	March 27, 2019		
Reason for change and description	Accountant Liao Wanyi and accountant Chen Zhaomei replaced with Accountant Xie Jianxin and Accountant Chen Zhaomei for the adjustment of internal accounting firm.		
State that the appointed person or accountant terminated or refused to accept	Party	Accountant	Appointer
	Situation		
	No longer accept (continue) appointment	V	
Opinions and reasons for the inspection report other than unqualified opinions issued within the latest two years	Not applicable		
Opinions and reasons for the inspection report other than unqualified opinions issued within the latest two years	Yes		Accounting principles or practices
			Disclosure of financial reports
			Check scope or steps
			Others
	None	V	
Whether there is any disagreement with the issuer	Description		
Other disclosures (Article 10, paragraph 6, item 1 (4) to item 1 (7) should be disclosed)	Not applicable		

Date of Change	October 16, 2019		
Reason for replacement and description	For the internal operation and management requirements of the company, accountants Zhang Jinde and Huang Zhifu of Crown Union Accounting Firm replaced with Deloitte Union Accounting Firm accountants Liao Wanyi and Chen Zhaomei.		
State that the appointed person or accountant terminated or refused to accept	Party	Accountant	Appointer
	Situation		
	Voluntary termination of appointment		V
	No longer accept (continue) appointment		

Opinions and reasons for the inspection report other than unqualified opinions issued within the latest two years	Not applicable		
Whether there is any disagreement with the issuer	Yes		Accounting principles or practices
			Disclosure of financial reports
			Check scope or steps
			Others
	None	V	
Description			
Other disclosures (Article 10, paragraph 6, item 1 (4) to item 1 (7) should be disclosed)	Not applicable		

Date of change	December 25, 2019		
Date of change and description	For the internal operation and management requirements of the company, Deloitte Union Accounting Firm accountants Liao Wanyi and Chen Zhaomei accountants replaced with Zhang Jinde and Huang Zhifu of Crown Union Accounting Firm.		
State that the appointed person or accountant terminated or refused to accept	Party		Accountant
	Situation		Appointer
	Voluntary termination of appointment		V
	No longer accept (continue) appointment		
Opinions and reasons for the inspection report other than unqualified opinions issued within the latest two years	Not applicable		
Whether there is any disagreement with the issuer	Yes		Accounting principles or practices
			Disclosure of financial reports
			Check scope or steps
			Others
	None	V	
Description			

Other disclosures (Article 10, paragraph 6, item 1 (4) to item 1 (7) should be disclosed)	Not applicable
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## (II) Regarding the successor accountant

Firm name	Deloitte Union Accounting Firm
Accountant name	Accountants Liu Wanyi and Chen Zhaomei
Date of appointment	March 27 <sup>th</sup> 2019
Accounting treatment methods or accounting principles and the opinions on the possible issuance of financial reports consultation matters and results for specific transactions before appointment	No such situation
Written opinion of the successor accountant on the dissenting opinion of the former accountant	No such situation
Firm name	Crown Union Accounting Firm
Accountant name	Accountants Zhang Jinde and Huang Zhifu
Date of appointment	Oct. 16 <sup>th</sup> 2019
Accounting treatment methods or accounting principles and the opinions on the possible issuance of financial reports consultation matters and results for specific transactions before appointment	No such situation
Written opinion of the successor accountant on the dissenting opinion of the former accountant	No such situation

Accounting Firm	Deloitte Union Accounting Firm
Accountant's name	Accountant Liu Wanyi and Chen Zhaomei
Date of appointment	Dec. 25 <sup>th</sup> 2019
Accounting treatment methods or accounting principles and the opinions on the possible issuance of financial reports consultation matters and results for specific transactions before appointment	No such situation

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Written opinion of the successor accountant on the dissenting opinion of the former accountant	No such situation
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(III) The reply to the items in Item 1 and Item 2 of Article 10, Paragraph 6 of this Standard with the previous accountant's: No such situation.

VII. Disclosure of the Name and Position of the Person, and the Duration of Employment at the Accounting Firm or Its Affiliated Enterprise Where the Company's Chairman, President, or Any Managerial Officer in Charge of Finance or Accounting Matters Has in the Most Recent Year Held a Position at the Accounting Firm That Its Certifying Accountant Works for or at an Affiliated Enterprise of Such Accounting Firm.

VIII. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests by a Director, Supervisor, Managerial Officer or Shareholder with a Stake of More Than 10 Percent

(I) Shareholding changes of directors, supervisors, managers and major shareholders:

Unit : Share

Job Title Note(1)	Name	2020		The current year as of April 26	
		Number of equities held	Increase (decrease) number of pledged equities	Increase (decrease) number of equities held	Increase (decrease) number of pledged equities
Chairman of the Board	Jin Sheng Investment Co., Ltd	—	—	—	—
	Representative : Shu Yi-Cheun	—	—	—	—
Deputy Chairman	Tai Sheng Ocean Development Co., Ltd	—	—	—	—
	Representative : Lin Yueh-Tin	—	—	—	—
Director	Tai Sheng Ocean Development Co., Ltd	—	—	—	—
	Representative : Wu Mei-Hung(Note3)	—	—	5,000	—
	Representative : Yeh Wen-Lung (Note3)	—	—	—	—
Director	Morn Sun Feed Mill Corp.	(178,000)	—	—	—
	Representative: Huang Qiang	(459)	—	—	—
Director	Huaide Insurance Agent Company	965,000	—	264,000	—
	Representative : Hsu Wei-Ping	—	—	—	—
Director	Youwei Investment Co., Ltd.	—	—	—	—
	Representative: Lin Wen-peng	—	—	—	—
Independent Director	Chen Chong-Rui	—	—	—	—
Independent Director	Huang Shi-Hui	—	—	—	—

Job Title Note(1)	Name	2020		The current year as of April 26	
		Number of equities held	Increase (decrease) number of pledged equities	Increase (decrease) number of equities held	Increase (decrease) number of pledged equities
Independent Director	Lu Hsin-Hwa	—	—	—	—
General Manager	Shu, Yi-Cheun	—	—	—	—
Major Shareholder	Kuan Yiao-Lan	—	(1,000,000)	—	—

Note 1: Shareholders holding more than 10% of the company's total shares should be marked as major shareholders and listed separately.

Note 2: If the counterparty of the equity transfer or equity pledge is a related person, the following table should be filled out.

Note 3: Changes in the representative re-appointment of Taisheng Ocean Development Co., Ltd.:

- 2020.09.08 Wu Meihong resigned
- 2021.02.22 Ye Wenlong resigned
- 2021.02.22 re-appointed Wu Meihong

(II) Equity transfer information: The counterparty of the equity transfer is not a related party, so it is not applicable.

(III) Equity pledge information: The counterparty of the equity pledge is not a related party, so it is not applicable.

IX. Information on the Relationship between the Top Ten Shareholders If They Are to Each Other a Related Party as Defined in the Statement of Financial Accounting Standards No. 6, or the Spouse or a Relative within the Second Degree of Kinship

April 26, 2021

Name (Note1)	Shares held		Shares held by spouses and/or children of minor age		Shares held through nominees		The name or name and relationship of the top ten shareholders who have a relationship with each other or are a spouse, a second parent, etc. (Note 3)		Note
	Number of shares	Shareholding ration	Number of shares	Shareholding ration	Number of shares	Shareholding ration	Name	Relation	
Shin Tai Industry Co.,Ltd  Representative: Wu Xingcheng	21,650,939	9.90	—	—	—	—	Shin Fong Trading Co., Ltd	The same person as the chairman	—
	4,509,765	2.06	—	—	—	—	Anding Investment Co., Ltd.	The same person as the chairman	
							Anding Investment Co., Ltd.	The same person as the chairman	
							Wu Jinquan	Father and son as The company chairman	
Qunshengfa Company Ltd  Representative: Shu Yi-Cheun	21,450,000	9.81	—	—	—	—	Kuan Yiao-Lan	Mother and son as The company chairman	—
	1,559,865	0.71	11,071	0.01	—	—	Sheu Jong-Ming	Father and son as The company chairman	
Chen Shin Investment Company Ltd., Representative: Huang Yunhui	20,843,659	9.53	—	—	—	—	—	—	—
	332,113	0.15	10,793	—	—	—	—	—	
Anda Investment Company Ltd.,  Representative: Wu Xingcheng	20,734,194	9.48	—	—	—	—	Shin Tai Industry Co.,Ltd.	The same person as the chairman	—
	4,509,765	2.06	—	—	—	—	Shin Fong Trading Co., Ltd	The same person as the chairman	
							Anding Investment Co., Ltd.	The same person as the chairman	
							Wu Jinquan	The same person as the company chairman	
Kuan Yiao-Lan	17,103,887	7.82	9,305,103	4.25	—	—	Sheu Jong-Ming	Spouse	—
	—	—	—	—	—	—	Qunshengfa Company Ltd	Mother and son as The company chairman	
Shin Fong Trading Co., Ltd  Representative: Wu Xingcheng	16,833,867	7.70	—	—	—	—	Anding Investment Co., Ltd.	The same person as the chairman	—
	4,509,765	2.06	—	—	—	—	Shin Tai Industry Co.,Ltd	The same person as the chairman	
							Anda Investment Company Ltd.,	The same person as the chairman	

Name (Note1)	Shares held		Shares held by spouses and/or children of minor age		Shares held through nominees		The name or name and relationship of the top ten shareholders who have a relationship with each other or are a spouse, a second parent, etc. (Note 3)		Note
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relation	
							Wu Jin-quan	Father and son as The company chairman	
Sheu Jong-Ming	9,305,103	4.25	17,103,887	7.82	—	—	Kua Yiao-Lan	Spouse	—
							Qunshengfa Company Ltd	Father and son as The company chairman	
Wu Jin-quan	8,889,766	4.06	3,038,855	1.39	—	—	ShinN Tai Industry Co.,Ltd	Father and son as The company chairman	—
							Shin Fong Trading Co., Ltd	Father and son as The company chairman	
							Anding Investment Co., Ltd.	Father and son as The company chairman	
							Anda Investment Company Ltd.,	Father and son as The company chairman	
Anding Investment Co., Ltd.  Representative: Wu Xingcheng	6,906,962	3.16	—	—	—	—	Shin Tai Industry Co.,Ltd	The same person as the chairman	—
							Shin Fong Trading Co., tdd	The same person as the chairman	
	Anda Investment Company Ltd.,	The same person as the chairman							
	Wu Jin-quan	Father and son as The company chairman							
Hsu Wen-Tung	6,293,000	2.88	967,000	0.44	—	—	—	—	—

Note 1: All the top ten shareholders should be listed. If they are corporate shareholders, the names of the corporate shareholders and the names of the representatives should be listed separately.

Note 2: The calculation of the shareholding ratio refers to the calculation of the shareholding ratio in their own name, spouse, minor children, or in the name of others.

Note 3: The shareholders listed in the previous disclosure, including legal persons and natural persons, shall disclose their relationship in accordance with the issuer's financial report preparation standards.

X. Shares Held by the Company, Directors, Supervisors, Managers of the Company, and Businesses Controlled Directly or Indirectly by the Company of Same Reinvestment Business and Consolidated Calculation of Comprehensive Shareholding Ratio

Comprehensive shareholding ratio

April 26, 2021 Unit: share: %

Reinvestment business (Note)	The company's investment		Business investment directly or indirectly controlled by directors, supervisors and managers		Comprehensive investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Central Union Oil Corp.	20,000,000	33.33%	—	—	20,000,000	33.33%
Formosa Oil Processing (Panama) S.A.	—	100%	—	—	—	100%
Top Food Industry Corp.	51,963,117	63.16%	30,311,819	36.84%	82,274,936	100%
Jung Shiang International CO., LTD	5,000,000	100%	—	—	5,000,000	100%
FU YOU AN KANG CO., LTD..	2,590,800	51%	—	—	2,590,800	51%

Note: An investment made by the company using the equity method.

# Four. Fundraising

## I. Capital and Shares

### (I) Source of equity

1. The number of issued shares and their types in the most recent year and as of the publication date of the annual report:

Unit : Share ; Dollar

Year, Month	Issuance price	Authorized capital stock		Paid-up capital		Remark		
		Number of shares	Amount	Number of shares	Amount	Source of equity	Those who use property other than cash to offset the payment of shares	Others
1994.03	17	80,000,000	800,000,000	72,384,911	723,849,110	Capital increase of NTD120,000,000 Earnings transferred to capital increase of NTD 30,291,040	None	1993.11.30 (82) Taiwan Financial ID (1) No. 43074
1994.07	10	80,000,000	800,000,000	75,823,194	758,231,940	Earnings transferred to capital increase of NTD 34,832,830	None	1994.6.6 (83) Taiwan Finance Certificate (1) No. 26621
1995.08	17	150,000,000	1,500,000,000	98,605,514	986,055,140	Capital increase of NTD150,000,000 Earnings transferred to capital increase of NTD39,911,600 Capital reserve transferred to capital increase of NTD37,911,600	None	1995.5.25 (84) Taiwan Finance ID (1) No. 28388
1996.09	17	150,000,000	1,500,000,000	130,527,947	1,305,279,470	Cash capital increase of NTD 197,200,000 Earnings transferred to capital increase of NTD62,861,020 Capital reserve transferred to capital increase of NTD59,163,310	None	1996.5.25 (85) Taiwan Financial ID(1) No. 31071
1997.09	17	190,000,000	1,900,000,000	161,388,643	1,613,886,430	Capital increase of NTD174,000,000 in cash Earnings transferred to capital increase of NTD 69,342,980 Capital reserve transferred to capital increase of NTD65,263,980	None	1997.6.2 (86) Taiwan Finance ID (1) No. 40485
1998.08	10	190,000,000	1,900,000,000	178,031,847	1,780,318,470	Earnings transferred to capital increase of NTD85,737,720 Capital reserve transferred to capital increase of NTD80,694,320	None	1998.6.18(87) Taiwan Finance ID (1) No. 52602
1998.11	25	227,900,000	2,279,000,000	199,541,847	1,995,418,470	Cash capital increase of NTD215,100,000	None	1998.8.5(87) Taiwan Finance ID (1) No. 52601
2002.03	10	227,900,000	2,279,000,000	186,787,028	1,867,870,280	Merge with subsidiary Gaoming Investment Co., Ltd. to reduce capital by NTD127,548,190	None	2002.3.29 Taiwan ID(91)Taishentzu No. 100802
2004.01	10	227,900,000	2,279,000,000	177,210,028	1,772,100,280	The increase in 9,577,000 shares of treasury stocks revoked, amounting to NTD95,770,000	None	2004.1.19 Taiwan ID shentzu No. 0930102111
2004.08	10	227,900,000	2,279,000,000	162,700,028	1,627,000,280	The increase in 14,510,000 shares of treasury stocks revoked, amounting to NTD145,100,000	None	2004.8.5 Financial Supervisory Commission shentzu No. 0930136032

Year, Month	Issuance price	Authorized capital stock		Paid-up capital		Remark		
		Number of shares	Amount	Number of shares	Amount	Source of equity	Those who use property other than cash to offset the payment of shares	Others
2010.07	14.5	227,900,000	2,279,000,000	169,210,372	1,692,103,720	The first domestic guaranteed convertible corporate bond conversion of NTD65,103,000	None	2010.4.27 Taiwan ID Taishentzu No. 09900107191
2010.09	10	227,900,000	2,279,000,000	174,904,872	1,749,048,720	Earnings transferred to capital increase of NTD56,945,000	None	2010.8.2 Financial Supervisory Commission FaZi No. 0990040391
2011.09	10	227,900,000	2,279,000,000	181,901,067	1,819,010,670	Earnings transferred to capital increase of NTD69,961,000	None	2011.7.21 Financial Supervisory Commission FaZi No. 100033975
2012.05	13.1	227,900,000	2,279,000,000	181,908,700	1,819,087,000	The first domestic guaranteed convertible corporate bond conversion of 76,000	None	2012.5.10 Taiwan ID No. 10100100791
2012.09	10	227,900,000	2,279,000,000	187,365,732	1,873,657,320	Capital reserve transferred to capital increase of NTD54,570,000	None	2012.7.23 Financial Supervisory Commission FaZi No. 1010032775
2012.12	12.4	227,900,000	2,279,000,000	187,389,925	1,873,899,250	The first domestic guaranteed convertible corporate bond conversion of 241,000	None	2012.12.19 Taiwan ID No. 10100284151
2013.04	12.4	227,900,000	2,279,000,000	187,470,569	1,874,705,690	The first domestic guaranteed convertible corporate bond conversion of 806,000	None	2013.4.16 Taiwan ID No. 10200068701
2013.07	12.4	227,900,000	2,279,000,000	196,922,179	1,969,221,790	The first domestic guaranteed convertible corporate bond conversion of 94,516,100	None	2013.9.3 Taiwan ID No. 10200180631
2013.08	12.4	227,900,000	2,279,000,000	196,994,759	1,969,947,590	The first domestic guaranteed convertible corporate bond conversion of 725,800	None	2013.9.3 Taiwan ID No. 10200180631
2013.10	12	227,900,000	2,279,000,000	197,119,758	1,971,197,580	The first domestic guaranteed convertible corporate bond conversion of 1,249,990	None	2014.2.17 Taiwan ID No. 1030002780
2013.11	12	227,900,000	2,279,000,000	199,344,749	1,993,447,490	The first domestic guaranteed convertible corporate bond conversion of 22,249,910	None	2014.3.11 Taiwan ID No. 1030004401
2013.12	12	227,900,000	2,279,000,000	201,436,410	2,014,364,100	The first domestic guaranteed convertible corporate bond conversion of NTD20,916,610	None	2014.3.11 Taiwan ID No. 1030004401
2014.04	12	227,900,000	2,279,000,000	202,669,739	2,026,697,390	The first domestic guaranteed convertible corporate bond conversion of NTD12,333,290	None	2014.6.11 Taiwan ID No. 10300112441
2014.08	12	227,900,000	2,279,000,000	202,994,737	2,029,947,370	The first domestic guaranteed convertible corporate bond conversion of NTD3,249,980	None	2014.8.21 Taiwan ID No. 10300172581
2014.12	12	227,900,000	2,279,000,000	211,253,058	2,112,530,580	The first domestic guaranteed convertible corporate bond conversion of NTD82,583,210	None	2014.12.9 Taiwan ID No. 10300025696
2015.02	12	227,900,000	2,279,000,000	218,703,051	2,187,030,510	The first domestic guaranteed convertible corporate bond conversion of NTD74,499,930	None	2015.2.16 Taiwan ID No. 10400030181

Note 1: The data for the current year as of the publication date of the annual report should be filled in.  
 Note 2: The effective (approved) date and document number should be noted for the capital increase.  
 Note 3: Those who issue shares below the par value should be marked in a prominent way.  
 Note 4: If currency claims and technology are used to offset shares, it should be stated, and the type and amount of offset should be noted.  
 Note 5: Those belonging to private placements should be marked in a prominent way.

Unit : Share

Listed	Unlisted			Unissued shares	Total
	Issued shares				
	Listed	Unlisted	Total		
Registered ordinary shares	218,703,051	—	218,703,051	81,296,949	300,000,000

Note: Please note whether the stock is a listed or OTC company stock (if it is a restricted listing or OTC trader, a note should be added).

2. Information about the general declaration system: Not applicable.

## (II) Shareholder Structure

April 26, 2021

Shareholder structure Number	Government agency	Financial institution	Other legal persons	Personal	Foreign institutions and outsiders	Total
Number of people	—	1	52	20,625	43	20,721
Number of shares held	—	40,000	141,878,565	74,833,740	1,950,746	218,703,051
Shareholding ratio	—	0.02%	64.87%	34.22%	0.89%	100%

Note: Mainland Chinese investors' holding ratio: None.

Note: The companies and counter companies listed first (counter) should disclose the proportion of their Mainland Chinese investors' shares; Mainland Chinese investors' refer to people, legal persons, organizations, and other institutions in the mainland as stipulated in Article 3 of the Rules Governing Permits for People in Mainland China Investing in Taiwan or a company invested in a third region.

## (III) The situation of equity dispersion

## 1. Ordinary share NTD10 per share

April 26, 2021

Holding grade	Number of shareholders	Number of shares held	Shareholding ratio (%)
1 to 999	17,656	911,892	0.42
1,000 to 5,000	2,557	4,767,762	2.18
5,001 to 10,000	260	1,936,398	0.89
10,001 to 15,000	77	955,021	0.44
15,001 to 20,000	28	512,151	0.23
20,001 to 30,000	33	809,089	0.37
30,001 to 50,000	29	1,099,960	0.50
50,001 to 100,000	18	1,199,238	0.55
100,001 to 200,000	11	1,463,478	0.67
200,001 to 400,000	18	4,892,584	2.24
400,001 to 600,000	3	1,291,451	0.59
600,001 to 800,000	2	1,338,561	0.61
800,001 to 1,000,000	2	1,964,000	0.90
1,000,001 and above	27	195,561,466	89.41
Total	20,721	218,703,051	100.00

2. Special shares: The Company does not issue special shares.

## (IV) List of major shareholders (major shareholders holding more than 5% of the shares)

April 26, 2021

Major Shareholders' Name	Share	Number of shares held (shares)	Shareholding ratio (%)
Shin Tai Industry Co.,Ltd		21,650,939	9.90
Qunshengfa co., ltd.		21,450,000	9.81
Chengxin Investment Co., Ltd.		20,843,659	9.53
Anda Investment Co., Ltd.		20,734,194	9.48
Guan Yao-zhan		17,103,887	7.82
Shin Fong Trading Co., Ltd		16,833,867	7.70
Sheu Jong-Ming		9,305,103	4.25
Wu Jin-quan		8,889,766	4.06
Anding Investment Co., Ltd.		6,906,962	3.16
Hsu Wen-Tung		6,293,000	2.88

(V)The stock market price per share, net value, surplus, dividend and related information in the last two years

Unit : New Taiwan Dollars

Item		Year	2019	2020	The current year as of March 31, 2021 (Note 8)
Market price per share (Note1)	Highest		83.4	40.8	55
	Lowest		32.0	26.3	36.6
	Average		57.72	34.32	43.81
Net worth per share (Note2)	Before distribution		14.66	15.08	15.99
	After distribution		13.36	—	—
Earnings per share (Note3)	Weighted average number of shares (thousand shares)		218,703	218,703	218,703
	Earnings per share (Note 3)		1.55	1.72	0.91
Dividend per share	Cash dividend		1.3	1.4(note9)	—
	Bonus Shares	Retained Earnings	—	—	—
		Capital reserve allotment	—	—	—
	Accumulated unpaid dividends (Note 4)		—	—	—
Investment remuneration Analysis	P/E ratio (Note 5)		37.24	19.95	48.14
	P/L ratio (Note 6)		44.4	24.51	—
	Cash dividend yield (Note 7)		2.25%	4.08%	—

\*If surplus or capital reserve is used to increase capital, the information of the retrospectively adjusted market price and cash dividends should be disclosed according to the number of shares issue.

Note 1: List the highest and lowest market prices of common stocks in each year, and calculate the average market prices for each year based on the transaction value and volume of each year.

Note 2: Fill in the list based on: (1) the number of issued shares at the end of the year and (2) the resolution of the shareholders meeting in the following year.

Note 3: If retrospective adjustment is required due to circumstances such as gratuitous allotment, the earnings per share before and after adjustment shall be shown.

Note 4: If the equity securities issuance conditions stipulate that the dividends that have not been paid in the current year are accumulated to the year of surplus, the accumulated and unpaid dividends as of the current year shall be disclosed separately.

Note 5: P/E ratio = average closing price per share for the year/earnings per share.

Note 6: P/E ratio = average closing price per share for the year/cash dividend per share.

Note 7: Cash dividend yield = cash dividend per share/average closing price per share for the year.

Note 8: The net value per share and earnings per share should be filled in with the information verified (reviewed) by an accountant as of the date of publication of the annual report; the remaining fields should be filled in with the data of the current year ending on the date of publication of the annual report.

Note 9: The 2021 regular meeting of shareholders proposes to discuss a cash dividend of NTD 1.40.

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(VI) Explanation of the company's dividend policy, implementation status and expected major changes

1. The dividend policy stipulated in the company's articles of association

The company's dividend payment policy is based on the principle of maintaining the company's long-term financial structure and the growth and expansion of future operations. Stock dividends are distributed to retain the required funds. The rest can be distributed in the form of cash dividends, but cash dividends couldn't be less than 10% of the total dividend. If the cash dividend per share is less than NTD 0.1, no cash dividend will be distributed.

2. The proposed dividend distribution at the shareholders meeting:

The 2021 regular meeting of shareholders proposes to discuss a cash dividend of NTD 1.40.

(VII) The impact of the free allotment proposed at this meeting of shareholders on the Company's operating performance and earnings per share: Not applicable.

(VIII) Remuneration of employees, directors and supervisors

1. The amount or scope of remuneration for employees, directors and supervisors is stated in the articles of association

The company's current articles of association stipulate:

Article 31:

If the company makes a profit during the year (the so-called profit refers to the pre-tax benefit deducting the benefit before the distribution of employee compensation and directors' compensation), then 2% to 4% of the profit should be allocated for employee compensation and no more than 4% of the profit should be allocated- for directors' compensation. However, when the company still has accumulated losses (including adjustments to the amount of undistributed surplus), it shall reserve the compensation amount in advance.

The employee remuneration in the preceding paragraph can be paid in stocks or cash, and the recipients may include employees of affiliated companies who meet certain conditions. The remuneration of the directors mentioned in the preceding paragraph can only be paid in cash.

The first two items shall be implemented by the resolution of the board of directors and reported to the shareholders meeting.

2. If there is a discrepancy with the estimated number, there's an accounting treatment with estimated basis for the compensation of employees, directors and supervisors in the current period, calculation basis for the number of shares of employee compensation distributed by stocks, and actual distribution amount:

The estimated amount of remuneration payable to employees of the company for 2020 is NTD 9,191,070; the estimated amount of remuneration payable to directors is NTD 9,191,070. The preceding remuneration for employees and directors and supervisors is calculated based on the 2020 pre-tax benefits before deducting the distribution of employee remuneration and directors and supervisors' remuneration. If there is a change in the actual disbursement amount decided by the shareholders' meeting, it shall be handled according to the changes in accounting estimates and adjusted and recorded in the accounts during the year of the shareholders' meeting resolution. If the shareholders' meeting decides to use stocks to pay employee compensation, the number of shares is determined by dividing the amount distributed by the resolution by the fair value of the stock. The fair value of the stock is based on the closing price on the day before the resolution of the shareholders' meeting, taking into account the effect of ex-dividends as the basis for calculation.

3. Remuneration distribution approved by the board of directors:

- (1) Remuneration for employees and the amount of compensation for directors and supervisors distributed in cash or stocks.

Unit : New Taiwan Dollars

Item	Amount
Employee cash compensation	9,191,070
Employee stock compensation	None
Directors' remuneration	9,191,070

There is no difference between the remuneration approved by the board of directors and the estimated amount in the 2020 financial statements.

- (2) The amount of employee remuneration distributed by stocks and its proportion to the total amount of individual or individual financial report after-tax net profit and total employee remuneration for the current period: Not applicable.

4. The actual distribution of the remuneration of employees, directors and supervisors in the previous year, the number of differences between the remuneration of employees and directors, and the reasons and handling of the differences:

The company's cash remuneration for employees in 2019: NTD 8,165,339, and the remuneration of directors and supervisors: NTD 8,165,339. There is no difference between the actual distribution amount and the recognized amount.

- (IX) The situation of the company buying back the company's shares: None.

II. Information on the Company's Issuance of Corporate Bonds: None.

III. Information on the Company's Issuance of Preferred Shares: None.

IV. Information on the Company's Issuance of Global Depository Receipts: None.

V. Information on the Company's Issuance of Employee Share Subscription Warrants: None.

VI. Information on the Company's Issuance of New Restricted Employee Shares: None.

VII. Information on the Company's Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies : None

VIII. Implementation of the Company's Capital Allocation Plans. : None

# Five. Overview of Operations

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## I. Business content

### (I) Business scope

#### 1. Main business content

- (1) Production and sales of soybean powder, full-fat cooked soybean powder, soybean oil (salad oil), egg lecithin, palm oil, flour, bran, flour, wheat germ and other products.
- (2) Manufacture and sales of feed, barley flakes, corn shreds and its by-products, full-fat cooked soybean meal and its by-products.
- (3) Purchasing, transportation and sales of fats, feeds, barley flakes, corn flour, full-fat cooked soybean flour and their raw materials and by-products, as well as business on behalf of customers.
- (4) Import and sale of bulk grains such as corn, soybeans, wheat and barley.
- (5) General import and export trade business (except licensing business).
- (6) Acting as an agent for quotation, bidding and distribution business of relevant domestic and foreign manufacturers (except futures).

#### 2. Main business items and proportions

According to the 2020 sales volume, oil products accounted for 40.00%, feed, raw material products for 33.69%, and flour products for 26.31%.

#### 3. The company's main products

- (1) Food use: soybean oil, canola oil, sunflower oil, refined palm oil, flour, wheat germ and other products.
- (2) For feed use (feed for animals) corn, corn shreds, high-matured corn flour, soybean flour, high-protein shelled soybean flour, full-fat cooked soybean flour, wheat flour, bran, flour, barley flakes, barley bran and compound feeds, etc.

#### 4. New products that are planned to be developed

- (1) Strengthen the brand visibility of oil barrels and increase the market share of oil barrels.
- (2) Promote the spirit of the "FU YOU AN KANG" brand, develop safe and healthy meat and animal processing products, and manage the food distribution channel with innovative thinking.
- (3) Cater to the development of the breakfast market, and strengthen the development of special flours that meet safety and health, such as special flour for European-style bread, hamburger flour, chain breakfast buns, and toast flour.
- (4) Improve the characteristics of flour processing to enter the high-priced flour market. The high-gluten and patent flour under the royal delicacy brand has been developed to supply downstream processors and continue to promote it to establish brand image and product reputation.

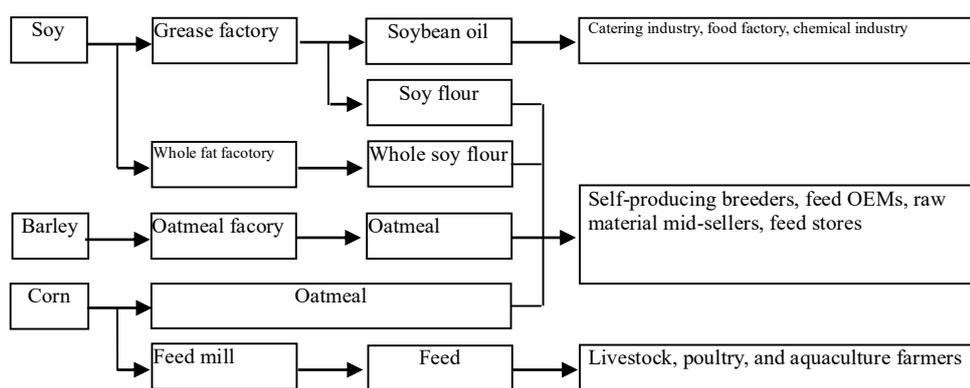
### (II) Industry overview

#### 1. Raw Materials Division

##### (1) Current status and development of the industry

- a. The international bulk grain market has experienced the impact of the African swine fever in animal husbandry and the global new coronavirus pandemic. The market volatility is very high, and the operational risk is relatively increased. The risk control of procurement and inventory has been severely tested, and is also the key factor affecting competitiveness and profitability.

- b. The domestic livestock breeding market tends to be saturated and balanced with production and sales. The business model of vertical industrial integration and strategic alliances is the trend of the feed industry.
- (2) The relevance of the industry's upstream, middle and downstream



The company imports bulk grain raw materials such as soybeans, barley, and corn from upstream grain suppliers, and processes them to manufacture soybean oil, soybean powder, full-fat soybean flour, and oatmeal. The soybean oil is supplied to downstream catering, food and chemical industries, and the rest of the products and raw materials are supplied to downstream feed and agricultural and livestock industries.

- (3) Various development trends and competitive situations of products
- a. The price of bulk grains rises and falls rapidly, and the operation risk is high. The company is very cautious in raw material procurement and inventory management.
- b. Food is the staff of life. The domestic food market has experienced the impact of the new crown pneumonia epidemic, and consumer demand has faded slightly. Raw material trading has maintained basic demand, and there are still profitable business opportunities. It is expected that after the epidemic eases, the food industry will recover and raw material sales should be available paving the way for a relatively stable business environment.

## 2. Grease Division

### (1) Current status and development of the industry

The world was affected by the new coronavirus at the beginning of 2020. Although economic activities and demand have fallen sharply, various countries have released various economic recovery policies, resulting in a sharp rise in international grain prices. Together with the global shortage of containers, shipping prices have risen simultaneously. In contrast to the domestic market, domestic demand is also affected by the new coronavirus, and consumption patterns have changed accordingly. As a result, industries need to respond quickly to international changes and government policies. Under the high uncertainty of international shipping, domestic inventory

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needs to be dispatched and adjusted at any time in response to changes in supply and demand.

(2) The influence of the industry on upper, middle, and lower economies

- a. Under the turmoil of the international economy and trade, the prices of grains vary greatly from country to country. During this period, they are more susceptible to price fluctuations due to changes in international information. Therefore, it is imperative to immediately grasp international information, grain prices in various countries, and supplier inventory positions, and more intensive contact with suppliers to communicate and maintain a good cooperative relationship.
- b. Affected by global trade and international dynamics, the industry and the association may need to reach a consensus with the government to formulate temporary decree or related laws, and cooperate with the government to set standards to jointly enhance the added value of the industry.
- c. Nowadays, governments pay more attention to food safety control, and consumers' demands are more diverse. Achieving government regulations and meeting customer requirements has become the primary goal for manufacturers.

(3) Various development trends and competitive situations of products

Food safety issues have attracted much attention, and government laws and regulations have become more stringent in terms of food regulations, including complicated inspections of imported raw materials and transparent product labeling. Consumer awareness is rising, and there is a greater need to grasp the best service quality and customer satisfaction, provide complete raw material source assurance, traceability management and quality specifications, and differentiate operations from small and medium-sized enterprises.

### 3. Feed Division

Agriculture is a part of the national economy. It plays the role of stabilizing food supply, maintaining the ecological environment, stabilizing the society, and regulating the employment of the rural population. It is also closely related to the lives of the people. The animal husbandry industry is an extremely important part of agricultural production. In recent years, due to the continuous impact of multiple factors such as the strengthening of environmental protection, the epidemic, and the increase of levy fees, small and medium-sized breeders have gradually withdrawn from the pig industry, and the overall industry has moved towards large scale breeding.

#### (1) Current status and development of the industry

According to the industry survey report carried out by the Council of Agriculture each year, the market size has not changed much and is in a stable state. The overall annual output is about 5 million tons. The output of the top ten manufacturers accounted for about 70% of the market size, indicating that the market is centralized. Market manufacturers mainly provide feed and technical services required by downstream customers for feeding.

#### (2) The relevance of the industry's upstream, middle and downstream customers

More than 90% of the raw materials are imported, and the main raw materials such as corn and soybeans are greatly affected by the international market. Raw materials account a major part of the total cost, and therefore it is very important to forecast and control the upstream raw material market.

The role that manufacturers play for downstream customers is not only to provide product providers, but also to provide technical service guidance, and even assist in the sales of their livestock products. Some manufacturers adopt downstream integration or cooperation methods, such as rented farming or contract cooperative breeding.

#### (3) Various development trends and competitive situations of products

Product homogeneity is high and is not easy to establish differentiation. Therefore the market is moving towards products that require health and safety, and the development of green and environmentally friendly products that take into account both cost and safety is a topic that cannot be ignored.

### 4. Flour business

Flour and bran are mainly sold in the domestic market, along with supplies of bread, noodles, pastries and other flour products to customers in Taiwan. Since the primary ingredient - wheat comes from the United States, Canada and Australia, the price of wheat is greatly affected by the weather production in various places. Last year's drought in the Black Sea, South America...and other droughts affected grain production. In addition, due to the epidemic, the demand for Huang Xiaoyu has increased, and the export tax imposed by Russia, has caused global wheat prices to rise.

Competition in the domestic flour industry is fierce. The company must rely on food safety to establish a sustainable business culture from the perspectives of raw material procurement, technology research and development, process optimization, and brand and company image.

#### (1) Current status and development of the industry

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- a. Flour is the raw material of people's food. Only in recent years, the dietary culture tends to be fast, convenient, nutritious, and delicious as the development trends point to growth of noodle products. According to statistics, the average domestic consumption of wheat per person per year has surpassed the traditional consumption of rice and has become the staple diet.
  - b. The consumption of flour products is diversified, and the requirements for flour tend to be special such as standard specifications, consistent process ability, stable quality... etc. These requirements must be met by importing high-quality wheat, having modern flour milling equipment, and a specialized R&D team. Therefore, less competitive flour mills have gradually withdrawn from the market.
- (2) The relevance of the industry on upper, middle and lower economies
- a. Domestic wheat mainly relies on imports especially of American wheat because of its quality specifications and stable supply and demand. At present, the same industry mainly purchases by co-shipment. As for Canadian and Australian wheat, they are also partly used in Chinese noodles due to their special varieties and flavors. These imports help achieve more diversified noodle products.
  - b. Flour has a wide range of uses. It is often used in Western-style bread and pastry, and Chinese pasta. The scale of processing varies significantly. There are family-type individual processing households and industrialized large-scale processing plants. Therefore, it needs to be packaged in bags or bulk through distribution and direct channels, to supply the needs of various regions, and to establish close cooperation and mutually beneficial relationships between upstream providers and downstream consumers.
- (3) Various development trends and competitive situations of products
- At present, U.S. wheat imports are still being jointly purchased by the food industry. When the cost and quality of raw materials are similar, the company's sales strategy adopts product differentiation and customization to avoid price competition. Therefore, it is necessary to listen to customer needs, provide the most suitable flour, and maintain the stability of the customer's processing process and the yield of the finished product. Considering the food safety issues in the past few years, it is imperative to conduct strict checks, such as the accurate dosage of additives, and regular detection of pesticide residues in wheat, detect aflatoxin and other toxins, etc. These checks help downstream processors and consumers be assured that the product is safe, and buy and use it with peace of mind.

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### (III) Overview of technology and R&D

1. Promote the export trade business of by-products from the processing and production of raw materials such as corn, soybeans, wheat and barley, expand sales areas, and adjust domestic supply and demand, stabilize the market, and increase profits.
2. Intended for the frying business channel, improve the current palm oil frying resistance.
3. The raw materials are simplistic, and plant-based oils and shelled whole-fat soybean meal are continuously used in the formula to reduce raw material variation, improve feed stability and animal growth performance; reduce the use of animal protein (fish meal and meat and bone meal) in feed formulations. Reduce Salmonella contamination and drug residues.
4. Establish the "Fuyou Ankang" brand, extend it from the raw material and feed industries to livestock food suppliers, and take "FuMao, sharing safety and health with you" as the brand purpose, and provide consumers with a source of food that is worthy of the public's confidence.
5. Research and develop the characteristics of wheat varieties of different origins and specifications, provide differentiated flours with characteristics, and supply the needs of downstream processors to enhance the competitiveness of products in the market.
6. Continuously improve the production process and strengthen inventory management to produce more stable quality flour to meet the needs of domestic and foreign flour processing industries, and to expand the scale of production and sales to increase operating profits.

### (IV) Long-term and short-term business development plan

#### 1. Short-term development:

- (1) Strengthen the promotion of existing product channels, develop new customers, increase sales volume and sales value, develop and promote new products, increase revenue, reduce sales and management expenses, reduce operating costs, and improve profitability.
- (2) In response to the use of multiple wheat varieties, the expanded wheat warehouse can independently store wheat from different sources, using different shipping schedules, and of different qualities. Proper wheat blending treatment can stabilize wheat processing and flour quality; the completed building used for baking purpose will be added for flour formula research, secondary processing trial production, new product development, display exchange... and other purposes.

#### 2. Long-term development:

- (1) Marketing strategy: to ensure stable quality of edible oil and increase customer recognition; produce high-quality feed; strive for the processing business; combine the two channels of feed and raw materials to operate the market, maintain the company's product production and sales balance, and create profits.  
Actively participate in food exhibitions and bakery exhibitions, and invite downstream manufacturers and school groups to visit factories and hold bakery product presentations to enhance the company's brand image.
- (2) Production policy: Strengthen production, marketing coordination and inventory management, and optimize production processes to improve quality. Especially with this

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year's drought, water supply is limited, and it is necessary to coordinate with the government's water supply time to schedule production, use off-peak preferential electricity prices for centralized production, and reduce the effective use of resources for lowering production cost. These measures pave the way for stable and excellent products.

- (3) Product planning: Develop diversified products with special specifications to improve quality and efficiency. The company's long term vision is to enhance the existing brands and various commercially available flour varieties, cooperate with new customers and new product development, provide diversified and complete flour varieties for downstream processing users, and provide the best service in terms of customer orientation.
- (4) Operation management: Relevant products are geared towards orderly management, strengthening operation planning, customer and credit management, reducing the risk of accounts receivable, and stabilizing operations.

## II. Analysis of the Market and the Production and Marketing Situation

(I) Market analysis: Analyze the sales area, market share, future supply and demand conditions and growth of the company's main products, competitive niche, favorable and unfavorable factors and countermeasures for development prospects.

### 1. Raw Materials Division

Most of the company's main raw materials (corn, soybeans, and wheat) are imported from the United States, South America and Australia, with stable quality and supply. Corn is the primary raw material of feed while soy is the raw material of food or oil processing industry. In addition, full-fat soybean meal is processed to produce by-product wheat bran and flour, which are used as feed materials.

#### A. Primary products and sales areas:

- a. Barley flakes (grains), barley flour, and barley bran: directly supplied to feed factories, and sold through various dealers (agents) across the province.
- b. Corn, full-fat soybean meal, bran and flour are sold in feed factories in the North, Central and South, in small and medium-sized feed processing plants, and farms with self-prepared feed. Soybean sales areas include the edible oil and fat processing industries in North, Central and South, and the supply of cooked feed material plants for processing cooked soybean meal.

#### B. Market share and future supply and demand status and growth of the market:

Oatmeal market share: Barley accounts for about 35%.

The scale is shrinking year by year, affecting the demand for oatmeal.

Raw material market share: full-fat soy flour accounts for about 10%, and bran for about 20%.

The market has been saturated, and is even facing a state of reduction in scale reduction.

#### C. Competitive niche:

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With the continuous renewal of equipment and the improvement of production technology, the highest quality, most diverse product, and flexible and efficient service have been recognized by the market.

D. Business objectives:

In 2021, it is expected to sell 15,935 metric tons of oatmeal, 480 metric tons of bran, 15,130 metric tons of compound feed products, 66,000 metric tons of corn, 12,000 metric tons of soybeans, 14,400 metric tons of full-fat soybean meal, 30,000 metric tons of soybean meal, and 68,570 metric tons of bran.

E. Advantages and disadvantages of development prospects:

a. Favorable factors:

The company's oatmeal, feed, and other businesses, as well as its investment in the flour business, helps it to quickly grasp market information and integrate with the experience and technology of each business system. This integration is beneficial to enhance product development capabilities.

Business products such as raw materials and by-products have a high degree of flexibility:

- (1) Corn and soybeans: According to the domestic supply and demand situation, the inventory position and the trading progress are adjusted in real time.
- (2) Full-fat soy flour: With various products for integrated marketing.
- (3) Bran and flour: There is a seasonal imbalance between supply and demand, and the supply and marketing schedule should be adjusted according to the current conditions.

b. Unfavorable factors:

The oatmeal product market is becoming saturated, and its business scale is not easy to expand.

The cost of importing raw materials fluctuates sharply, and the market demand is erratic and changeable. It is difficult to predict the situation of market supply and demand.

c. Countermeasures:

- (1) Based on diversified products, innovate the dealer (store head) business model to enhance the competitive advantage.
- (2) Grasp international and domestic "price" and "quantity" trends.
- (3) Give full attention to the flexibility of raw material scheduling and respond to the rapid changes in the market.
- (4) Enhance the by-product export trade business, adjust domestic supply and demand, stabilize the market, and increase profits.

2. Grease Division

A. Sales area of main products:

Looking for high-quality soybeans with high protein and oil content from abroad, the two main products of soybean meal and soybean oil are processed and produced. The soybean meal produced is used as feed material, and the soybean oil is used for edible oil. The main raw material of palm oil comes from Malaysia, and the supply is stable. The refined palm oil produced is used as raw material for food processing and chemical raw materials. The main raw materials of canola

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oil come from Canada and Australia and are used as raw materials for food processing.

B. Market share and future market supply and demand status and growth:

- a. Soybean meal: The sales area covers feed factories in the North, Central and South, with small and medium-sized feed processing plants, and farms and pastures with self-prepared feed.
- b. Soybean oil: In addition to the edible oil processing industry in the North, Central and Southern regions, the sales team is actively expanding the export channels of edible oil to other areas.
- c. Palm oil: The distribution area covers all parts of North, Central and South, and food processing plants.

C. Competitive niche:

- a. Soy flour: The demand for high-protein soy flour has increased, while it has decreased for ordinary soy flour. Full-fat soy flour has replaced part of ordinary soy flour. The overall demand has decreased. The price is affected by imported soy flour. It is now not easy to have prominent sales performance with Soy flour.
- b. Soybean oil/other oil products: Due to the rise of the concept of healthy diet of the Chinese people, the demand for edible oils and fats has decreased; oil products with health demands will replace some household oils. With the increase of the food group, the demand for business oil should increase.

D. Business goals:

In 2021, it is expected to sell 43,769 metric tons of soybean oil, 37,354 metric tons of palm oil, 111,461 metric tons of soybean meal, and 15,840 metric tons of soybeans.

E. Advantages and disadvantages of development prospects:

a. Favorable factors:

- (1) The company and its peers jointly invested in Zhonglian Oil Co., Ltd., which has achieved economic production scale, has advantages in storage and transportation in the port area, and has market competitiveness. The company offers a choice of ordinary soy flour, high-protein soy flour, and shelling Full-fat soy flour for customers to choose.
- (2) Build a new vegetable oil refinery, re-enter the oil market with brand-new equipment, brand-new brand and ample storage capacity. In addition to improving the quality of raw materials, these measures will further increase market share and product prices.

b. Unfavorable factors:

- (1) Abnormal weather, coupled with huge demand on the mainland, may cause large fluctuations in the price of raw materials, making costs difficult to control.
- (2) The complete opening of the livestock product market has caused a serious impact on the livestock industry and affected the demand for soybean meal. Especially, the demand for poultry feed market has shrunk.

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(3) Chinese people are paying more and more attention to the intake of healthy edible fats, part of which is replaced by other edible fats from the original soybean fat, or to reduce the intake of fats.

c. Countermeasures:

Strengthen soy procurement and inventory management, coordinate with domestic soy oil and powder supply and demand, make appropriate production and sales adjustments and respond to measures, and expand the export market, thereby increasing the processing volume, and strengthening the development of other products, and take advantage of the most effective product and channel combination .

3. Feed Division

A. Main product sales area:

a. Feed products are primarily poultry feed, supplemented by livestock feed. The sales range is from the South to Pingtung and from the North to Yilan. The poultry feed in the key sales area is mainly from Taoyuan to Chiayi, and eight counties and cities. Livestock feed is dominated by Chiayi, Yunlin and Nantou districts.

b. Market share: about 2.0%.

B. The future supply and demand situation and growth of the market:

After several years of continuous reduction in the number of feeders along with the withdrawal of some businesses, the number of livestock raised and market demand has generally maintained a balance. It is expected that a good environment will be maintained, which is conducive to the operation of feed businesses.

C. Competitive niche:

The company's feed factories, oatmeal factories, and oil factories can supply fresh and reliable raw materials to the feed factories. Moreover, the company's advantageous geographical location, convenient transportation and maneuverability are all conducive to business development.

D. Business objectives:

In 2021, it is estimated that the sales volume of feed is 93,586 metric tons and livestock products are 1,800 metric tons.

E. Advantages and disadvantages of development prospects:

a. Favorable factors

The boom is gradually warming up, and consumer demand is picking up. Relative to the meat, animal husbandry and feed industries, it should be possible to gradually restore a healthy business environment.

b. Unfavorable factors

(1) The raw materials are mainly imported. Due to the changes in the international market, the price of raw materials fluctuates sharply. The price of feed must appropriately reflect the cost, which has an impact on profits.

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(2) The liberalization of meat imports has impacted the supply and demand mechanism of the domestic animal husbandry industry, affected farmers' willingness to feed, and reduced the scale of the feed industry.

c. Countermeasures:

(1) Use the company's advantages in providing high-quality feed ingredients (oatmeal factories, oil factories) to develop high-value products.

(2) Choose good downstream customers and combine marketing with high-quality livestock and processed products to create a valuable brand.

4. Flour business

A. Primary products and sales areas:

a. Flour: Directly supplied to food processing plants, and sold through various dealers (agents) across the province.

b. Market share: Continue to promote the market to increase market share.

B. Future supply and demand status and growth of the market:

With oversupply in the domestic market, the peers often cut prices to compete for market redistribution. In particular, the cost of wheat raw materials has risen this year. The peers need to reflect costs appropriately to maintain normal business operations.

C. Competitive niche:

With a superior geographical location, high-efficiency and novel milling equipment can provide high-quality products.

D. Business objectives:

In fiscal 2021, it is expected to sell 184,800 metric tons of flour for various purposes and 61,456 metric tons of by-products (bran and flour).

E. Advantages and disadvantages of development prospects:

a. Favorable factors:

With an excellent team, the company continues to develop and improve the manufacturing process, and provides diversified, customized, excellent and stable products to downstream processing industries through dense sales channels.

b. Unfavorable factors

The flour market is saturated with overcapacity. As the global climate is abnormal, the supply and demand of some high-quality wheat is out of balance, and prices are rising. To mitigate this issue, the cost needs to be appropriately reflected in a timely manner, as otherwise the company will fall into operating difficulties.

c. Countermeasures

(1) Make good use of the advantageous geographical location of Taichung Port, actively develop the export business of flour and by-products, and expand the basis of the sales market.

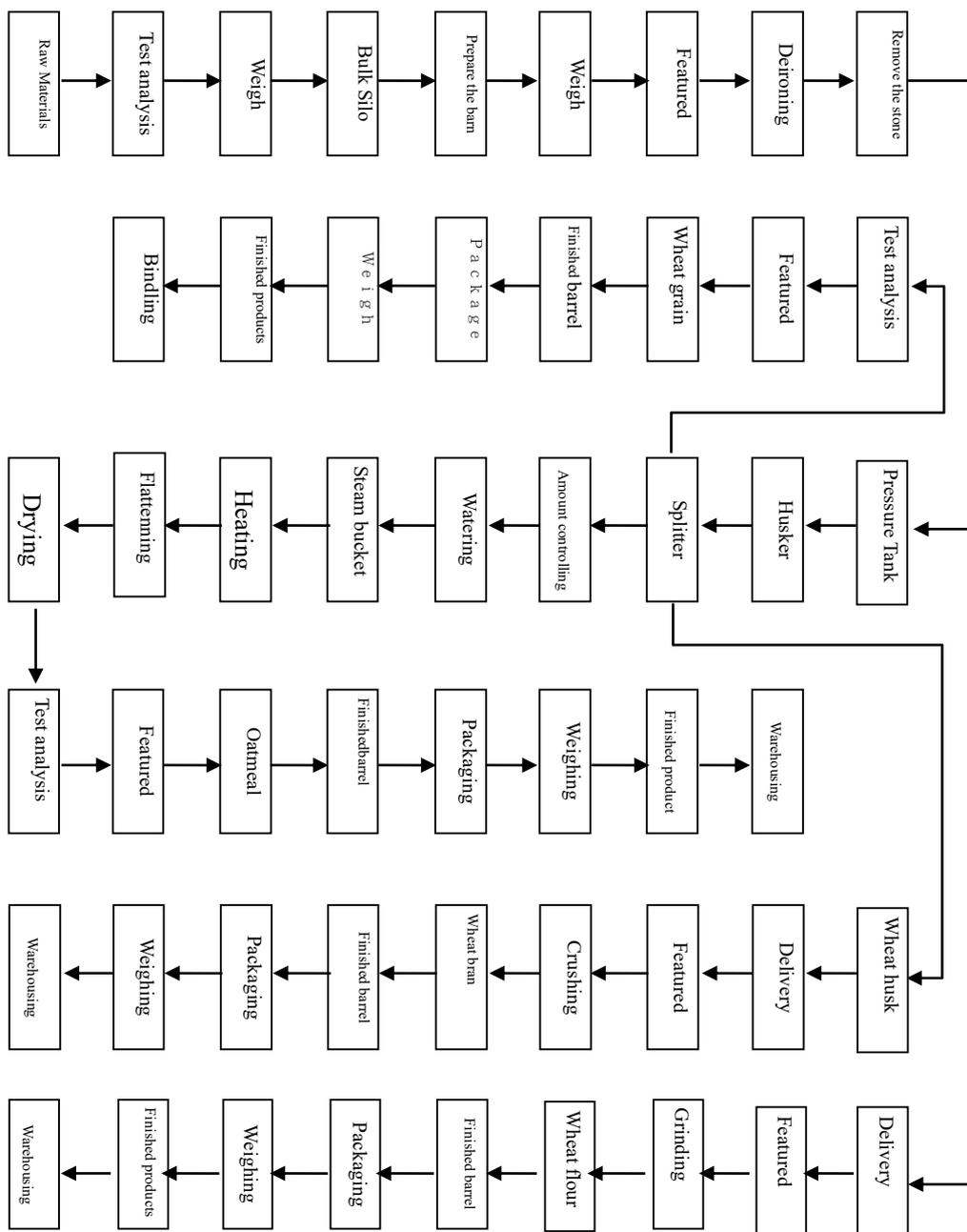
(2) Procure high-quality wheat varieties from various regions, and research and develop flour products with unique characteristics, to differentiate the market, increase profitability and enhance market competitiveness.

- (3) Adopt a diversified flour blending model to develop value-added customer-specific flours, while continuing to improve the production process, maintain the stability of flour quality processing, and ensure long-term transaction purchases for customers to obtain profits.
- (4) With rising ocean freight and futures, the cost of imported wheat raw materials continues to rise. Only with a timely and appropriate response to the cost, can the company's normal operations be maintained.

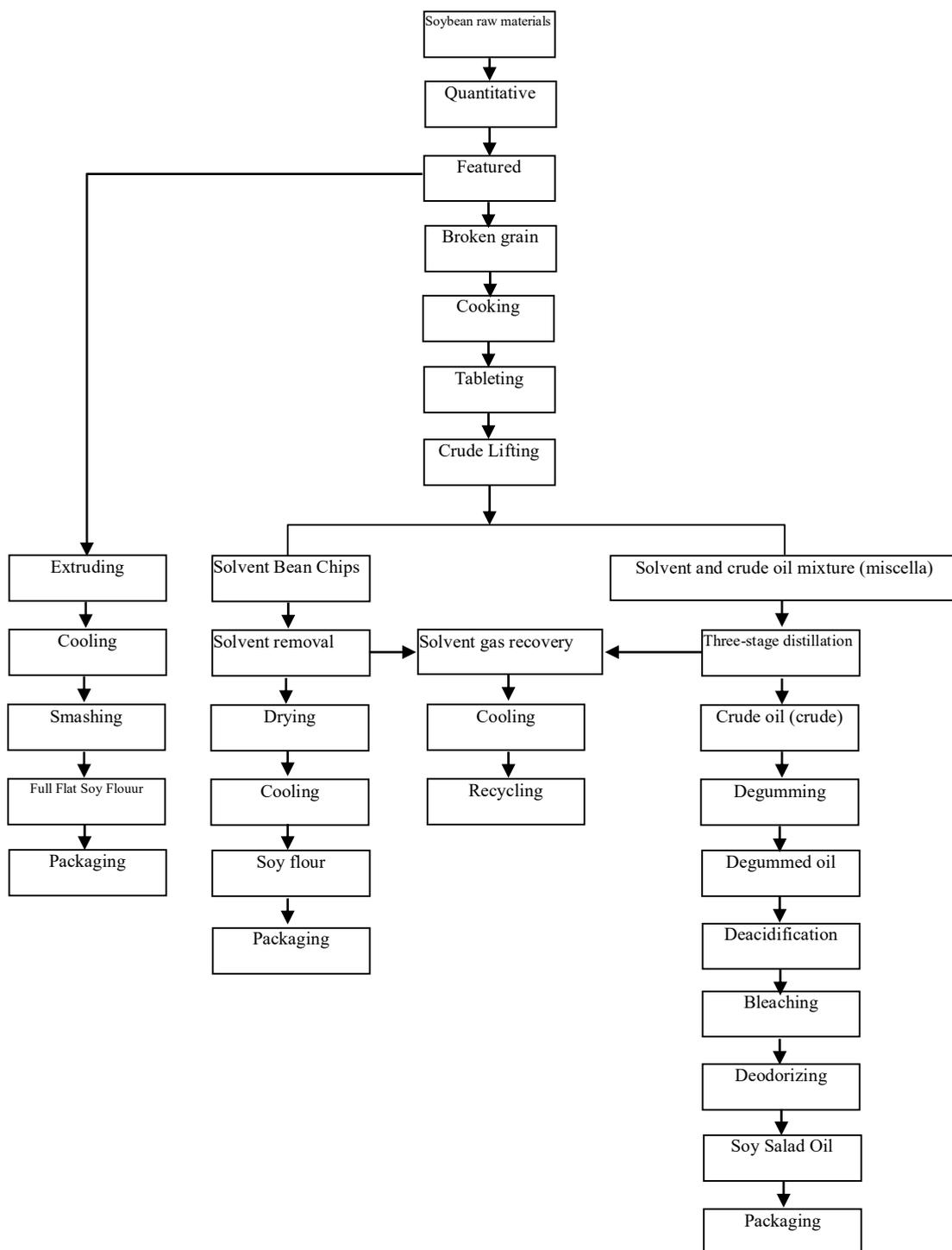
(II) Important use and production process of main products

1. Important use of the product: Please refer to the business content.

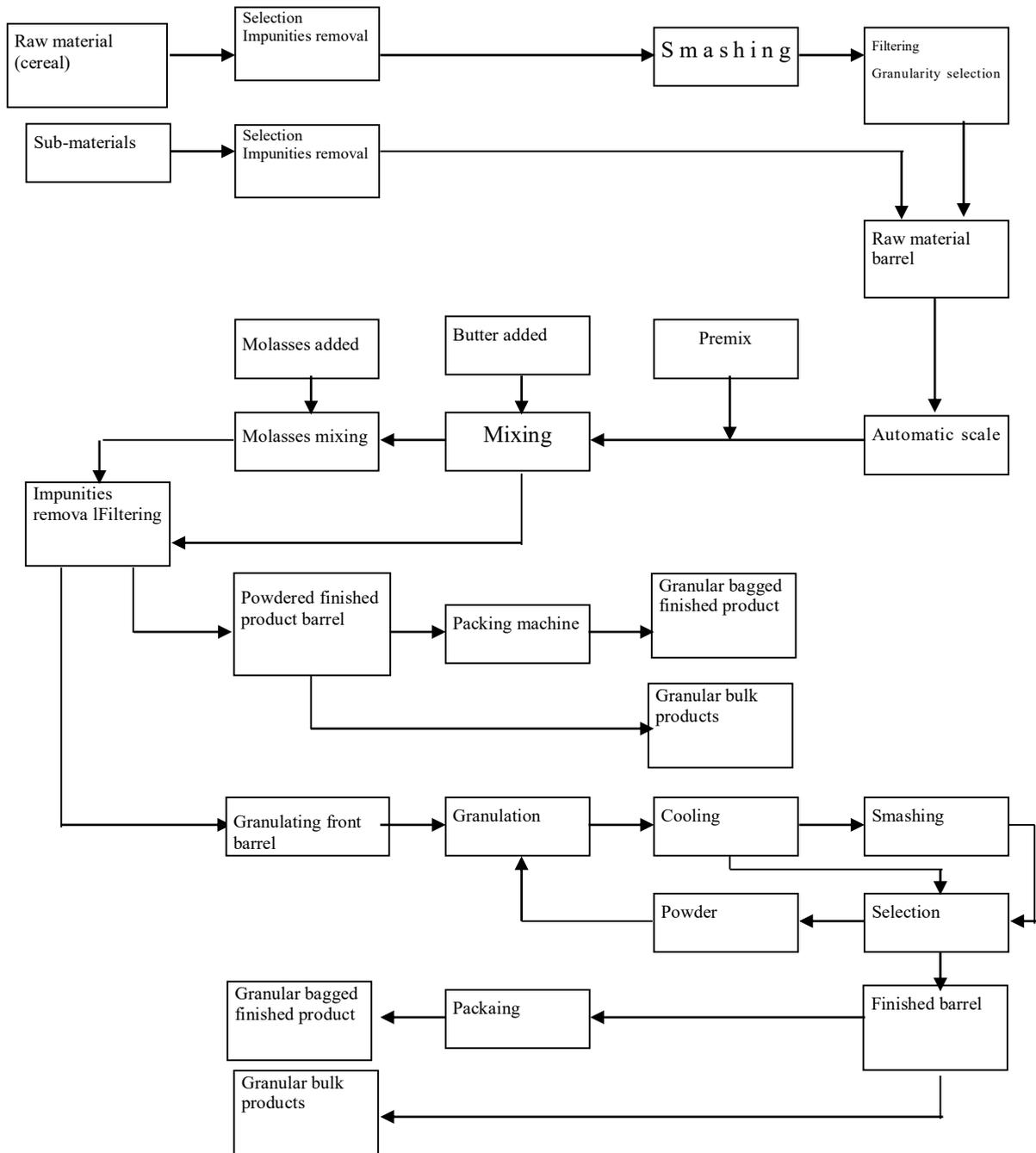
(1) Flow chart of oatmeal manufacturing:



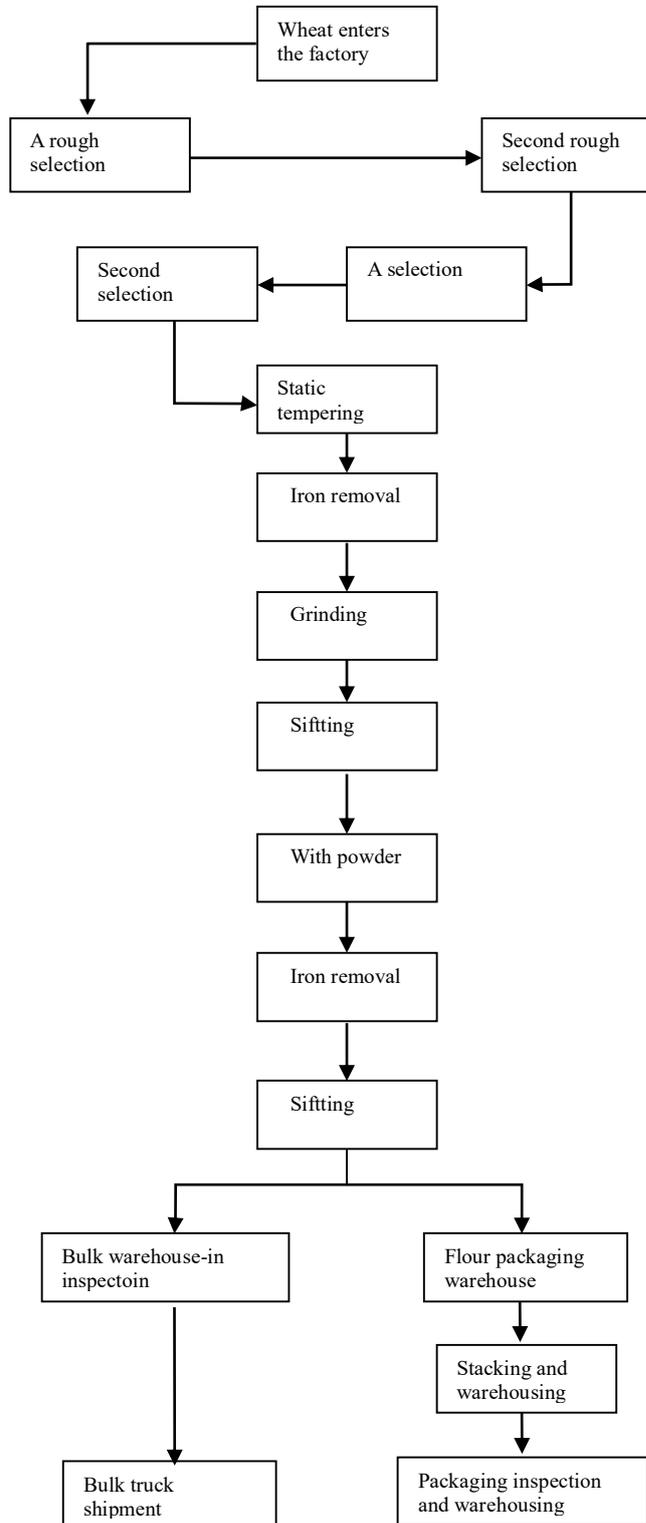
(2) Grease manufacturing flow chart:



(3) Flow chart of compound feed manufacturing in feed mill:



(4) Flour manufacturing flow chart:



(III) Supply status of main raw materials

1. Soybeans: Soybeans are imported in containers from the United States and South America using cargo vessels.
2. Corn: Imported in containers for feed industry factories, mainly from the United States, and partly from South America.
3. Barley: Imported from member factories of the Barley Association, mainly from Australia, the United States and Canada.
4. Palm oil: Imported from Malaysian domestic manufacturers.
5. Canola oil: Imported from domestic manufacturers in Canada and Australia.
6. Wheat: Imported in association with peers to purchase American wheat, or directly import containerized wheat from Australia and Canada.

(IV) List of major purchase and sales customers in the last two years (accounting for more than 10%)

1. Purchase part:

Unit : New Taiwan Dollars'000

Item	2019				2020				The first quarter of 2021 (Note 2)			
	Name	Amount	Accounted for the net purchase amount of the whole year ratio [ % ]	Item	Name	Amount	Accounted for the net purchase amount of the whole year ratio [ % ]	Name	Amount	Amount	Accounted for the net purchase amount of the whole year ratio [ % ]	Item
1	Mitsui & Co.,Ltd.,	1,522,539	17.83	Non-related person	Mitsui & Co.,Ltd	887,748	10.87	Non-related person	An Sheng Trading Co.	339,762	14.67	Non-related person
2		-	-			-	-		Quan He Trading Co.	264,854	11.44	Non-related person
	Others	7,018,406	82.17	-	Others	7,280,639	89.13	-	Others	1,711,109	73.89	-
	Purchase Net	8,540,945	100	-	Purchase Net	8,168,387	100	-	Purchase Net	2,315,725	100	-

Note 1: Lists the names of suppliers with more than 10% of the total purchases in the most recent two years and their purchase amounts and proportions. However, the name of the supplier or the transaction partner cannot be disclosed because of the contractual agreement, since the transaction object is an individual and non-related person.

Note 2: As of the date of publication of the annual report, companies that are listed or whose stocks have been traded in the business premises of a securities firm have the latest financial information that has been verified by an accountant or reviewed, and they should be disclosed.

2. Sales part:

Unit: New Taiwan Dollars '000

Item	2019				2020				The first quarter of 2021 (Note 2)			
	Name	Amount	Accounted for the net amount of the whole year ratio [ % ]	Item	Name	Amount	Accounted for the net purchase amount of the whole year ratio [ % ]	Item	Name	Amount	Accounted for the net purchase amount of the whole year ratio [ % ]	Item
1	Central Union Oil	1,582,715	14.87	Affiliate enterprise	Central Union Oil	1,503,581	14.72	Affiliate enterprise	Central Union Oil	637,476	20.59	Affiliate enterprise
	Others	9,063,791	85.13	-	Others	8,709,912	85.28	-	Others	2,458,064	79.41	-
	Net sales	10,646,506	100	- Net sales	Net sales	10,213,493	100	-	Net sales	3,095,540	100	-

Note 1: Lists the names of suppliers with more than 10% of the total sales in the last two years and their purchase amounts and proportion.

Note 2: Reviewed by an accountant.

3. Reasons for changes in purchases: Consider the supply and demand of the raw material market and price changes, and make appropriate purchase adjustments after measuring the company's demand.

Reasons for sales increase or decrease: Primarily affected by market price fluctuations and other factors.

(V) Production value in the last two years

Unit : Metric tons ; New Taiwan Dollar '000

Year Production Measure	2019			2020		
	Production capacity	Yield	Output value	Production Capacity	Yield	Output value
Dept. Greasede department	324,000	228,296	3,319,714	324,000	216,902	3,203,266
Feed department	198,000	127,880	2,134,619	198,000	125,996	1,444,467
Flour department	240,000	236,552	2,507,607	240,000	245,602	2,591,755
Other department	746	691	26,483	749	689	28,872
Total	762,746	593,419	7,988,423	762,749	589,189	7,268,360

Note: The processing volume of soybeans is included in the production capacity and output of the oil department commissioned by Central Union Oil Corp. for processing.

## (VI) Sales volume value in the last two years

Unit : Mt ; New Taiwan Dollar'000

Sales Measure Department	2019				2020			
	Domestic sales value		Foreign sales value		Domestic sales value		Foreign sales value	
	Sales volume	Sales value	Sales volume	Sales value	Sales volume	Sales value	Sales volume	Sales value
Grease department	235,941	3,960,812	3,381	71,340	222,432	3,979,635	3,967	105,410
Feed department	303,390	3,632,882	27,215	165,869	299,454	3,001,911	48,221	273,514
Flour department	186,542	2,474,692	17,468	192,114	191,482	2,551,430	13,118	135,723
Other department	2,491	148,797	—	—	2,677	165,870	—	—
Total	728,364	10,217,183	48,064	429,323	716,045	9,698,846	65,306	514,647

## III. Information of employees in the most recent two years

May 20, 2021

Year		2019	2020	The current year as of May 20, 2021
Consolidated number of employees	Manager	190	189	189
	Technical staff	115	116	116
	Homework (server) worker	98	95	97
	Total	403	400	402
Average age		45.77	46.16	46.40
Average years of service		9.30	9.48	9.66
Educational qualification distribution ratio (%)	PhD	1.00	1.00	1.00
	Master's degree	11.66	11.50	11.44
	Junior college	50.87	51.75	51.00
	High school	25.06	26.25	26.12
	Below high school	11.41	9.50	10.44

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## IV. Disbursements for Environmental Protection

State the total amount of losses (including compensation) and sanctions suffered due to environmental pollution in the most recent year and the date of publication of the annual report, and an explanation of future countermeasures (including improvement measures) and possible expenditures (including possible losses and the estimated amount of compensation if no countermeasures are taken. And the estimated amount of compensation, if it cannot be reasonably estimated, the fact that it cannot be reasonably estimated should be stated):

(I) Losses due to environmental pollution:

None

(II) Future countermeasures and possible expenditures:

The company assigns dedicated personnel to control the discharge of air, waste water, and waste. In addition, personnel are scheduled to make regular inspections on daily basis to ensure that there is no risk of environmental pollution.

## V. Working Environment and Personnel Safety Measures

(I) Specific measures for safety and health management:

1. Formulate safety and health creeds and policies

To provide a healthy and worry-free working environment for all colleagues, the company has specially formulated the "Health and Sustainability-Creating the Future" program as the company's safety and health policy and the people-oriented business management philosophy.

2. External audit of risk factors

The company commissioned a safety and health consulting company to audit the hazard factors in the factory every six months. From various external audit perspectives, the audit checks out the hazard factors that employees are accustomed to ignore, and therefore reduces the risk of hazard factors. In addition, work safety education training and promotion are held every quarter to ensure that both new and old employees are familiar with work safety knowledge.

3. Safety inspection for habit development

The Occupational Safety and Health Committee announces the safety inspection and audit items, such as leaving the stacker to remove the key, and forbidding people to violate the regulations. Through the development of good habits of personnel, the hazard factors caused by human factors are reduced.

4. Working environment measurement

Every six months, a qualified work environment measurement agency is appointed to conduct carbon dioxide, dust, organic solvent, noise, and comprehensive temperature and thermal index measurements, and improve and correct the results to protect the health of personnel.

5. Health care and management

The company conducts health checks on employees once a year. The security department selects employees with higher risk of cerebro-cardiovascular diseases in accordance with

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the mental effort rating scale of the "Abnormal Workload Promotes Disease Prevention Plan" and provides information to the department head. The company pays due diligence to the employees' overtime hours and personal health status.

(II) Implement operational safety control:

1. For non-recurring engineering operations such as confined space operations and elevated operations, the Labor Inspectorate receives a report in accordance with the law, and designates a qualified operation supervisor, to supervise these operations, and ensure their safety.
2. For regular operations, such as specific chemical substance operations, dust operations, and boiler operations, designate qualified operations supervisors to conduct regular operations inspections.
3. All hazardous machinery and equipment are subject to regular inspections in accordance with the law, and operators have obtained qualification certificates and regular on-the-job training.
4. Regarding the management of contractors, contractors who fail to comply with the company's regulations shall be notified of violations.
5. To ensure safe driving behavior of the employees and contractors in the factory, ensure parking in accordance with regulations, and to avoid incidents such as vehicle collisions, the company publicly announces the names of those who violate driving and parking regulations. Repeat offenders will be prohibited from entering the factory.

## VI. Labor Relations

(I) List the company's various employee welfare measures, further education, training, and retirement systems and their implementation, as well as the agreements between labor and management and various employee rights protection measures:

Employees are the most important asset in an enterprise. Business owners have the responsibility of protecting and caring for labor and training, providing a safe, comfortable and hygienic working environment, and creating a more harmonious labor-management relationship.

1. Employee welfare measures:

The company has sound personnel management, implements a two-day week off, has established promotion and assessment systems, provides employee retirement and compensation methods, has enhanced benefits such as sales staff group insurance, has model employee selection, provides employee wedding and funeral celebration subsidies, and conducts employee education and training.

The company has set up an employee welfare committee to handle employee welfare matters, such as employee and child education grants, birthday gifts, annual gifts (gifts), travel subsidies, etc.

To safeguard the rights and interests of employees, the company follows human management, provides necessary assistance to all employees, provides a fair and

reasonable working environment, and formulates annual training plans to train employees' professional skills and help employees grow. The company complies with the relevant provisions of the Gender Work Equality Act, amends management rules as needed, implements the "Provisions on Complaints and Disciplinary Measures for Prevention of Sexual Harassment in the Workplace", and clearly stipulates "Work Rules" to protect employees. The management will also improve the infrastructure facilities according to the needs of employees, such as setting up nursing rooms to provide female employees with breastfeeding needs. Regarding the prevention of illegal infringements in the workplace, the company has established a "channel for complaints about illegal infringements in the workplace" and conducts education and training for new employees when they report incidents; in addition, occupational safety consultants and department heads and employees are arranged to conduct illegal infringements prevention exercises every six months. With consultation, the company prevents the occurrence of workplace bullying and establishes a friendly working environment.

2. Staff further education and training:

(1) The company plans related training courses based on the functions of employees in various departments to enhance their professional capabilities and overall quality.

Item	Number of shifts	Total attendance	Total hours	Total cost (dollar)
Professional function training	52	70	473	200,020
Professional license training	23	133	1,062	182,050
Total	75	203	1,535	382,070

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### 3. Employee retirement system

- (1) An employee who meets one of the following situations may request retirement.
  1. Those who have served the company for more than 25 years.
  2. Those who have served the company for more than 15 years and who have reached the age of 55.
  3. Those who have served the company for more than ten years and who have reached the age of 60.
- (2) Employees who have one of the following circumstances may be forced to retire.
  1. Those who are 65 years of age or older.
  2. Those with loss of mind or physical disability and are incapable of being a qualified worker.
- (3) Employees of the company who took up the job before 2005.7.1 can choose to continue to apply the Labor Standards Law's pension provisions (old system) or choose to apply the labor pension regulations (new system); all those who are employed after 2005.7.1 come under the provisions of the Labor Pension Ordinance (new system).

For employees who choose to continue to remain under the retirement pension provisions of the Labor Standards Law (old system), the company regularly allocates labor retirement provisions at a rate of 8.5% of the total salary of employees in accordance with the provisions of the labor retirement reserve allocation and management methods and other relevant laws and regulations. The company deposits this amount into a special account designated by the Bank of Taiwan.

For employees who chose the new system and are subject to the provisions of the Labor Pension Regulations, the company pays retirement pensions on a monthly basis according to the employee's salary grade. The withholding rate should not be less than 6%, and the amount will be deposited in the individual labor pension accounts established by the Bureau.

- (4) The standard of pension for old employees:
  1. Employees of the old system are given two bases of pension for every full year of their working experience. For the part over fifteen years, a base will be given for every full year, and the maximum total will be limited to forty-five bases. Experience less than half a year will be counted as half a year, and those who have completed half a year will be counted as one year.
  2. For compulsory retirement employees, if their loss of mind or physical disability is caused by the performance of their duties, their retirement pension shall be increased to 20% in accordance with the provisions of the preceding paragraph.
  3. The standard pension base is the "average salary for one month at the time of approved retirement". That is, the average salary is the total salary earned in the 6 months before the date of retirement divided by the total days in the period.
- (5) The standard of pension for new employees:

1. The pension contributions of new employees are handled in accordance with the "Labor Pension Regulations". When an employee reaches 60 years old, he can apply for pension from the Labor Insurance Bureau.
2. For new employees who have worked before the applicable labor pension regulations (the old system is reserved), when they meet the retirement conditions of this method, their old system retention years can be calculated in accordance with the provisions of the preceding article.

(II) List the losses suffered due to labor disputes in the most recent year and the date of publication of the annual report, and disclose the estimated amount and corresponding measures that may occur at present and in the future. If it cannot be reasonably estimated, it shall be stated of the fact that it cannot be reasonably estimated:

The company's labor-management relationship is harmonious. As of the latest year and the date of publication of the annual report, there has been no loss due to labor disputes.

## VII. Important Contracts

Contract nature	Company name	Parties	Date of contract	Main content	Restrictions
Long term loan	FOPCO	E.SUN COMMERCIAL BANK, LTD	2019.1~2024.2	Credit contract	Mobilize the loan for the first time within 3 months from the signing date
Mid-term loan	FOPCO	Chang Hwa Commercial Bank, Ltd.	2018.6~2022.3	Credit contract	None
Mid-term loan	FOPCO	Panhsin Bank	2018.8~2021.6	Credit contract	Mobilize the loan for the first time within 3 months from the signing date
Mid-term loan	FOPCO	The Shanghai Commercial & Savings Bank	2019.3~2022.3	Credit contract	Mobilize the loan for the first time within 2 months from the signing date
Land lease	FOPCO	Port of Taichung, Taiwan International Ports Corporation, Ltd	2017.11~2037.10	Lease on land in port industrial development zone	None
Engineering contract	FOPCO	TUNG KAI TECHNOLOGY ENGINEERING CO., LTD.	Contract signed in 2019 and 560 calendar days completed from the delivery of the construction license	District Factory Building Project and Water, Electricity, Fire Fighting and Air Conditioning Project with Taichung Port	None

Contract nature	Company name	Parties	Date of contract	Main content	Restrictions
Engineering contract	FOPCO	CTCI MACHINERY CORPORATION	Note1	Taichung Harbor Oil Refinery Plant EPC Work	None
Mid-term loan	TOP FOOD INDUSTRY CORPORATION	Yuanta Commercial Bank Co., Ltd.	2020.12~2022.12	Credit contract	Mobilize the loan for the first time within 3 months from the signing date
Land lease	TOP FOOD INDUSTRY CORPORATION	Port of Taichung, Taiwan International Ports Corporation, Ltd	2004.12~2054.11	Lease on land for food processing specialized zone	None

Note 1: Contract signed in 2019: The EPC project of the new factory building in Taichung Port Area will be completed within 550 days from the day after the contract is signed. The new turnkey project of Taichung Port No. 4 will be completed within 360 days from the day after the geological drilling report is received.

## Six. Overview of Financial

### I. Condensed Balance Sheets and Statements of Comprehensive Income for the Past 5 Fiscal Years with the Name of the Certified Public Accountant and the Auditor's Opinion

(I) Concise consolidated balance sheet-International Financial Reporting Standards

Unit: New Taiwan Dollars '000

Item	Year	2016	2017	2018	2019	2020	Current year as of March 31, 2021 Financial information (Note 1)
Non-current assets		4,072,762	4,453,395	4,023,529	4,542,984	4,158,219	4,097,232
Property, plant and equipment		2,157,416	2,093,740	2,069,131	2,677,568	3,019,144	3,076,305
Intangible assets		—	—	—	—	—	—
Other assets		430,436	469,885	333,461	520,465	516,031	531,308
Total assets		6,660,614	7,017,020	6,426,121	7,741,017	7,693,394	7,704,845
Current liability	Prior distribution	1,848,501	2,433,654	1,787,578	2,522,456	2,887,157	2,612,308
	Posterior distribution	2,121,880	2,707,033	2,039,087	2,806,770	—	—
Non-current liabilities		1,134,402	945,808	1,037,258	1,570,132	1,073,096	1,150,827
Total liability	Prior distribution	2,982,903	3,379,462	2,824,836	4,092,588	3,960,253	3,763,135
	Posterior distribution	3,256,282	3,652,841	3,076,345	4,376,902	—	—
Equity attributable to owners of parent		3,236,614	3,195,984	3,168,260	3,206,985	3,297,723	3,496,155
Capital stock		2,187,030	2,187,030	2,187,030	2,187,030	2,187,030	2,187,030
Capital reserves		121,015	121,015	121,015	121,015	121,015	121,015
Retained earnings	Prior distribution	970,263	944,312	927,781	994,144	1,088,113	1,288,041
	Posterior distribution	589,989	696,884	670,933	709,830	—	—
Other equities		(41,694)	(56,373)	(67,566)	(95,204)	(98,435)	(99,931)
Treasury shares		—	—	—	—	—	—
Non-controlling interest		441,097	441,574	433,025	441,444	435,418	445,555
Total equity	Prior distribution	3,677,711	3,637,558	3,601,285	3,648,429	3,733,141	3,941,710
	Posterior distribution	3,404,322	3,364,179	3,349,776	3,364,115	—	—

Note 1: Financial information reviewed by accountants in accordance with International Financial Reporting Standards.

(II) Concise consolidated comprehensive income statement-International Financial Reporting Standards

Unit: New Taiwan Dollars '000

Item \ Year	2016	2017	2018	2019	2020	Current year as of March 31, 2021 Financial information (Note 1)
Operating revenues	10,919,454	10,757,313	11,243,509	10,646,506	10,213,493	3,095,540
Trading profit	1,184,874	1,036,087	909,654	1,049,941	1,112,449	388,845
Operating income (loss)	610,312	469,029	341,768	445,828	508,157	227,383
Non-operating income and expenses	12,679	(50,465)	37,489	47,347	55,015	30,867
Net income before tax	622,991	418,564	379,257	493,175	563,172	258,250
Continuing operations profit of the period	486,777	320,546	300,502	395,480	417,787	210,065
Discontinuing operations loss	-	-	-	-	-	-
Profit of the period	486,777	320,546	300,502	395,480	417,787	210,065
Total other comprehensive income, net of tax	(67,506)	(14,124)	(9,977)	(48,770)	(705)	(1,496)
Total other comprehensive income	419,271	306,422	290,525	346,710	417,082	208,569
Net profit attributable to owners of the parent company	385,207	246,873	255,632	339,004	375,757	199,928
Net profit attributable to non-controlling interests	101,570	73,673	44,870	56,476	42,030	10,137
The total comprehensive profit and loss attributable to the owners of the parent company	317,701	232,749	245,655	290,234	375,052	198,432
Total comprehensive profit and loss attributable to non-controlling interests	101,570	73,673	44,870	56,476	42,030	10,137
EPS	1.76	1.13	1.17	1.55	1.72	0.91

Note 1: Financial information reviewed by accountants in accordance with International Financial Reporting Standards.

## (III) Concise balance sheet-International Financial Reporting Standards

Unit : New Taiwan Dollar'000

Item	Year					Current year as of March 31, 2021 Financial Information	
	2016	2017	2018	2019	2020		
Non-current assets	2,302,872	2,379,185	2,072,740	2,405,285	2,523,179	Not applicable	
Property, plant and equipment	900,983	878,498	857,285	1,462,716	1,836,912		
Intangible assets	-	-	-	-	-		
Other assets	1,808,602	1,823,701	1,718,353	1,770,622	1,394,992		
Total assets	5,012,457	5,081,385	4,648,378	5,638,623	5,755,083		
Current liability	Prior distribution	1,132,057	1,318,682	832,892	1,409,171		1,789,786
	Posterior distribution	1,405,436	1,592,061	1,084,401	1,693,485		-
Non-current liabilities	643,786	566,718	647,226	1,022,467	667,574		
Total liability	Prior distribution	1,775,843	1,885,400	1,480,118	2,431,638		2,457,360
	Posterior distribution	2,049,222	2,158,779	1,731,627	2,715,952		-
Equity attributable to owners of parent	3,236,614	3,195,984	3,168,260	3,206,985	3,297,723		
Capital stock	2,187,030	2,187,030	2,187,030	2,187,030	2,187,030		
Capital reserves	121,015	121,015	121,015	121,015	121,015		
Retained earnings	Prior distribution	970,263	944,312	927,781	994,144		1,088,113
	Posterior distribution	696,884	670,933	676,272	709,830		-
Other equities	(41,694)	(56,373)	(67,566)	(95,204)	(98,435)		
Treasury shares	-	-	-	-	-		
Non-controlling interest	-	-	-	-	-		
Total equity	Prior distribution	3,236,614	3,195,984	3,168,260	3,206,985		3,297,723
	Posterior distribution	2,963,235	2,922,605	2,916,751	2,922,671		-

(IV) Concise comprehensive income statement-International Financial Reporting Standards

Unit : New Taiwan Dollars' 000

Items \ Year	2016	2017	2018	2019	2020	Current year as of March 31, 2021 Financial Information
Operating revenues	8,010,644	7,540,117	7,917,032	7,468,099	7,013,101	Not applicable
Trading profit	602,560	553,138	532,696	571,020	698,084	
Operating income (loss)	264,987	212,074	182,378	238,477	351,173	
Non-operating income and expenses	193,998	80,572	111,678	153,459	89,998	
Net income before tax	458,985	292,646	294,056	391,936	441,171	
Continuing operations profit of the period	385,207	246,873	255,632	339,004	375,757	
Discontinuing operations loss	—	—	—	—	—	
Profit of the period	385,207	246,873	255,632	339,004	375,757	
Total other comprehensive income, net of tax	(67,506)	(14,124)	(9,977)	(48,770)	(705)	
Total other comprehensive income	317,701	232,749	245,655	290,234	375,052	
Net profit attributable to owners of the parent company	385,207	246,873	255,632	339,004	375,757	
Net profit attributable to non-controlling interests	—	—	—	—	—	
The total comprehensive profit and loss attributable to the owners of the parent company	317,701	232,749	245,655	290,234	375,052	
Total comprehensive profit and loss attributable to non-controlling interests	—	—	—	—	—	
EPS	1.76	1.13				

## (V) The name of the certified accountant and its inspection opinions

Year	Firm name	Name of visa accountant	Audit option
2016	Deloitte Union Accounting Firm	Xie Jianxin, Chen Zhaomei	Clean audit opinion
2017	Deloitte Union Accounting Firm	Xie Jianxin, Chen Zhaomei	Clean audit opinion
2018	Deloitte Union Accounting Firm	Xie Jianxin, Chen Zhaomei	Clean audit opinion
2019	Deloitte Union Accounting Firm	Liao WanYi, Chen Zhaomei	Clean audit opinion
2020	Deloitte Union Accounting Firm	Liao WanYi, Chen Zhaomei	Clean audit opinion

## II. Financial Analyses for the Past 5 Fiscal Years

### (I) Consolidated financial analysis-International Financial Reporting Standards

Analysis item (Note 2)		Year					The current year as of March 31, 2021 (Note 1)
		2016	2017	2018	2019	2020	
Financial structure (%)	Liabilities to assets ratio	44.78	48.16	43.96	52.87	51.48	48.84
	The ratio of long-term funds to real estate, plant and equipment	223.05	218.91	224.18	194.90	159.19	165.54
Solvency %	Current ratio	220.33	182.99	225.08	180.10	144.02	156.84
	Quick ratio	147.07	112.59	153.13	123.26	99.22	107.04
	Interest guarantee (times)	20	17.41	15.42	15.10	20.63	46.73
Operating capacity	Receivables turnover (time(s))	7.47	6.88	7.39	7.50	7.41	8.40
	Average collection days	49	53	49	49	49	43
	Inventory turnover(time(s))	7.98	7.4	8.2	8.56	8.02	10.09
	Accounts Payable Turnover Ratio (time(s))	34.34	33.04	35.33	39.13	41.81	12.25
	Average inventory turnover days	46	49	45	43	45	36
	Property, plant and equipment turnover (time(s))	5.02	5.06	5.40	4.49	3.59	4.06
	Total asset turnover (time(s))	1.64	1.57	1.67	1.50	1.32	1.61
Profitability	Return on assets (%)	7.73	5	4.78	5.98	5.71	11.14
	Return on equity (%)	13.61	8.76	8.30	10.91	11.32	21.90
	Pre-tax net profit to paid-in capital ratio (%)	28.49	19.14	17.34	22.55	25.75	47.23
	Net income to sales (%)	4.46	2.98	2.67	3.71	4.09	6.79
	EPS (dollar)	1.76	1.13	1.17	1.55	1.72	0.91
Cash flow	Cash flow ratio (%)	28.96	3.61	42.72	16.32	18.09	2.59
	Cash flow adequacy ratio (%)	141.69	130.37	108.43	89.36	76.23	65.4
	Cash flow reinvestment ratio (%)	5.13	(3.14)	8.03	2.45	3.80	1.03
Leverage	Operating leverage	2.13	2.44	2.99	3.36	3.06	2.25
	Financial leverage	1.06	1.06	1.08	1.09	1.06	1.02

Explain the reasons for the changes in various financial ratios in the last two years. (If the increase or decrease does not reach 20%, the analysis will be exempted):

1. Current ratio: Mainly due to the increase in long-term liabilities and short-term bills payable within one year of the current year, resulting in a low current ratio.
2. Interest protection multiple: Mainly due to the higher net profit before tax this year and lower borrowing interest.
3. Real estate, plant and equipment turnover rate (secondary): Mainly due to the continuous construction of refined edible oils and fats plants, resulting in an increase in real estate, plant and equipment.
4. Cash reinvestment ratio: Mainly due to the increase in net cash inflow from operating activities this year and the decrease in working capital.

Note 1: Reviewed by an accountant.

Note 2: The information of the "net cash flow allowable ratio" for the past five years is calculated using consolidated information under my country's financial accounting standards.

Note 3: Please refer to the description of the following table (2) for the calculation.

(2) Individual financial analysis-International Financial Reporting Standards

Analysis item (Note 2)		Year					The current year as of March 31, 2021
		2016	2017	2018	2019	2020	
Financial structure (%)	Liabilities to assets ratio	35.43	37.10	31.84	43.12	42.70	Not applicable
	The ratio of long-term funds to real estate, plant and equipment	430.69	428.31	445.07	289.15	215.87	
Solvency %	Current ratio	203.42	180.42	248.86	170.69	140.98	
	Quick ratio	117.95	90.81	149.71	109.71	98.32	
	Interest guarantee (times)	29.43	25.14	24.10	22.18	34.88	
Operating capacity	Receivables turnover (time(s))	8.43	7.44	8.45	8.59	8.27	
	Average collection days	43	49	43	42	44	
	Inventory turnover (time(s))	8.58	7.78	9.18	10.73	10.24	
	Accounts Payable Turnover Ratio (time(s))	24.21	23.60	24.90	28.65	26.17	
	Average inventory turnover days	43	47	40	34	36	
	Property, plant and equipment turnover (time(s))	8.82	8.47	9.12	6.44	4.25	
	Total asset turnover (time(s))	1.63	1.49	1.63	1.45	1.23	
Profitability	Return on assets (%)	8.10	5.09	5.46	6.88	6.78	
	Return on equity (%)	12.09	7.68	8.03	10.64	11.55	
	Pre-tax net profit to paid-in capital ratio (%)	20.99	13.38	13.45	17.92	20.17	
	Net income to sales (%)	4.81	3.27	3.23	4.54	5.36	
	EPS (dollar)	1.76	1.13	1.17	1.55	1.72	
Cash flow	Cash flow ratio (%)	16	(1)	67	15.26	27.54	
	Allowable cash flow ratio (%)	77.51	80.94	65.55	49.26	55.51	
	Cash reinvestment ratio (%)	(1)	(6)	6	(0.73)	4.45	
Leverage	Operating leverage	3.14	3.62	4.11	3.38	2.70	
	Financial leverage	1.06	1.06	1.08	1.08	1.04	

Explain the reasons for the changes in various financial ratios in the last two years. (If the increase or decrease does not reach 20%, the analysis will be exempted):

1. The ratio of long-term funds to real estate, plant and equipment: Mainly due to the continued construction of refined edible oils and fats plants, resulting in an increase in real estate, plant and equipment.
2. Interest protection multiple: Mainly due to the higher net profit before tax this year and lower borrowing interest.
3. Real estate, plant and equipment turnover rate (secondary): Mainly due to the continuous construction of refined edible oils and fats plants, resulting in an increase in real estate, plant and equipment.
4. Cash flow ratio: Mainly due to the increase in net cash inflow from operating activities this year.
5. Cash reinvestment ratio: Mainly due to the increase in net cash inflow from operating activities this year, the subsidiary FORMOSA OIL PROCESSING (PANAMA) S.A., the reduction of capital and the decrease in working capital.
6. Operating leverage: Mainly due to the increase in operating profit this year.

Note 1: The year for which the visa has not been checked by an accountant should be indicated.

Note 2: As of the date of publication of the annual report, the latest financial information that has been verified by an accountant or checked by an accountant, if any, should be analyzed.

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Note 3: At the end of this form in the annual report, the following calculation should be listed:

1. Financial structure

- (1) Liabilities to assets ratio = total liabilities/total assets.
- (2) The ratio of long-term funds to real estate, plant and equipment = (total equity + non-current liabilities) / net real estate, plant and equipment.

2. Solvency

- (1) Current ratio = current assets/current liabilities.
- (2) Quick ratio = (current assets-inventory-prepaid expenses) / current liabilities.
- (3) Interest protection multiple = (net profit before income tax + interest expense)/interest expense in the current period.

3. Operating ability

- (1) Accounts receivable (including accounts receivable and notes receivable due to business) turnover rate = net sales/average receivables in each period
- (2) Average number of days for cash collection = 365/ turnover rate of accounts receivable.
- (3) Inventory turnover rate = cost of goods sold/average inventory value.
- (4) Accounts payable (including accounts payable and bills payable due to business) turnover rate = cost of goods sold/average payables (including accounts payable and bills payable due to business) balance in each period.
- (5) Average sales days=365/inventory turnover rate.
- (6) Turnover rate of real estate, plant and equipment = net sales/average net real estate, plant and equipment.
- (7) Turnover rate of total assets = net sales/total average assets.

4. Profitability

- (1) Return on assets = [After-tax profit and loss + interest expense x (1-tax rate)] / average total assets.
- (2) Return on equity = after-tax profit and loss/average total equity.
- (3) Net profit rate = after-tax profit and loss/net sales.
- (4) Earnings per share = (Profit and loss attributable to owners of the parent company-special dividends)/weighted average number of issued shares. (Note 4)

5. Cash flow

- (1) Cash flow ratio = net cash flow from operating activities/current liabilities.
- (2) Net cash flow allowable ratio = net cash flow from operating activities in the last five years/the last five years (capital expenditure + inventory increase + cash dividends).
- (3) Cash reinvestment ratio = (net cash flow from operating activities-cash dividends) / (gross real estate, plant and equipment + long-term investment + other non-current assets + working capital). (Note 5)

6. Leverage:

- (1) Operating leverage = (net operating income-variable operating costs and expenses) / operating profit (Note 6).
- (2) Financial leverage = operating profit / (operating profit-interest expense).

Note 4: The formula for calculating the earnings per share of the Shanghai Development Bank shall take into account the following matters:

1. Based on the weighted average number of ordinary shares, rather than the number of issued shares at the end of the year.
2. For those who have cash capital increase or treasury stock trading, the weighted average number of shares should be calculated considering the period of circulation.
3. Where there is a capital increase from surplus or a capital increase from capital reserves, and when calculating the earnings per share of previous years and half-years, retrospective adjustments should be made based on the capital increase ratio, regardless of the period of the capital increase.
4. If the special shares are non-convertible cumulative special shares, the dividends for the current year (regardless of whether they are issued) should be deducted from the net profit after tax or be added to the net loss after tax. If the special stock is non-cumulative, in the case of net profit after tax, the dividend of the special stock shall be deducted from the net profit after tax; if it is a loss, no adjustment is necessary.

Note 5: Pay attention to the following items when measuring cash flow analysis:

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1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
  2. Capital expenditure refers to the amount of cash outflow from capital investment each year.
  3. The increase in inventory is only included when the closing balance is greater than the opening balance.  
If the inventory decreases at the end of the year, it will be calculated as zero.
  4. Cash dividends include cash dividends for ordinary shares and special shares.
  5. Gross real property, plant and equipment refer to the total amount of real property, plant and equipment before deduction of accumulated depreciation.
- Note 6: The issuer should classify various operating costs and operating expenses as fixed and variable according to their nature. If estimates or subjective judgments are involved, they should pay attention to their reasonableness and maintain consistency.

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### III. Audit Committee's Report for the Most Recent Year's Financial Statement

FORMOSA OILSEED PROCESSING CO., LTD.  
Audit Committee Audit Report

Hereby,

The board of directors have prepared the company's 2020 business report, financial report and earnings distribution statement. The Deloitte Union Accounting Firm Liao Wanyi and Chen Zhaomei has checked the financial report and issued a check report. The Audit Committee has reviewed the above-mentioned business report, financial report and surplus distribution statement and has not found any discrepancy. The check report is prepared According to Article 14-4 of the Securities Exchange Law and Article 219 of the Company Law. Please inspect.

Regards

The company's 2021 shareholders meeting

FORMOSA OILSEED PROCESSING CO., LTD

Convener of the Audit Committee:



March 25, 2021

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## IV. Financial Report and Financial Statement with Related Footnotes for the Most Recent Fiscal Year

### Accountant's Audit Report

Formosa Oilseed Processing Co., Ltd. (FOPCO):

#### Opinion

The consolidated balance sheets for December 31, 2020 and 2019 for FOPCO and its subsidiary company (Formosa Group), and their consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flow, and notes for consolidated financial statements (including summaries for significant accounting policies) from January 1 to December 31, 2020 and 2019, have already been audited by the Accountant.

According to the Accountant's opinion, the preparation of all significant aspects of the above-mentioned consolidated financial statements refers to the Guidelines for the Preparation of Financial Reports for Issuer of Securities, and International Financial Reporting Standards, International Accounting Standards, interpretations, and SIC that are approved and published as effective by the Financial Supervisory Commission. It is sufficient to appropriately express the Formosa Group's consolidated financial situation for December 31, 2020 and 2019, and its consolidated financial performance and consolidated cash flow from January 1 to December 31, 2020 and 2019.

#### The Basis of Opinion

The Accountant referred to the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the Generally Accepted Auditing Standards (GAAS) to execute the audit in 2020; as for 2019, the Accountant referred to the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Financial Supervisory Commission February 25, 2020 No. Financial-Supervisory-Securities-Auditing 1090360805, and Generally Accepted Auditing Standards to execute the audit. The Accountant's responsibilities under such standards will be further elaborated in the section regarding the accountants' responsibilities for auditing consolidated financial statements. The personnel from the firm that the Accountant is affiliated to abide by related independence that complies to the code of ethics for accountants, and remain detached with the Formosa Group while performing other duties under such regulations. The Accountant is believed to have obtained sufficient and appropriate evidence for auditing as the basis of opinion for auditing.

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### **Key Audit Matters (KAMs)**

Key Audit Matters (KAMs) refers to the most important matters that, to the Accountant's professional judgment, finds in Formosa Group's 2020 consolidated financial statements audits. Such matters have been addressed to during the general forming process of the opinion for consolidated financial statements audit. The Accountant did not express separate opinions regarding such matters.

KAMs regarding Formosa Group's 2020 consolidated financial statements are stated as follow:

#### **Depreciation of Inventories**

The Formosa Group measures its cost of inventories by the lower of cost and net realizable value. When comparing the cost of sales and net realizable value (NRV), apart from inventories with the same classification, the Formosa Group measures on the basis of individual items of inventories. For related accounting policies, please refer to notes 4(6) and 5 for consolidated financial statements.

As of December 31, 2020, the amount for the Formosa Group's in-transit inventory and raw material is NTD 823,186 thousands (refer to note 9), which accounts for 11% of total assets, and 76% of net inventory value for the consolidated financial statement for December 31, 2020. Of which, its costs and related selling price are influenced by global raw material prices, which is possible for violent fluctuations, and will result in the risk of having the raw material's NRV lower than the carrying amount. Owing to the regulation for management level's reference to IAS 2 "inventory" to evaluate the NRV for inventories as mentioned above, there involved estimation and judgment, of which its judgment result directly influenced the recognition of profit and loss amount, it is listed as part of KAMs.

In response to the KAMs mentioned above, the Accountant executed the major audit process as follow:

1. Understand and test the Formosa Group's status of execution for its review of estimation for NRV, in order to evaluate its operational efficacy for its internal control system, and to evaluate the appropriateness of its decision method for its NRV, as well as to confirm that the inventory has been calculated by the lower of cost and net realizable value.
2. Obtained latest raw material quotation or sales invoice, etc. through sampling so as to verify that there is no significant inconsistency between the NRV and its reference price, and recalculated its inventory value in order to evaluate the appropriateness of its basis of opinion.

#### **Other Matters**

Formosa Oilseed Processing Co., Ltd had already prepared consolidated financial statements for 2020 and 2019, and the Accountant had issued unqualified opinion audit report as on record for reference.

#### **Management Level and Governing Body's Responsibilities for Financial Statements**

The management level's responsibilities are to prepare appropriately expressed consolidated financial statements by referring to "Regulations Governing the Preparation of Financial Reports by Securities Issuers," and International Financial Reporting Standards, International Accounting Standards, interpretations, and SIC that are approved and published as effective by the Financial Supervisory Commission, to maintain necessary internal control related to the preparation of consolidated financial statements, so as to confirm that there is no misstatement due to fraud or errors in the consolidated financial statements.

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When preparing consolidated financial statements, the responsibilities for the management level also include the evaluation of the Formosa Group's operating abilities, the disclosure of related matters, and the adoption of going-concern accounting basis. Unless the management level intends to liquidate the Formosa Group or to terminate business operation, or apart from liquidating or terminating the business operation, there is no other feasible solution.

The governing body of the Formosa Group (including the Audit Committee) has the responsibility to supervise the financial reporting process.

#### **Responsibilities for Accountants' Auditing of Consolidated Financial Statements**

The purpose for the Accountant's auditing of consolidated financial statements is to obtain reasonable assurance that whether or not there are any significant misstatements due to fraud or errors in the consolidated financial statement in general, and to issue an audit report. Reasonable assurance is a high level of assurance. However, there is no guarantee that significant misstatements can be detected by referring to the Generally Accepted Auditing Standards (GAAS) when auditing. Misstatements can be caused by fraud or error. Shall the misstatement for individual amount or aggregate can reasonably predict the future influence of economic decisions made by consolidated financial statements' users, it is considered significant.

When the Accountant audits according to the GAAS, the Accountant uses his/her professional judgment and remains professional skepticism. The Accountant also performs the duties as follow:

1. Identify and evaluate the risk of significant misstatements caused by fraud or error in consolidated financial statements; Design and execute appropriate responding strategies for the evaluated risks; obtain sufficient and appropriate audit evidence as the basis for audit opinion. Since fraud might involve collusion, forgery, intentional omission, false statement, or violations of internal control, the risk of undetected significant misstatements due to fraud is higher than that of error.
2. Acquire necessary understandings for internal control that is related to auditing, so as to design appropriate audit process that are suitable for the situation. However, its purpose is not to express opinion on the Formosa Group's efficacy for internal control.
3. Evaluate the appropriateness of accounting policies adopted by the management level, and the reasonableness of its estimation and related disclosure as accountant.
4. Based on the obtained audit evidence, to make conclusions on the appropriateness of implementing going concern accounting basis on the management level, and whether or not there are significant uncertainties in matters or circumstances that may cause significant doubts on the Formosa Group's going concern abilities. Shall the Accountant believes there exists significant uncertainties in such matters or circumstances, the Accountant shall remind the consolidated financial statements' users to pay attention to the consolidated financial statements' related disclosure in the audit report, or to amend audit opinion when such disclosure is considered inappropriate. The Accountant's conclusion is based on the audit evidence obtained as of the date of the audit report. However, future matters or circumstances may result in the Formosa Group's no longer having going concern abilities.
5. Evaluate the general expression, structure, and content of consolidated financial statements (including related notes), as well as whether the consolidated financial statements appropriately expressed related transactions and matters.

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6. Obtain sufficient and appropriate audit evidence about the individual financial information formed within the Formosa Group, so as to express opinion about consolidated financial statements. The Accountant is responsible for the guidance, supervision, and execution of the auditing case, and is also responsible for forming auditing opinion for the Formosa Group.

The matters being communicated between the Accountant and the governing body include the planning of the range and time for the audit, and significant audit discoveries (including the significant lack of internal control identified during the audit process).

The Accountant also provides statements regarding the personals from the firm that the Accountant is affiliated to abide by related independence that complies with the code of ethics for accountants to the governing body. The Accountant communicates with the governing body about all possible relationships that may be considered to influence the accountant's independence, and other matters (including related protection measures).

The Accountant will decide the KAMs for the audit of the Formosa Group's 2020 consolidated financial statements from the Accountant's communication with the governing body. The Accountant will state such matters in the audit report. Unless regulations disapprove the disclosure of specific matters, or under rare circumstances, the Accountant decides not to communicate about certain matters in the audit report. This is because one can reasonably expect the negative impact that this communication brings is greater than the increased public interests.

Deloitte Touche Tohmatsu Limited  
Accountant Liao, Wan-Yi

Accountant Chen, Zhao-Mei

Financial Supervisory Commission  
Approval Number  
No. Financial-Supervisory-  
Securities-Auditing-1010028123

Securities and Futures Commission Approval  
Number  
No. Taiwan-Financial-Securities-  
VI-0920123784

March 25, 2021

Formosa Oilseed Processing Co., Ltd. & Subsidiary Companies  
Consolidated Balance Sheets  
December 31, 2020 and 2019

Unit: NTD thousands

Code	Assets	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
	<b>Current assets</b>				
1100	Cash and cash equivalents (notes 4 & 6)	\$ 1,225,893	16	\$ 819,700	11
1136	Financial assets measured at amortized cost (notes 7 & 30)	204,023	3	869,647	11
1150	Notes receivable (notes 4, 8 & 22)	348,821	4	306,131	4
1160	Notes receivable – related parties (notes 4, 22 & 29)	8,029	-	9,453	-
1170	Accounts receivable (notes 4, 8 & 22)	810,558	11	824,682	11
1180	Accounts receivable – related parties (notes 4, 22 & 29)	233,514	3	216,980	3
1200	Other receivables (notes 4 & 8)	33,744	-	61,699	1
1220	Current tax assets (notes 4 & 24)	-	-	738	-
130X	Inventory (notes 4, 5 & 9)	1,076,633	14	1,202,143	15
1410	Prepayments (note 10)	216,970	3	231,775	3
1479	Other current assets	34	-	36	-
11XX	<b>Total current assets</b>	<b>4,158,219</b>	<b>54</b>	<b>4,542,984</b>	<b>59</b>
	<b>Non-current assets</b>				
1535	Financial assets measured at amortized cost – non-current (notes 7 & 30)	20,000	-	18,000	-
1550	Investments by equity method (notes 4 & 12)	274,924	4	257,928	3
1600	Property, plant, and equipment (notes 4, 13, 29 & 30)	3,019,144	39	2,677,568	35
1755	ROU assets (notes 4 & 14)	182,361	3	200,109	3
1830	Biological assets (notes 4 & 15)	-	-	5,329	-
1840	Deferred tax assets (notes 4 & 24)	16,636	-	16,024	-
1990	Other non-current assets (note 16)	22,110	-	23,075	-
15XX	<b>Total non-current assets</b>	<b>3,535,175</b>	<b>46</b>	<b>3,198,033</b>	<b>41</b>
1XXX	<b>Total assets</b>	<b>\$ 7,693,394</b>	<b>100</b>	<b>\$ 7,741,017</b>	<b>100</b>
	<b>Liabilities and Equity</b>				
	<b>Current liabilities</b>				
2100	Short-term loans (note 17)	\$ 1,580,018	21	\$ 1,845,793	24
2110	Short-term notes and bills payables (note 17)	329,639	4	-	-
2150	Notes payable (note 18)	9,061	-	8,660	-
2170	Accounts payable (note 18)	226,072	3	165,842	2
2180	Accounts payable – related parties (note 29)	4,681	-	5,903	-
2219	Other payables (note 19)	166,905	2	143,217	2
2220	Other payables – related parties (note 29)	-	-	21	-
2230	Current tax liabilities (notes 4 & 24)	61,731	1	54,062	1
2280	Lease liabilities – current (notes 4, 14 & 29)	11,768	-	13,083	-
2320	Long-term loans due within one year (notes 4, 17 & 30)	490,000	6	282,500	4
2399	Other current liabilities (note 22)	7,282	-	3,375	-
21XX	<b>Total current liabilities</b>	<b>2,887,157</b>	<b>37</b>	<b>2,522,456</b>	<b>33</b>
	<b>Non-current liabilities</b>				
2540	Long-term loans (notes 4, 17 & 30)	785,000	10	1,107,500	14
2570	Deferred tax liabilities (notes 4 & 24)	95,560	1	253,657	3
2580	Lease liabilities – non-current (notes 4, 14 & 29)	172,557	2	187,895	3
2640	Net defined benefit liabilities (notes 4 & 20)	19,958	1	21,080	-
2645	Margin deposit	21	-	-	-
25XX	<b>Total non-current liabilities</b>	<b>1,073,096</b>	<b>14</b>	<b>1,570,132</b>	<b>20</b>
2XXX	<b>Total liabilities</b>	<b>3,960,253</b>	<b>51</b>	<b>4,092,588</b>	<b>53</b>
	<b>Equity Attributed to the Owner(s) of the Parent Company</b>				
3110	Ordinary share	2,187,030	28	2,187,030	28
3200	Capital reserves	121,015	2	121,015	1
	<b>Retained earnings</b>				
3310	Statutory retained earnings	220,476	3	188,689	2
3320	Special retained earnings	200,454	2	200,454	3
3350	Undistributed earnings	667,183	9	605,001	8
3300	<b>Total retained earnings</b>	<b>1,088,113</b>	<b>14</b>	<b>994,144</b>	<b>13</b>
3400	Other equity interest	(98,435)	(1)	(95,204)	(1)
31XX	<b>Total equity for owner of parent company</b>	<b>3,297,723</b>	<b>43</b>	<b>3,206,985</b>	<b>41</b>
36XX	Non-controlling interest	435,418	6	441,444	6
3XXX	<b>Total equity</b>	<b>3,733,141</b>	<b>49</b>	<b>3,648,429</b>	<b>47</b>
	<b>Total liabilities and equity</b>	<b>\$ 7,693,394</b>	<b>100</b>	<b>\$ 7,741,017</b>	<b>100</b>

The notes attached are part of this consolidated financial statement.

Formosa Oilseed Processing Co., Ltd. & Subsidiary Companies

Consolidated Statement of Comprehensive Income

January 1 to December 31, 2020 and 2019

Unit: NTD thousands;  
EPS in NTD

Code		2020		2019	
		Amount	%	Amount	%
	Operating revenue (notes 4, 22 & 29)				
4110	Sales income	\$ 10,262,466	100	\$ 10,691,049	100
4170	Subtract: sales returns and allowances	<u>51,916</u>	<u>-</u>	<u>47,905</u>	<u>-</u>
4100	Net operating income	10,210,550	100	10,643,144	100
4660	Processing income	<u>2,943</u>	<u>-</u>	<u>3,362</u>	<u>-</u>
4000	Total operating revenue	<u>10,213,493</u>	<u>100</u>	<u>10,646,506</u>	<u>100</u>
	Operating cost				
5110	Cost of sales (notes 9 & 29)	9,141,688	89	9,632,355	90
5660	Processing costs	<u>1,393</u>	<u>-</u>	<u>1,608</u>	<u>-</u>
5000	Total operating cost	<u>9,143,081</u>	<u>89</u>	<u>9,633,963</u>	<u>90</u>
5850	Gains on initial recognition of agricultural products (note 15)	<u>42,350</u>	<u>-</u>	<u>36,279</u>	<u>-</u>
5900	Gross profit	1,112,762	11	1,048,822	10
5910	(Un)realized profit with affiliated enterprises	( <u>313</u> )	<u>-</u>	<u>1,119</u>	<u>-</u>
5950	Realized gross profit	<u>1,112,449</u>	<u>11</u>	<u>1,049,941</u>	<u>10</u>
	Operating expenses (note 29)				
6100	Promotion expenses	387,243	4	396,870	4
6200	Management expenses	186,240	2	177,200	2
6300	Research and development expenses	35,115	-	33,069	-
6450	Expected gain on reversal of credit impairment loss	( <u>3,705</u> )	<u>-</u>	( <u>2,683</u> )	<u>-</u>
6000	Total operating expenses	<u>604,893</u>	<u>6</u>	<u>604,456</u>	<u>6</u>
6510	Other net revenue and expenses (note 23)	<u>601</u>	<u>-</u>	<u>343</u>	<u>-</u>
6900	Operating profit	<u>508,157</u>	<u>5</u>	<u>445,828</u>	<u>4</u>
	Non-operating income and expenses				
7060	Gains on affiliated enterprises, accounted for using equity method	39,660	-	28,100	1
7100	Interest income	10,659	-	25,136	-
7230	Foreign currency exchange net profit (note 23)	26,603	-	24,870	-
7110	Rent income (note 29)	1,085	-	1,010	-

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(Continued)

Code		2020		2019	
		Amount	%	Amount	%
7190	Other income (notes 4 & 14)	\$ 6,052	-	\$ 3,960	-
7510	Interest expense (notes 23 & 29)	( 28,685 )	-	( 34,983 )	-
7590	Miscellaneous expense	( 359 )	-	( 746 )	-
7000	Total non-operating income and expenses	<u>55,015</u>	<u>-</u>	<u>47,347</u>	<u>1</u>
7900	Profit before tax	563,172	5	493,175	5
7950	Income tax fees (notes 4 & 24)	<u>145,385</u>	<u>1</u>	<u>97,695</u>	<u>1</u>
8200	Net profit	<u>417,787</u>	<u>4</u>	<u>395,480</u>	<u>4</u>
	Other comprehensive income				
	Items not reclassified under profit and loss				
8311	Remeasurements of defined benefit plan (note 20)	877	-	( 288 )	-
8316	Equity instrument investment appraisal profit and loss measured at fair value via other comprehensive income	-	-	( 20,175 )	-
8320	Other comprehensive income of affiliated enterprises, accounted for using equity method	1,649	-	( 669 )	-
	Items that may be reclassified under profit and loss afterwards				
8361	Exchange difference after conversion of foreign operations' financial statements	( 3,231 )	-	( 27,638 )	( 1 )
8300	Total other (net) comprehensive income	( 705 )	-	( 48,770 )	( 1 )
8500	Total comprehensive income	<u>\$ 417,082</u>	<u>4</u>	<u>\$ 346,710</u>	<u>3</u>
	Net profit belongs to:				
8610	Owner(s) of parent company	\$ 375,757	4	\$ 339,004	3
8620	Non-controlling interest	<u>42,030</u>	<u>-</u>	<u>56,476</u>	<u>1</u>
8600		<u>\$ 417,787</u>	<u>4</u>	<u>\$ 395,480</u>	<u>4</u>
	Total comprehensive income belongs to:				
8710	Owner(s) of parent company	\$ 375,052	4	\$ 290,234	3
8720	Non-controlling interest	<u>42,030</u>	<u>-</u>	<u>56,476</u>	<u>-</u>
8700		<u>\$ 417,082</u>	<u>4</u>	<u>\$ 346,710</u>	<u>3</u>
	EPS (note 25)				
9710	Basic	<u>\$ 1.72</u>		<u>\$ 1.55</u>	
9810	Diluted	<u>\$ 1.72</u>		<u>\$ 1.55</u>	

The notes attached are part of this consolidated financial statement.

Formosa Oilseed Processing Co., Ltd. & Subsidiary Companies  
Consolidated Statement of Changes in Equity  
January 1 to December 31, 2020 and 2019

Unit: NTD thousands;  
EPS in NTD

		Equity that Belongs to Owner of Parent Company						Other Equity				
C o d e		Common Share Capital (note 21)		Preserved Earnings (note 21)			Unrealized valuation gains at fair value through other comprehensive income	Exchange difference converted in foreign operating institutions' financial statements	Total	Non-controlling interest (note 21)	Total Equity	
		No. of Shares (1000)	Amount	Capital Reserve (note 21)	Statutory Earnings Reserve	Special Earnings Reserve						Undistributed Earnings
A1	Jan 1, 2019 balance	218,703	\$ 2,187,030	\$ 121,015	\$ 163,126	\$ 200,454	\$ 564,201	\$ -	( \$ 67,566 )	\$ 3,168,260	\$ 433,025	\$ 3,601,285
	Appropriation and distribution of earnings for 2018											
B1	Statutory earnings reserve	-	-	-	25,563	-	( 25,563 )	-	-	-	-	-
B5	Shareholder's cash dividend – NTD 1.15 per share	-	-	-	-	-	( 251,509 )	-	-	( 251,509 )	-	( 251,509 )
		-	-	-	25,563	-	( 277,072 )	-	-	( 251,509 )	-	( 251,509 )
D1	2019 net profit	-	-	-	-	-	339,004	-	-	339,004	56,476	395,480
D3	2019 other comprehensive income	-	-	-	-	-	( 957 )	( 20,175 )	( 27,638 )	( 48,770 )	-	( 48,770 )
D5	2019 total comprehensive income	-	-	-	-	-	338,047	( 20,175 )	( 27,638 )	290,234	56,476	346,710
O1	Subsidiary companies' shareholder's cash dividend	-	-	-	-	-	-	-	-	-	( 48,057 )	( 48,057 )
Q1	Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	( 20,175 )	20,175	-	-	-	-
Z1	Dec 31, 2019 balance	218,703	2,187,030	121,015	188,689	200,454	605,001	-	( 95,204 )	3,206,985	441,444	3,648,429
	Appropriation and distribution of earnings for 2019											
B1	Statutory earnings reserve	-	-	-	31,787	-	( 31,787 )	-	-	-	-	-
B5	Shareholder's cash dividend – NTD 1.30 per share	-	-	-	-	-	( 284,314 )	-	-	( 284,314 )	-	( 284,314 )
		-	-	-	31,787	-	( 316,101 )	-	-	( 284,314 )	-	( 284,314 )
D1	2020 net profit	-	-	-	-	-	375,757	-	-	375,757	42,030	417,787
D3	2020 other comprehensive income	-	-	-	-	-	2,526	-	( 3,231 )	( 705 )	-	( 705 )
D5	2020 total comprehensive income	-	-	-	-	-	378,283	-	( 3,231 )	375,052	42,030	417,082
O1	Subsidiary companies shareholder's cash dividend	-	-	-	-	-	-	-	-	-	( 48,056 )	( 48,056 )
Z1	Dec 31, 2020 balance	218,703	\$ 2,187,030	\$ 121,015	\$ 220,476	\$ 200,454	\$ 667,183	\$ -	( \$ 98,435 )	\$ 3,297,723	\$ 435,418	\$ 3,733,141

The notes attached are part of this consolidated financial statement.

Formosa Oilseed Processing Co., Ltd. & Subsidiary Companies  
Consolidated Statement of Cash Flows  
January 1 to December 31, 2020 and 2019

Unit: NTD thousands

Code		2020	2019
	Cash Flow for Operating Activities		
A10000	Net profit before tax	\$ 563,172	\$ 493,175
A20010	Income and expenses items		
A20100	Depreciation expense	128,914	127,977
A20200	Amortization expense	3,109	3,398
A20300	Expected credit impairment loss		
	reversal benefits	( 3,705)	( 2,683)
A20900	Interest expense	28,685	34,983
A21200	Interest income	( 10,659)	( 25,136)
A22300	Gains on affiliated enterprises		
	accounted for using equity		
	method	( 39,660)	( 28,100)
A29900	Gains on originally recognized		
	agricultural products	( 42,350)	( 36,279)
A22500	Disposal of (profit) losses on		
	property, plant and equipment	( 233)	318
A22900	Disposal of gains on biological		
	assets	( 318)	( 644)
A29900	Disposal of gains on ROU assets	( 50)	( 17)
A23900	Unrealized (realized) selling profits		
	with affiliated enterprises	313	( 1,119)
A30000	Net variables of operating assets and		
	liabilities		
A31130	Notes receivable	( 42,690)	72,210
A31140	Notes receivable – related parties	1,424	( 3,804)
A31150	Accounts receivable	17,829	71,037
A31160	Accounts receivable – related		
	parties	( 16,534)	( 13,571)
A31180	Other receivables	2,637	( 3,519)
A31200	Inventory	167,860	( 117,334)
A31230	Prepayments	12,695	3,536
A31240	Other current assets	2	27
A32130	Notes payable	401	( 9,679)
A32140	Notes payable – related parties	-	( 299)
A32150	Accounts payable	60,230	( 81,651)
A32160	Accounts payable – related parties	( 1,222)	2,230
A32180	Other payables	14,030	28,375
A32190	Other payables – related parties	( 21)	21
A32210	Receipts in advance	3,897	( 1,453)
A32230	Other current liabilities	10	( 602)
A32240	Net defined benefit liabilities	( 245)	( 4,874)
A33000	Cash generated from operations	847,521	506,523

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Code		2020	2019
A33100	Interest income	\$ 767	\$ 885
A33300	Interest expense	( 30,790 )	( 33,006 )
A33500	Income tax expense	( 295,153 )	( 62,668 )
AAAA	Net cash inflow from operating activities	<u>522,345</u>	<u>411,734</u>
	Investment activities cash flow		
B00010	Financial assets obtained at fair value through other comprehensive income	-	( 92,350 )
B00020	Disposal of financial assets at fair value through other comprehensive income	-	72,175
B00040	Financial assets obtained at amortized cost	-	( 189,863 )
B00050	Disposal of financial assets at amortized cost	664,747	-
B02700	Obtained property, plant and equipment (note 26)	( 433,439 )	( 691,941 )
B02800	Disposal of property, plant and equipment proceeds	1,525	587
B09900	Purchasing of biological assets (note 26)	( 2,600 )	( 8,450 )
B04600	Disposal of biological assets proceeds	318	646
B03700	Decrease (increase) in refundable deposits	( 5,659 )	5,310
B06700	Decrease in other non-current assets	832	79
B07500	Interest income	35,147	12,698
B07600	Obtained dividend from affiliated enterprises	<u>24,000</u>	<u>20,000</u>
BBBB	Net cash in(out)flow from investment activities	<u>284,871</u>	( <u>871,109</u> )
	Financing activities cash flow		
C00100	Increase (decrease) in short-term loans	( 265,775 )	1,074,786
C00500	Increase (decrease) in short-term notes payable	330,000	( 350,000 )
C01600	Long-term loan	297,500	804,000
C01700	Repayment of long-term loan	( 412,500 )	( 414,000 )
C03000	Increase (decrease) in margin deposit	21	( 8 )
C04020	Repayment of lease liability capital	( 13,096 )	( 13,441 )
C04500	Distribution of cash dividend	( 284,314 )	( 251,509 )
C05800	Non-controlling interest dividend expense	( 48,056 )	( 48,057 )
CCCC	Net cash in(out)flow of financing activities )	( <u>396,220</u> )	<u>801,771</u>
DDDD	Impact from exchange rate changes	( <u>4,803</u> )	( <u>5,433</u> )
EEEE	Increase of cash and cash equivalents	406,193	336,963
E00100	BOY balance for cash and cash equivalents	<u>819,700</u>	<u>482,737</u>
E00200	Year-end balance for cash and cash equivalents	<u>\$ 1,225,893</u>	<u>\$ 819,700</u>

The notes attached are part of this consolidated financial statement.

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Formosa Oilseed Processing Co., Ltd. and Subsidiary Companies

Notes for Consolidated Financial Statements

January 1 to December 31, 2020 and 2019

(Unless stated otherwise, the amounts' unit is in NTD thousands)

I. Company's History

Formosa Oilseed Processing Company Co., Ltd. (parent company, parent company and individuals controlled by the parent company are hereafter referred to as "Consolidated Company") was established in 1986. Since September 1993, the Company's share has been listed for transaction on Taiwan Stock Exchange. Our main businesses include the manufacturing and the selling of soybean oil, soy flour, flour, oatmeal, corn, pet food, and import and export transactions. The Company's subsidiary company "Top Food Industry Corporation" (Top Food) started to operate since October 2007, and its main business includes producing and selling flour. Thus, the parent company no longer engages in the production of flour.

Formosa Oilseed Processing Co., Ltd., Ningbo (Formosa Oilseed Processing (Ningbo)) was reinvested in Mainland China in 1999 by subsidiary company – Formosa Oilseed Processing Co., Ltd., Panama, and its business mainly engages in the processing, sales and wholesale trading of soybeans, rapeseed oil, oilseeds, and its byproducts. Owing to the local government's expropriation of Formosa Oilseed Processing (Ningbo)'s land ROU and plant and equipment, Formosa Oilseed Processing (Ningbo) temporarily terminated its operation in soybean and rapeseed oil, oilseeds and its byproducts' processing and sales business, and only engaged in wholesale trading business since July 2015. In response to the market's future developmental demand, the Consolidated Company expanded its business to poultry breeding and the wholesaling of agricultural products, and acquired Fu You An Kang Co., Ltd. (Fu You An Kang) by cash in February 2016.

This consolidated financial statement is expressed in the parent company's functional currency New Taiwan Dollars (NTD).

II. Date of Approval and Procedures for Financial Report

This consolidated financial report was approved by the parent company's board of directors on March 25, 2021.

III. Application of Newly Announced Standards for Amendments and Explanations

- (1) First time applicable of International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standing Interpretation Committee (SICs) (hereafter referred to as IFRSs) as approved and announced effective by the Financial Supervisory Commission (hereafter referred to as FSC).

Newly Announced/Amended/Amendments & IFRIC	Effective Date for Announcement of IASB
Amendments to IFRS 3 “definition of a business”	Jan 1, 2020
Amendments to IFRS 9, IAS 39, and IFRS 7 “interest rate benchmark reform”	Jan 1, 2020
Amendments to IAS 1 and IAS 8 “Definition of significance”	Jan 1, 2020
Amendments to IFRS 16 “Covid-19-Related Rent Concessions”	Jun 1, 2020

Except for the descriptions below, the application of the IFRSs as approved and announced effective by the FSC will not necessarily cause significant changes in the Company’s accounting policies.

Amendment to IFRS 16 “Covid-10-Related Rent Concessions”

The Consolidated Company chooses to apply the amendment’s practical expedient to handle rental negotiations directly related to Covid-19 between the Consolidated Company and the lessor(s). For related accounting policies, please refer to note 4. Before the application of this amendment, the Consolidated Company should decide whether regulations for rental modifications are applicable to the aforementioned rental negotiations.

The Consolidated Company began the application of this amendment since January 1, 2020. Since the aforementioned rental negotiations only influenced the year 2020, the tracking of the application of this amendment has no impact on the reserved earnings for January 1, 2020.

- (2) The Application of the IFRSs as Approved by the FSC for 2021

Newly Announced/Amended/Amendments & IFRIC	Effective Date for Announcement of IASB
Amendments to IFRS 4, “Deferral of Effective Date of IFRS 9”	Effective on the day of announcement
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16, “Interest Rate Benchmark Reform – Phase II”	Effective during the annual reporting period after Jan 1, 2021

As of the date of announcement of the approval of this consolidated financial statement, the Consolidated Company’s estimation criteria and the amendments to IFRIC will not necessarily cause significant impact on the Consolidated Company’s financial status and financial performance.

(3) IFRSs Announced by the International Accounting Standards Board (IASB) but Not Yet Approved by the FSC

Newly Announced/ Amended/ Amendment(s) & IFRIC	Effective Date for Announcement of IASB (note 1)
“Annual Improvements – 2018-2020 Cycle”	Jan 1, 2022 (note 2)
Amendments to IFRS 3, “Updated Reference to Conceptual Framework”	Jan 1, 2022 (note 3)
Amendments to IFRS 10 and IAS 28, “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	Undecided
Amendments to IFRS 17, “Insurance Contracts”	Jan 1, 2023
Amendments to IFRS 17	Jan 1, 2023
Amendments to IAS 1, “Classification of Liabilities as Current or Non-Current”	Jan 1, 2023
Amendments to IAS 1, “Disclosure of Accounting Policies”	Jan 1, 2023 (note 6)
Amendments to IAS 8, “Definition of Accounting Estimates”	Jan 1, 2023 (note 7)
Amendments to IAS 16, “Property, Plant and Equipment – Proceeds before Intended Use”	Jan 1, 2022 (note 4)
Amendments to IAS 37, “Onerous Contracts – Cost of Fulfilling a Contract”	Jan 1, 2022 (note 5)

Note 1: Unless noted otherwise, the above-mentioned newly announced/amended/amendment or IFRICs are effective during the annual reporting period after the respective dates.

Note 2: The amendments to IFRS 9 are applicable to financial liabilities or change of provisions that happen during the annual reporting period after January 1, 2022; the amendments to IAS 41 on “Agriculture” are applicable to fair value measurements during the annual reporting period after January 1, 2022; the amendments to IFRS 1 on “First-Time Adoption of IFRSs” are traced back and applicable to the annual reporting period after January 1, 2022.

Note 3: This amendment is applicable to business mergers of which the acquisition date is during the annual reporting period after January 1, 2022.

Note 4: This amendment is applicable to property, plant, and equipment of which their operating methods’ necessary locations and status meet the management level’s expectations after January 1, 2021.

Note 5: This amendment is applicable to contracts of which all obligations are not yet fulfilled by January 1, 2022.

Note 6: This amendment is applicable to prospective during the annual reporting period after January 1, 2023.

Note 7: This amendment is applicable to changes in accounting estimates and changes in accounting policies during the annual reporting period after January 1, 2023.

As of the announcement date for the approval of this consolidated financial report, the Consolidated Company still continues to evaluate the impacts that the amendments of standards and IFRICs have caused

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on the Consolidated Company's financial status and financial performance. Related impacts will be disclosed when the evaluation is completed.

#### IV. Statement for Summaries for Significant Accounting Policies

##### (1) Compliance Assertion

This consolidated financial statement was prepared by referring to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IFRSs approved and announced effective by the FSC.

##### (2) Preparation Basis

Except for the net defined benefit liabilities accounted for using the present value for defined benefit obligation subtracting planned assets at fair value, this consolidated financial statement was prepared on the basis of historical cost.

The fair value measurement can be divided to level one to level three according to the related input values' observability and importance:

1. First level of input value: refers to the quotation of the same assets or liabilities in the active market that can be obtained on the measurement date (unadjusted yet).
2. Second level of input value: refers to, apart from the first level's quotation, the assets' or liabilities' direct (which is price) or indirect (which is derived from price) observable input value.
3. Third level of input value: refers to assets' or liabilities' unobservable input value.

##### (3) Standards for Distinguishing Current and Non-Current Assets and Liabilities

Current assets include:

1. Assets possessed mainly for transaction purposes;
2. Assets expected to be realized within 12 months after the date of balance sheet; and
3. Cash. (but excluding those restricted to the exchange or settlement of liabilities for more than 12 months after the date of balance sheet).

Current liabilities include:

1. Liabilities possessed mainly for transaction purposes;
2. Liabilities at maturity for settlement within 12 months after the date of balance sheet (even though the long-term re-financing or the rearrangement of payment agreements have been completed after the date of balance sheet and before the approval of the announcement of financial reports, it still belongs to current liabilities); and
3. Liabilities of which its settlement period cannot be unconditionally deferred to at least 12 months after the date of balance sheet.

Those that do not belong to the above-mentioned current assets or current liabilities are classified under non-current assets or non-current liabilities.

##### (4) Consolidation basis

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This consolidated financial statement includes financial statements of the parent company and entities controlled by the parent company (subsidiary companies). The consolidated comprehensive income had already included the operating profit or loss of the acquired or disposed subsidiary companies from the current acquisition date or until the disposal date. The subsidiary companies' financial statements have been adjusted appropriately, so that its accounting policies are consistent with the Consolidated Company's accounting policies. When preparing the consolidated financial statement, the transactions, account balance, income, and expense among each entity had all been written off. The subsidiary companies' total comprehensive income belongs to the parent company's business owner and non-controlling interest.

When the changes in the Consolidated Company's ownership equity to subsidiary companies do not result in loss of control, it is handled as equity transaction. The carrying amount for the Consolidated Company and non-controlling interest had been adjusted, so as to reflect its relative changes in equity comparing to that of subsidiary companies. The difference between the adjusted amount for non-controlling interests and the fair value for the paid or received consideration is directly recognized as equity, and belongs to the parent company's business owner.

For the subsidiary companies' statements, shareholding ratio, and operating items, please refer to note 11 and schedule 4.

(5) Foreign Currencies

When each entity prepared the financial statements, for entities that traded with their individual functional currencies (foreign currencies), the functional currency was recorded by referring to the exchange rate on the transaction date.

The monetary items in foreign currencies are converted at the closing exchange rate on every date of balance sheet. The exchange difference generated from settling monetary items or converting monetary items will be recognized as the current year's profit or loss.

Non-monetary items in foreign currencies measured at fair value are converted at the exchange rate on the day of determining the fair value, and the exchange difference generated is recognized as the current year's profit or loss. However, for items that belong to the changes in fair value and recognized as other comprehensive income, their exchange difference generated will be recognized as other comprehensive income.

Non-monetary items in foreign currencies measured at historical cost are converted at the exchange rate on the date of transaction, and will not be reconverted.

When preparing the consolidated financial statement, foreign operating institutions' (including the country of operation or subsidiary companies that use different currencies from the Company) assets and liabilities are converted to NTD at the exchange rate on every date of

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balance sheet. The income and expense items are converted at the average exchange rate for the current year, and the exchange difference generated is recognized as other comprehensive income.

(6) Inventory

Inventories include (in transit) raw materials, materials, finished goods, work in progress, and products. Inventories are measured at lower of cost and NRV. When comparing the cost and the NRV, apart from inventories with the same classification, the Company measures on the basis of individual items of inventories. NRV refers to the balance after subtracting the estimated cost that still needs to be invested until completion and the estimated cost to complete the sell from the estimated selling price under normal circumstances. Inventory cost is calculated by using weighted average method.

Costs that were transferred from biological assets to agricultural products were measured by the harvest point's fair value subtracting cost of sales.

(7) Investments in Affiliated Enterprises

Affiliated enterprises are enterprises that have significant influences on the Company, but do not belong to subsidiary companies or joint ventures. The Company uses the equity method in investing in affiliated enterprises.

Under the equity method, the investments in affiliated enterprises are originally recognized as costs, and the carrying amount obtained in the future will increase or decrease according to the Consolidated Company's benefits from the affiliated enterprises' income and other comprehensive income, and profit distribution. In addition, the Consolidated Company's benefit in affiliated enterprises' changes in equity is recognized according to its shareholding ratio.

If the Consolidated Company does not subscribe according to its shareholding ratio when affiliated enterprises issue new shares, and causes changes in shareholding ratio, and further results in the decrease or increase of invested equity net value, the Consolidated Company increases or decreases the amount to adjust its capital surplus and investments accounted for using equity method. If the aforementioned adjustment should debit capital surplus, and the capital surplus balance from investment accounted for using equity method is insufficient, its difference should be recognized as retained earnings under the debit column.

When the Company evaluates its impairment loss, it regards the overall carrying amount of the investment as a single asset, and compares recoverable amounts with the carrying amount to perform the

impairment test, and the recognized impairment loss also belongs to part of the investment's carrying amount. Any reversal from impairment loss can be recognized within the range of subsequent increase in the recoverable amount for such investment.

The profits or losses from upstream and downstream transactions between the Consolidated Company and the affiliated enterprises are solely within the range that is unrelated to the Consolidated Company's

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equity in the affiliated enterprises, and are recognized in consolidated financial reports.

(8) Property, Plant and Equipment

Property, plant, and equipment are recognized as costs, of which the amount will later be measured by cost subtracting accumulated depreciation.

Property, plant, and equipment's significant parts were separately depreciated within the useful life using the straightline method. If the lease period is shorter than the durability, it will be listed as depreciation during the lease period. The Consolidated Company scans the estimation of useful life, residual value, and depreciation method at least on the last day of every year, and postpones the impact of changes in applicable accounting estimations.

When property, plant, and equipment are derecognized, the difference between the net disposal proceeds and such asset's carrying amount is recognized as profit or loss.

(9) Property, Plant, and Equipment, and ROU Assets' Impairment Loss

The Consolidated Company evaluates whether there are any traces showing possible impairments in property, plant, and equipment, and ROU assets on every date of balance sheet. If any impairment traces exist, the Consolidated Company will estimate such asset's recoverable amount. If it is impossible to estimate individual asset's recoverable amount, the Company estimates the recoverable amount of the cash-generating unit to which such asset belongs.

Recoverable amount is calculated by the higher of fair value subtracting sales cost and its use value. When individual assets or the recoverable amount of the cash generating unit is lower than its carrying amount, such asset or the carrying amount of the cash generating unit is reduced to its recoverable amount, and the impairment loss is recognized under profit or loss.

When impairment loss is subsequently reversed, the carrying amount for such assets or cash generating unit are increased to the recoverable amount after being adjusted. However, the carrying amount after the increase shall not exceed the carrying amount (minus depreciation) determined if such assets or cash-generating unit did not recognize impairment loss in the previous years. The reversal of impairment loss is recognized as profit or loss.

(10) Biological Assets

Biological assets were originally recognized as cost plus transactional cost, and were subsequently measured by fair value

subtracting cost of sales. The profit or loss generated from changes in fair value subtracting cost of sales is denominated as profit or loss in the current year of event. Biological assets that cannot be measured reliably at fair value are measured by the amount for cost subtracting accumulated depreciation and accumulated impairment loss. The related expense for immature productive biological assets during the breeding period will be capitalized.

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Biological assets that cannot be measured reliably at fair value within the productive period will be listed as depreciation according to straight-line basis. The Consolidated Company conducts impairment tests on a regular basis. When there is objective impairment evidence, it will be recognized as impairment loss.

Agricultural products harvested from biological assets were originally measured by harvest point at fair value subtracting cost of sales, and transferred to as inventory, and were subsequently handled as inventory.

(11) Financial Instruments

When financial assets and financial liabilities become one of the contractual regulations for such instrument of the Consolidated Company, they are recognized in consolidated balance sheets.

When originally recognizing financial assets and financial liabilities, if financial assets or financial liabilities do not belong to those measured at fair value through profit or loss, then it is measured by fair value plus financial costs directly attributed to the obtainment or distribution of financial assets or financial liabilities. The transaction costs directly attributed to the obtainment or distribution of financial assets or financial liabilities at fair value through profit or loss shall be recognized as profit or loss immediately.

1. Financial assets

The regular way purchase or sale of financial assets adopts accounting recognition and derecognition on the trade date.

(1) Types of measurements

The types of financial assets that the Consolidated Company possesses are financial assets at amortized cost, and investments in equity instrument at fair value through other comprehensive income.

A. Financial assets measured at amortized cost

If the Company's investments of financial assets simultaneously meet the two conditions below, then it is categorized as financial assets measured at amortized cost:

a. It is held under a certain business model, and the purpose for such model is to obtain contractual cash flow by holding financial assets; and

b. The cash flow generated on the specific date of contractual regulations, and such cash flow is completely used for principal payment and the interest for outstanding capital.

After the original recognition of financial assets at amortized cost (including cash and cash equivalents, notes receivable at amortized cost, accounts receivable, other receivables, and other financial assets), they are measured by the carrying amount determined by effective interest method subtracting any impairment loss after amortized

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cost. Any profit or loss owing to foreign currency exchange is recognized as profit or loss.

Except for the two conditions below, interest income is calculated by multiplying effective interest rate and financial assets' total carrying amount:

- a. Credit-impaired financial assets purchased or created, and the interest income is calculated by multiplying effective interest rate after credit adjustment by financial assets after amortized cost.
- b. Financial assets that do not belong to purchased or created credit impairment, but subsequently become credit impairment, and the interest income is calculated by multiplying effective interest rate by financial assets after amortized cost.

Cash equivalents include demand deposits with high liquidity, which can be transferred to fixed cash, and with extremely small risks in value change. It is used to fulfill short-term cash commitments.

**B. Investments in equity instrument at fair value through other comprehensive income**

When the Consolidated Company makes original recognition, the Consolidated Company can make an irrevocable choice, which is the investments in equity instrument that are not held for trading and not merger acquirer recognized as contingent consideration, and are appointed to be measured at fair value through other comprehensive income.

Investments in equity instruments at fair value through other comprehensive income are measured at fair value, and the subsequent changes in fair value are listed in other comprehensive income, and are accumulated in other equities. During the disposal of investments, the accumulated profit is directly transferred to retained earnings, and will not be re-classified as profit or loss.

The dividends for investments in equity instruments at fair value through other comprehensive income are recognized as profit or loss when the Consolidated Company's right to

receive payments is established, unless such dividend obviously represents the recovery of partial investment cost.

**(2) Impairment loss of financial assets**

The Consolidated Company assesses its financial assets after amortized cost (including notes receivable and accounts receivable) based on expected credit loss on every date of balance sheet.

Notes receivable and accounts receivable should both be recognized as allowance loss based on the expected credit loss during the duration. Other financial assets are first assessed

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by whether there is a significant increase in credit risks after the original recognition. If there is no significant increase, then the recognition of allowance loss is based on 12 months' expected credit loss. If there is a significant increase, then the recognition of allowance loss is based on the expected credit loss during the duration.

Expected credit loss is a weighted average credit loss with the risk of default as the weight. The 12 months expected credit loss represents the expected credit loss that is caused by possible default events within the 12 months after the reporting date of the financial instrument. Expected credit loss during the duration represents the expected credit loss caused by the financial instrument's possible default events during the duration.

All carrying amount for financial assets' impairment loss are reduced through the allowance account.

(3) Derecognition of financial assets

The Consolidated Company's financial assets can only be derecognized when the contractual rights from financial assets cash flows become invalid, or when the financial assets have been transferred and almost all risks and rewards for such assets' ownership have been transferred to other enterprises.

When the financial assets measured after amortized cost is entirely derecognized, the carrying amount and the difference between the considerations received are recognized as profit or loss. When the equity instrument investments at fair value through other comprehensive income are entirely derecognized, the accumulated profit or loss are directly transferred to retained earnings, and will not be re-classified as profit or loss. °

2. Financial liabilities

(1) Subsequent measurements

Financial liabilities are measured at amortized cost accounted for using the effective interest method.

(2) Derecognition of financial liabilities

When derecognizing financial liabilities, the carrying amount and difference between consideration payments (including any transferred non-cash assets or assumed liabilities) are recognized as profit or loss.

(12) Provisions

Amounts recognized as provisions are to consider obligatory risks and uncertainties, and are the best estimate for the required expense to settle the obligation on the date of balance sheet.

(13) Recognition of income

After the Consolidated Company identifies performance obligations in customer contracts, it will amortize transaction prices to

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each performance obligation, and will recognize as income once each performance obligation is fulfilled.

Sales income from goods

The sales income from goods is from the selling of oil, feeds, and flours, etc.

When oil, feeds, and flours, etc. arrives the customers' designated location/starts shipment, the customers already have the rights to set up prices and the rights to use, and have the main responsibility to re-sale these products. They also have to take the risk for the outdating of goods. The Consolidated Company recognizes its income and accounts receivable at this point of time.

When processing, the significant risk and rewards of the ownership to the processed products are not yet transferred, and will not be handled for selling when processing.

(14) Lease

The Consolidated Company evaluates whether the contract belongs to (or includes) lease on the contract establishment date.

1. The Consolidated Company as the lessor

When the lease clause transfers almost all risks and rewards attached to the ownership of the asset to the lessee, it is classified as financing lease. All other leases are classified as operating lease.

Under operating lease, the lease payments are recognized as income on the straight-line basis during related lease periods. Original direct costs happened because of the obtainment of operating lease is added to the target assets' carrying amount, and recognized as expense on the straight-line basis during the lease period.

2. The Consolidated Company as the lessee

Except for low-value asset lease that is applicable to recognition exemption, and lease payments for short-term lease that are based on the straight-line basis recognized as expenses during the lease period, other leases are all recognized as ROU assets and lease liabilities on the lease starting date.

ROU assets are originally measured by costs (including lease liabilities' original measured amount, lease payment before the lease starting date subtracting lease incentives, original direct cost, and estimated cost of restored assets), and subsequently measured by the amount of the cost subtracting accumulated depreciation and accumulated impairment loss, and adjusts the remeasurements of lease liabilities. ROU assets are separately expressed in the consolidated balance sheet.

ROU assets' depreciation is pre-estimated on a straight-line basis from the lease starting date until the expiration of the useful life whichever is earlier.

Lease liabilities are originally measured by the lease payment's current value (including regular payments and lease

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payments depending on changes in index or rate). If the interest rate implicit in a lease is easy to determine, the lease payments are discounted with this interest rate. If such interest rate is not easy to determine, then the lessee's increment borrowing interest rate will be used.

Subsequently, lease liabilities are measured by effective interest method after amortized cost, and the interest expense is amortized during the lease period. If the lease period or changes in the rate that is used to determine lease payments result in changes of future lease payments, the Consolidated Company will remeasure lease liabilities, and relatively adjust ROU assets. However, if the carrying amount for ROU assets decreases to zero, then the remaining remeasured amount will be recognized as profit or loss. Lease liabilities are separately expressed in the consolidated balance sheet.

The Consolidated Company and the lessor underwent rent negotiations directly related to Covid-19, and adjusted the rent due before June 30, 2021 that resulted in the decrease of rent. Such negotiation did not cause significant changes in other lease clauses. The Consolidated Company chose to adopt practical expedient to handle all lease negotiations that meet the aforementioned condition. The Consolidated Company did not evaluate whether such negotiation was about lease amendments. Instead, the Consolidated Company recognized the deduction of lease payments as profit or loss (pre-estimated as other income) when concession events or situations happen, and relatively reduced lease liabilities.

(15) Borrowing Costs

The borrowing costs directly attributed to the acquisition, construction, or production of qualified assets are part of such assets cost, until almost all necessary activities for such assets to reach its intended usage or selling status have been completed.

Except for the aforementioned, all other borrowing costs are recognized as profit or loss in the current period.

(16) Employees' Benefit

1. Short-term employees' benefit

Related liabilities for short-term employees' benefit is measured at non-discounted cash amount prepaid for the exchange of employee services.

2. Post-employment benefit

The pension of the defined allocation retirement plan should be allocated and the pension amount should be recognized as expense when the employee provides his/her service period.

Defined benefit retirement plan's defined benefit cost (including service costs, net interest, and remeasurements) is precisely calculated by adopting the projected unit credit method. Service costs (including current period's service cost) and net

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interest of net defined benefit liability should be recognized as employee's benefit expense when the events happen, and when settlements happen. Remeasurements (including precisely calculated profit or loss and planned assets rewards interest deduction) should be recognized as other comprehensive income and listed under retained earnings when the event happens, and will not be re-classified as profit or loss in the subsequent period.

Net defined benefit liability is allocation insufficiency of defined benefit retirement plan. Net defined benefit assets cannot exceed the present value for the returned allocated amount from such plan or reducible future allocated amount.

(17) Income Tax

Income tax amount is the total of current income tax and deferred income tax.

1. Current income tax

The Consolidated Company determines its current income (loss) according to regulations formulated by jurisdictions for income tax reporting, based on the calculation of payable (recoverable) income tax.

According to the R.O.C. Income Tax Act, the calculation of the added income tax to undistributed earnings will be recognized in the year of decision of the shareholder's meeting.

The adjustment for income tax payables for the previous years is listed in the current year's income tax.

2. Deferred income tax

Deferred income tax is calculated based on the temporary difference between booked assets and the carrying amount for liabilities, and the tax basis for calculating taxable income.

Deferred income tax liabilities are generally recognized as all taxable temporary differences, and deferred income tax assets are recognized when it is likely to have taxable income for usage of the deduction of temporary differences and loss carryforwards.

Taxable temporary differences related to invested subsidiary companies are all recognized as deferred income tax liabilities. Deductible temporary differences related to this type of investment can be recognized as deferred income tax assets only if it is likely to have sufficient taxable income to achieve temporary differences, and within the range expected to reverse in the foreseeable future.

The carrying amount for deferred income tax assets is reviewed on every date of balance sheet, and the carrying amount is reduced for those that are no longer likely to have sufficient taxable income for the recovery of all or partial assets. For those that is not originally recognized as deferred income tax assets, they should be reviewed on every date of balance sheet, too, and the carrying amount is increased for those that are very likely to generate taxable income for the recovery or all or partial assets.

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Deferred income tax assets and liabilities are measured by its expected liability settlement or tax rate for assets realization. Such tax rate is based on the tax rate and tax law that have been enacted or substantively enacted on the date of balance sheet. The measurements of deferred income tax liabilities and assets are to reflect the Consolidated Company's tax outcome generated from the method of expected recovery or settlement of its carrying amount for assets and liabilities on the date of balance sheet.

V. Main Sources for Significant Accounting Judgment and Estimation, and Hypothesis of Uncertainties

When the Consolidated Company adopts accounting policies, the management level must make related judgments, estimations, and hypothesis on the basis of historical experience and other relevant factors when obtaining relevant information that is not easily obtained from other sources. The actual results may differ from the estimation.

The management level will continue to review the estimation and the basic hypothesis. If the amendments to the estimation solely impact the current year, then it is recognized in the current year; if the amendments to the accounting estimation simultaneously influence the current year and future periods, then it is recognized in the current period of amendment and the future period.

The information for the main management level's hypothesis and estimation uncertainties is as follow:

Impairment of Inventories

In-transit inventories and raw material costs and related prices are influenced by global raw material prices, which is possible for violent fluctuations, leading to risk of the raw materials' NRV lower than the carrying amount. Since the management level referred to the regulations in IAS 2 "Inventory," the evaluation of raw materials' NRV involves estimation and judgment, the change in raw material prices might cause significant impacts on such estimation results.

VI. Cash and Cash Equivalents

	December 31, 2020	December 31, 2019
Cash on hand & petty cash	\$ 297	\$ 271
Bank checks & demand deposit	1,220,596	814,429
Cash equivalents		
Bank time deposit	5,000	5,000
	\$ 1,225,893	\$ 819,700

The market interest rate range for bank deposits on the date of balance sheet is as follow:

	December 31, 2020	December 31, 2019
Bank demand deposit	0.01%~0.20%	0.01%~0.38%
Bank time deposit	0.76%~0.82%	1.04%~1.07%

VII. Financial Assets Measured at Amortized Cost

	December 31, 2020	December 31, 2019
<u>Current</u>		
Time deposit of which its original maturity date exceeded 3 months	\$ 199,023	\$ 709,884
Limited asset – bank deposit	5,000	159,763
	\$ 204,023	\$ 869,647
<u>Non-current</u>		
Limited asset – bank deposit	\$ 20,000	\$ 18,000

As of December 31, 2020 and 2019, the interest rate range for time deposits of which the original date exceeded 3 months were respectively 1.65%-3.04% and 2.94%-3.60%.

Limited asset – bank deposit is to provide collateral to the bank for loans and the issuance of letters of credit. As of December 31, 2020 and 2019, the interest rate for limited asset were respectively 0.01% and 0.05%-0.08%. Please refer to note 30.

#### VIII. Notes Receivable, Accounts Receivable, and Other Receivables

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Notes receivable</u>		
Total carrying amount at amortized cost	<u>\$ 348,821</u>	<u>\$ 306,131</u>
<u>Accounts receivable</u>		
Total carrying amount at amortized cost		
Total carrying amount at amortized cost	\$ 822,489	\$ 859,136
Subtract: allowance loss	<u>11,931</u>	<u>34,454</u>
	<u>\$ 810,558</u>	<u>\$ 824,682</u>
<u>Other receivables</u>		
Judgment lien amount	\$ 17,593	\$ 17,593
Export rebate receivable	13,191	12,929
Interest receivable	174	25,492
Others	<u>2,786</u>	<u>5,685</u>
	<u>\$ 33,744</u>	<u>\$ 61,699</u>

##### (1) Notes Receivable

The average credit period for the Consolidated Company's product sales is 60 days, of which no interest is accrued in notes receivable. The policy that the Consolidated Company adopts is to only make transactions with reputable targets, and the Consolidated Company will obtain full collateral when necessary so as to reduce the risk of financial loss owing to delinquency. The Consolidated Company rates its main customers by using other publicly available financial information and historical transaction records. The Consolidated Company continuously supervises credit exposures and the counterpartys' credit level, and distributes the total transaction amount to different customers with qualified credit ratings. Moreover, the Consolidated Company manages its credit exposures by reviewing and approving the credit limit of counterparties each year.

The Consolidated Company's expected credit loss during duration is recognized as notes receivable's allowance loss. The expected

credit loss during duration is calculated by provision matrix, which takes the customers' past default records and current financial statuses, and industrial economy situations into account. At the same time, the Consolidated Company takes GDP prediction and industrial prospects into consideration. The Consolidated Company distinguishes its loss according to the customer groups of each consolidated entity, and sets the expected credit loss rate according to the days overdue for notes receivable.

If there is evidence showing that the counterparty is facing critical financial difficulties, and the Consolidated Company is unable to reasonably expect the recoverable amount, the Consolidated Company should directly write off related notes receivable. However, the Consolidated Company will continuously recourse the activities, and the recovered amount from the recourse will be recognized as profit or loss.

The Company uses provision matrix to measure notes receivable's allowance loss, which is as follow:

December 31, 2020

	Not overdue
Expected credit loss rate	0%
Total carrying amount	\$ 348,821
Allowance loss (expected credit loss during duration)	-
Amortized cost	\$ 348,821

December 31, 2019

	Not overdue
Expected credit loss rate	0%
Total carrying amount	\$ 306,131
Allowance loss (expected credit loss during duration)	-
Amortized cost	\$ 306,131

Changes in information on notes receivable loss allowance are as follow:

	2020	2019
BOY balance	\$ -	\$ 2,104
subtract: current year reversal impairment loss	-	( 2,104)
Year-end balance	\$ -	\$ -

(2) Accounts Receivable

The Consolidated Company's average credit period for product sales is 80 days, of which no interest is accrued in accounts receivable.

The policy that the Consolidated Company adopts is to only make transactions with reputable targets, and the Consolidated Company will

obtain full collateral when necessary so as to reduce the risk of financial loss owing to delinquency. The Consolidated Company rates its main customers by using other publicly available financial information and historical transaction records. The Consolidated Company continuously supervises credit exposures and the counterparties' credit level, and distributes the total transaction amount to different customers with qualified credit ratings. Moreover, the Consolidated Company manages its credit exposures by reviewing and approving the credit limit of counterparties each year.

The Consolidated Company's expected credit loss during duration is recognized as notes receivable's allowance loss. The expected credit loss during duration is calculated by provision matrix, which takes the customers' past default records and current financial statuses, and industrial economy situations into account. At the same time, the Consolidated Company takes GDP prediction and industrial prospects into consideration. The Consolidated Company distinguishes its loss according to the customer groups of each consolidated entity, and sets the expected credit loss rate according to the days overdue for accounts receivable.

If there is evidence showing that the counterparty is facing critical financial difficulties, and the Consolidated Company is unable to reasonably expect the recoverable amount, the Consolidated Company should directly write off related notes receivable. However, the Consolidated Company will continuously recourse the activities, and the recovered amount from the recourse will be recognized as profit or loss.

The Consolidated Company uses provision matrix to measure accounts receivable's allowance loss, which is as follow:

#### December 31, 2020

	Not overdue	1-60 days overdue	61-90 days overdue	91-120 days overdue	121-180 days overdue	181-365 days overdue	Over 365 days overdue	Individual identification	Total
Expected credit loss rate	0%-0.01%	0%-4.10%	0%	0%	0%	-	100%	100%	
Total carrying amount	\$ 667,264	\$ 98,567	\$ 33,156	\$ 11,431	\$ 234	\$ -	\$ 60	\$ 11,777	\$ 822,489
Loss allowance (expected credit loss during duration)	( <u>42</u> )	( <u>52</u> )	-	-	-	-	( <u>60</u> )	( <u>11,777</u> )	( <u>11,931</u> )
Amortized cost	<u>\$ 667,222</u>	<u>\$ 98,515</u>	<u>\$ 33,156</u>	<u>\$ 11,431</u>	<u>\$ 234</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 810,558</u>

#### December 31, 2019

	Not overdue	1-60 days overdue	61-90 days overdue	91-120 days overdue	121-180 days overdue	181-365 days overdue	Over 365 days overdue	Individual identification	Total
Expected credit loss rate	0%-0.1%	0%-0.4%	0%-5.7%	0.19%	0%	100%	100%	100%	
Total carrying amount	\$ 743,885	\$ 71,668	\$ 866	\$ 2,919	\$ 5,510	\$ 603	\$ 227	\$ 33,458	\$ 859,136
Loss allowance (expected credit loss during duration)	( <u>45</u> )	( <u>79</u> )	( <u>37</u> )	( <u>5</u> )	-	( <u>603</u> )	( <u>227</u> )	( <u>33,458</u> )	( <u>34,454</u> )
Amortized cost	<u>\$ 743,840</u>	<u>\$ 71,589</u>	<u>\$ 829</u>	<u>\$ 2,914</u>	<u>\$ 5,510</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 824,682</u>

Changes in information on accounts receivable loss allowance are as follow:

	<u>2020</u>	<u>2019</u>
BOY balance	\$ 34,454	\$ 35,033

Subtract: current year reversal impairment loss	( 3,705)	( 579)
Subtract: current year actual write off	( <u>18,818</u> )	<u>-</u>
Year-end balance	<u>\$ 11,931</u>	<u>\$ 34,454</u>

(3) Other Receivables

After the court's judgment, the remaining amount of NTD 17,593 thousands retained by the court was returned to the parent company on March 15, 2021.

## IX. Inventory

	December 31, 2020	December 31, 2019
Raw materials	\$ 457,334	\$ 278,367
Inventory in transit	365,852	710,014
Finished goods	191,339	140,051
Work in progress	50,406	63,485
Materials	11,250	10,226
Products	452	-
	<u>\$ 1,076,633</u>	<u>\$ 1,202,143</u>

Operating costs related to inventory for the year 2020 was NTD 9,141,814 thousands. Operating costs related to inventory for the year 2019 was NTD 9,632,495 thousands, of which NTD 5,033 thousands included was inventory loss.

## X. Prepayments

	December 31, 2020	December 31, 2019
Excess business tax paid	\$ 179,732	\$ 177,617
Other prepayments	20,114	34,424
Prepayments to suppliers	17,124	19,734
	<u>\$ 216,970</u>	<u>\$ 231,775</u>

## XI. Subsidiary Companies

### (1) Subsidiary companies listed in the consolidated financial statement

The main part of the preparation of this consolidated financial statement is as follow:

Name of Investing Company	Name of Subsidiary Companies	Business Nature	Percentage of Equity Held	
			December 31, 2020	December 31, 2019
FORMOSA OILSEED PROCESSING, CO., LTD.	TOP FOOD INDUSTRY CORPORATION	Manufacturing and selling of flour products	63	63
	FORMOSA OIL PROCESSING (PANAMA) S.A.	General investing businesses	100	100
	CHONG HSIANG INTERNATIONAL CO., LTD. (CHONG HSIANG INTERNATIONAL)	Wholesaling and trading of oil products	100	100
	FU YOU AN KANG CORPORATION	Poultry breeding and wholesaling of agricultural products	51	51
FORMOSA OIL PROCESSING (PANAMA) S.A.	FORMOSA OILSEED PROCESSING (NINGBO)	Wholesaling and trading of oil products	100	100

### (2) Information about subsidiary companies with significant non-controlling interest

Name of Subsidiary Company	Main Place of Business Operation	Percentage of non-controlling interest and voting rights held	
		December 31, 2020	December 31, 2019
Top Food	Taichung City	37%	37%

Name of Subsidiary Company	Profit or Loss Distributed to Non- Controlling Interest		Non-Controlling Interest	
	2020	2019	December 31, 2020	December 31, 2019
Top Food	<u>\$ 37,107</u>	<u>\$ 53,598</u>	<u>\$ 404,916</u>	<u>\$ 413,277</u>

The subsidiary companies' summarized financial information below was prepared based on the amount before the elimination of inter-company transactions:

Top Food Industry Corporation

	December 31, 2020	December 31, 2019
Current assets	<u>\$ 1,313,078</u>	<u>\$ 1,288,390</u>
Non-current assets	1,304,220	1,343,411
Current liabilities	( 1,119,305)	( 1,127,360)
Non-current liabilities	( 398,936)	( 382,690)
Equity	<u>\$ 1,099,057</u>	<u>\$ 1,121,751</u>
Equity belonging to:		
Parent company business owner	\$ 694,141	\$ 708,474
Non-controlling interest	<u>404,916</u>	<u>413,277</u>
	<u>\$ 1,099,057</u>	<u>\$ 1,121,751</u>
	2020	2019
Operating income	<u>\$ 2,919,170</u>	<u>\$ 2,923,743</u>
Current year net profit	<u>\$ 100,719</u>	<u>\$ 145,480</u>
Net profit belonging to:		
Parent company business owner	\$ 63,612	\$ 91,882
Non-controlling interest	<u>37,107</u>	<u>53,598</u>
	<u>\$ 100,719</u>	<u>\$ 145,480</u>
Cash flow		
Operating activities	\$ 231,283	\$ 121,261
Investment activities	( 52,457)	( 111,835)
Financing activities	( 93,804)	70,824
Net cash inflow (outflow)	<u>\$ 85,022</u>	<u>\$ 80,250</u>
Dividend paid for non-controlling equity	<u>\$ 45,468</u>	<u>\$ 45,468</u>

## XII. Investments by Using Equity Method

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Invested affiliated enterprises</u>		
Significant affiliated enterprises		
Central Union Oil Corp.		
(Central Union Oil)	<u>\$ 274,924</u>	<u>\$ 257,928</u>

Percentage held by the Consolidated Company in the affiliated enterprises on the date of balance sheet:

<u>Name of Company</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
CENTRAL UNION OIL CORP.	33.33%	33.33%

For the aforementioned affiliated enterprises' information regarding their business nature, major places of operation, and the companies' registered country, please refer to Attached Table 4 "Related Information Regarding Names of Invested Companies and Location, etc."

Investments accounted for using equity method, profits or losses from the Consolidated Company, and shares on other comprehensive income are recognized according to the affiliated enterprises' financial reports audited by accountants during the same period.

The Consolidated Company measures the aforementioned affiliated enterprises by using the equity method.

The summarized financial information below was prepared on the basis of the affiliated enterprises' IFRSs financial statements, and had already reflected the adjustments made when using the equity method.

### Central Union Oil Corp.

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current assets	\$ 928,508	\$ 768,995
Non-current assets	1,505,335	1,421,680
Current liabilities	( 1,239,013)	( 1,067,090)
Non-current liabilities	( 368,023)	( 348,708)
Equity	<u>\$ 826,807</u>	<u>\$ 774,877</u>
The Consolidated Company's shareholding ratio	33.33%	33.33%
The Consolidated Company's equity	\$ 275,602	\$ 258,293
Unrealized gains (losses) on downstream transactions	( 678)	( 365)
Carrying amount for investments	<u>\$ 274,924</u>	<u>\$ 257,928</u>

	<u>2020</u>	<u>2019</u>
Operating income	<u>\$ 7,172,390</u>	<u>\$ 7,078,083</u>
Current year's net profit	\$ 118,982	\$ 84,301
Other comprehensive income	4,948	( 2,009)
Total comprehensive income	<u>\$ 123,930</u>	<u>\$ 82,292</u>
Dividend obtained from Central Union Oil Corp.	<u>\$ 24,000</u>	<u>\$ 20,000</u>

XIII. Property, Plant, and Equipment – Self-Use

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Land	\$ 715,940	\$ 715,940
Buildings	664,965	683,283
Machinery equipment	546,893	598,062
Transport equipment	31,307	19,714
Experimental equipment	4,737	4,251
Other equipment	24,645	32,117
Unfinished projects	<u>1,030,657</u>	<u>624,201</u>
	<u>\$ 3,019,144</u>	<u>\$ 2,677,568</u>

	<u>Land</u>	<u>Buildings</u>	<u>Machinery equipment</u>	<u>Transport equipment</u>	<u>Experimental equipment</u>	<u>Other equipment</u>	<u>Unfinished projects</u>	<u>Total</u>
<u>Cost</u>								
Jan 1, 2019 balance	\$ 715,940	\$ 957,053	\$ 1,536,912	\$ 39,927	\$ 13,302	\$ 245,419	\$ 27,246	\$ 3,535,799
Addition	-	8,248	14,574	2,074	3,058	7,453	682,469	717,876
Disposal	-	-	-	( 375)	( 3)	( 6,185)	-	( 6,563)
Reclassification	-	79,033	6,341	-	( 8)	148	( 85,514)	-
Net exchange difference	-	-	-	( 62)	-	( 13)	-	( 75)
Dec 31, 2019 balance	<u>715,940</u>	<u>1,044,334</u>	<u>1,557,827</u>	<u>41,564</u>	<u>16,349</u>	<u>246,822</u>	<u>624,201</u>	<u>4,247,037</u>
<u>Accumulated depreciation and impairment</u>								
Jan 1, 2019 balance	-	( 341,172)	( 885,817)	( 19,032)	( 11,210)	( 209,437)	-	( 1,466,668)
Disposal	-	-	-	374	3	5,281	-	5,658
Reclassification	-	-	-	-	5	( 5)	-	-
Depreciation expense	-	( 19,879)	( 73,948)	( 3,254)	( 896)	( 10,554)	-	( 108,531)
Net exchange difference	-	-	-	62	-	10	-	72
Dec 31, 2019 balance	<u>-</u>	<u>( 361,051)</u>	<u>( 959,765)</u>	<u>( 21,850)</u>	<u>( 12,098)</u>	<u>( 214,705)</u>	<u>-</u>	<u>( 1,569,469)</u>
Dec 31, 2019 net value	<u>\$ 715,940</u>	<u>\$ 683,283</u>	<u>\$ 598,062</u>	<u>\$ 19,714</u>	<u>\$ 4,251</u>	<u>\$ 32,117</u>	<u>\$ 624,201</u>	<u>\$ 2,677,568</u>
<u>Cost</u>								
Jan 1, 2020 balance	\$ 715,940	\$ 1,044,334	\$ 1,557,827	\$ 41,564	\$ 16,349	\$ 246,822	\$ 624,201	\$ 4,247,037
Addition	-	3,649	12,637	15,430	1,505	3,233	415,759	452,213
Disposal	-	-	-	( 1,583)	( 70)	( 4,023)	-	( 5,676)
Reclassification	-	-	9,303	-	-	-	( 9,303)	-
Net exchange difference	-	-	-	24	-	5	-	29
Dec 31, 2020 balance	<u>715,940</u>	<u>1,047,983</u>	<u>1,579,767</u>	<u>55,435</u>	<u>17,784</u>	<u>246,037</u>	<u>1,030,657</u>	<u>4,693,603</u>
<u>Accumulated depreciation and impairment</u>								
Jan 1, 2020 balance	-	( 361,051)	( 959,765)	( 21,850)	( 12,098)	( 214,705)	-	( 1,569,469)
Disposal	-	-	-	1,583	70	2,731	-	4,384
Depreciation expense	-	( 21,967)	( 73,109)	( 3,837)	( 1,019)	( 9,412)	-	( 109,344)
Net exchange difference	-	-	-	( 24)	-	( 6)	-	( 30)
Dec 31, 2020 balance	<u>-</u>	<u>( 383,018)</u>	<u>( 1,032,874)</u>	<u>( 24,128)</u>	<u>( 13,047)</u>	<u>( 221,392)</u>	<u>-</u>	<u>( 1,674,459)</u>
Dec 31, 2020 net value	<u>\$ 715,940</u>	<u>\$ 664,965</u>	<u>\$ 546,893</u>	<u>\$ 31,307</u>	<u>\$ 4,737</u>	<u>\$ 24,645</u>	<u>\$ 1,030,657</u>	<u>\$ 3,019,144</u>

The unfinished project is mainly the parent company's rendering plant for purifying edible oil that is still under construction at the Taichung Harbor area.

Since there is no trace of any impairment in 2020 and 2019, the Consolidated Company did not perform impairment evaluation.

The depreciation expenses are calculated by using the straightline method according to the useful life as follow:

Buildings	
Plant's main building	3 to 55 years
Project systems	5 to 40 years
Machinery equipment	3 to 20 years
Transport equipment	2 to 20 years
Experimental equipment	2 to 11 years
Other equipment	1 to 17 years

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#### XIV. Leasing Agreement

##### (1) ROU assets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
ROU assets carrying amount		
Land	\$ 169,312	\$ 176,557
Buildings	1,940	7,408
Transport equipment	<u>11,109</u>	<u>16,144</u>
	<u>\$ 182,361</u>	<u>\$ 200,109</u>
	<u>2020</u>	<u>2019</u>
Increase of ROU assets	<u>\$ 1,995</u>	<u>\$ 20,946</u>
Depreciation expense for ROU assets		
Land	\$ 7,245	\$ 6,755
Buildings	885	1,665
Transport equipment	<u>6,111</u>	<u>5,907</u>
	<u>\$ 14,241</u>	<u>\$ 14,327</u>

##### (2) Lease liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Lease liabilities carrying amount		
Current	<u>\$ 11,768</u>	<u>\$ 13,083</u>
Non-current	<u>\$ 172,557</u>	<u>\$ 187,895</u>

Discount rate range for lease liabilities is as follow:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Land	1.38%-1.40%	1.38%-1.40%
Buildings	1.38%	1.38%
Transport equipment	1.08%-1.40%	1.38%-1.40%

##### (3) Significant Rental Activities and Clauses

The parent company signed a land lease contract for leasing the port industry professionalism development zone with Taiwan International Ports Corporation, Ltd. – Port of Taichung Branch (hereafter referred to as Port Branch) in November 2017 in order to construct and operate the palm oil plant. The lease period is 20 years. According to contractual regulations, the properties and movable properties, and property ownerships financed and constructed by the parent company all belong to the parent company. During the duration of the contract, the parent company should calculate the land rent based

on the area of the leased land according to the land value announced by the government and the approved annual rent rate, and pay the management fee according to the amount committed to the Port Branch. When the lease period is terminated, the parent company does not have the right of preferential refusal towards the leased land.

In addition, subsidiary company – Top Food and Port Branch signed a land lease contract for the leasing of food processing professionalism zone in December 2004 to construct and operate the flour plant. The lease period is 50 years. According to contractual regulations, the constructions for all properties and moveable properties are financed by Top Food, and that the property ownership all belongs to Top Food. During the duration of the contract, Top Food should calculate the land rent based on the area of the leased land according to the land value announced by the government and the approved annual rent rate, and pay the management fee according to the guaranteed tonnage of domestic sales goods agreed with the Port Branch. When the lease period is terminated, Top Food does not have the right of preferential refusal towards the leased land.

Owing to the serious impact that the Covid-19 pandemic has had on the market economy in 2020, when the Company negotiated with the auxiliary ports of Taiwan International Ports Corporation Ltd. about land lease, the auxiliary ports agreed to unconditionally lower 10% of the rental amount from January 1, 2020 to June 30, 2020. The Consolidated Company recognized the aforementioned rent concessions impact NTD 370 thousands in the year 2020 (listed as other income).

(4) Other Leasing Information

	2020	2019
Short-term leasing fees	\$ 459	\$ 1,042
Low value assets leasing fees	\$ 887	\$ 671
Total leasing cash (outflow)	(\$ 17,122)	(\$ 17,925)

The Consolidated Company chooses to recognize the renting of business premises and transport equipment that conform to short-term lease and low value lease, as the Consolidated Company will not recognize such leases as related ROU assets and lease liabilities.

XV. Biological Assets

	December 31, 2020	December 31, 2019
<u>Productive biological assets</u>		
Laying hens	\$ -	\$ 5,329

	<u>Amount</u>
<u>Cost</u>	
Jan, 1 2019 balance	\$ 6,704
Addition	10,965
Disposal	( 6,858)
Dec 31, 2019 balance	<u>\$ 10,811</u>
 <u>Accumulated depreciation</u>	
Jan, 1 2019 balance	\$ 6,704
Depreciation expense	5,634
Disposal	( 6,856)
Dec 31, 2019 balance	<u>\$ 5,482</u>
 Dec 31, 2019 net value	 <u>\$ 5,329</u>
 <u>Cost</u>	
Jan 1, 2020 balance	\$ 10,811
Disposal	( 10,811)
Dec 31, 2020 balance	<u>\$ -</u>
 <u>Accumulated depreciation</u>	
Jan 1, 2020 balance	\$ 5,482
Depreciation expense	5,329
Disposal	( 10,811)
Dec 31, 2020 balance	<u>\$ -</u>
 Dec 31, 2020 net value	 <u>\$ -</u>

The Consolidated Company's biological assets are the laying hens from subsidiary company Fu You An Kang.

The Consolidated Company's laying hens are mainly used to produce eggs. As of December 31, 2020 and 2019, the Consolidated Company respectively possessed 0 thousands and 48 thousands laying hens.

Owing to the short productive cycle of eggs, and the difficulty in obtaining the market price during the breeding period, plus the likelihood of damage in biological assets caused by external factors such as climate and disease, the value for cash flow discount estimation could not be measured reliably. Thus, it was measured by the amount after its cost subtracting accumulated depreciation and accumulated impairment loss, and the related expense during the breeding period of immature productive biological assets had been capitalized. Productive biological assets were depreciated according to the straight-line method during the productive period, and the depreciation period is about 14 months.

The changes in profit for the originally recognized agricultural products for 2020 and 2019 were respectively NTD 42,350 thousands and NTD 36,279 thousands.

The Consolidated Company's financial risks related to biological assets derive from price changes for egg hens and eggs. The Consolidated Company examines the price expectations for egg hens and eggs on a regular basis, so as to consider the necessity in adopting active financial risk management measures.

XVI. Other Non-Current Assets

	December 31, 2020	December 31, 2019
Guarantee deposits paid	\$ 12,723	\$ 7,085
Prepayments for equipment	5,679	13,051
Other prepayments	3,708	2,939
	\$ 22,110	\$ 23,075

XVII. Loans

(1) Short-term loans

	December 31, 2020	December 31, 2019
Unsecured loans	\$ 1,580,018	\$ 1,845,793

The market interest rate range for short-term loans on the date of balance sheet is as follow:

	December 31, 2020	December 31, 2019
Unsecured loans	0.72%-1.25%	1.00%-2.93%

(2) Short-term notes payable

	December 31, 2020	December 31, 2019
Commercial papers payable	\$ 330,000	\$ -
Subtract: short-term notes discount payable	361	-
	\$ 329,639	\$ -

Short-term notes payable that have not met the maturity date yet:

December 31, 2020

Guarantee/ Acceptance institutions	Par price	Discount amount	Carrying amount	Interest rate range	Pledge or collateral
Ta Ching Bills Finance Corporation Taiwan	\$ 140,000	\$ 324	\$ 139,676	0.99%-1.00% 0.99%-1.00%	None
Cooperative Bills Finance Corporation Shanghai	90,000	23	89,977	1.00%	None None
Commercials and Savings Bank Mega Bills	80,000 20,000	7 7	79,993 19,993	0.98%	None
	\$ 330,000	\$ 361	\$ 329,639		

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(3) Long-term loans

1. The details for the parent company's long-term loans are as follow:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Secured loan</u>		
E.SUN Commercial Bank	\$ 420,000	\$ 540,000
<u>Unsecured loan</u>		
Taishin International Bank	150,000	200,000
Taiwan Cooperative Bank	100,000	100,000
Shanghai Commercial and Savings Bank	62,500	100,000
Bank of Panhsin	62,500	40,000
Chang Hwa Bank	60,000	50,000
Mega International Commercial Bank	30,000	-
Bank of Kaohsiung	30,000	-
Land Bank of Taiwan	<u>20,000</u>	<u>40,000</u>
Subtotal	935,000	1,070,000
Subtract: listed as the part that is due within one year	<u>440,000</u>	<u>232,500</u>
Long-term loan	<u>\$ 495,000</u>	<u>\$ 837,500</u>

The interest rate range for the parent company's loans is as follow:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Floating interest rate loans	1.08%-1.33%	1.35%-1.50%

- (1) E.SUN Commercial Bank's secured loan: the parent company's first installment of the loan principal was repaid in August 2019. Every 6 months is 1 installment. The loan will be evenly amortized in 10 installments. As of December 31, 2020 and 2019, the loan balances were respectively NTD 420,000 thousands and NTD 540,000 thousands. The Consolidated Company offered its plant and land in Dadu District, Taichung City as such line of credit's collateral.
- (2) Taishin International Bank's mid-term loan: according to contract regulations, the loan principal can be used as revolving loan within the financing limit from the parent company's first draw date of the loan principal in June 2019 until 2021 before the maturity date. The longest period for each loan cannot exceed 180 days, and the amount drawn this time shall be settled on the maturity date for the loan principal. However,

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the loan principal can be applied for revolved drawing according to contract regulations, and there is no need for additional procedures for the principal's transfer in/out. As of December 31, 2020 and 2019, the loan balance was respectively NTD 150,000 thousands and NTD 200,000 thousands.

- (3) Taiwan Cooperative Bank's mid-term loan: The settlement of the amount employed this time reached the 24<sup>th</sup> month since March 2020, the parent company's draw date of the loan principal. As of December 31, 2020 and 2019, the loan balances were both NTD 100,000 thousands.
- (4) Shanghai Commercial and Savings Bank's mid-term loan: the parent company's first installment of the loan principal was repaid in June 2020. Every 3 months is 1 installment. The loan will be evenly amortized in 8 installments. As of December 31, 2020 and 2019, the loan balance was respectively NTD 62,500 thousands and NTD 100,000 thousands.
- (5) Bank of Panhsin's mid-term loan: the parent company's first installment of loan principal was originally repaid in April 2020. Every 3 months is 1 installment. The loan will be evenly amortized in 8 installments. As of December 31, 2020 and 2019, the loan balance was respectively NTD 25,000 thousands and NTD 40,000 thousands. Another NTD 45,000 thousands was drawn in February 2020. The first installment of the loan principal was repaid in October 2020. Every 3 months is 1 installment. The loan will be evenly amortized in 6 installments. As of December 31, 2020, the loan balance was NTD 37,500 thousands.
- (6) Chang Hwa Bank's mid-term loan: since the parent company's first draw date of the loan principal in March 2019, every 6 months is 1 installment, and the loan will be evenly amortized in 6 installments. As of December 31, 2020 and 2019, the loan balance was respectively NTD 30,000 thousands and NTD 50,000 thousands. Another NTD 40,000 thousands was drawn in April 2020. The first installment of the loan principal was repaid in September 2020. Every 6 months is 1 installment. The loan will be evenly amortized in 4 installments. As of December 31, 2020, the loan balance was NTD 30,000 thousands.
- (7) Mega International Commercial Bank's mid-term loan: according to contract regulations, the loan principal can be used as revolving loan within the financing limit from the parent company's first draw date of the loan principal in March 2020 until 2022 before the maturity date. The longest period for each loan cannot exceed 180 days, and the amount drawn this time shall be settled on the maturity date for the loan principal. As of December 31, 2020, the loan balance was NTD 30,000 thousands.

- (8) Bank of Kaohsiung's mid-term loan: the parent company's loan principal was paid off at once on the maturity date in February 2021. As of December 31, 2020, the loan balance was NTD 30,000 thousands.
- (9) Land Bank of Taiwan's mid-term loan: according to contract regulations, the loan principal can be used as revolving loan within the financing limit from the parent company's first draw date of the loan principal in June 2019 until 2022 before the maturity date. The longest period for each loan cannot exceed 90 days, and the amount drawn this time shall be settled on the maturity date for the loan principal. As of December 31, 2020 and 2019, the loan balance was respectively NTD 20,000 thousands and 40,000 thousands.
2. The statement for subsidiary company – Top Food Industry Corporation's long-term loan is as follow:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Secured loan</u>		
Yuanta Bank	\$ 250,000	\$ 230,000
<u>Unsecured loan</u>		
Hua Nan Commercial Bank, Ltd.	60,000	60,000
Taishin International Bank	<u>30,000</u>	<u>30,000</u>
Subtotal	340,000	320,000
Subtract: listed as the part that is due within one year	<u>50,000</u>	<u>50,000</u>
Long-term loan	<u>\$ 290,000</u>	<u>\$ 270,000</u>

The interest rate range for Top Food Industry Corporation's loan is as follow:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Floating interest rate loans	1.10%-1.28%	1.38%-1.44%

In order to enrich its operating funds, the mid-term and long-term loan contracts that Top Food signed with financial institutions are as follow:

- (1) Yuanta Bank's secured loan: Top Food and Yuanta Bank signed a credit contract with the total amount of NTD 600,000 thousands. The credit period for Item A is from such credit contract's initial draw date until the expiry day of 3 years. The first installment was paid in 6 months, and then every 6 months is one installment. The loan will be evenly amortized in 6 installments. The credit period for Item B is from such credit contract's contracting date until the expiry day of 3 years. The longest period for each loan for Item B

cannot exceed 180 days, and the amount drawn this time shall be settled on the maturity date for the loan principal. However, the loan

principal can be applied for revolved drawing according to contract regulations, and there is no need for additional procedures for the principal's transfer in/out. The amount for Item C is used for short-term loans. The credit period for Item C is from such contract's contracting date until the expiry date of 1 year. The longest period for each loan cannot exceed 180 days, and the amount drawn this time shall be settled on the maturity date for the loan principal. However, the loan principal can be applied for revolved drawing according to contract regulations, and there is no need for additional procedures for the principal's transfer in/out. As of December 31, 2020 and 2019, the loan balance for Item A was respectively NTD 50,000 thousands and NTD 100,000 thousands; the loan balance for Item B was respectively NTD 200,000 thousands and NTD 130,000 thousands. Top Food provided the plants and mechanical equipment in Qingshui District, Taichung, and limited bank deposits, etc. as collaterals for this line of credit. Within the credit duration period, Top Food's several financial ratios should meet the regulations in the credit contract.

- (2) Hua Nan Commercial Bank, Ltd.'s unsecured comprehensive loan: Top Food drew NTD 60,000 thousands and NTD 40,000 thousands in June and August 2019. From the initial draw date until the expiry day of 2 years, the loan principal will be paid off at once on the maturity date. As of December 31, 2019, Top Food had already repaid NTD 40,000 thousands with the loan balance of NTD 60,000 thousands, and had been settled in December 2020. Top Food drew another NTD 60,000 thousands in December 2020. From the initial draw date until the expiry date of 2 years, the loan principal will be paid off at once on the maturity date. As of December 31, 2020, the loan balance was NTD 60,000 thousands.
- (3) Taishin International Bank's unsecured comprehensive loan: The longest period for the loan cannot exceed 180 days, and the amount drawn this time shall be settled on the maturity date for the loan principal. However, the loan principal can be applied for revolved drawing according to contract regulations, and there is no need for additional procedures for the principal's transfer in/out. As of December 31, 2020 and 2019, the loan balance was both NTD 30,000 thousands. Within the credit duration period, Top Food's several financial ratios should meet the regulations in the credit contract.

XVIII. Notes Payable and Accounts Payable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Notes payable</u>		
Incurred by business operations	<u>\$ 9,061</u>	<u>\$ 8,660</u>
<u>Accounts payable</u>		
Incurred by business operations	<u>\$ 226,072</u>	<u>\$ 165,842</u>

- (1) Notes payable

The Consolidated Company's notes payable are mainly notes issued for the payment of freight incurred by business operations.

(2) Accounts payable

The average credit period is 60 days. The Consolidated Company's financial risk management policy ensures that all accounts payable are repaid within the prearranged credit period.

XIX. Other Payables

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Salaries and bonuses payable	\$ 96,301	\$ 83,282
Equipment payable	12,804	1,402
Freight payable	11,526	11,350
Import and export expenses payable	11,257	9,188
Labor and health insurance payable	4,276	3,687
Others	<u>30,741</u>	<u>34,308</u>
	<u>\$ 166,905</u>	<u>\$ 143,217</u>

XX. Welfare Benefit Plan after Retirement

(1) Defined allocation plan

The pension system in the "Labor Pension Act" that is applicable to the parent company, Top Food Industry Corporation, Chong Hsiang International Co., Ltd., and Fu You An Kang Co., Ltd., which are part of the Consolidated Company, belongs to defined pension allocation plan under the R.O.C. government's management. 6% of the employee's monthly salary is allocated to the employee's Labor Insurance Bureau personal account as the employee's pension.

The Consolidated Company's employees from subsidiary companies in Mainland China are members of retirement benefit plan that belongs to Mainland China's government operations. Such subsidiary company/companies shall allocate specific percentage of salary costs to the retirement benefit plan, so as to provide funds to this plan. The Consolidated Company's obligation towards this retirement benefit plan operated by the government is only to allocate specific amount.

(2) Defined welfare benefit plan

The "Labor Standards Act" that the parent company of the Consolidated Company refers to in handling pension system belongs to defined welfare benefit pension plan under the government's

management. The payment of the employee's pension is based on the employees' years of service and the employee's average salary of the 6 months prior to the approved retirement date. The parent company allocates 8% of the employee's monthly salary to his/her pension, and

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is submitted to the Supervisory Committee of Business Entities' Labor Retirement Reserve to deposit into Bank of Taiwan's imprest account in the name of the committee. Before the year ends, if the estimated imprest balance is insufficient to pay estimated employees that fulfill retirement conditions in the following year, the difference should be allocated at once before the end of March in the following year. Such imprest account is managed by the Bureau of Labor Funds, Ministry of Labor. The Consolidated Company has no right in influencing its investment management strategies.

Amounts for defined benefit plan that are listed in the consolidated balance sheet are as follow:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
PV for defined benefit obligation	\$ 85,619	\$ 84,168
Planned assets fair value	( 65,661)	( 63,088)
Allocation insufficiency	<u>19,958</u>	<u>21,080</u>
Net defined benefit liabilities	<u>\$ 19,958</u>	<u>\$ 21,080</u>

Changes in net defined benefit liabilities are as follow:

	<u>PV for defined benefit obligation</u>	<u>Planned assets fair value</u>	<u>Net defined benefit liabilities</u>
Jan 1, 2019	<u>\$ 89,965</u>	<u>( \$ 64,299)</u>	<u>\$ 25,666</u>
Service cost			
Current service cost	875	-	875
Interest expenses (income)	<u>900</u>	<u>( 650)</u>	<u>250</u>
Recognized as profit or loss	<u>1,775</u>	<u>( 650)</u>	<u>1,125</u>
Remeasurements			
Gains on planned assets	-	<u>( 2,472)</u>	<u>( 2,472)</u>
Actuarial loss			
— Changes in demographic assumptions	4	-	4
— Changes in financial assumptions	1,805	-	1,805
— Experience adjustment	<u>951</u>	<u>-</u>	<u>951</u>
Recognized as other comprehensive income	<u>2,760</u>	<u>( 2,472)</u>	<u>288</u>
Allocated by employer	<u>-</u>	<u>( 5,999)</u>	<u>( 5,999)</u>
Payment of benefits	<u>( 10,332)</u>	<u>10,332</u>	<u>-</u>
December 31, 2019	<u>\$ 84,168</u>	<u>( \$ 63,088)</u>	<u>\$ 21,080</u>
January 1, 2020	<u>\$ 84,168</u>	<u>( \$ 63,088)</u>	<u>\$ 21,080</u>
Service cost			
Current service cost	760	-	760
Interest expenses (income)	<u>631</u>	<u>( 478)</u>	<u>153</u>
Recognized as profit or loss	<u>1,391</u>	<u>( 478)</u>	<u>913</u>
Remeasurements			
Gains on planned assets	-	<u>( 2,217)</u>	<u>( 2,217)</u>
Actuarial loss			
— Changes in financial assumptions	2,565	-	2,565
— Experience adjustment	<u>( 1,225)</u>	<u>-</u>	<u>( 1,225)</u>
Recognized as other comprehensive income	<u>1,340</u>	<u>( 2,217)</u>	<u>( 877)</u>
Allocated by employer	<u>-</u>	<u>( 1,158)</u>	<u>( 1,158)</u>
Payment of benefits	<u>( 1,280)</u>	<u>1,280</u>	<u>-</u>
December 31, 2020	<u>\$ 85,619</u>	<u>( \$ 65,661)</u>	<u>\$ 19,958</u>

The amounts recognized as profit or loss for the defined benefit plan are summarized according to their functions as follow:

	2020	2019
Operating costs	\$ 187	\$ 221
Promotion expense	248	345
Management expense	478	559
	\$ 913	\$ 1,125

The Consolidated Company is exposed to the risks below owing to the pension system of the “Labor Standards Act”:

1. Investment risks: through methods of self-application or discretionary management, the Bureau of Labor Funds, Ministry of Labor invests labors’ pension funds in domestic and foreign equity securities, debt securities, and bank deposits, and other objects. However, the amount that can be distributed under the Consolidated Company’s planned assets is the income that is calculated by not being lower than the local banks’ two-year time deposit rate.
2. Interest risks: the decrease of interest rates in government bonds/corporate bonds will result in the increase in the present value for defined benefit obligation. However, the debts of planned assets’ return on investments will increase accordingly, too. Both have partial offset effects on net defined benefit liabilities.
3. Salary risks: the calculation of the present value for defined benefit obligations refers to planned members’ future salary. Therefore, the increase in planned members’ salary will result in the increase in the present value for defined benefit obligations.

The Consolidated Company’s actuarial calculation for the PV for defined benefit obligations is performed by certified actuaries. The measurement date’s major assumptions are as follow:

	December 31, 2020	December 31, 2019
Discount rate	0.375%	0.750%
Salary’s expected increase rate	2.500%	2.500%

If the major actuarial assumptions are respectively subjected to possible reasonable changes, under the circumstance that other assumptions remain unchanged, the amounts that will result in the increase (decrease) of the PV for defined benefit obligations are as follow:

	December 31, 2020	December 31, 2019
Discount rate		
0.25% increase	(\$ 1,724)	(\$ 1,805)
0.25% decrease	\$ 1,778	\$ 1,864
Salary’s expected increase rate		
0.25% increase	\$ 1,711	\$ 1,800
0.25% decrease	(\$ 1,668)	(\$ 1,753)

Since actuarial assumptions may be interrelated, it is unlikely for changes in single assumption only. Thus, the aforementioned sensitivity analysis may not reflect the situation of the changes in the present value for defined benefit obligations.

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Amount expected to be allocated within 1 year	<u>\$ 1,158</u>	<u>\$ 1,232</u>
Defined benefit obligation's average maturity period	8.1 years	8.7 years

## XXI. Equity

### (1) Share Capital

#### Common Stock

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Authorized number of shares (1000)	<u>227,900</u>	<u>227,900</u>
Authorized share capital	<u>\$ 2,279,000</u>	<u>\$ 2,279,000</u>
Number of shares issued and fully collected (1000)	<u>218,703</u>	<u>218,703</u>
Issued share capital	<u>\$ 2,187,030</u>	<u>\$ 2,187,030</u>

The nominal amount per common share is NTD 10. Each share has one voting right and the right to receive dividends.

### (2) Capital Reserves

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Can be used to compensate for losses, distribute cash, or share capitalization</u>		
Issuance of premium	<u>\$ 121,015</u>	<u>\$ 121,015</u>

In the capital reserve, those that belong to the overage of the issuance of shares in excess of the par and the gifts of assets donated to the business can be used to compensate for losses. They can also be used to issue cash dividend or to capitalize share capital when the company breaks even. However, when capitalizing share capital, it is limited to a certain ratio of the actual received share capital each year.

### (3) Reserved Earnings and Dividend Policies

According to the parent company's bylaws regarding the regulations in the earnings distribution policy, if there are earnings in the final account, another 10% is withdrawn as earnings reserve after tax payments and the compensation for losses. The rest will be listed as

or reversed to special earnings surplus according to regulations. If there is still balance, together with accumulated undistributed earnings, the board of directors will draft a proposal regarding the distribution of earnings, and submit it to the shareholders meeting for the decision of the distribution of shareholders' dividends and bonus. For policies regarding distribution of employees and directors' remunerations according to the clause in the parent company's bylaws, please refer to note 23-3 "Employees' Remunerations and Directors' Remunerations."

The parent company's policy regarding the distribution of dividends is based on the principle to maintain the soundness of the company's long-term financial structure and the growth and expansion of future operations, to distribute share dividends so as to retain the funds needed, and the rest can be distributed as cash dividends. However, cash dividends cannot be less than 10% of total dividends. If there is 0.1 NTD short of the distribution of cash dividend per share, then no cash dividend will be distributed.

Statutory earnings reserve should be allocated until its balance reaches the company's actual received total share capital. Statutory earnings reserve can be used to compensate losses. When the company has no loss, except for the part that the statutory earnings reserve exceeds 25% of the actual received total share capital can be used to allocate the share capital, it is still available to be distributed in cash.

The parent company refers to regulations such as No. Financial-Supervisory-Securities-Auditing-1010012865 and "Q&A Regarding the Application of the Pre-Estimation of Special Earnings Reserve after Adopting the IFRSs" to pre-estimate and reverse special earnings reserve. From hereafter, when the company uses, disposes, or re-classifies related assets, the company has to refer to the proportion of the original pre-estimated special earnings reserve to reverse distribute its earnings.

The parent company hosted the regular shareholders' meeting on June 24, 2020 and June 27, 2019, and respectively decided the approval of 2019 and 2018 earnings distribution proposal as follow:

	<u>Earnings Distribution Project</u>		<u>Dividend per Share (NTD)</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Pre-estimated statutory earnings surplus	(965) \$ 31,787	\$ 25,563		
Shareholders' cash dividend	(965) 284,314	251,509	\$ 1.30	\$ 1.15

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The parent company's proposal for 2020 earnings distribution by the board of directors on March 25, 2021 is as follow:

	<u>Earnings Distribution Plan</u>	<u>Dividend per Share (NTD)</u>
Statutory earnings surplus	\$ 37,828	
Cash dividend	306,184	\$ 1.40

Regarding 2020's earnings distribution plan, it is expected to be decided on June 24, 2021 at the annual general meeting (AGM).

(4) Special Earnings Surplus

Since it is the parent company's first time using IFRSs and the increase in reserved earnings generated is insufficient for pre-estimation. Thus, the sole increase in reserved earnings generated by converse-using IFRSs NTD 200,454 thousands can pre-estimate special earnings surplus.

(5) Non-controlling interest

	2020	2019
BOY balance	\$ 441,444	\$ 433,025
Share of current year's net profit belonging to non-controlling interest	42,030	56,476
Expense for non-controlling interest dividend	( 48,056)	( 48,057)
Year-end balance	<u>\$ 435,418</u>	<u>\$ 441,444</u>

XXII. Income

	2020	2019
Customer contract income		
Goods sales income	\$ 10,210,550	\$ 10,643,144
Processing income	<u>2,943</u>	<u>3,362</u>
	<u>\$ 10,213,493</u>	<u>\$ 10,646,506</u>

(1) Customer Contract Description

1. Goods sales income

Products such as oil, feeds, and flour, etc. are sold to wholesalers and retailers, and are sold according to the fixed price in the contract. The income amount is measured at received consideration or consideration receivable's fair value.

2. Processing income

The Consolidated Company's processing income contract is services of the processing and manufacturing of flour and the selection of eggs, etc. The Consolidated Company provides services of the processing and manufacturing of flour and the selection of eggs, etc., and the related income is recognized when providing these services.

(2) Contract balance

	December 31, 2020	December 31, 2019	January 1, 2019
Notes receivable	\$ 348,821	\$ 306,131	\$ 376,237
Notes receivable – related parties	8,029	9,453	5,649
Accounts receivable	810,558	824,682	895,140
Accounts receivable – related parties	<u>233,514</u>	<u>216,980</u>	<u>203,409</u>
	<u>\$ 1,400,922</u>	<u>\$ 1,357,246</u>	<u>\$ 1,480,435</u>
Contractual liabilities (listed in other current liabilities)			
Selling of goods	<u>\$ 5,018</u>	<u>\$ 1,122</u>	<u>\$ 2,574</u>

Changes in contract liabilities are mainly from the difference between the time point of the fulfilment of performance obligations and the time point of customers' payments.

The amount for performance obligations from contract liabilities from the beginning of the year recognized as income in the current period is as follow:

	<u>2020</u>	<u>2019</u>
Selling of goods	<u>\$ 1,122</u>	<u>\$ 2,574</u>

(3) Breakdown of customer contract income

For information regarding income breakdown, please refer to note 34.

(4) Customer contracts that are not all complete yet

The time point of performance obligations expected to be recognized as income that are not all fulfilled yet is as follow:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Selling of products		
– Executed in 2020	\$ -	\$ 1,122
– Executed in 2021	<u>5,018</u>	<u>-</u>
	<u>\$ 5,018</u>	<u>\$ 1,122</u>

### XXIII. Net Profit

(1) Depreciation and amortization

	<u>2020</u>	<u>2019</u>
Property, plant and equipment	\$ 109,344	\$ 108,129
ROU assets	14,241	14,214
Biological assets	<u>5,329</u>	<u>5,634</u>
Total depreciation expense	<u>\$ 128,914</u>	<u>\$ 127,977</u>
Depreciation expense		
summarized according to its		
functions		
Operating cost	\$ 97,213	\$ 98,618
Operating expense	<u>31,701</u>	<u>29,359</u>
	<u>\$ 128,914</u>	<u>\$ 127,977</u>
Amortization expense		
summarized according to its		
functions		
Operating cost	\$ 1,023	\$ 1,028
Operating expense	<u>2,086</u>	<u>2,370</u>
	<u>\$ 3,109</u>	<u>\$ 3,398</u>

(2) Employees' benefit expenses

	<u>2020</u>	<u>2019</u>
Post-employment benefits		
Defined contribution plans	\$ 11,787	\$ 11,064
Defined benefit plans	<u>913</u>	<u>1,125</u>
	12,700	12,189
Salary expenses	291,288	275,166
Labor and health insurance expenses	24,815	23,474
Directors' remunerations	13,699	12,096
Other employee benefits	<u>12,588</u>	<u>12,669</u>
	<u>\$ 355,090</u>	<u>\$ 335,594</u>
Summarized according to its functions		
Operating costs	\$ 113,974	\$ 107,354
Operating expenses	<u>241,116</u>	<u>228,240</u>
	<u>\$ 355,090</u>	<u>\$ 335,594</u>

(3) Employees' Remunerations and Directors' Remunerations

According to the clause in the parent company's bylaws, the parent company refers to the current year's pre-tax profit before deducting the distribution of employees' remunerations and directors' remunerations, and allocates respectively 2%-4% and not higher than 4% from employees' remuneration and directors' remuneration. The employees' remuneration and directors' remuneration for 2020 and 2019 were decided by the board of directors on March 25, 2021 and March 27, 2020 respectively as follow:

Estimated percentage

	<u>2020</u>	<u>2019</u>
Employees' remunerations	2%	2%
Directors' remunerations	2%	2%

Amount

	<u>2020</u>	<u>2019</u>
	<u>Cash</u>	<u>Cash</u>
Employees' remunerations	\$ 9,191	\$ 8,165
Directors' remunerations	9,191	8,165

If there are still changes in the amount after the annual consolidated financial statements' issuance date, it will be handled as changes in accounting estimates, and will be adjusted and entered into account in the following year.

There is no difference between the actual distributed amount for employees' remuneration and directors' remuneration for 2019 and 2018 and the consolidated financial statements' recognized amount for 2019 and 2018.

For information regarding the parent company's employees' remuneration and directors' remuneration as decided by the board of directors, please search on the Taiwan Stock Exchange's Market Observation Post System.

(4) Other Earnings and Impairment Loss Net Value

	2020	2019
Disposal of gains on biological assets	\$ 318	\$ 644
Disposal of gains (loss) on property, plant and equipment	233	( 318)
Disposal of gains on ROU assets	50	17
	<u>\$ 601</u>	<u>\$ 343</u>

(5) Currency Exchange Profit (Loss)

	2020	2019
Total currency exchange profit	\$ 39,974	\$ 31,683
Total currency exchange loss	( 13,371)	( 6,813)
Net profit	<u>\$ 26,603</u>	<u>\$ 24,870</u>

(6) Interest Expense

	2020	2019
Bank loan interest	\$ 26,005	\$ 32,212
Lease liability interest	2,680	2,771
	<u>\$ 28,685</u>	<u>\$ 34,983</u>

Related information on interest capitalization is as follow:

	2020	2019
Interest capitalization amount	\$ 9,623	\$ 5,343
Interest capitalization rate	1.16%-1.40%	1.36%-1.39%

XXIV. Income Tax

(1) Income tax recognized as profit or loss

The main items of the income tax is as follow:

	2020	2019
Current income tax		
Generated in the current year	\$ 297,308	\$ 86,490
Addition to undistributed earnings	-	1
Adjustments made in the previous years	6,252	130
Deferred income tax		
Generated in the current year	( 158,175)	11,074
Income tax expense recognized as profit or loss	<u>\$ 145,385</u>	<u>\$ 97,695</u>

Formosa Oilseed Processing Co., Ltd. (Panama) is exempt from income tax according to law. As of December 31, 2020, Formosa Oilseed Processing (Ningbo) had already estimated and listed related taxes of Ningbo municipal government's purchasing of plants and equipment, and land ROU, and paid in May 2020 according to local law's regulations.

The adjustments for accounting income and income tax expense are as follow:

	2020	2019
Net profit before tax	<u>\$ 563,172</u>	<u>\$ 493,175</u>
Income tax expense calculated based on statutory tax rate for net profit before tax (20%)	\$ 112,634	\$ 98,635
Tax-free income	( 7,932)	( 5,620)
Non-deductible impairment loss in taxes	3,827	95
Income tax repatriated from subsidiary companies' earnings	37,415	-
Addition to undistributed earnings	-	1
Unrecognized deductible temporary difference	( 6,913)	3,121
Different tax rates effects on subsidiary companies operated in other jurisdictions	102	1,333
Current income tax expense in the previous years adjusted in the current period	<u>6,252</u>	<u>130</u>
Income tax expense recognized as profit or loss	<u>\$ 145,385</u>	<u>\$ 97,695</u>

The amended "Statute for Industrial Innovation" announced by the president in July 2019 stipulates that, certain assets built or purchased

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from retained earnings can be listed as deduction items for calculating retained earnings. When calculating retained earnings taxes, the Consolidated Company only deducted the amount of capital expense that had actually been reinvested.

(2) Current income tax assets and liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current income tax assets		
Tax refund receivable	<u>\$ -</u>	<u>\$ 738</u>
Current income tax liabilities		
Income tax payable	<u>\$ 61,731</u>	<u>\$ 54,062</u>

(3) Deferred income tax assets and liabilities  
 Changes in deferred income tax assets and liabilities are as follow:  
2020

	BOY Balance	Recognized as Profit or Loss	Exchange Difference	Year-End Balance
<u>Deferred Income Tax Assets</u>				
<u>Temporary difference</u>				
Loss on investment accounted for using equity method	\$ 4,333	\$ 7,134	\$ -	\$ 11,467
Pension expense overrun	2,105	( 49 )	-	2,056
Allowance loss overrun	5,550	( 4,310 )	-	1,240
Loss on inventory price decline	506	( 107 )	-	399
Deferred income	497	( 44 )	-	453
Finance and taxation differences in costs for property, plant and equipment	343	( 43 )	-	300
Unrealized foreign currency exchange loss	53	532	-	585
Others	74	62	-	136
	<u>13,461</u>	<u>3,175</u>	<u>-</u>	<u>16,636</u>
Loss deduction	<u>2,563</u>	<u>( 2,554 )</u>	<u>( 9 )</u>	<u>-</u>
	<u>\$ 16,024</u>	<u>\$ 621</u>	<u>( \$ 9 )</u>	<u>\$ 16,636</u>
<u>Deferred Income Tax Liabilities</u>				
<u>Temporary difference</u>				
Land value increment tax	\$ 95,560	\$ -	\$ -	\$ 95,560
Deferred relocation benefits	158,097	( 157,554 )	( 543 )	-
	<u>\$ 253,657</u>	<u>( \$ 157,554 )</u>	<u>( \$ 543 )</u>	<u>\$ 95,560</u>

2019

	BOY Balance	Recognized as Profit or Loss	Exchange Difference	Year-End Balance
<u>Deferred Income Tax Assets</u>				
<u>Temporary difference</u>				
Loss on investment accounted for using equity method	\$ 8,463	( \$ 4,130 )	\$ -	\$ 4,333
Pension expense overrun	3,080	( 975 )	-	2,105
Allowance loss overrun	4,710	840	-	5,550
Loss on inventory price decline	207	299	-	506
Deferred income	541	( 44 )	-	497
Finance and taxation differences in costs for property, plant and equipment	387	( 44 )	-	343
Unrealized foreign currency exchange loss	19	34	-	53
Others	298	( 224 )	-	74
	<u>17,705</u>	<u>( 4,244 )</u>	<u>-</u>	<u>13,461</u>
Loss deduction	<u>8,464</u>	<u>( 6,830 )</u>	<u>929</u>	<u>2,563</u>
	<u>\$ 26,169</u>	<u>( \$ 11,074 )</u>	<u>\$ 929</u>	<u>\$ 16,024</u>

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Deferred Income Tax Liabilities	BOY Balance	Recognized as Profit or Loss	Exchange Difference	Year-End Balance
Temporary difference				
Land value increment tax	\$ 95,560	\$ -	\$ -	\$ 95,560
Deferred relocation benefits	<u>164,640</u>	<u>-</u>	<u>( 6,543 )</u>	<u>158,097</u>
	<u>\$ 260,200</u>	<u>\$ -</u>	<u>( \$ 6,543 )</u>	<u>\$ 253,657</u>

- (4) The deducted amount of unused losses for deferred income tax assets that is not recognized in the consolidated balance sheet

Name of Company	December 31, 2020	December 31, 2019	Year of Final Deduction
Chong Hsiang International Co., Ltd.	\$ -	\$ 4,567	2022
	13,884	16,519	2023
	11,723	11,723	2024
	767	767	2025
	9	9	2026
	23	23	2027
	<u>\$ 26,406</u>	<u>\$ 33,608</u>	

- (5) Income tax verification status

Regarding the parent company, subsidiary company – Top Food Industry, subsidiary company – Chong Hsiang International, and subsidiary company – Fu You An Kang's business income tax declaration, the declared cases as of before 2018 were authorized by tax collecting institutions.

XXV. Earnings per Share (EPS)

Net profit and the number of shares of the common share's weighted average for the calculation of EPS is as follow:

Net profit

	2020	2019
Net profit used for the calculation of basic and diluted EPS	<u>\$ 375,757</u>	<u>\$ 339,004</u>
<u>Number of Shares</u>		Unit: 1000 shares
	2020	2019
Number of shares of common share's weighted average used for the calculation of basic EPS	218,703	218,703
Impacts of potential common share with dilutive effect:		
Employees' remuneration	<u>309</u>	<u>257</u>
Number of shares of common share's weighted average used for the calculation of diluted EPS	<u>219,012</u>	<u>218,960</u>

If the parent company can choose to distribute employees' remuneration by share or by cash, then when the parent company calculates its diluted EPS, under the hypothesis that the employees' remuneration is distributed by share, the calculation of diluted EPS is to include the number of weighted average outstanding shares when such potential common share has dilutive effect. When calculating diluted EPS before deciding the number of shares distributed as the employees' remuneration in the following year, the parent company still needs to consider such potential common share's dilutive effect.

**XXVI. Cash Flow Information**

(1) Partial cash transaction

The partial cash transactional investments that the Consolidated Company conducted in 2020 and 2019 are as follow:

	2020	2019
Partial cash paid to purchase property, plant and equipment		
Obtainment of property, plant, and equipment	\$ 452,213	\$ 717,876
Net change in prepayment of equipment	( 7,372)	( 26,420)
Net change in equipment payable	( <u>11,402</u> )	<u>485</u>
Cash paid	<u>\$ 433,439</u>	<u>\$ 691,941</u>
Partial cash paid to purchase biological assets		
Purchase of biological assets	\$ -	\$ 10,450
Net change in prepayments	<u>2,600</u>	( <u>2,000</u> )
Cash paid	<u>\$ 2,600</u>	<u>\$ 8,450</u>

(2) Changes in liabilities owing to financing activities

2020

	BOY balance	Cash flow	Non-cash changes			Year-end balance
			New lease liabilities	Reduced lease liabilities	Amortized interest expense	
Short-term loans	\$ 1,845,793	(\$ 265,775)	\$ -	\$ -	\$ -	\$ 1,580,018
Short-term notes payable	-	330,000	-	-	( 361)	329,639
Long-term loans and long-term loans due within one year	1,390,000	( 115,000)	-	-	-	1,275,000
Margin deposit	-	21	-	-	-	21
Lease liability	<u>200,978</u>	( <u>13,096</u> )	<u>1,995</u>	( <u>5,552</u> )	-	<u>184,325</u>
	<u>\$ 3,436,771</u>	( <u>\$ 63,850</u> )	<u>\$ 1,995</u>	( <u>\$ 5,552</u> )	( <u>\$ 361</u> )	<u>\$ 3,369,003</u>

2019

	BOY balance	Cash flow	Non-cash changes			Year-end balance
			New lease liabilities	Reduced lease liabilities	Amortized interest expense	
Short-term loans	\$ 771,007	\$ 1,074,786	\$ -	\$ -	\$ -	\$ 1,845,793
Short-term notes payable	349,863	( 350,000)	-	-	137	-
Long-term loans and long-term loans due within one year	1,000,000	390,000	-	-	-	1,390,000
Margin deposit	8	( 8)	-	-	-	-
Lease liability	<u>197,838</u>	( <u>13,441</u> )	<u>20,946</u>	( <u>4,365</u> )	-	<u>200,978</u>
	<u>\$ 2,318,716</u>	<u>\$ 1,101,337</u>	<u>\$ 20,946</u>	( <u>\$ 4,365</u> )	<u>\$ 137</u>	<u>\$ 3,436,771</u>

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## XXVII. Capital Risk Management

The Consolidated Company conducts capital management so as to ensure that each enterprise within the group can optimize its debts and equity balance in order to maximize shareholders' compensation under the circumstance that the Company is ensured to continue to operate.

## XXVIII. Financial Instrument

- (1) Information regarding fair value – financial instruments that are not measured at fair value

The Consolidated Company's management level believes that the carrying amount for financial assets and financial liabilities that are not measured at fair value is close to its fair value, or that its fair value cannot be measured reliably.

- (2) Types of financial instruments

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
Measured at amortized cost (note 1)	\$ 2,884,582	\$ 3,126,292
<u>Financial liabilities</u>		
Measured at amortized cost (note 2)	3,495,075	3,476,154

Note 1: the balance is financial assets that includes cash and cash equivalents, financial instrument measured at amortized cost, notes receivable, notes receivable – related parties, accounts receivable, accounts receivable – related parties, and other receivables, etc., measured at amortized cost.

Note 2: the balance is financial liabilities that include short-term loans, short-term notes payable, notes payable, accounts payable, accounts payable – related parties, partial other payables, other payables – related parties, and long-term loans (including parts due within one year), etc., measured at amortized cost.

- (3) Purpose and policy for financial risk management

The Consolidated Company's major financial instrument include financial assets measured at amortized cost, accounts receivable, accounts payable, loans, and lease liabilities, etc. The Consolidated Company's financial management department supervises and manages financial risks related to the Consolidated Company's operation by referring to the degree and width of risks to analyze internal risk reports for risk exposures. Such risks include market risks (including exchange rate risks and interest rate risks), credit risks, and current risks.

### 1. Market risks

The main financial risks that the Consolidated Company bears for operating activities are risks in foreign currency exchange rate changes and risks in interest rate changes.

The Consolidated Company's risk exposures related to financial instrument's market risk and its management and measurement methods for such risk exposure did not change.

(1) Exchange rate risks

For the Company's monetary assets and monetary liabilities' carrying amount denominated as non-functional currencies on the date of balance sheet (including monetary items denominated in non-functional currencies that had been written off in the consolidated financial statements), please refer to note 32.

Sensitivity analysis

The Company is mainly influenced by the fluctuation in the exchange rate for US dollars and RMB.

The table below describes in detail of the Consolidated Company's sensitivity analysis when the exchange rate for NTD (functional currency) to each relevant currency increases or decreases 5%. 5% is the sensitivity percentage used when the Consolidated Company internal reports the exchange rate risks to the main management level; it also represents the management level's evaluation on foreign currency exchange rate's reasonable range for possible changes. The table below shows when individual functional currency relatively appreciates by 5% to each relevant currency, the amount that will cause changes for net profit before tax. When NTD to each relative foreign currency depreciates by 5%, its impact on net profit before tax will be the same amount in reverse.

	US Dollar's Impact		RMB's Impact	
	2020	2019	2020	2019
Decrease in net profit before tax	(\$ 19,046)	(\$ 1,783)	(\$ 861)	(\$ 829)

The amounts above mainly originates from the Consolidated Company's bank deposit in US dollars and RMB that are still outstanding on the date of balance sheet and has not undergone cash flow hedges, and from accounts receivable.

(2) Interest rate risks

The Consolidated Company's carrying amount for financial assets and liabilities impacted by interest rate risk exposures on the date of balance sheet is as follow:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Interest rate risk with fair value		
— Financial assets	\$ 235,115	\$ 739,472
— Financial liabilities	1,497,174	1,303,478
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Interest rate risk with cash flow		
— Financial assets	\$ 1,214,504	\$ 967,604
— Financial liabilities	1,871,808	2,133,293

### Sensitivity analysis

The sensitivity analysis below is determined by the interest rate risk exposure according to non-derivative instruments on the date of balance sheet. The Consolidated Company internal uses 25 basis points increase/decrease rate of change when reporting the interest rate to the main management level. This also represents the management level's evaluation on the rate's reasonable range for possible changes.

If the interest rate increases/decreases by 25 basis points, under the circumstance that all other variables remain unchanged, the Consolidated Company's net profit before tax for 2020 and 2019 respectively decreased/increased by NTD 1,643 thousands and NTD 2,914 thousands. This is mainly caused by risk exposures from variable interest rate bank demand deposit and loan risks.

### 2. Credit risks

Credit risks refer to the Consolidated Company's risks in financial loss owing to the counterparty's delinquency in fulfilling contract obligations. As of the date of balance sheet, the Consolidated Company may face greatest credit risk possibly because of financial loss owing to the counterparty's unfulfilled obligation, of which is mainly from the carrying amount for financial assets recognized in the consolidated balance sheet.

The policy that the Consolidated Company adopts is to only make transactions with reputable targets, and the Company will obtain full collateral when necessary so as to reduce the risk of financial loss owing to delinquency.

The targets for accounts receivable encompass numerous customers, scattered in sales for oil, feeds, and flour, etc. The Consolidated Company does not have any significant credit risk exposure against any single counterparty or any set counterparties with similar characteristics.

### 3. Current risks

The Consolidated Company supports the group's operation and reduces the impact of cash flow fluctuation through

management and through maintaining sufficient position of cash and cash equivalents.

The Consolidated Company's management level supervises the usage status of the bank's financing limit and ensures the fulfillment of the loan's contract clauses. As of December 31, 2020 and 2019, the Consolidated Company's undrawn bank financing limit was respectively NTD 2,666,413 thousands and NTD 4,976,180 thousands.

The table below shows the analysis of the Consolidated Company's remaining contract of the agreed repayment period's non-derivative financial liability. It refers to the earliest possible repayment date requested upon the Consolidated Company, and was prepared by the financial liability's undiscounted cash flow. °

December 31, 2020

	On demand or less than 1 month	1-3 months	3 months-1 year	1-5 years	More than 5 years
<u>Non-derivative financial liabilities</u>					
Liabilities without interest	\$ 113,099	\$ 126,001	\$ 71,318	\$ -	\$ -
Lease liability	1,255	3,792	9,597	42,202	164,030
Floating interest rate instrument	162,500	265,830	658,478	785,000	-
Fixed interest rate instrument	<u>424,974</u>	<u>160,675</u>	<u>727,200</u>	<u>-</u>	<u>-</u>
	<u>\$ 701,828</u>	<u>\$ 556,298</u>	<u>\$1,466,593</u>	<u>\$ 827,202</u>	<u>\$ 164,030</u>

Advanced information regarding maturity date analysis for lease liabilities:

	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	More than 20 years
Lease liability	<u>\$ 14,644</u>	<u>\$ 42,202</u>	<u>\$ 42,205</u>	<u>\$ 38,785</u>	<u>\$ 27,128</u>	<u>\$ 55,912</u>

December 31, 2019

	On demand or less than 1 month	1-3 months	3 months-1 year	1-5 years	More than 5 years
<u>Non-derivative financial liabilities</u>					
Liabilities without interest	\$ 87,445	\$ 100,645	\$ 52,271	\$ -	\$ -
Lease liability	1,304	3,977	10,517	50,282	173,102
Floating interest rate instrument	85,168	277,967	662,658	1,107,500	-
Fixed interest rate instrument	<u>659,500</u>	<u>174,000</u>	<u>269,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 833,417</u>	<u>\$ 556,589</u>	<u>\$ 994,446</u>	<u>\$1,157,782</u>	<u>\$ 173,102</u>

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Advanced information regarding maturity date analysis for  
lease liabilities:

	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	More than 20 years
Lease liability	<u>\$ 15,798</u>	<u>\$ 50,282</u>	<u>\$ 42,836</u>	<u>\$ 39,505</u>	<u>\$ 30,832</u>	<u>\$ 59,929</u>

**XXIX. Related Parties' Transactions**

The transactions among the Consolidated Company, the Consolidated Company's account balance, income, and expenses are all eliminated when consolidated, and thus they are not disclosed in this note. The transactions between the Consolidated Company and other related parties are as follow.

(1) Related parties' names and relationships

<u>Name of Related Parties</u>	<u>Relationship with the Consolidated Company</u>
<u>Affiliated enterprises with significance</u>	
Central Union Oil Corp.	Parent company's invested company denominated accounted for using equity method
<u>Other related parties</u>	
Cheng Xin Investment Co., Ltd.	Its main shareholder is the parent company's CEO
Shin Tai Industry Co., Ltd.	Its chairman is the parent company's vice chairman's relative within first degree of relationship
Nong Ann Biotechnology Co., Ltd.	Its chairman for 2019 is the parent company's vice chairman's relative within first degree of relationship
Fu Hong Eggs Ltd.	Its chairman is Fu You An Kang Co., Ltd.'s supervisor
Fu Hong Enterprise	Its responsible person is Fu You An Kang Co., Ltd.'s supervisor
Jia Sheng Farm Product Co., Ltd.	Its chairman is Fu You An Kang Co., Ltd.'s majority shareholder
Li Hong Sales Co., Ltd.	Its chairman is Fu You An Kang Co., Ltd.'s majority shareholder
Fortune Electric Co., Ltd.	Its director is the parent company's judicial person's representative
Qun Sheng Fa Co., Ltd.	Its chairman is the parent company's judicial chairman
Tai Sheng Ocean Development Co., Ltd.	The parent company's judicial director
Morn Sun Feed Ltd.	The parent company's judicial director
Xu, Ming Fa	Fu You An Kang Co., Ltd.'s majority shareholder
Wu, Xiao Yuan	The parent company's vice chairman's relative within first degree of relationship

(2) Operating income

<u>Classification/Name of Related Parties</u>	<u>2020</u>	<u>2019</u>
<u>Affiliated enterprises</u>		
Central Union Oil Corp.	\$ 1,503,581	\$ 1,582,715
<u>Other related parties</u>	136,991	78,719
	<u>\$ 1,640,572</u>	<u>\$ 1,661,434</u>

The parent company sells processed soy flour and exclusively selected soy beans to affiliated enterprises, and the denomination for the selling price is the market price subtracting the selling price that affiliated enterprises should bear. The transaction conditions for other related parties were defined separately.

(3) Purchases

<u>Classification/Name of Related Parties</u>	<u>2020</u>	<u>2019</u>
<u>Affiliated enterprises</u>	\$ 72,161	\$ 34,434
<u>Other related parties</u>	39	6
	<u>\$ 72,200</u>	<u>\$ 34,440</u>

The Consolidated Company's purchasing transaction with related parties was defined on a separate basis.

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(4) Processing expense

<u>Classification/Name of Related Parties</u>	<u>2020</u>	<u>2019</u>
Affiliated enterprises		
Central Union Oil Corp.	\$ 220,487	\$ 228,969
Other related parties	<u>3,436</u>	<u>3,032</u>
	<u>\$ 223,923</u>	<u>\$ 232,001</u>

Processing expenses are mainly the parent company's entrusting of the affiliated enterprises to process and manufacture soybean oil, soy flour, exclusively selected soy beans, and shelled soy flour. As for the processing expense, it is denominated according to the entrusted processing contract agreed and signed by both parties. The contract price was decided on a separate basis.

(5) Lease Agreement

<u>Classification/Name of Related Parties</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Lease liability</u>		
Other related party		
Xu, Ming Fa	<u>\$ 6,878</u>	<u>\$ 7,499</u>

<u>Classification/Name of Related Parties</u>	<u>2020</u>	<u>2019</u>
<u>Interest expense</u>		
Other related party		
Xu, Ming Fa	<u>\$ 100</u>	<u>\$ 108</u>

Subsidiary company Fu You An Kang Co., Ltd. rented place of operation from a related party, and the decision about the rent and payment methods were agreed by both parties.

(6) Lease Agreement

Operating lease rental

The parent company offered a workplace as operating lease rental to other related party Cheng Xin Investment Co., Ltd. The lease period is 4 years, and the rent and payment methods were decided separately.

The parent company offered transport equipment as operating lease rental to affiliated enterprise Central Union Oil Corp. The lease period was 2 months, and its rent and payment method were decided separately.

Lease income is summarized as follow:

<u>Classification/Name of Related Parties</u>	<u>2020</u>	<u>2019</u>
Affiliated enterprises	\$ 44	\$ -
Other related parties	<u>36</u>	<u>36</u>
	<u>\$ 80</u>	<u>\$ 36</u>

The total amount of lease payments to be collected in the future are summarized as follow:

Classification/Name of Related Parties	December 31, 2020	December 31, 2019
Other related party Cheng Xin Investment Co., Ltd.	\$ <u>144</u>	\$ <u>36</u>

(7) Accounts Receivable from Related Parties

Items	Classification/ Name of Related Parties	December 31, 2020	December 31, 2019
Notes receivable – related parties	Other related parties	\$ <u>8,029</u>	\$ <u>9,453</u>
Accounts receivable – related parties	Affiliated enterprise Central Union Oil Corp.	\$ 219,535	\$ 208,505
	Other related parties	<u>13,979</u>	<u>8,475</u>
		\$ <u>233,514</u>	\$ <u>216,980</u>

The Consolidated Company did not receive pledge from related parties for outstanding accounts receivable. The accounts receivable from related parties for 2020 and 2019 were not listed as allowance loss.

(8) Accounts payable from related parties

Items	Classification/ Name of Related Parties	December 31, 2020	December 31, 2019
Accounts payable – related parties	Affiliated enterprise Central Union Oil Corp.	\$ 4,318	\$ 5,580
	Other related parties	<u>363</u>	<u>323</u>
		\$ <u>4,681</u>	\$ <u>5,903</u>
Other payables – related parties	Other related parties	\$ -	\$ <u>21</u>

The Consolidated Company did not provide collateral to other related parties for the balance for outstanding accounts receivable.

(9) Obtained Property, Plant and Equipment

Classification of Related Parties	Price Obtained	
	2020	2019
Other related parties	\$ -	\$ <u>395</u>

The transaction price and payment conditions were decided separately.

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(10) Obtained Financial Assets

2019

<u>Classification/ Name of Related Parties</u>	<u>Items</u>	<u>Number of Shares Transacted</u>	<u>Target of Transaction</u>	<u>Price Obtained</u>
Other related parties Wu, Xiao Yuan	Financial assets acquired through other comprehensive income measured at fair value	1,523,000	Shin Tai Industry	\$ 43,338
Nong Ann Biotechnol ogy Co., Ltd.	Financial assets acquired through other comprehensive income measured at fair value	1,750,000	Shin Tai Industry	<u>49,012</u>
				<u>\$ 92,350</u>

The parent company purchased Shin Tai Industry's shares as street dealing block trade with the total of 1523 thousand shares on relatively August 12 and 14, 2019 from other related party – Wu, Xiao Feng. The total purchased cost was NTD 43,338 thousands, and was listed under “financial assets at fair value through other comprehensive income.” The parent company purchased Shin Tai Industry Co., Ltd.'s shares as street dealing block trade from other related party Nong Ann Biotechnology Co., Ltd., with the total of 1750 thousand shares. The total purchased cost was NTD 49,012 thousands, and was listed under “financial assets at fair value through other comprehensive income.” As of December 31, 2019, the parent company had already sold all of the aforementioned shares in the public trading market, and the total disposal amount was NTD 72,175 thousands, which, together with other equity related to the aforementioned transaction – NTD 20,175 thousands of evaluation loss from financial assets at fair value through other comprehensive income – were transferred to retained earnings.

(11) Other

<u>Items</u>	<u>Classification of Related Parties</u>	<u>2020</u>	<u>2019</u>
Shipping fee	Other related parties	<u>\$ 1,018</u>	<u>\$ 901</u>
Service fee	Other related parties	<u>\$ 3,925</u>	<u>\$ 3,633</u>
Other expense	Other related parties	\$ 290	\$ 185
	Affiliated enterprises	<u>342</u>	<u>24</u>
		<u>\$ 632</u>	<u>\$ 209</u>

Service fee was mainly used for the payment of related parties' labor dispatch.

(12) Remunerations for Main Management Level

The total remunerations for directors and other main management levels for 2020 and 2019 are as follow:

	2020	2019
Short-term employees benefit	\$ 20,383	\$ 17,953
Post-employment benefit	481	459
	\$ 20,864	\$ 18,412

The directors' and other main management levels' remunerations were decided by the Remuneration Committee based on individual performance and market trends.

XXX. Pledged Asset

The following assets had been provided as collaterals for bank loans, guarantees for all types of credits, and the issuance of letters of credit:

	December 31, 2020	December 31, 2019
Property, plant and equipment	\$ 1,632,166	\$ 1,656,262
Limited deposit – bank deposit	25,000	177,763
	\$ 1,657,166	\$ 1,834,025

XXXI. Significant Contingent Liabilities and Unrecognized Contractual Commitments

Except for those stated in other notes, the Consolidated Company's significant commitments and contingencies on the date of balance sheet are as follow:

(1) Significant commitments

1. As of December 31, 2020 and 2019, the amount of the Consolidated Company's issuance of unused letters of credit due to the purchasing of raw materials was respectively NTD 1,166,138 thousands and NTD 525,891 thousands.
2. Unrecognized contractual commitments are as follow:

	December 31, 2020	December 31, 2019
Purchase of property, plant, and equipment	\$ 305,899	\$ 553,801
Purchase of biological assets	5,970	-
	\$ 311,869	\$ 553,801

(2) Contingencies

The parent company purchased low cost oil as raw materials from Chang Chi Foodstuff Factory Co., Ltd. (hereafter referred to as Chang Chi Foodstuff), which resulted in the parent company's compensation loss from oil recovery and related litigations. The Company filed for proceedings in a criminal case that brought a supplementary civil action against Chang Chi Foodstuff for compensation for damages in February 2014. The court convicted Chang Chi Foodstuff for offense of fraud in July 2014, and the parent company should be jointly compensated with NTD 38,307 thousands. This case was appealed by Chang Chi Foodstuff, and was sent back by the Supreme Court for retrial. The parent company won the lawsuit as judged by the court in November 2018. Chang Chi Foodstuff filed for appeal in January 2019. As of the date the board of directors approved this consolidated financial report, it was still under review by the court. The Company had not recognized such compensation gains yet.

XXXII. Foreign Currency Assets and Liability Information with Significant Impact

The information below is expressed in the foreign currency aggregate apart from the Consolidated Company's individual entities' functional currency. The exchange rate disclosed refers to the exchange rate for such foreign currencies' conversion to functional currency. Foreign currency assets and liabilities with significant impact are as follow:

Unit:  
Foreign Currency thousands,  
NTD thousands

December 31, 2020

Foreign currency assets	Foreign Currency	Exchange Rate	Carrying Amount
<u>Monetary items</u>			
USD	\$ 13,375	28.480 (USD:NTD)	\$ 380,924
RMB	3,946	0.1533 (RMB:USD)	17,225

December 31, 2019

Foreign currency assets	Foreign Currency	Exchange Rate	Carrying Amount
<u>Monetary items</u>			
USD	\$ 1,178	29.980 (USD:NTD)	\$ 35,661
RMB	3,856	0.1433 (RMB:USD)	16,572

Unrealized foreign currency exchange profit (loss) with significant impact is as follow:

Foreign Currency	2020		2019	
	Exchange Rate	Unrealized Net Exchange Profit (Loss)	Exchange Rate	Unrealized Net Exchange Profit (Loss)
USD	28.480 (USD:NTD)	(\$ 2,927)	29.980 (USD:NTD)	(\$ 866)
RMB	0.1533 (RMB:USD)	266	0.1433 (RMB:USD)	( 686)
		<u>(\$ 2,661)</u>		<u>(\$ 1,552)</u>

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XXXIII. Noted Disclosures

Related information on (1) Significant transactions and (2) reinvestment business:

1. Loan funds to others: none.
  2. Offer endorsement and guarantee for others: Schedule 1
  3. Final holding of marketable securities status (not including investments in subsidiary companies and affiliated enterprises): none.
  4. Accumulated purchasing or selling of the same marketable securities' amount reaches NTD 300 million or more than 20% of the actual received capital: none.
  5. The amount for obtained property reaches NTD 300 million or more than 20% of the actual capital received: none.
  6. Disposal of the amount for obtained property reaches NTD 300 million or more than 20% of the actual received capital: none.
  7. The amount for purchasing or selling or stocks with related parties reaches NTD 100 million or more than 20% of the actual received capital: Schedule 2.
  8. Accounts receivable from related parties reach NTD 100 million or more than 20% of the actual received capital: Schedule 3.
  9. Transaction of derivative products: none.
  10. Other: business relations and important transactional situations and amount between parent-subsidiary companies and among each companies: Schedule 6.
  11. Information on invested companies: Schedule 4.
- (3) Information on Investment in China:
1. Name of invested companies in China, main operating items, actual received capital, investment methods, status of outward/inward remittance of funds, final investment carrying value, repatriated investment gains, and investment amount limit in Mainland China: Schedule 5.
  2. The following significant transactions, and their prices, payment conditions, and unrealized profit or losses that occurred directly or indirectly from the third region with the invested companies in China:
    - (1) Purchasing amount and its percentage, and related accounts payable's final balance and its percentage: none.
    - (2) Selling amount and its percentage, and related accounts receivable's final balance and its percentage: none.
    - (3) Property transaction amount and its generated profit and loss amount: none.
    - (4) Endorsement and guarantee for notes or the final balance and purpose for providing collaterals: none.
    - (5) The highest balance, final balance, interest rate range, and total current interest for the accommodation of funds: none.

- (6) Other transactions that cause significant impacts on the current year's profit and loss status or financial status, such as the providing or the receiving of services, etc.: none.
- (4) Main information on shareholders: name of shareholders whose equity ratio reaches more than 5%, shareholding amount, and pro rata: Schedule 6

#### XXXIV. Department Information

Departments that should be reported within the Consolidated Company are the oil department, the feeds department, the flour department, and other departments.

Oil department: offer production, processing, and selling of soybean oil and soy flour, etc.

Feeds department: offer production, processing, and selling of feeds, etc.

Flour department: offer production, processing, and selling of flour, etc.

Other departments: other operating activities that do not belong to that of the oil department, the feeds department, and the flour department.

##### (1) Department income and operating results

The income and operating results of the Consolidated company's continuing business units are analyzed according to the reporting department as follows:

	Department income		Department profit or loss	
	2020	2019	2020	2019
Oil department	\$ 4,085,044	\$ 4,032,152	\$ 232,142	\$ 114,286
Feeds department	3,275,425	3,798,751	137,941	105,115
Flour department	2,687,154	2,666,806	134,832	191,599
Other departments	165,870	148,797	8,935	38,042
Total continuing operations	<u>\$10,213,493</u>	<u>\$10,646,506</u>	513,850	449,042
Gains on affiliated enterprises recognized by using the equity method			39,660	28,100
Interest income			10,659	25,136
Net profit for foreign currency exchange			26,603	24,870
Rent income			1,085	1,010
Interest expense			(28,685)	(34,983)
Net profit before tax for continuing operations			<u>\$ 563,172</u>	<u>\$ 493,175</u>

The reported department incomes above are all generated from transactions with external customers. There is not any inter-departmental sale involved.

Department profit refers to the profit made by each department. It does not include gains on affiliated enterprises recognized by using the equity method that should be amortized, interest income, net profit for foreign currency exchange, rent income, and interest expense.

(2) Total department assets

Department asset	December 31, 2020	December 31, 2019
<u>Continuing operations</u>		
<u>departments</u>		
Oil department	\$ 2,737,961	\$ 2,341,083
Feeds department	974,565	1,282,779
Flour department	2,575,646	2,580,165
Other departments	<u>626,010</u>	<u>624,056</u>
Total department assets	6,914,182	6,828,083
Unamortized assets	<u>779,212</u>	<u>912,934</u>
Total consolidated assets	<u>\$ 7,693,394</u>	<u>\$ 7,741,017</u>

Based on the purpose of supervising department performance and allocating resources to each department, all assets other than affiliated enterprises recognized by the equity method, other financial assets and current and deferred income tax assets are allocated to the reporting department. Assets shared by reportable departments are allocated based on the income earned by individual reportable departments.

(3) Regional information

The Consolidated Company mainly operates in two regions – the Republic of China (R.O.C.) and Mainland China.

The information regarding the income from continuing operations of the Consolidated Company from external customers and non-current assets categorized according to the assets' location are as follow:

	Income from external customers		Non-current assets	
	2020	2019	December 31, 2020	December 31, 2019
R.O.C.	\$ 9,867,840	\$ 10,277,867	\$ 3,518,521	\$ 3,181,944
Mainland China	<u>345,653</u>	<u>368,639</u>	<u>19</u>	<u>65</u>
	<u>\$ 10,213,493</u>	<u>\$ 10,646,506</u>	<u>\$ 3,518,540</u>	<u>\$ 3,182,009</u>

Non-current assets do not include deferred income tax assets.

(4) Main customer information

Apart from the Consolidated Company's respective sales income from Central Union Corp. that amounted for respectively NTD 1,503,581 thousands and NTD 1,582,715 thousands for 2020 and 2019, which both accounted for 15% of the years' consolidated operating income, the Consolidated Company's sales to any other customer did not reach more than 10% of the consolidated operating income.

Formosa Oilseed Processing Co., Ltd. and Subsidiary Companies  
Endorsement and Guarantee for Others  
January 1 to December 31, 2020

Schedule 1

Unit: NTD thousands

Code	Name of Endorsement and Guarantee Company	Endorsed and Guaranteed Target		Endorsement and Guarantee Limit for Single Enterprise (note 2)	Maximum Endorsement and Guarantee Balance for the Current Period	Final Endorsement and Guarantee Balance	Actual Drawn Amount	Endorsement and Guarantee Amount Guaranteed by Property	Ratio of Accumulated Endorsement and Guarantee Amount to the Net Value of the Latest Financial Statement (%)	Maximum Limit for Endorsement and Guarantee (note 2)	Belonging to Parent Company's Endorsement and Guarantee for Subsidiary Companies (note 3)	Belonging to Subsidiary Companies' Endorsement and Guarantee for Parent Company (note 3)	Belonging to Endorsement and Guarantee for Mainland China (note 3)	Notes
		Name of Company	Relationship (note 1)											
0	Formosa Oilseed Processing	Top Food	(2)	\$ 3,297,723	\$ 2,920,000	\$ 2,821,000	\$ 1,385,396	\$ -	86	\$ 3,957,268	Y	—	—	

Note 1: : the relationships between endorser and guarantee and endorsed and guaranteed targets are as follow:

- (1) Companies with business relationships.
- (2) Companies in which the company directly and indirectly holds more than 50% of voting shares.
- (3) Companies that directly and indirectly hold more than 50% of voting shares towards the company.
- (4) Between companies in which the company directly and indirectly holds more than 90% of voting shares.
- (5) Based on the needs of contract engineering, companies from the same industry or joint creators that mutually guarantee according to contractual clauses.
- (6) Companies endorsed and guaranteed by all shareholders according to their shareholding ratio owing to mutual investment relationships.
- (7) Inter-industries that refer to the Consumer Protection Act that regulates the contract bond with joint collateral for the contract for the selling of pre-sold homes.

Note 2: the parent company's handling of the total amount for endorsement and guarantee is limited to not exceeding 120% of the net value of the parent company's latest financial statement. As for the limit for the endorsement and guarantee for domestic single enterprises, the limit shall not exceed 100% of the net value of the parent company's latest financial statement. The limit for the endorsement and guarantee of foreign single affiliated companies shall not exceed 40% of the net value of the parent company's latest financial statement. Subsidiary companies' handling of the total amount for endorsement and guarantee is limited to not exceeding 50% of the net value of the subsidiary companies' latest financial statement. As for the limit for subsidiary companies' endorsement and guarantee for single enterprises, it is limited to not exceeding 20% of the net value of subsidiary companies' latest financial statement. The limit for subsidiary companies' endorsement and guarantee for foreign single affiliated companies shall not exceed 30% of the net value of subsidiary companies' latest financial statement.

Note 3: those belonging to parent companies listed on the OTC's endorsement and guarantee for subsidiary companies, those belonging to subsidiary companies' endorsement and guarantee for parent companies listed on the OTC, and those belonging to endorsement and guarantee for Mainland China should fill out "Y" at the beginning.

Formosa Oilseed Processing Co., Ltd. and Subsidiary Companies  
Purchasing or Selling Amount with Related Parties Reaches NTD 100 million or Actual Received Capital Is Above 20%  
January 1 to December 31, 2020

Schedule 2

Unit: NTD thousands

Purchases (Sales) Company	Name of Counterparty	Relationship	Transaction Status				Statues and Reasons for Discrepancy in Transaction Conditions and General Transaction		Notes and Accounts Receivable (Payable)		Note
			Purchases (Sales)	Amount	Percentage of Total Purchases (Sales) (%)	Credit Period	Unit Price	Credit Period	Balance	Percentage of Total Notes and Accounts Receivable (Payable) (%)	
Formosa Oilseed Processing Co., Ltd.	Central Union Oil Corp.	Affiliated enterprise	Sales	\$ 1,503,581	21	45-60 days	Deduct of sales expense that should be borne by Central Union Oil Corp. according to market price	—	\$ 219,535	26	
			Purchases and processing expenses	290,158	5	30-45 days	—	—	( 3,894)	2	
Formosa Oilseed Processing Co., Ltd.	Top Food	Subsidiary company	Purchases	232,016	4	30-45 days	—	—	( 38,893)	16	(note)
Top Food	Formosa Oilseed Processing Co., Ltd.	Parent company	Sales	232,016	8	30-45 days	—	—	38,893	7	(note)
Formosa Oilseed Processing Co., Ltd.	Chong Hsiang International	Subsidiary company	Sales	343,767	5	30-45 days	—	—	74,273	9	(note)
Chong Hsiang International	Formosa Oilseed Processing Co., Ltd.	Parent company	Purchases	343,767	100	30-45 days	—	—	( 74,273)	100	(note)

Note: had been written off when preparing the consolidated financial statement.

Formosa Oilseed Processing Co., Ltd. and Subsidiary Companies  
 Accounts Receivable from Related Parties Reaches NTD 100 million or Actual Received Capital Is Above 20%  
 December 31, 2020

Schedule 3

Unit: NTD thousands

Companies Listed for Accounts Receivable	Name of Transaction Targets	Relationship	Balance for Accounts Receivable from Related Parties	Turnover	Accounts Receivable from Related Parties Overdue		Accounts Receivable from Related Parties Final Recovered Amount	Loss on Pre-Estimated Allowance
					Amount	Handling Method		
Formosa Oilseed Processing	Central Union Oil	Affiliated enterprise	\$ 219,535	7 (times)	\$ -	-	\$ 208,652	\$ -

Formosa Oilseed Processing Co., Ltd. and Subsidiary Companies  
Name, Location, and other Related Information about Invested Company  
January 1 to December 31, 2020

Schedule 4

Unit: NTD thousands

Name of Investing Company	Name of Invested Company	Location	Main Operating Items	Original Invested Amount		Year-End Holdings			Invested Company's Current Year Profit (Loss)	Investment Profit (Loss) Recognized in the Current Year	Note
				End of This Year	End of Last Year	No. of Shares (1000)	Percentage (%)	Carrying Amount			
FORMOSA OILSEED PROCESSING	TOP FOOD	TAICHUNG CITY	Manufacturing and selling of flour products	\$ 449,180	\$ 449,180	51,963	63	\$ 691,836	\$ 100,719	\$ 63,851 (notes 1 & 3)	Subsidiary company
	FORMOSA OIL PROCESSING (PANAMA) S. A.	PANAMA CITY, REPUBLIC OF PANAMA	General investment business	392,728 (note 2)	733,703	12	100	294,392	( 35,670)	( 35,670) (notes 1 & 3)	Subsidiary company
	FU YOU AN KANG	CHANG HUA COUNTY	Poultry breeding and wholesaling of agricultural products	25,908	25,908	2,591	51	31,748	10,046	5,124 (notes 1 & 3)	Subsidiary company
	CHONG HSIANG INTERNATIONAL	TAICHUNG CITY	Wholesale trading of oil products	50,000	50,000	5,000	100	19,008	7,202	7,202 (notes 1 & 3)	Subsidiary company
	CENTRAL UNION OIL	TAICHUNG CITY	Businesses regarding exclusive selection and rendering of soy beans	203,316	203,316	20,000	33	274,924	118,982	39,660 (note 1)	Affiliated enterprise

Note 1: calculated based on the accountant's auditing of the financial statement in the same period.

Note 2: the decrease of original investment amount is due to FORMOSA OIL PROCESSING (PANAMA) S. A.'s capital reduction.

Note 3: all had been written off when preparing the consolidated financial statement.

Formosa Oilseed Processing Co., Ltd. and Subsidiary Companies  
Investment Information in China  
January 1 to December 31, 2020

Schedule 5

Unit: NTD thousands

Name of Invested Company in China	Main Operating Items	Actual Received Capital	Investment Method (note 1)	Accumulated Investment Amount Remitted Outward from Taiwan at BOY	Investment Amount Remitted Outward or Repossessed in the Current Year		Accumulated Investment Amount Remitted Outward from Taiwan at the End of the Year	Invested Company's Current Year Profit or Loss (note 3)	Shareholding Ratio of Parent Company's Direct or Indirect Investment	Investment Profit (Loss) Recognized in the Current Year (notes 3 & 6)	Year-End Investment Carrying Amount (notes 3 & 6)	Inward Remitted Investment Profit as of the Current Year	Note
					Outward Remittance	Repossession							
FORMOSA OILSEED PROCESSING (NINGBO)	Wholesale trading of oil products	\$ 227,590	(2) (note 2)	\$ 727,107	\$ -	\$ -	\$ 727,107	(\$ 214)	100%	(\$ 214)	\$ 290,690	\$ -	

Year-End Accumulated Investment Amount Remitted Outward from Taiwan to Mainland China	Investment Amount Approved by the Investment Commission, MOEA (note 4)	Investment Limit in Mainland China According to Regulations by the Investment Commission, MOEA (note 5)
\$ 727,107	\$ 727,743	\$ 1,978,634

Note 1: investment methods are categorized into three categories as follow, and it is acceptable to just mark the category:

- (1) Direct investment in Mainland China.
- (2) Reinvestment in China via companies from a third region.
- (3) Other methods.

Note 2: the investing company from the third region is FORMOSA OIL PROCESSING (PANAMA) S.A.

Note 3: recognized based on the financial statements of the parent company in Taiwan, audited by certified public accountants during the same period.

Note 4: the parent company was approved by the Investment Committee, MOEA (1999) with No. Investment-Review-II-88710679 and No. Investment-Review-II-88727883 on February 8, 1999 and October 13, 1999, and indirectly invested USD 4,910 thousands and USD 17,975 thousands in China.

Note 5: calculated based on the limited amount regulated by the "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" ordered by the Investment Committee, MOEA in August 2008.

Note 6: all had been written off when preparing the consolidated financial statement.

Formosa Oilseed Processing Co., Ltd. and Subsidiary Companies  
Business Relations and Important Transactional Situations between Parent-Subsidiary Companies  
January 1 to December 31, 2020

Schedule 6

Unit: NTD thousands

Code (note 1)	Name of Trader	Target of Transaction	Relationship with Trader (note 2)	Transactional Situations			Percentage of consolidated total revenue or total assets % (note 3)
				Item	Amount	Transactional Conditions	
0	Formosa Oilseed Processing Co., Ltd.	Top Food	1	Affiliated enterprise payables	\$ 38,893	Month-end close 45 days wire transfer	1
				Affiliated enterprise receivables	454	Month-end close 45 days wire transfer	-
				Purchases	232,016	Month-end close 45 days wire transfer	2
				Other income	4,386	Month-end close 45 days wire transfer	-
0	Formosa Oilseed Processing Co., Ltd.	Chong Hsiang International	1	Affiliated enterprise receivables	74,273	Month-end close 45 days wire transfer	1
				Sales income	343,767	Month-end close 45 days wire transfer	3
				Rent income	36	Month-end close 60 days wire transfer	-
0	Formosa Oilseed Processing Co., Ltd.	Fu You An Kang	1	Affiliated enterprise receivables	4,463	Month-end close 80 days wire transfer	-
				Sales income	18,207	Month-end close 80 days wire transfer	-

Note 1: the numbering for the information regarding the inter-business dealings between the parent company and the subsidiary companies is as follow:

- (1) The parent company is numbered as 0.
- (2) Subsidiary companies are numbered sequentially in Arabic numerals starting from 1 according to the companies.

Note 2: there are three types of relationships with traders, of which the numbering is as follow:

- (1) Parent company to subsidiary company.
- (2) Subsidiary company to parent company.
- (3) Subsidiary company to subsidiary company.

Note 3: if the calculation of the percentage of transactional amount to consolidated total revenue or total assets begins to items of assets or liabilities, then it is calculated by the year-end balance to the consolidated total assets. If it belongs to items of profit or loss, then it is calculated by current year-end's accumulated amount to the consolidated total revenue.

Formosa Oilseed Processing Co., Ltd.  
Information on Major Shareholders  
December 31, 2020

Schedule 7

Name of Major Shareholders	Shares	
	Number of Shares Held	Shareholding Percentage
Shin Tai Industry Co., Ltd.	21,650,939	9.89%
Qun Sheng Fa Co., Ltd.	21,450,000	9.80%
Cheng Xin Investment Co., Ltd.	20,843,659	9.53%
An Da Investment Co., Ltd.	20,734,194	9.48%
Shin Fong Trading Co., Ltd.	17,756,867	8.11%
Guan, Yao Zhan	17,103,887	7.82%

Note : The information on major shareholders in this table is based on the calculation made by the TDCC, of which the shareholders hold more than 5% of the company's common share that was completed by non-physical payments (including treasury shares) and special shares on the last business day of the quarter-end of the current quarter. The share capital and the actual number of shares completed by non-physical payments recorded in the Consolidated Company's consolidated financial report may differ due to the difference in calculation basis.

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## V. A Consolidated Financial Statement for the Parent Company and Its Subsidiaries for the Most Recent Fiscal Year, Certified by CPAs

### Accountant's Audit Report

Formosa Oilseed Processing Co., Ltd. (FOPCO):

#### Opinion

FOPCO's individual balance sheets for December 31, 2020 and 2019, and individual statements of comprehensive income from January 1 to December 31, 2020 and 2019, individual statements of changes in equity, individual statements of cash flows, and notes for individual financial statements (including summaries for significant accounting policies), have already been audited by the Accountant.

According to the Accountant's opinion, the preparation of all significant aspects of the above-mentioned individual financial statements refers to the Guidelines for the Preparation of Financial Reports for Issuer of Securities. It is sufficient to appropriately express FOPCO's individual financial situation for December 31, 2020 and 2019, and its individual financial performance and individual cash flow from January 1 to December 31, 2020 and 2019.

#### The Basis of Opinion

The Accountant referred to the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the Generally Accepted Auditing Standards (GAAS) to execute the audit in 2020; as for 2019, the Accountant referred to the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Financial Supervisory Commission February 25, 2020 No. Financial-Supervisory-Securities-Auditing 1090360805, and Generally Accepted Auditing Standards to execute the audit. The Accountant's responsibilities under such standards will be further elaborated in the section regarding the accountants' responsibilities for auditing individual financial statements. The personals from the firm that the Accountant is affiliated to abide by related independence that complies to the code of ethics for accountants, and remain detached with FOPCO while performing other duties under such regulations. The Accountant is believed to have obtained sufficient and appropriate evidence for auditing as the basis of opinion for auditing.

#### Key Audit Matters

Key Audit Matters (KAMs) refers to the most important matters that, to the Accountant's professional judgment, found in FOPCO's 2020 individual financial statements audits. Such matters have been addressed to during the general forming process of the opinion for individual financial statements audit. The Accountant did not express separate opinions regarding such matters.

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KAMs regarding FOPCO's 2020 individual financial statements are stated as follow:

#### Depreciation of Inventories

FOPCO measures its cost of inventories by the lower of cost and net realizable value. When comparing the cost of sales and net realizable value (NRV), apart from inventories with the same classification, FOPCO measures on the basis of individual items of inventories. For related accounting policies, please refer to notes 4(5) and 5 for individual financial statements.

As of December 31, 2020, the amount for FOPCO's in-transit inventory and raw material is NTD 418,508 thousands (refer to note 9), which accounts for 7% of total assets, and 74% of net inventory value for the individual financial statement for December 31, 2020. Of which, its costs and related selling price are influenced by global raw material prices, which is possible for violent fluctuations, and will result in the risk of having the raw material's NRV lower than the carrying amount. Owing to the regulation for management level's reference to IAS 2 "inventory" to evaluate the NRV for inventories as mentioned above, there involved estimation and judgment, of which its judgment result directly influenced the recognition of profit and loss amount, it is listed as part of KAMs.

In response to the KAMs mentioned above, the Accountant executed the major audit process as follow:

1. Understand and test FOPCO's status of execution for its review of estimation for NRV, in order to evaluate its operational efficacy for its internal control system, and to evaluate the appropriateness of its decision method for its NRV, as well as to confirm that the inventory has been calculated by the lower of cost and net realizable value.
2. Obtain latest raw material quotation or sales invoice, etc. through sampling so as to verify that there is no significant inconsistency between the NRV and its reference price, and recalculated its inventory value in order to evaluate the appropriateness of its basis of opinion.

#### **Management Level and Governing Body's Responsibilities for Financial Statements**

The management level's responsibilities are to prepare appropriately expressed individual financial statements by referring to "Regulations Governing the Preparation of Financial Reports by Securities Issuers," and to maintain necessary internal control related to the preparation of individual financial statements, so as to confirm that there is no misstatement due to fraud or errors in the individual financial statements.

When preparing individual financial statements, the responsibilities for the management level also include the evaluation of FOPCO's operating abilities, the disclosure of related matters, and the adoption of going-concern accounting basis. Unless the management level intends to liquidate FOPCO or to terminate business operation, or apart from liquidating or terminating the business operation, there is no other feasible solution.

The governing body of FOPCO (including the Audit Committee) has the responsibility to supervise the financial reporting process.

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### **Responsibilities for Accountants' Auditing of Individual Financial Statements**

The purpose for the Accountant's auditing of individual financial statements is to obtain reasonable assurance that whether or not there are any significant misstatements due to fraud or errors in the individual financial statement in general, and to issue an audit report. Reasonable assurance is a high level of assurance. However, there is no guarantee that significant misstatements can be detected by referring to the Generally Accepted Auditing Standards (GAAS) when auditing. Misstatements can be caused by fraud or error. Shall the misstatement for individual amount or aggregate can reasonably predict the future influence of economic decisions made by individual financial statements' users, it is considered significant.

When the Accountant audits according to the GAAS, the Accountant uses his/her professional judgment and remains professional skepticism. The Accountant also performs the duties as follow:

1. Identify and evaluate the risk of significant misstatements caused by fraud or error in individual financial statements; Design and execute appropriate responding strategies for the evaluated risks; obtain sufficient and appropriate audit evidence as the basis for audit opinion. Since fraud might involve collusion, forgery, intentional omission, false statement, or violations of internal control, the risk of undetected significant misstatements due to fraud is higher than that of error.
2. Acquire necessary understandings for internal control that is related to auditing, so as to design appropriate audit process that are suitable for the situation. However, its purpose is not to express opinion on FOPCO's efficacy for internal control.
3. Evaluate the appropriateness of accounting policies adopted by the management level, and the reasonableness of its estimation and related disclosure as accountant.
4. Based on the obtained audit evidence, to make conclusions on the appropriateness of implementing going concern accounting basis on the management level, and whether or not there are significant uncertainties in matters or circumstances that may cause significant doubts on FOPCO's going concern abilities. Shall the Accountant believes there exists significant uncertainties in such matters or circumstances, the Accountant shall remind the individual financial statements' users to pay attention to the individual financial statements' related disclosure in the audit report, or to amend audit opinion when such disclosure is considered inappropriate. The Accountant's conclusion is based on the audit evidence obtained as of the date of the audit report. However, future matters or circumstances may result in FOPCO's no longer having going concern abilities.
5. Evaluate the general expression, structure, and content of individual financial statements (including related notes), as well as whether the individual financial statements appropriately expressed related transactions and matters.

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6. Obtain sufficient and appropriate audit evidence about the individual financial information formed within FOPCO, so as to express opinion about individual financial statements. The Accountant is responsible for the guidance, supervision, and execution of the auditing case, and is also responsible for forming auditing opinion for FOPCO.

The matters being communicated between the Accountant and the governing body include the planning of the range and time for the audit, and significant audit discoveries (including the significant lack of internal control identified during the audit process).

The Accountant also provides statements regarding the personals from the firm that the Accountant is affiliated to abide by related independence that complies with the code of ethics for accountants to the governing body. The Accountant communicates with the governing body about all possible relationships that may be considered to influence the accountant's independence, and other matters (including related protection measures).

The Accountant will decide the KAMs for the audit of FOPCO's 2020 individual financial statements from the Accountant's communication with the governing body. The Accountant will state such matters in the audit report. Unless regulations disapprove the disclosure of specific matters, or under rare circumstances, the Accountant decides not to communicate about certain matters in the audit report. This is because one can reasonably expect the negative impact that this communication brings is greater than the increased public interests.

Deloitte Touche Tohmatsu Limited  
Accountant Liao, Wan-Yi

Accountant Chen, Zhao-Mei

Financial Supervisory Commission  
Approval Number  
No. Financial-Supervisory-  
Securities-Auditing-1010028123

Securities and Futures Commission Approval  
Number  
No. Taiwan-Financial-Securities-  
VI-0920123784

March 25, 2021

## Formosa Oilseed Processing Co., Ltd.

## Individual Balance Sheets

December 31, 2020 and 2019

Unit: NTD thousands

Code	Asset	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
	<b>Current Assets</b>				
1100	Cash (notes 4 & 6)	\$ 535,117	9	\$ 518,614	9
1136	Financial assets measured at amortized cost (notes 7 & 28)	-	-	154,763	3
1150	Notes receivable (notes 4, 8, and 20)	131,111	2	107,540	2
1160	Notes receivable – related parties (notes 4, 20, & 27)	3,184	-	3,524	-
1170	Accounts receivable (notes 4, 8, and 20)	417,427	7	418,067	7
1180	Accounts receivable – related parties (notes 4, 20, & 27)	304,514	5	310,901	6
1200	Other receivables (notes 4 & 8)	30,083	1	32,318	1
1210	Other receivables – related parties (note 27)	338,227	6	292	-
130X	Inventory (notes 4, 5, & 9)	569,060	10	664,553	12
1410	Prepayments (note 10)	194,422	4	194,677	3
1479	Other current asset	34	-	36	-
11XX	Total current assets	<u>2,523,179</u>	<u>44</u>	<u>2,405,285</u>	<u>43</u>
	<b>Non-current assets</b>				
1550	Investments by equity method (notes 4 & 11)	1,311,908	23	1,679,028	30
1600	Property, plant, and equipment ((notes 4, 12, 27, & 28)	1,836,912	32	1,462,716	26
1755	ROU assets (notes 4 & 13)	63,643	1	77,002	1
1840	Deferred tax assets (notes 4 & 22)	14,732	-	7,225	-
1990	Other non-current assets (note 14)	4,709	-	7,367	-
15XX	Total non-current assets	<u>3,231,904</u>	<u>56</u>	<u>3,233,338</u>	<u>57</u>
1XXX	Total assets	<u>\$ 5,755,083</u>	<u>100</u>	<u>\$ 5,638,623</u>	<u>100</u>
	<b>Liabilities and Equity</b>				
	<b>Current liabilities</b>				
2100	Short-term loans (note 15)	\$ 771,273	13	\$ 867,359	15
2110	Short-term notes and bills payables (note 15)	169,786	3	-	-
2150	Notes payable (note 16)	5,168	-	5,526	-
2170	Accounts payable (note 16)	201,167	3	139,255	3
2180	Accounts payable – related parties (note 27)	42,787	1	54,163	1
2219	Other payables (note 17)	100,040	2	69,913	1
2220	Other payables – related parties (note 27)	-	-	21	-
2230	Current tax liabilities (notes 4 & 22)	51,347	1	30,327	1
2280	Lease liabilities – current (notes 4 & 13)	6,998	-	8,760	-
2320	Long-term loans due within one year (notes 4, 15 & 28)	440,000	8	232,500	4
2399	Other current liabilities	1,220	-	1,347	-
21XX	Total current liabilities	<u>1,789,786</u>	<u>31</u>	<u>1,409,171</u>	<u>25</u>
	<b>Non-current liabilities</b>				
2540	Long-term loans (note 4, 15 & 28)	495,000	9	837,500	15
2580	Lease liabilities – non-current (notes 4 & 13)	57,035	1	68,327	1
2640	Net defined benefit liabilities (notes 4 & 18)	19,958	-	21,080	-
2645	Margin deposit	21	-	-	-
2570	Deferred tax liabilities (notes 4 & 22)	95,560	2	95,560	2
25XX	Total non-current liabilities	<u>667,574</u>	<u>12</u>	<u>1,022,467</u>	<u>18</u>
2XXX	Total liabilities	<u>2,457,360</u>	<u>43</u>	<u>2,431,638</u>	<u>43</u>
	<b>Equity</b>				
3110	Ordinary share	2,187,030	38	2,187,030	39
3200	Capital reserves	121,015	2	121,015	2
	Retained earnings				
3310	Statutory retained earnings	220,476	4	188,689	3
3320	Special retained earnings	200,454	3	200,454	4
3350	Undistributed earnings	667,183	12	605,001	11
3300	Total retained earnings	1,088,113	19	994,144	18
3400	Other equity interest	(98,435)	(2)	(95,204)	(2)
3XXX	Total equity	<u>3,297,723</u>	<u>57</u>	<u>3,206,985</u>	<u>57</u>
	Total liabilities and equity	<u>\$ 5,755,083</u>	<u>100</u>	<u>\$ 5,638,623</u>	<u>100</u>

The notes attached are part of this individual financial statement.

Formosa Oilseed Processing Co., Ltd.  
Individual Statement of Comprehensive Income  
January 1 to December 31, 2020 and 2019

Unit: NTD thousands;  
EPS in NTD

Code		2020		2019	
		Amount	%	Amount	%
	Operating revenue (notes 4, 20 & 27)				
4110	Sales income	\$ 7,022,001	100	\$ 7,486,738	100
4170	Subtract: sales returns and allowances	<u>8,900</u>	<u>-</u>	<u>18,639</u>	<u>-</u>
4100	Net operating income	<u>7,013,101</u>	<u>100</u>	<u>7,468,099</u>	<u>100</u>
	Operating cost				
5110	Cost of sales (notes 9 & 27)	<u>6,314,707</u>	<u>90</u>	<u>6,898,203</u>	<u>92</u>
5900	Gross profit	<u>698,394</u>	<u>10</u>	<u>569,896</u>	<u>8</u>
5910	(Un)realized profit with subsidiary companies and affiliated enterprises	<u>( 310 )</u>	<u>-</u>	<u>1,124</u>	<u>-</u>
5950	Realized gross profit	<u>698,084</u>	<u>10</u>	<u>571,020</u>	<u>8</u>
	Operating expenses (note 27)				
6100	Promotion expenses	218,843	3	222,812	3
6200	Management expenses	120,058	2	107,393	2
6300	Development expenses	9,313	-	9,066	-
6450	Expected gain on reversal of credit impairment loss (note 8)	<u>( 801 )</u>	<u>-</u>	<u>( 6,904 )</u>	<u>-</u>
6000	Total operating expenses	<u>347,413</u>	<u>5</u>	<u>332,367</u>	<u>5</u>
6510	Other net revenue and expenses (note 21)	<u>502</u>	<u>-</u>	<u>( 176 )</u>	<u>-</u>
6900	Net operating profit	<u>351,173</u>	<u>5</u>	<u>238,477</u>	<u>3</u>
	Non-operating income and expenses				
7070	Gains on subsidiary companies and affiliated enterprises, accounted for using equity method (note 4)	80,167	1	148,672	2
7630	Foreign currency exchange net profit (note 21)	14,480	-	19,729	-
7100	Interest income	213	-	517	-

(next page)

(Continued)

Code		2020		2019	
		Amount	%	Amount	%
7110	Rent income (note 27)	\$ 300	-	\$ 360	-
7190	Other income (notes 13 & 27)	8,220	-	3,417	-
7510	Interest expense (note 21)	( 13,023 )	-	( 18,506 )	-
7520	Miscellaneous expense	( 359 )	-	( 730 )	-
7000	Total non-operating income and expenses	<u>89,998</u>	<u>1</u>	<u>153,459</u>	<u>2</u>
7900	Profit before tax	441,171	6	391,936	5
7950	Income tax fees (notes 4 & 22)	<u>65,414</u>	<u>1</u>	<u>52,932</u>	<u>-</u>
8200	Net profit	<u>375,757</u>	<u>5</u>	<u>339,004</u>	<u>5</u>
	Other comprehensive income				
8310	Items not reclassified under profit and loss:				
8311	Remeasurements of defined benefit plan (notes 4 & 18)	877	-	( 288 )	-
8316	Equity instrument investment appraisal profit and loss measured at fair value via other comprehensive income	-	-	( 20,175 )	-
8330	Share of affiliated enterprises' other comprehensive income, accounted for using equity methods (note 4)	<u>1,649</u>	<u>-</u>	<u>( 669 )</u>	<u>-</u>
		<u>2,526</u>	<u>-</u>	<u>( 21,132 )</u>	<u>-</u>
8360	Items that may be reclassified under profit and loss afterwards:				
8361	Exchange difference after conversion of foreign operations' financial statements (note 4)	( 3,231 )	-	( 27,638 )	( 1 )
8300	Total other (net) comprehensive income	( 705 )	-	( 48,770 )	( 1 )
8500	Total comprehensive income	<u>\$ 375,052</u>	<u>5</u>	<u>\$ 290,234</u>	<u>4</u>
	EPS (note 23)				
9710	Basic	<u>\$ 1.72</u>		<u>\$ 1.55</u>	
9810	Diluted	<u>\$ 1.72</u>		<u>\$ 1.55</u>	

The notes attached are part of this individual financial statement.

Formosa Oilseed Processing Co., Ltd.  
Individual Statements of Changes in Equity  
January 1 to December 31, 2020 and 2019

Unit: NTD thousands;  
EPS in NTD

Code		Ordinary Shares (note 19)		Retained Earnings (note 19)			Other Equity		Total Equity	
		No. of Shares (1000)	Amount	Capital Surplus (note 19)	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Unrealized gains on financial assets at fair value through other comprehensive income		Exchange difference converted in foreign operating institutions' financial statements
A1	January 1, 2019 Balance	218,703	\$ 2,187,030	\$ 121,015	\$ 163,126	\$ 200,454	\$ 564,201	\$ -	(\$ 67,566)	\$ 3,168,260
B1	2018 Earnings Appropriation and Disposition									
	Legal Reserve	-	-	-	25,563	-	( 25,563 )	-	-	-
B5	Shareholders' cash dividend – NTD 1.15 per share	-	-	-	-	-	( 251,509 )	-	-	( 251,509 )
		-	-	-	25,563	-	( 277,072 )	-	-	( 251,509 )
D1	2019 net profit	-	-	-	-	-	339,004	-	-	339,004
D3	2019 other comprehensive income	-	-	-	-	-	( 957 )	( 20,175 )	( 27,638 )	( 48,770 )
D5	2019 total comprehensive income	-	-	-	-	-	338,047	( 20,175 )	( 27,638 )	290,234
Q1	Disposal of equity instrument at fair value through other comprehensive income (note 27)	-	-	-	-	-	( 20,175 )	20,175	-	-
Z1	December 31, 2019 Balance	218,703	2,187,030	121,015	188,689	200,454	605,001	-	( 95,204 )	3,206,985
B1	2019 Earnings Appropriation and Disposition									
	Legal reserve	-	-	-	31,787	-	( 31,787 )	-	-	-
B5	Shareholders' cash dividend – NTD 1.30 per share	-	-	-	-	-	( 284,314 )	-	-	( 284,314 )
		-	-	-	31,787	-	( 316,101 )	-	-	( 284,314 )
D1	2020 net profit	-	-	-	-	-	375,757	-	-	375,757
D3	2020 other comprehensive income	-	-	-	-	-	2,526	-	( 3,231 )	( 705 )
D5	2020 total comprehensive income	-	-	-	-	-	378,283	-	( 3,231 )	375,052
Z1	December 31, 2020 balance	218,703	\$ 2,187,030	\$ 121,015	\$ 220,476	\$ 200,454	\$ 667,183	\$ -	(\$ 98,435)	\$ 3,297,723

The notes attached are part of this individual financial statement.

Formosa Oilseed Processing Co., Ltd.  
Individual Statements of Cash Flows  
January 1 to December 31, 2020 and 2019

Unit: NTD thousands

Code		2020	2019
	Cash flows for operating activities		
A10000	Profit before tax	\$ 441,171	\$ 391,936
A20010	Profit and loss items		
A20100	Depreciation expense	33,555	38,347
A20200	Amortization expense	999	999
A20300	Expected gain on reversal of credit impairment loss	( 801 )	( 6,904 )
A20900	Interest expense	13,023	18,506
A21200	Interest income	( 213 )	( 517 )
A22300	Gain on subsidiary companies and affiliated enterprises accounted for using equity method	( 80,167 )	( 148,672 )
A22500	Loss (gain) on disposal of property, plant, and equipment	( 452 )	193
A29900	Gain on disposal of ROU assets	( 50 )	( 17 )
A23900	(Un)realized sales profit with subsidiary companies and affiliated enterprises	310	( 1,124 )
A30000	Net change in operating assets and liabilities		
A31130	Notes receivable	( 23,571 )	102,917
A31140	Notes receivable – related parties	340	( 764 )
A31150	Accounts receivable	1,441	64,331
A31160	Accounts receivable – related parties	6,387	( 108,950 )
A31180	Other receivables	2,236	( 3,005 )
A31190	Other receivables – related parties	( 162 )	( 292 )
A31200	Inventory	95,493	( 43,450 )
A31230	Prepayments	255	9,996
A31240	Other current assets	2	27
A32130	Notes payable	( 358 )	( 1,529 )
A32150	Accounts payable	61,912	( 68,026 )
A32160	Accounts payable – related parties	( 11,376 )	10,193
A32180	Other payables	19,946	16,584
A32190	Other payables – related parties	( 21 )	21
A32230	Other current liabilities	( 127 )	( 443 )
A32240	Net defined benefit liabilities	( 245 )	( 4,874 )
A33000	Cash from operating activities	559,527	265,483
A33100	Interest income	192	486

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(Continued)

Code		2020	2019
A33300	Interest expenses	(\$ 14,895)	(\$ 16,765)
A33500	Tax expenses	( 51,901)	( 34,183)
AAAA	Operating cash flows	<u>492,923</u>	<u>215,021</u>
	Investment cash flows		
B00010	Financial assets gained at fair value through other comprehensive income	-	( 92,350)
B00020	Disposal of financial assets at fair value through other comprehensive income	-	72,175
B00040	Financial assets gained at amortized cost	-	( 154,763)
B00050	Disposal of financial assets at amortized cost	154,763	-
B02700	Obtainment of property, plant, and equipment (note 24)	( 386,398)	( 598,743)
B02800	Disposal of property, plant, and equipment cost	1,525	484
B03700	Decrease (increase) of guarantee deposits paid	( 363)	2,913
B06700	Decrease of other non-current assets	3	69
B07500	Interest income	20	35
B07600	Dividend gained from subsidiary companies and affiliated enterprises	<u>104,639</u>	<u>100,639</u>
BBBB	Net investment cash flow expenses	( <u>125,811</u> )	( <u>669,541</u> )
	Financing activities cash flows		
C00100	Increase (decrease) of short-term loans	( 96,086)	687,359
C00500	Increase (decrease) of short-term notes payable	170,000	( 150,000)
C01600	Long-term loans	97,500	544,000
C01700	Repayment of long-term loans	( 232,500)	( 174,000)
C03000	Increase of margin deposit	21	-
C04020	Repayment of lease liabilities principal	( 8,432)	( 9,638)
C04500	Issuance of cash dividend	( <u>284,314</u> )	( <u>251,509</u> )
CCCC	Net cash (out)flows on financing activities	( <u>353,811</u> )	<u>646,212</u>
DDDD	Impact owing to fluctuation in exchange	<u>3,202</u>	-
EEEE	Net increase in cash	16,503	191,692
E00100	BOY cash balance	<u>518,614</u>	<u>326,922</u>
E00200	Year-end cash balance	<u>\$ 535,117</u>	<u>\$ 518,614</u>

The notes attached are part of this individual financial statement.

Formosa Oilseed Processing Co., Ltd.  
Notes for Individual Financial Statements  
January 1 to December 31, 2020 and 2019

(Unless stated otherwise, the amounts' unit is in NTD thousands)

I. Company's History

Formosa Oilseed Processing Company Co., Ltd. (hereafter referred to as "the Company") was established in 1986. Since September 1993, the Company's share has been listed for transaction on Taiwan Stock Exchange. Our main businesses include the manufacturing and the selling of soybean oil, soy flour, flour, oatmeal, corn, pet food, and import and export transactions. The Company's subsidiary company "Top Food Industry Corporation" (Top Food) started to operate since October 2007, and its main business includes producing and selling flour. Thus, the Company no longer engages in the production of flour.

This individual financial statement is expressed in the Company's functional currency New Taiwan Dollars (NTD).

II. Date of Approval and Procedures for Financial Report

This individual financial report was approved by the board of directors on March 25, 2021.

III. Application of Newly Announced Standards for Amendments and Explanations

- (1) First time applicable of International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standing Interpretation Committee (SICs) (hereafter referred to as IFRSs) as approved and announced effective by the Financial Supervisory Commission (hereafter referred to as FSC).

Newly Announced/Amended/Amendments & IFRIC	Effective Date for Announcement of IASB
Amendments to IFRS 3 "definition of a business"	Jan 1, 2020
Amendments to IFRS 9, IAS 39, and IFRS 7 "interest rate benchmark reform"	Jan 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of significance"	Jan 1, 2020
Amendments to IFRS 16 "Covid-19-Related Rent Concessions"	Jun 1, 2020

Except for the descriptions below, the application of the IFRSs as approved and announced effective by the FSC will not necessarily cause significant changes in the Company's accounting policies.

Amendment to IFRS 16 "Covid-10-Related Rent Concessions"

The Company chooses to apply the amendment's practical expedient to handle rental negotiations directly related to Covid-19

between the Company and the lessor(s). For related accounting policies, please refer to note 4. Before the application of this amendment, the Company should decide whether regulations for rental modifications are applicable to the aforementioned rental negotiations.

The Company began the application of this amendment since January 1, 2020. Since the aforementioned rental negotiations only influenced the year 2020, the tracking of the application of this amendment has no impact on the reserved earnings for January 1, 2020.

(2) The Application of the IFRSs as Approved by the FSC for 2021 Newly Announced / Amended / Amendments & IFRIC	Effective Date for Announcement of IASB
Amendments to IFRS 4, “Deferral of Effective Date of IFRS 9”	Effective on the day of announcement
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16, “Interest Rate Benchmark Reform – Phase II”	Effective during the annual reporting period after Jan 1, 2021

As of the date of announcement of the approval of this individual financial statement, the Company’s estimation criteria and the amendments to IFRIC will not necessarily cause significant impact on the Company’s financial status and financial performance.

(3) IFRSs Announced by the International Accounting Standards Board (IASB) but Not Yet Approved by the FSC Newly Announced / Amended / Amendment(s) & IFRIC	Effective Date for Announcement of IASB (note 1)
“Annual Improvements – 2018-2020 Cycle”	Jan 1, 2022 (note 2)
Amendments to IFRS 3, “Updated Reference to Conceptual Framework”	Jan 1, 2022 (note 3)
Amendments to IFRS 10 and IAS 28, “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	Undecided
Amendments to IFRS 17, “Insurance Contracts”	Jan 1, 2023
Amendments to IFRS 17	Jan 1, 2023
Amendments to IAS 1, “Classification of Liabilities as Current or Non-Current”	Jan 1, 2023
Amendments to IAS 1, “Disclosure of Accounting Policies”	Jan 1, 2023 (note 6)
Amendments to IAS 8, “Definition of Accounting Estimates”	Jan 1, 2023 (note 7)
Amendments to IAS 16, “Property, Plant and Equipment – Proceeds before Intended Use”	Jan 1, 2022 (note 4)
Amendments to IAS 37, “Onerous Contracts – Cost of Fulfilling a Contract”	Jan 1, 2022 (note 5)

Note 1: Unless noted otherwise, the above-mentioned newly announced/amended/amendment or IFRICs are effective during the annual reporting period after the respective dates.

Note 2: The amendments to IFRS 9 are applicable to financial liabilities or change of provisions that happen during the annual

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reporting period after January 1, 2022; the amendments to IAS 41 on “Agriculture” are applicable to fair value measurements during the annual reporting period after January 1, 2022; the amendments to IFRS 1 on “First-Time Adoption of IFRSs” are traced back and applicable to the annual reporting period after January 1, 2022.

Note 3: This amendment is applicable to business mergers of which the acquisition date is during the annual reporting period after January 1, 2022.

Note 4: This amendment is applicable to property, plant, and equipment of which their operating methods’ necessary locations and status meet the management level’s expectations after January 1, 2021.

Note 5: This amendment is applicable to contracts of which all obligations are not yet fulfilled by January 1, 2022.

Note 6: This amendment is applicable to prospective during the annual reporting period after January 1, 2023.

Note 7: This amendment is applicable to changes in accounting estimates and changes in accounting policies during the annual reporting period after January 1, 2023.

As of the announcement date for the approval of this individual financial report, the Company still continues to evaluate the impacts that the amendments of standards and IFRICs have caused on the Company’s financial status and financial performance. Related impacts will be disclosed when the evaluation is completed.

#### IV. Statement for Summaries for Significant Accounting Policies

##### (1) Compliance Assertion

This individual financial statement was prepared by referring to the “Regulations Governing the Preparation of Financial Reports by Securities Issuers.”

##### (2) Preparation Basis

Except for the net defined benefit liabilities accounted for using the present value for defined benefit obligation subtracting planned assets at fair value, this individual financial statement was prepared on the basis of historical cost.

When preparing individual financial statements, the Company handles invested subsidiary companies and affiliated enterprises by using equity methods. In order to have this individual financial statements’ current year profit and loss, other comprehensive income, and equity the same as the Company’s consolidated financial statements’ current year profit and loss, other comprehensive income, and equity as belonging to the Company’s owner(s), the accountants’ handling of differences under individual basis and consolidated basis was to adjust “investments accounted for using equity method,” “gains on subsidiary companies and affiliated enterprises accounted for using equity method,” and “share of other comprehensive income of affiliated enterprises accounted for using equity method” and related equity items.

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(3) Standards for Distinguishing Current and Non-Current Assets and Liabilities

Current assets include:

1. Assets possessed mainly for transaction purposes;
2. Assets expected to be realized within 12 months after the date of balance sheet; and
3. Cash.

Current liabilities include:

1. Liabilities possessed mainly for transaction purposes;
2. Liabilities at maturity for settlement within 12 months after the date of balance sheet; and
3. Liabilities of which its settlement period cannot be unconditionally deferred to at least 12 months after the date of balance sheet.

Those that do not belong to the above-mentioned current assets or current liabilities are classified under non-current assets or non-current liabilities.

(4) Foreign Currencies

When preparing individual financial statements, the Company, transactions made other than the Company's functional (foreign) currency are converted into the Company's functional currency for recording by referring to the exchange rate on the date of transaction.

The monetary items in foreign currencies are converted at the closing exchange rate on every date of balance sheet. The exchange difference generated from settling monetary items or converting monetary items will be recognized as the current year's profit or loss.

Non-monetary items in foreign currencies measured at fair value are converted at the exchange rate on the day of determining the fair value, and the exchange difference generated is recognized as the current year's profit or loss. However, for items that belong to the changes in fair value and recognized as other comprehensive income, their exchange difference generated will be recognized as other comprehensive income.

Non-monetary items in foreign currencies measured at historical cost are converted at the exchange rate on the date of transaction, and will not be reconverted.

When preparing the individual financial statement, foreign operating institutions' (including the country of operation or subsidiary companies that use different currencies from the Company) assets and liabilities are converted to NTD at the exchange rate on every date of balance sheet. The income and expense items are converted at the average exchange rate for the current year, and the exchange difference generated is recognized as other comprehensive income.

(5) Inventory

Inventories include (in transit) raw materials, materials, finished goods, work in progress, and products. Inventories are measured at

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lower of cost and NRV. When comparing the cost and the NRV, apart from inventories with the same classification, the Company measures on the basis of individual items of inventories. NRV refers to the balance after subtracting the estimated cost that still needs to be invested until completion and the estimated cost to complete the sell from the estimated selling price under normal circumstances. Inventory cost is calculated by using weighted average method.

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(6) Investments in Subsidiary Companies

The Company uses equity method to deal with its investments in subsidiary companies. Subsidiary companies refer to entities that the Company has control over.

Under the equity method, investments were originally recognized as costs, the increase or decrease of the carrying amount after the obtained date varies according to the Company's profit or loss owing to its subsidiary companies and the share of other comprehensive income, as well as profit distribution of profit. Moreover, the Company's benefits in subsidiary companies' changes in equity are recognized according to its shareholding ratio.

When the Company evaluates its impairment loss, it takes into account of the individual financial statements as a whole to consider cash generating units, and compares its recoverable amount and carrying amount. If the recoverable amount of assets increases afterwards, the reversal of impairment loss will be recognized as gains. However, the carrying amount for assets after impairment loss reversal cannot exceed the assets' carrying amount after subtracting the amortization that should be recognized if impairment loss is not recognized.

The Company and subsidiary companies' unrealized profits and losses for downstream transactions are eliminated from individual financial reports. The profits or losses from the Company and subsidiary companies' upstream transactions are solely within the range that is unrelated to the Company's equity in the subsidiary companies, and are recognized in individual financial reports.

(7) Investments in Affiliated Enterprises

Affiliated enterprises are enterprises that have significant influences on the Company, but do not belong to subsidiary companies or joint ventures. The Company conducts the equity method in investing in affiliated enterprises.

Under the equity method, the investments in affiliated enterprises are originally recognized as costs, and the carrying amount obtained in the future will increase or decrease according to the Company's benefits from the affiliated enterprises' income and other comprehensive income, and profit distribution. In addition, the Company's benefit in affiliated enterprises' changes in equity is recognized according to its shareholding ratio.

If the Company does not subscribe according to its shareholding ratio when affiliated enterprises issue new shares, and causes changes in shareholding ratio, and further results in the decrease or increase of invested equity net value, the Company increases or decreases the amount to adjust its capital surplus and investments accounted for using equity method. If the aforementioned adjustment should debit capital surplus, and the capital surplus balance from investment accounted for using equity method is insufficient, its difference should be recognized as retained earnings under the debit column.

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When the Company evaluates its impairment loss, it regards the overall carrying amount of the investment as a single asset, and compares recoverable amounts with the carrying amount to perform the impairment test. The recognized impairment loss is not allocated to any assets that form parts of the investment's carrying amount, including goodwill. Any impairment loss reversals can be recognized within the range of subsequent increases in such investment's recoverable amount.

The profits or losses from upstream and downstream transactions between the Company and the affiliated enterprises are solely within the range that is unrelated to the Company's equity in the affiliated enterprises, and are recognized in individual financial reports.

(8) Property, Plant, and Equipment

Property, plant, and equipment are recognized as costs, of which the amount will later be measured by cost subtracting accumulated depreciation.

Property, plant, and equipment's significant parts were separately depreciated within the useful life using the straightline method. The Company scans the estimation of useful life, residual value, and depreciation method at least on the last day of every year, and postpones the impact of changes in applicable accounting estimations.

When property, plant, and equipment are derecognized, the difference between the net disposal proceeds and such asset's carrying amount is recognized as profit or loss.

(9) Property, Plant, and Equipment, and ROU Assets' Impairment Loss

The Company evaluates whether there are any traces showing possible impairments in property, plant, and equipment, and ROU assets on every date of balance sheet. If any impairment traces exist, the Company will estimate such asset's recoverable amount. If it is impossible to estimate individual asset's recoverable amount, the Company estimates the recoverable amount of the cash generating unit to which such asset belongs.

Recoverable amount is calculated by the higher of fair value subtracting sales cost and its use value. When individual assets or the recoverable amount of the cash generating unit is lower than its carrying amount, such asset or the carrying amount of the cash generating unit is reduced to its recoverable amount, and the impairment loss is recognized under profit or loss.

When impairment loss is subsequently reversed, the carrying amount for such assets or cash generating unit are increased to the recoverable amount after being adjusted. However, the carrying amount after the increase shall not exceed the carrying amount (minus depreciation) determined if such assets or cash-generating unit did not recognize impairment loss in the previous years. The reversal of impairment loss is recognized as profit or loss.

(10) Financial Instruments

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When financial assets and financial liabilities become one of the contractual regulations for such instrument of the Company, they are recognized in individual balance sheets.

When originally recognizing financial assets and financial liabilities, if financial assets or financial liabilities do not belong to those measured at fair value through profit or loss, then it is measured by fair value plus financial costs directly attributed to the obtainment or distribution of financial assets or financial liabilities. The transaction costs directly attributed to the obtainment or distribution of financial assets or financial liabilities at fair value through profit or loss shall be recognized as profit or loss immediately.

1. Financial assets

The regular way purchase or sale of financial assets adopts accounting recognition and derecognition on the trade date.

(1) Types of measurements

The types of financial assets that the Company possesses are financial assets at amortized cost, and investments in equity instrument at fair value through other comprehensive income.

A. Financial assets measured at amortized cost

If the Company's investments of financial assets simultaneously meet the two conditions below, then it is categorized as financial assets measured at amortized cost:

- a. it is held under a certain business model, and the purpose for such model is to obtain contractual cash flow by holding financial assets; and
- b. the cash flow generated on the specific date of contractual regulations, and such cash flow is completely used for principal payment and the interest for outstanding capital.

After the original recognition of financial assets at amortized cost (including cash, notes receivable at amortized cost, accounts receivable, and other receivables), they are measured by the carrying amount determined by effective interest method subtracting any impairment loss after amortized cost. Any profit or loss owing to foreign currency exchange is recognized as profit or loss.

Except for the two conditions below, interest income is calculated by multiplying effective interest rate and financial assets' total carrying amount:

- a. Credit-impaired financial assets purchased or created, and the interest income is calculated by multiplying effective interest rate after credit adjustment by financial assets after amortized cost.
- b. Financial assets that do not belong to purchased or created credit impairment, but subsequently become credit impairment, and the interest income is calculated by multiplying effective interest rate by financial assets after amortized cost.

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B. Investments in equity instrument at fair value through other comprehensive income

When the Company makes original recognition, the Company can make an irrevocable choice, which is the investments in equity instrument that are not held for trading and not merger acquirer recognized as contingent consideration, and are appointed to be measured at fair value through other comprehensive income.

Investments in equity instruments at fair value through other comprehensive income are measured at fair value, and the subsequent changes in fair value are listed in other comprehensive income, and are accumulated in other equities. During the disposal of investments, the accumulated profit is directly transferred to retained earnings, and will not be re-classified as profit or loss.

The dividends for investments in equity instruments at fair value through other comprehensive income are recognized as profit or loss when the Company's right to receive payments is established, unless such dividend obviously represents the recovery of partial investment cost.

(2) Impairment loss of financial assets

The Company assesses its financial assets after amortized cost (including notes receivable and accounts receivable) based on expected credit loss on every date of balance sheet.

Notes receivable and accounts receivable should both be recognized as allowance loss based on the expected credit loss during the duration. Other financial assets are first assessed by whether there is a significant increase in credit risks after the original recognition. If there is no significant increase, then the recognition of allowance loss is based on 12 months' expected credit loss. If there is a significant increase, then the recognition of allowance loss is based on the expected credit loss during the duration.

Expected credit loss is a weighted average credit loss with the risk of default as the weight. The 12 months expected credit loss represents the expected credit loss that is caused by possible default events within the 12 months after the reporting date of the financial instrument. Expected credit loss during the duration represents the expected credit loss caused by the financial instrument's possible default events during the duration.

All carrying amount for financial assets' impairment loss are reduced through the allowance account.

(3) Derecognition of financial assets

The Company's financial assets can only be derecognized when the contractual rights from financial assets cash flows become invalid, or when the financial assets have been transferred and almost all risks and rewards for such assets' ownership have been transferred to other enterprises.

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When the financial assets measured after amortized cost is entirely derecognized, the carrying amount and the difference between the considerations received are recognized as profit or loss. When the equity instrument investments at fair value through other comprehensive income are entirely derecognized, the accumulated profit or loss are directly transferred to retained earnings, and will not be re-classified as profit or loss.

2. Financial liabilities

(1) Subsequent measurements

Financial liabilities are measured at amortized cost accounted for using the effective interest method.

(2) Derecognition of financial liabilities

When derecognizing financial liabilities, the carrying amount and difference between consideration payments (including any transferred non-cash assets or assumed liabilities) are recognized as profit or loss.

(11) Provisions

Amounts recognized as provisions are to consider obligatory risks and uncertainties, and are the best estimate for the required expense to settle the obligation on the date of balance sheet.

(12) Recognition of income

After the Company identifies performance obligations in customer contracts, it will amortize transaction prices to each performance obligation, and will recognize as income once each performance obligation is fulfilled.

Sales income from goods

The sales income from goods is from the selling of oil, feeds, and raw materials, etc.

When oil, feeds, and raw materials, etc. arrives the customers' designated location/starts shipment, the customers already have the rights to set up prices and the rights to use, and have the main responsibility to re-sale these products. They also have to take the risk for the outdating of goods. The Company recognizes its income and accounts receivable at this point of time.

When processing, the significant risk and rewards of the ownership to the processed products are not yet transferred, and will not be handled for selling when processing.

(13) Lease

The Company evaluates whether the contract belongs to (or includes) lease on the contract establishment date.

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1. The Company as the lessor

When the lease clause transfers almost all risks and rewards attached to the ownership of the asset to the lessee, it is classified as financing lease. All other leases are classified as operating lease.

Under operating lease, the lease payments are recognized as income on the straight-line basis during related lease periods. Original direct costs happened because of the obtainment of operating lease is added to the target assets' carrying amount, and recognized as expense on the straight-line basis during the lease period.

2. The Company as the lessee

Except for low-value asset lease that is applicable to recognition exemption, and lease payments for short-term lease that are based on the straight-line basis recognized as expenses during the lease period, other leases are all recognized as ROU assets and lease liabilities on the lease starting date.

ROU assets are originally measured by costs (including lease liabilities' original measured amount, lease payment before the lease starting date subtracting lease incentives, original direct cost, and estimated cost of restored assets), and subsequently measured by the amount of the cost subtracting accumulated depreciation and accumulated impairment loss, and adjusts the remeasurements of lease liabilities. ROU assets are separately expressed in the individual balance sheet.

ROU assets' depreciation is pre-estimated on a straight-line basis from the lease starting date until the expiration of the useful life whichever is earlier.

Lease liabilities are originally measured by the lease payment's current value (including regular payments). If the interest rate implicit in a lease is easy to determine, the lease payments are discounted with this interest rate. If such interest rate is not easy to determine, then the lessee's increment borrowing interest rate will be used.

Subsequently, lease liabilities are measured by effective interest method after amortized cost, and the interest expense is amortized during the lease period. If the lease period or changes in the rate that is used to determine lease payments result in changes of future lease payments, the Company will remeasure lease liabilities, and relatively adjust ROU assets. However, if the carrying amount for ROU assets decreases to zero, then the remaining remeasured amount will be recognized as profit or loss. Lease liabilities are separately expressed in the individual balance sheet.

The Company and the lessor underwent rent negotiations directly related to Covid-19, and adjusted the rent due before June 30, 2021 that resulted in the decrease of rent. Such negotiation did not cause significant changes in other lease clauses. The Company

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chose to adopt practical expedient to handle all lease negotiations that meet the aforementioned condition. The Company did not evaluate whether such negotiation was about lease amendments. Instead, the Company recognized the deduction of lease payments as profit or loss (pre-estimated as other income) when concession events or situations happen, and relatively reduced lease liabilities.

(14) Borrowing Costs

The borrowing costs directly attributed to the acquisition, construction, or production of qualified assets are part of such assets cost, until almost all necessary activities for such assets to reach its intended usage or selling status have been completed.

Except for the aforementioned, all other borrowing costs are recognized as profit or loss in the current period.

(15) Employees' Benefit

1. Short-term employees' benefit

Related liabilities for short-term employees' benefit is measured at non-discounted cash amount prepaid for the exchange of employee services.

2. Post-employment benefit

The pension of the defined allocation retirement plan should be allocated and the pension amount should be recognized as expense when the employee provides his/her service period.

Defined benefit retirement plan's defined benefit cost (including service costs, net interest, and remeasurements) is precisely calculated by adopting the projected unit credit method. Service costs (including current period's service cost) and net interest of net defined benefit liability should be recognized as employee's benefit expense when the events happen, and when settlements happen. Remeasurements (including precisely calculated profit or loss and planned assets rewards interest deduction) should be recognized as other comprehensive income and listed under retained earnings when the event happens, and will not be re-classified as profit or loss in the subsequent period.

Net defined benefit liability is allocation insufficiency of defined benefit retirement plan. Net defined benefit assets cannot exceed the present value for the returned allocated amount from such plan or reducible future allocated amount.

(16) Income Tax

Income tax amount is the total of current income tax and deferred income tax.

1. Current income tax

The Company determines its current income (loss) according to regulations formulated by jurisdictions for income tax reporting, based on the calculation of payable (recoverable) income tax.

According to the R.O.C. Income Tax Act, the calculation of the added income tax to undistributed earnings will be recognized in the year of decision of the shareholder's meeting.

The adjustment for income tax payables for the previous years is listed in the current year's income tax.

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## 2. Deferred income tax

Deferred income tax is calculated based on the temporary difference between booked assets and the carrying amount for liabilities, and the tax basis for calculating taxable income.

Deferred income tax liabilities are generally recognized as all taxable temporary differences, and deferred income tax assets are recognized when it is likely to have taxable income for usage of the deduction of temporary differences.

Taxable temporary differences related to invested subsidiary companies are all recognized as deferred income tax liabilities. Deductible temporary differences related to this type of investment can be recognized as deferred income tax assets only if it is likely to have sufficient taxable income to achieve temporary differences, and within the range expected to reverse in the foreseeable future.

The carrying amount for deferred income tax assets is reviewed on every date of balance sheet, and the carrying amount is reduced for those that are no longer likely to have sufficient taxable income for the recovery of all or partial assets. For those that is not originally recognized as deferred income tax assets, they should be reviewed on every date of balance sheet, too, and the carrying amount is increased for those that are very likely to generate taxable income for the recovery or all or partial assets.

Deferred income tax assets and liabilities are measured by its expected liability settlement or tax rate for assets realization. Such tax rate is based on the tax rate and tax law that have been enacted or substantively enacted on the date of balance sheet. The measurements of deferred income tax liabilities and assets are to reflect the Company's tax outcome generated from the method of expected recovery or settlement of its carrying amount for assets and liabilities on the date of balance sheet.

## V. Main Sources for Significant Accounting Judgment and Estimation, and Hypothesis of Uncertainties

When the Company adopts accounting policies, the management level must make related judgments, estimations, and hypothesis on the basis of historical experience and other relevant factors when obtaining relevant information that is not easily obtained from other sources. The actual results may differ from the estimation.

The management level will continue to review the estimation and the basic hypothesis. If the amendments to the estimation solely impact the current year, then it is recognized in the current year; if the amendments to the accounting estimation simultaneously influence the current year and future periods, then it is recognized in the current period of amendment and the future period.

The information for the main management level's hypothesis and estimation uncertainties is as follow:

### Impairment of Inventories

In-transit inventories and raw material costs and related prices are influenced by global raw material prices, which is possible for violent fluctuations, leading to risk of the raw materials' NRV lower than the carrying amount. Since the management level referred to the regulations in IAS 2 "Inventory," the evaluation of raw materials' NRV involves estimation and judgment, the change in raw material prices might cause significant impacts on such estimation results.

VI. Cash

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash on hand & petty cash	\$ 198	\$ 203
Bank checks & demand deposit	<u>534,919</u>	<u>518,411</u>
	<u>\$ 535,117</u>	<u>\$ 518,614</u>

The market interest rate range for bank deposits on the date of balance sheet is as follow:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Bank deposit	0.01%~0.12%	0.01%~0.38%

VII. Financial assets measured at amortized cost

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Current</u>		
Restricted assets – bank deposit	<u>\$ -</u>	<u>\$ 154,763</u>

The market interest rate range for financial assets measured at amortized cost on the date of balance sheet is as follow:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Restricted assets – bank deposit	-	0.08%

Restricted assets – bank deposits are provided to the bank(s) as guarantee to the issuance of letter of credit, and as pledge information. Please refer to note 28.

VIII. Notes Receivable, Accounts Receivable, and Accounts Receivables

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Notes Receivable</u>		
Total carrying amount measured at amortized cost	<u>\$ 131,111</u>	<u>\$ 107,540</u>

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	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Accounts Receivable</u>		
Total carrying amount measured at amortized cost	\$ 417,581	\$ 419,022
Subtract: loss allowance	<u>154</u>	<u>955</u>
	<u>\$ 417,427</u>	<u>\$ 418,067</u>
<u>Other Receivables</u>		
Judgment lien amount	\$ 17,593	\$ 17,593
Export rebate receivable	11,975	12,929
Others	<u>515</u>	<u>1,796</u>
	<u>\$ 30,083</u>	<u>\$ 32,318</u>

(1) Notes Receivable

The average credit period for the Company's product sales is 60 days, of which no interest is accrued in notes receivable. The policy that the Company adopts is to only make transactions with reputable targets, and the Company will obtain full collateral when necessary so as to reduce the risk of financial loss owing to delinquency. The Company rates its main customers by using other publicly available financial information and historical transaction records. The Company continuously supervises credit exposures and the counterpartys' credit level, and distributes the total transaction amount to different customers with qualified credit ratings. Moreover, the Company manages its credit exposures by reviewing and approving the credit limit of counterparties each year.

The Company's expected credit loss during duration is recognized as notes receivable's allowance loss. The expected credit loss during duration is calculated by provision matrix, which takes the customers' past default records and current financial statuses, and industrial economy situations into account. At the same time, the Company takes GDP prediction and industrial prospects into consideration. The Company's historical experience for credit loss shows that there is no significant difference in loss patterns among different customer groups. Thus, the provision matrix did not further distinguish customer groups, and only determined the expected credit loss rate based on the numbers of days overdue for notes receivable.

If there is evidence showing that the counterparty is facing critical financial difficulties, and the Company is unable to reasonably expect the recoverable amount, the Company should directly write off related notes receivable. However, the Company will continuously recourse the activities, and the recovered amount from the recourse will be recognized as profit or loss.

The Company uses provision matrix to measure notes receivable's allowance loss, which is as follow:

December 31, 2020

	<u>Not overdue</u>
Expected credit loss rate	0%
Total carrying amount	\$ 131,111
Allowance loss (expected credit loss during duration)	<u>-</u>
Amortized cost	<u>\$ 131,111</u>

December 31, 2019

	<u>Not overdue</u>
Expected credit loss rate	0%
Total carrying amount	\$ 107,540
Allowance loss (expected credit loss during duration)	<u>-</u>
Amortized cost	<u>\$ 107,540</u>

Changes in information on notes receivable loss allowance are as follow:

	<u>2020</u>	<u>2019</u>
BOY balance	\$ -	\$ 2,104
Subtract: current year reversal impairment loss	<u>-</u>	( <u>2,104</u> )
Year-end balance	<u>\$ -</u>	<u>\$ -</u>

(2) Accounts Receivable

The Company's average credit period for product sales is 80 days, of which no interest is accrued in accounts receivable. The policy that the Company adopts is to only make transactions with reputable targets, and the Company will obtain full collateral when necessary so as to reduce the risk of financial loss owing to delinquency. The Company rates its main customers by using other publicly available financial information and historical transaction records. The Company continuously supervises credit exposures and the counterparties' credit level, and distributes the total transaction amount to different customers with qualified credit ratings. Moreover, the Company manages its credit exposures by reviewing and approving the credit limit of counterparties each year.

The Company's expected credit loss during duration is recognized as notes receivable's allowance loss. The expected credit loss during duration is calculated by provision matrix, which takes the

customers' past default records and current financial statuses, and industrial economy situations into account. At the same time, the Company takes GDP prediction and industrial prospects into consideration. The Company's historical experience for credit loss shows that there is no significant difference in loss patterns among different customer groups. Thus, the provision matrix did not further distinguish customer groups, and only determined the expected credit loss rate based on the numbers of days overdue for notes receivable.

If there is evidence showing that the counterparty is facing critical financial difficulties, and the Company is unable to reasonably expect the recoverable amount, the Company should directly write off related notes receivable. However, the Company will continuously recourse the activities, and the recovered amount from the recourse will be recognized as profit or loss.

The Company uses provision matrix to measure accounts receivable's allowance loss, which is as follow:

December 31, 2020

	Not overdue	1-60 days overdue	61-90 days overdue	91-120 days overdue	121-180 days overdue	181-365 days overdue	Over 365 days overdue	Total
Expected credit loss rate	0.01%	0.25%-4.10%	-	-	-	-	100%	
Total carrying amount	\$ 412,137	\$ 5,384	\$ -	\$ -	\$ -	\$ -	\$ 60	\$ 417,581
Loss allowance (expected credit loss during duration)	( 41 )	( 53 )	-	-	-	-	( 60 )	( 154 )
Amortized cost	<u>\$ 412,096</u>	<u>\$ 5,331</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 417,427</u>

December 31, 2019

	Not overdue	1-60 days overdue	61-90 days overdue	91-120 days overdue	121-180 days overdue	181-365 days overdue	Over 365 days overdue	Total
Expected credit loss rate	0.01%	0.40%	5.70%	-	-	100%	100%	
Total carrying amount	\$ 399,816	\$ 17,744	\$ 655	\$ -	\$ -	\$ 603	\$ 204	\$ 419,022
Loss allowance (expected credit loss during duration)	( 40 )	( 71 )	( 37 )	-	-	( 603 )	( 204 )	( 955 )
Amortized cost	<u>\$ 399,776</u>	<u>\$ 17,673</u>	<u>\$ 618</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 418,067</u>

Changes in information on accounts receivable loss allowance are as follow:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
BOY balance	\$ 955	\$ 5,755
Subtract: current year reversal impairment loss	( 801 )	( 4,800 )
Year-end balance	<u>\$ 154</u>	<u>\$ 955</u>

(3) Other Receivables

After the court's judgment, the remaining amount of NTD 17,593 thousands retained by the court was returned to the Company on March 15, 2021.

IX. Inventory

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Inventory in-transit	\$ 276,118	\$ 410,994
Raw materials	142,390	129,749
Finished goods	125,920	89,680
Work in progress	17,808	28,404
Materials	<u>6,824</u>	<u>5,726</u>
	<u>\$ 569,060</u>	<u>\$ 664,553</u>

Operating costs related to inventory for the year 2020 was NTD 6,314,707 thousands, of which including NTD 667 thousands of inventory loss. Operating costs related to inventory for the year 2019 was NTD 6,898,203 thousands, of which NTD 4,476 thousands included was inventory loss.

X. Prepayments

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Excess business tax paid	\$ 177,928	\$ 174,483
Other prepayments	15,498	17,125
Business tax paid	561	2,836
Prepayments to suppliers	<u>435</u>	<u>233</u>
	<u>\$ 194,422</u>	<u>\$ 194,677</u>

XI. Investments by Using Equity Method

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Investments in subsidiary companies	\$ 1,036,984	\$ 1,421,100
Investments in affiliated enterprises	<u>274,924</u>	<u>257,928</u>
	<u>\$ 1,311,908</u>	<u>\$ 1,679,028</u>

(1) Investments in subsidiary companies

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
TOP FOOD	\$ 691,836	\$ 705,711
FORMOSA OIL PROCESSING (PANAMA) S.A.	294,392	674,268
FU YOU AN KANG CORP.	31,748	29,315
CHONG HSIANG FOODS INDUSTRY CO., LTD.	<u>19,008</u>	<u>11,806</u>
	<u>\$ 1,036,984</u>	<u>\$ 1,421,100</u>

Ownership Interests and Voting Rights  
Percentage

<u>Name of Subsidiary Companies</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
TOP FOOD	63%	63%
FORMOSA OIL PROCESSING (PANAMA) S.A.	100%	100%
FU YOU AN KANG CORP.	51%	51%
CHONG HSIANG FOODS	100%	100%

Share of subsidiary companies' profit or loss and other comprehensive income, accounted for using equity method for 2020 and 2019, were recognized in each subsidiary company's financial statements as audited by accountants during the same period.

(2) Investments in affiliated enterprises

	December 31, 2020	December 31, 2019
Affiliated enterprises with significance		
CENTRAL UNION OIL CORP.	<u>\$ 274,924</u>	<u>\$ 257,928</u>

The Company's equity-holding percentage in affiliated enterprises on the date of balance sheet is as follow:

Name of Company	December 31, 2020	December 31, 2019
CENTRAL UNION OIL CORP.	33.33%	33.33%

For the aforementioned affiliated enterprises' information regarding their business nature, major places of operation, and the companies' registered country, please refer to Attached Table 4 "Related Information Regarding Names of Invested Companies and Location, etc."

Investments accounted for using equity method, profits or losses from the Company, and shares on other comprehensive income are recognized according to the affiliated enterprises' financial reports audited by accountants during the same period.

The Company measures the aforementioned affiliated enterprises by using the equity method.

The summarized financial information below was prepared on the basis of the affiliated enterprises' IFRSs financial statements, and had already reflected the adjustments made when using the equity method.

Central Union Oil Corp.

	December 31, 2020	December 31, 2019
Current assets	\$ 928,508	\$ 768,995
Non-current assets	1,505,335	1,421,680
Current liabilities	( 1,239,013)	( 1,067,090)
Non-current liabilities	( 368,023)	( 348,708)
Equity	<u>\$ 826,807</u>	<u>\$ 774,877</u>
The Company's shareholding ratio	33.33%	33.33%
The Company's equity	\$ 275,602	\$ 258,293
Unrealized gains (losses) on downstream transactions	( 678)	( 365)
Carrying amount for investments	<u>\$ 274,924</u>	<u>\$ 257,928</u>

	2020	2019
Operating income	<u>\$ 7,172,390</u>	<u>\$ 7,078,083</u>
Current year's net profit	\$ 118,982	\$ 84,301
Other comprehensive income	4,948	( 2,009)
Total comprehensive income	<u>\$ 123,930</u>	<u>\$ 82,292</u>
Dividend obtained from Central Union Oil Corp.	<u>\$ 24,000</u>	<u>\$ 20,000</u>

XII. Property, Plant, and Equipment

	December 31, 2020	December 31, 2019
Land	\$ 715,940	\$ 715,940
Buildings	47,875	50,053
Machinery equipment	25,775	32,873
Transport equipment	8,048	9,800
Experimental equipment	4,737	4,250
Other equipment	22,620	29,238
Unfinished projects	<u>1,011,917</u>	<u>620,562</u>
	<u>\$ 1,836,912</u>	<u>\$ 1,462,716</u>

	Land	Buildings	Machinery equipment	Transport equipment	Experimental equipment	Other equipment	Unfinished projects	Total
<b>Cost</b>								
Jan 1, 2019 balance	\$ 715,940	\$ 243,876	\$ 356,664	\$ 21,993	\$ 13,302	\$ 226,661	\$ -	\$ 1,578,436
Addition	-	-	3,694	2,074	3,058	5,546	620,562	634,934
Disposal	-	-	-	( 375 )	( 3 )	( 2,241 )	-	( 2,619 )
Reclassification	-	-	-	-	( 8 )	8	-	-
Dec 31, 2019 balance	<u>715,940</u>	<u>243,876</u>	<u>360,358</u>	<u>23,692</u>	<u>16,349</u>	<u>229,974</u>	<u>620,562</u>	<u>2,210,751</u>
<b>Accumulated Depreciation</b>								
Jan 1, 2019 balance	-	( 189,453 )	( 315,387 )	( 12,688 )	( 11,211 )	( 192,412 )	-	( 721,151 )
Disposal	-	-	-	375	3	1,345	-	1,723
Reclassification	-	-	-	-	5	( 5 )	-	-
Depreciation expense	-	( 4,370 )	( 12,098 )	( 1,579 )	( 896 )	( 9,664 )	-	( 28,607 )
Dec 31, 2019 balance	<u>-</u>	<u>( 193,823 )</u>	<u>( 327,485 )</u>	<u>( 13,892 )</u>	<u>( 12,099 )</u>	<u>( 200,736 )</u>	<u>-</u>	<u>( 748,035 )</u>
Dec 31, 2019 net amount	<u>\$ 715,940</u>	<u>\$ 50,053</u>	<u>\$ 32,873</u>	<u>\$ 9,800</u>	<u>\$ 4,250</u>	<u>\$ 29,238</u>	<u>\$ 620,562</u>	<u>\$ 1,462,716</u>
<b>Cost</b>								
Jan 1, 2020 balance	\$ 715,940	\$ 243,876	\$ 360,358	\$ 23,692	\$ 16,349	\$ 229,974	\$ 620,562	\$ 2,210,751
Addition	-	2,358	2,000	-	1,505	3,038	391,355	400,256
Disposal	-	-	-	-	( 70 )	( 3,930 )	-	( 4,000 )
Dec 31, 2020 balance	<u>715,940</u>	<u>246,234</u>	<u>362,358</u>	<u>23,692</u>	<u>17,784</u>	<u>229,082</u>	<u>1,011,917</u>	<u>2,607,007</u>
<b>Accumulated Depreciation</b>								
Jan 1, 2020 balance	-	( 193,823 )	( 327,485 )	( 13,892 )	( 12,099 )	( 200,736 )	-	( 748,035 )
Disposal	-	-	-	-	70	2,638	-	2,708
Depreciation expense	-	( 4,536 )	( 9,098 )	( 1,752 )	( 1,018 )	( 8,364 )	-	( 24,768 )
Dec 31, 2020 balance	<u>-</u>	<u>( 198,359 )</u>	<u>( 336,583 )</u>	<u>( 15,644 )</u>	<u>( 13,047 )</u>	<u>( 206,462 )</u>	<u>-</u>	<u>( 770,095 )</u>
Dec 31, 2020 net amount	<u>\$ 715,940</u>	<u>\$ 47,875</u>	<u>\$ 25,775</u>	<u>\$ 8,048</u>	<u>\$ 4,737</u>	<u>\$ 22,620</u>	<u>\$ 1,011,917</u>	<u>\$ 1,836,912</u>

The unfinished project is mainly the Company's rendering plant for purifying edible oil that is still under construction at the Taichung Harbor area.

Since there is no trace of any impairment in 2020 and 2019, the Company did not perform impairment evaluation.

The depreciation expenses are calculated by using the straightline method according to the useful life as follow:

**Buildings**

Plant's main building	5 to 55 years
Project systems	5 to 40 years
Machinery equipment	3 to 17 years
Transport equipment	2 to 10 years
Experimental equipment	2 to 11 years
Other equipment	1 to 17 years

### XIII. Leasing Agreement

#### (1) ROU assets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
ROU assets carrying amount		
Land	\$ 55,482	\$ 58,909
Buildings	1,940	7,408
Transport equipment	<u>6,221</u>	<u>10,685</u>
	<u>\$ 63,643</u>	<u>\$ 77,002</u>
	<u>2020</u>	<u>2019</u>
Increase of ROU assets	<u>\$ 930</u>	<u>\$ 14,719</u>
Depreciation expense for ROU assets		
Land	\$ 3,427	\$ 2,937
Buildings	885	1,665
Transport equipment	<u>4,475</u>	<u>5,138</u>
	<u>\$ 8,787</u>	<u>\$ 9,740</u>

#### (2) Lease liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Lease liabilities carrying amount		
Current	<u>\$ 6,998</u>	<u>\$ 8,760</u>
Non-current	<u>\$ 57,035</u>	<u>\$ 68,327</u>

Discount rate range for lease liabilities is as follow:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Land	1.38%	1.38%
Buildings	1.38%	1.38%
Transport equipment	1.08%~1.38%	1.38%

#### (3) Significant Rental Activities and Clauses

The Company signed a land lease contract for leasing the port industry professionalism development zone with Taiwan International Ports Corporation, Ltd. – Port of Taichung Branch (hereafter referred to as Port Branch) in November 2017 in order to construct and operate the palm oil plant. The lease period is 20 years. According to contractual regulations, the properties and movable properties, and property ownerships financed and constructed by the Company all belong to the Company. During the duration of the contract, the Company should calculate the land rent based on the area of the leased land according to the land value announced by the government and the approved annual rent rate, and pay the management fee according to the amount

committed to the Port Branch. When the lease period is terminated, the Company does not have the right of preferential refusal towards the leased land.

Owing to the serious impact that the Covid-19 pandemic has had on the market economy in 2020, when the Company negotiated with the auxiliary ports of Taiwan International Ports Corporation Ltd. about land lease, the auxiliary ports agreed to unconditionally lower 10% of the rental amount from January 1, 2020 to June 30, 2020. The Company recognized the aforementioned rent concessions impact NTD 159 thousands in the year 2020 (listed as other income).

(4) Other Leasing Information

	<u>2020</u>	<u>2019</u>
Short-term leasing fees	\$ 116	\$ 741
Low value assets leasing fees	\$ 495	\$ 135
Total leasing cash (outflow)	( <u>\$ 10,009</u> )	( <u>\$ 11,555</u> )

The Company chooses to recognize the renting of business premises and transport equipment that conform to short-term lease and low value lease, as the Company will not recognize such leases as related ROU assets and lease liabilities.

XIV. Other Non-Current Assets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Guarantee deposits paid	\$ 4,363	\$ 4,000
Prepayments for equipment	339	2,358
Other prepayments	<u>7</u>	<u>1,009</u>
	<u>\$ 4,709</u>	<u>\$ 7,367</u>

XV. Loans

(1) Short-term loans

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Unsecured loans		
Credit loans	\$ 613,210	\$ 558,500
Letter of credit loans	<u>158,063</u>	<u>308,859</u>
	<u>\$ 771,273</u>	<u>\$ 867,359</u>

The interest rate range for short-term loans on the date of balance sheet is as follow:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Unsecured loans		
Credit loans	0.81%~1.15%	1.00%~1.45%
Letter of credit loans	0.72%~0.96%	2.65%~2.93%

(2) Short-term notes payable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Commercial papers payable	\$ 170,000	\$ -
Subtract: short-term notes discount payable	<u>214</u>	<u>-</u>
	<u>\$ 169,786</u>	<u>\$ -</u>

Short-term notes payable that have not met the maturity date yet:

December 31, 2020

<u>Guarantee / Acceptance institutions</u>	<u>Par price</u>	<u>Discount amount</u>	<u>Carrying amount</u>	<u>Interest rate range</u>	<u>Pledge or collateral</u>
<u>Commercial papers payable</u>					
Ta Ching Bills Finance Corporation	\$ 80,000	\$ 188	\$ 79,812	0.99%	None
Taiwan Cooperative Bills Finance Corporation	70,000	19	69,981	0.99%	None
Mega Bills	<u>20,000</u>	<u>7</u>	<u>19,993</u>	0.98%	None
	<u>\$ 170,000</u>	<u>\$ 214</u>	<u>\$ 169,786</u>		

(3) The details for the Company's long-term loans are as follow:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Secured loan</u>		
E.SUN Commercial Bank	\$ 420,000	\$ 540,000
<u>Unsecured loan</u>		
Taishin International Bank	150,000	200,000
Taiwan Cooperative Bank	100,000	100,000
Shanghai Commercial and Savings Bank	62,500	100,000
Bank of Panhsin	62,500	40,000
Chang Hwa Bank	60,000	50,000
Mega International Commercial Bank	30,000	-
Bank of Kaohsiung	30,000	-
Land Bank of Taiwan	<u>20,000</u>	<u>40,000</u>
Subtotal	935,000	1,070,000
Subtract: listed as the part that is due within one year	<u>440,000</u>	<u>232,500</u>
Long-term loan	<u>\$ 495,000</u>	<u>\$ 837,500</u>

The interest rate range for the Company's loans is as follow:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Floating interest rate loans	<u>1.08%~1.33%</u>	<u>1.35%~1.50%</u>

1. E.SUN Commercial Bank's secured loan: the first installment of the loan principal was repaid in August 2019. Every 6 months is 1 installment. The loan will be evenly amortized in 10 installments. As of December 31, 2020 and 2019, the loan balances were

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respectively NTD 420,000 thousands and NTD 540,000 thousands. The Company offered its plant and land in Dadu District, Taichung City as such line of credit's collateral.

2. Taishin International Bank's mid-term loan: according to contract regulations, the loan principal can be used as revolving loan within the financing limit from the first draw date of the loan principal in June 2019 until 2021 before the maturity date. The longest period for each loan cannot exceed 180 days, and the amount drawn this time shall be settled on the maturity date for the loan principal. However, the loan principal can be applied for revolved drawing according to contract regulations, and there is no need for additional procedures for the principal's transfer in/out. As of December 31, 2020 and 2019, the loan balance was respectively NTD 150,000 thousands and NTD 200,000 thousands.
3. Taiwan Cooperative Bank's mid-term loan: The settlement of the amount employed this time reached the 24<sup>th</sup> month since March 2020, the draw date of the loan principal. As of December 31, 2020 and 2019, the loan balances were both NTD 100,000 thousands.
4. Shanghai Commercial and Savings Bank's mid-term loan: the first installment of the loan principal was repaid in June 2020. Every 3 months is 1 installment. The loan will be evenly amortized in 8 installments. As of December 31, 2020 and 2019, the loan balance was respectively NTD 62,500 thousands and NTD 100,000 thousands.
5. Bank of Panhsin's mid-term loan: the first installment of loan principal was originally repaid in April 2020. Every 3 months is 1 installment. The loan will be evenly amortized in 8 installments. As of December 31, 2020 and 2019, the loan balance was respectively NTD 25,000 thousands and NTD 40,000 thousands. Another NTD 45,000 thousands was drawn in February 2020. The first installment of the loan principal was repaid in October 2020. Every 3 months is 1 installment. The loan will be evenly amortized in 6 installments. As of December 31, 2020, the loan balance was NTD 37,500 thousands.
6. Chang Hwa Bank's mid-term loan: since the first draw date of the loan principal in March 2019, every 6 months is 1 installment, and the loan will be evenly amortized in 6 installments. As of December 31, 2020 and 2019, the loan balance was respectively NTD 30,000 thousands and NTD 50,000 thousands. Another NTD 40,000 thousands was drawn in April 2020. The first installment of the loan principal was repaid in September 2020. Every 6 months is 1 installment. The loan will be evenly amortized in 4 installments. As of December 31, 2020, the loan balance was NTD 30,000 thousands.
7. Mega International Commercial Bank's mid-term loan: according to contract regulations, the loan principal can be used as revolving

loan within the financing limit from the first draw date of the loan principal in March 2020 until 2022 before the maturity date. The longest period for each loan cannot exceed 180 days, and the amount drawn this time shall be settled on the maturity date for the loan principal. As of December 31, 2020, the loan balance was NTD 30,000 thousands.

8. Bank of Kaohsiung's mid-term loan: the loan principal was paid off at once on the maturity date in February 2021. As of December 31, 2020, the loan balance was NTD 30,000 thousands.
9. Land Bank of Taiwan's mid-term loan: according to contract regulations, the loan principal can be used as revolving loan within the financing limit from the first draw date of the loan principal in June 2019 until 2022 before the maturity date. The longest period for each loan cannot exceed 90 days, and the amount drawn this time shall be settled on the maturity date for the loan principal. As of December 31, 2020 and 2019, the loan balance was respectively NTD 20,000 thousands and 40,000 thousands.

#### XVI. Notes Payable and Accounts Payable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Notes payable</u>		
Incurring by business operations	<u>\$ 5,168</u>	<u>\$ 5,526</u>
<u>Accounts payable</u>		
Incurring by business operations	<u>\$ 201,167</u>	<u>\$ 139,255</u>

##### (1) Notes payable

The Company's notes payable are mainly notes issued for the payment of freight incurred by business operations.

##### (2) Accounts payable

The average credit period is 60 days. The Company's financial risk management policy ensures that all accounts payable are repaid within the prearranged credit period.

#### XVII. Other Payables

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Salaries and bonuses payable	\$ 64,926	\$ 48,586
Equipment payable	11,839	-
Import and export expenses payable	7,170	5,634
Freight payable	6,600	6,058
Labor and health insurance payable	2,207	2,198
Interests payable	640	2,298
Other	<u>6,658</u>	<u>5,139</u>
	<u>\$ 100,040</u>	<u>\$ 69,913</u>

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XVIII. Welfare Benefit Plan after Retirement

(1) Defined allocation plan

The pension system in the “Labor Pension Act” that is applicable to the Company belongs to defined pension allocation plan under the government’s management. 6% of the employee’s monthly salary is allocated to the employee’s Labor Insurance Bureau personal account as the employee’s pension.

(2) Defined welfare benefit plan

The “Labor Standards Act” that the Company refers to in handling pension system belongs to defined welfare benefit pension plan under the government’s management. The payment of the employee’s pension is based on the employees’ years of service and the employee’s average salary of the 6 months prior to the approved retirement date. The Company allocates 8% of the employee’s monthly salary to his/her pension, and is submitted to the Supervisory Committee of Business Entities’ Labor Retirement Reserve to deposit into Bank of Taiwan’s imprest account in the name of the committee. Before the year ends, if the estimated imprest balance is insufficient to pay estimated employees that fulfill retirement conditions in the following year, the difference should be allocated at once before the end of March in the following year. Such imprest account is managed by the Bureau of Labor Funds, Ministry of Labor. The Company has no right in influencing its investment management strategies.

Amounts for defined benefit plan that are listed in the individual balance sheet are as follow:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
PV for defined benefit obligation	\$ 85,619	\$ 84,168
Planned assets fair value	( <u>65,661</u> )	( <u>63,088</u> )
Allocation insufficiency	<u>19,958</u>	<u>21,080</u>
Net defined benefit liabilities	<u>\$ 19,958</u>	<u>\$ 21,080</u>

Changes in net defined benefit liabilities are as follow:

	<u>PV for defined benefit obligation</u>	<u>Planned assets fair value</u>	<u>Net defined benefit liabilities</u>
Jan 1, 2019	<u>\$ 89,965</u>	<u>( \$ 64,299 )</u>	<u>\$ 25,666</u>
Service cost			
Current service cost	875	-	875
Interest expenses (income)	<u>900</u>	<u>( 650 )</u>	<u>250</u>
Recognized as profit or loss	<u>1,775</u>	<u>( 650 )</u>	<u>1,125</u>

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	PV for defined benefit obligation	Planned assets fair value	Net defined benefit liabilities
Remeasurements			
Gains on planned assets	\$ -	(\$ 2,472)	(\$ 2,472)
Actuarial loss			
— Changes in demographic assumptions	4	-	4
— Changes in financial assumptions	1,805	-	1,805
— Experience adjustment	<u>951</u>	<u>-</u>	<u>951</u>
Recognized as other comprehensive income	<u>2,760</u>	( <u>2,472</u> )	<u>288</u>
Allocated by employer	<u>-</u>	( <u>5,999</u> )	( <u>5,999</u> )
Payment of benefits	( <u>10,332</u> )	<u>10,332</u>	<u>-</u>
December 31, 2019	<u>\$ 84,168</u>	( <u>\$ 63,088</u> )	<u>\$ 21,080</u>
January 1, 2020	<u>\$ 84,168</u>	( <u>\$ 63,088</u> )	<u>\$ 21,080</u>
Service cost			
Current service cost	760	-	760
Interest expenses (income)	<u>631</u>	( <u>478</u> )	<u>153</u>
Recognized as profit or loss	<u>1,391</u>	( <u>478</u> )	<u>913</u>
Remeasurements			
Gains on planned assets	-	( 2,217)	( 2,217)
Actuarial loss (profit)			
— Changes in financial assumptions	2,565	-	2,565
— Experience adjustment	( <u>1,225</u> )	<u>-</u>	( <u>1,225</u> )
Recognized as other comprehensive income	<u>1,340</u>	( <u>2,217</u> )	( <u>877</u> )
Allocated by employer	<u>-</u>	( <u>1,158</u> )	( <u>1,158</u> )
Payment of benefits	( <u>1,280</u> )	<u>1,280</u>	<u>-</u>
December 31, 2020	<u>\$ 85,619</u>	( <u>\$ 65,661</u> )	<u>\$ 19,958</u>

The amounts recognized as profit or loss for the defined benefit plan are summarized according to their functions as follow:

	2020	2019
Operating costs	\$ 187	\$ 221
Promotion expense	248	345
Management expense	<u>478</u>	<u>559</u>
	<u>\$ 913</u>	<u>\$ 1,125</u>

The Company is exposed to the risks below owing to the pension system of the “Labor Standards Act”:

1. Investment risks: through methods of self-application or discretionary management, the Bureau of Labor Funds, Ministry of Labor invests labors’ pension funds in domestic and foreign equity securities, debt securities, and bank deposits, and other objects. However, the amount that can be distributed under the Company’s planned assets is the income that is calculated by not being lower than the local banks’ two-year time deposit rate.
2. Interest risks: the decrease of interest rates in government bonds/corporate bonds will result in the increase in the present value for defined benefit obligation. However, the debts of planned assets’ return on investments will increase accordingly, too. Both have partial offset effects on net defined benefit liabilities.
3. Salary risks: the calculation of the present value for defined benefit obligations refers to planned members’ future salary. Therefore, the increase in planned members’ salary will result in the increase in the present value for defined benefit obligations.

The Company’s actuarial calculation for the PV for defined benefit obligations is performed by certified actuaries. The measurement date’s major assumptions are as follow:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Discount rate	0.375%	0.750%
Salary’s expected increase rate	2.500%	2.500%

If the major actuarial assumptions are respectively subjected to possible reasonable changes, under the circumstance that other assumptions remain unchanged, the amounts that will result in the increase (decrease) of the PV for defined benefit obligations are as follow:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Discount rate		
0.25% increase	(\$ 1,724)	(\$ 1,805)
0.25% decrease	\$ 1,778	\$ 1,864
Salary’s expected increase rate		
0.25% increase	\$ 1,711	\$ 1,800
0.25% decrease	(\$ 1,668)	(\$ 1,753)

Since actuarial assumptions may be interrelated, it is unlikely for changes in single assumption only. Thus, the aforementioned sensitivity analysis may not reflect the situation of the changes in the present value for defined benefit obligations.

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Amount expected to be allocated within 1 year	\$ 1,158	\$ 1,232
Defined benefit obligation’s average maturity period	8.1 years	8.7 years

XIX. Equity

(1) Share Capital

Common Stock

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Authorized number of shares (1000)	<u>227,900</u>	<u>227,900</u>
Authorized share capital	<u>\$ 2,279,000</u>	<u>\$ 2,279,000</u>
Number of shares issued and fully collected (1000)	<u>218,703</u>	<u>218,703</u>
Issued share capital	<u>\$ 2,187,030</u>	<u>\$ 2,187,030</u>

The nominal amount per common share is NTD 10. Each share has one voting right and the right to receive dividends.

(2) Capital Reserves

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Can be used to compensate for losses, distribute cash, or share capitalization</u>		
Issuance of premium	<u>\$ 121,015</u>	<u>\$ 121,015</u>

In the capital reserve, those that belong to the overage of the issuance of shares in excess of the par and the gifts of assets donated to the business can be used to compensate for losses. They can also be used to issue cash dividend or to capitalize share capital when the company breaks even. However, when capitalizing share capital, it is limited to a certain ratio of the actual received share capital each year.

(3) Reserved Earnings and Dividend Policies

According to the Company's bylaws regarding the regulations in the earnings distribution policy, if there are earnings in the final account, another 10% is withdrawn as earnings reserve after tax payments and the compensation for losses. The rest will be listed as or reversed to special earnings surplus according to regulations. If there is still balance, together with accumulated undistributed earnings, the board of directors will draft a proposal regarding the distribution of earnings, and submit it to the shareholders meeting for the decision of the distribution of shareholders' dividends and bonus. For policies regarding distribution of employees and directors' remunerations according to the clause in the Company's bylaws, please refer to note 21-3 "Employees' Remunerations and Directors' Remunerations."

The Company's policy regarding the distribution of dividends is based on the principle to maintain the soundness of the company's long-

term financial structure and the growth and expansion of future operations, to distribute share dividends so as to retain the funds needed, and the rest can be distributed as cash dividends. However, cash dividends cannot be less than 10% of total dividends. If there is 0.1 NTD short of the distribution of cash dividend per share, then no cash dividend will be distributed.

Statutory earnings reserve should be allocated until its balance reaches the company's actual received total share capital. Statutory earnings reserve can be used to compensate losses. When the company has no loss, except for the part that the statutory earnings reserve exceeds 25% of the actual received total share capital can be used to allocate the share capital, it is still available to be distributed in cash.

The Company refers to regulations such as No. Financial-Supervisory-Securities-Auditing-1010012865 and "Q&A Regarding the Application of the Pre-Estimation of Special Earnings Reserve after Adopting the IFRSs" to pre-estimate and reverse special earnings reserve. From hereafter, when the company uses, disposes, or re-classifies related assets, the company has to refer to the proportion of the original pre-estimated special earnings reserve to reverse distribute its earnings.

The Company hosted the regular shareholders' meeting on June 24, 2020 and June 27, 2019, and respectively decided the approval of 2019 and 2018 earnings distribution proposal as follow:

	<u>Earnings Distribution Project</u>		<u>Dividend per Share (NTD)</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Pre-estimated statutory earnings surplus	\$ 31,787	\$ 25,563		
Shareholders' cash dividend	284,314	251,509	\$ 1.30	\$ 1.15

The Company's proposal for 2020 earnings distribution by the board of directors on March 25, 2021 is as follow:

	<u>Earnings Distribution Plan</u>	<u>Dividend per Share (NTD)</u>
Statutory earnings surplus	\$ 37,828	
Cash dividend	306,184	\$ 1.40

Regarding 2020's earnings distribution plan, it is expected to be decided on June 24, 2021 at the annual general meeting (AGM).

(4) Special Earnings Surplus

Since it is the Company's first time using IFRSs and the increase in reserved earnings generated is insufficient for pre-estimation. Thus, the sole increase in reserved earnings generated by converse-using IFRSs NTD 200,454 thousands can pre-estimate special earnings surplus.

XX. Income

	<u>2020</u>	<u>2019</u>
Customer contract income		
Goods sales income	<u>\$ 7,013,101</u>	<u>\$ 7,468,099</u>

(1) Customer Contract Description

Goods Sales Income

Products such as oil, feeds, and raw materials, etc. are sold to wholesalers and retailers, and are sold according to the fixed price in the contract. The income amount is measured at received consideration or consideration receivable's fair value.

(2) Contract balance

	December 31, 2020	December 31, 2019	January 1, 2019
Notes receivable	\$ 131,111	\$ 107,540	\$ 208,353
Notes receivable – related parties	3,184	3,524	2,760
Accounts receivable	417,427	418,067	477,598
Accounts receivable – related parties	<u>304,514</u>	<u>310,901</u>	<u>201,951</u>
	<u>\$ 856,236</u>	<u>\$ 840,032</u>	<u>\$ 890,662</u>

XXI. Net Profit

(1) Depreciation and Amortization

	2020	2019
Depreciation expenses summarized according to its functions		
Operating costs	\$ 18,187	\$ 22,837
Operating expenses	<u>15,368</u>	<u>15,510</u>
	<u>\$ 33,555</u>	<u>\$ 38,347</u>
Amortization expenses summarized according to its functions		
Operating costs	<u>\$ 999</u>	<u>\$ 999</u>

(2) Employees' benefit expenses

	2020	2019
Post-employment benefits		
Defined contribution plans	\$ 6,460	\$ 6,047
Defined benefit plans	<u>913</u>	<u>1,125</u>
	7,373	7,172
Salary expenses	176,023	160,802
Labor and health insurance expenses	14,185	13,725
Directors' remunerations	11,112	8,487
Other employee benefits	<u>7,502</u>	<u>7,728</u>
	<u>\$ 216,195</u>	<u>\$ 197,914</u>

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	<u>2020</u>	<u>2019</u>
Summarized according to its functions		
Operating costs	\$ 59,416	\$ 55,086
Operating expenses	<u>156,779</u>	<u>142,828</u>
	<u>\$ 216,195</u>	<u>\$ 197,914</u>

(3) Employees' Remunerations and Directors' Remunerations

According to the clause in the Company's bylaws, the Company refers to the current year's pre-tax profit before deducting the distribution of employees' remunerations and directors' remunerations, and allocates respectively 2%-4% and not higher than 4% from employees' remuneration and directors' remuneration. The employees' remuneration and directors' remuneration for 2020 and 2019 were decided by the board of directors on March 25, 2021 and March 27, 2020 respectively as follow:

Estimated Percentage

	<u>2020</u>	<u>2019</u>
Employees' remunerations	2%	2%
Directors' remunerations	2%	2%

Amount

	<u>2020</u>	<u>2019</u>
	<u>Cash</u>	<u>Cash</u>
Employees' remunerations	\$ 9,191	\$ 8,165
Directors' remunerations	9,191	8,165

If there are still changes in the amount after the annual individual financial statements' issuance date, it will be handled as changes in accounting estimates, and will be adjusted and entered into account in the following year.

There is no difference between the actual distributed amount for employees' remuneration and directors' remuneration for 2019 and 2018 and the individual financial statements' recognized amount for 2019 and 2018.

For information regarding the Company's employees' remuneration and directors' remuneration as decided by the board of directors, please search on the Taiwan Stock Exchange's Market Observation Post System.

(4) Other Earnings and Impairment Loss Net Value

	2020	2019
Disposal of gains on ROU assets	\$ 50	\$ 17
Disposal of gains (loss) on property, plant and equipment	<u>452</u>	<u>( 193 )</u>
	<u>\$ 502</u>	<u>( \$ 176 )</u>

The disposal of gains on property, plant and equipment is the sum of the current year's disposal of profit NTD 233 thousands and recognized realized deferred income NTD 219 thousands. The disposal of losses on property, plant and equipment is the current year's disposal of loss NTD 412 thousands minus recognized realized deferred income NTD 219 thousands.

(5) Currency Exchange Profit (Loss)

	2020	2019
Total currency exchange profit	\$ 24,710	\$ 22,725
Total currency exchange loss	<u>( 10,230 )</u>	<u>( 2,996 )</u>
Net profit	<u>\$ 14,480</u>	<u>\$ 19,729</u>

(6) Interest Expense

	2020	2019
Bank loan interest	\$ 12,057	\$ 17,465
Lease liability interest	<u>966</u>	<u>1,041</u>
	<u>\$ 13,023</u>	<u>\$ 18,506</u>

Related information on interest capitalization is as follow:

	2020	2019
Interest capitalization amount	\$ 9,623	\$ 5,343
Interest capitalization rate	1.16%~1.40%	1.36%~1.39%

XXII. Income Tax

(1) Income tax recognized as profit or loss

The main items of the income tax is as follow:

	2020	2019
Current income tax		
Generated in the current year	\$ 74,290	\$ 47,589
Adjustments made in the previous years	<u>( 1,369 )</u>	128
Deferred income tax		
Generated in the current year	<u>( 7,507 )</u>	<u>5,215</u>
Income tax expense recognized as profit or loss	<u>\$ 65,414</u>	<u>\$ 52,932</u>

The reconciling of accounting income and income tax expense is as follow:

	<u>2020</u>	<u>2019</u>
Net profit before tax	\$ 441,171	\$ 391,936
Income tax expense calculated based on statutory tax rate for net profit before tax	\$ 88,234	\$ 78,387
Tax-free income	( 23,167)	( 25,604)
Non-deductible impairment loss in taxes	8	21
Unrecognized deductible temporary difference	1,708	-
Current income tax expenses in the previous years adjusted in the current year	( 1,369)	128
Income tax expense recognized as profit or loss	<u>\$ 65,414</u>	<u>\$ 52,932</u>

The amended “Statute for Industrial Innovation” announced by the president in July 2019 stipulates that, certain assets built or purchased from retained earnings can be listed as deduction items for calculating retained earnings. When calculating retained earnings taxes, the Company only deducted the amount of capital expense that had actually been reinvested.

(2) Current income tax liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current income tax liabilities		
Income tax payable	<u>\$ 51,347</u>	<u>\$ 30,327</u>

(3) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follow:  
2020

	<u>BOY balance</u>	<u>Recognized as profit/loss</u>	<u>Year-end balance</u>
<u>Deferred income tax assets</u>			
Temporary difference			
Loss on investment accounted for using equity method	\$ 4,333	\$ 7,134	\$ 11,467
Pension expense overrun	2,105	( 49)	2,056
Deferred income	497	( 44)	453
Loss on inventory price decline	216	( 177)	39
Other	74	643	717
	<u>\$ 7,225</u>	<u>\$ 7,507</u>	<u>\$ 14,732</u>
<u>Deferred income tax liabilities</u>			
Temporary difference			
Land value increment tax	<u>\$ 95,560</u>	<u>\$ -</u>	<u>\$ 95,560</u>

2019

	BOY balance	Recognized as profit/loss	Year-end balance
<u>Deferred income tax assets</u>			
<u>Temporary difference</u>			
Loss on investment accounted for using equity method	\$ 8,463	(\$ 4,130)	\$ 4,333
Pension expense overrun	3,080	( 975)	2,105
Deferred income	541	( 44)	497
Loss on inventory price decline	58	158	216
Other	<u>298</u>	<u>( 224)</u>	<u>74</u>
	<u>\$ 12,440</u>	<u>(\$ 5,215)</u>	<u>\$ 7,225</u>
<u>Deferred income tax liabilities</u>			
<u>Temporary difference</u>			
Land value increment tax	<u>\$ 95,560</u>	<u>\$ -</u>	<u>\$ 95,560</u>

(4) Income tax verification status

Regarding the Company's business income tax declaration, the declared cases as of before 2018 were authorized by tax collecting institutions.

XXIII. Earnings per Share (EPS)

Net profit and the number of shares of the common share's weighted average for the calculation of EPS is as follow:

Net profit

	2020	2019
Net profit used for the calculation of basic and diluted EPS	<u>\$ 375,757</u>	<u>\$ 339,004</u>

Number of Shares

Unit: 1000 shares

	2020	2019
Number of shares of common share's weighted average used for the calculation of basic EPS	218,703	218,703
Impacts of potential common share with dilutive effect:		
Employees' remuneration	<u>309</u>	<u>257</u>
Number of shares of common share's weighted average used for the calculation of diluted EPS	<u>219,012</u>	<u>218,960</u>

If the Company can choose to distribute employees' remuneration by share or by cash, then when the Company calculates its diluted EPS, under the hypothesis that the employees' remuneration is distributed by share, the calculation of diluted EPS is to include the number of weighted average outstanding shares when such potential common share has dilutive effect. When calculating diluted EPS before deciding the number of shares distributed as the employees' remuneration in the following year, the Company still needs to consider such potential common share's dilutive effect.

#### XXIV. Cash Flow Information

##### (1) Partial cash transaction

The partial cash transactional investments that the Company conducted in 2020 and 2019 are as follow:

	<u>2020</u>	<u>2019</u>
Partial cash paid to purchase property, plant and equipment		
Purchase of property, plant, and equipment	\$ 400,256	\$ 634,934
Net change in prepayment of equipment	( 2,019)	( 36,606)
Net change in equipment payable	( 11,839)	415
Cash paid	<u>\$ 386,398</u>	<u>\$ 598,743</u>

##### (2) Changes in liabilities owing to financing activities

###### 2020

			<u>Non-cash changes</u>			Year-end balance
	<u>BOY balance</u>	<u>Cash flow</u>	New lease liabilities	Reduced lease liabilities	Amortized interest expense	
Short-term loans	\$ 867,359	(\$ 96,086)	\$ -	\$ -	\$ -	\$ 771,273
Short-term notes payable	-	170,000	-	-	( 214)	169,786
Long-term loans and long-term loans due within one year	1,070,000	( 135,000)	-	-	-	935,000
Margin deposit	-	21	-	-	-	21
Lease liability	<u>77,087</u>	<u>( 8,432)</u>	<u>930</u>	<u>( 5,552)</u>	<u>-</u>	<u>64,033</u>
	<u>\$ 2,014,446</u>	<u>( \$ 69,497)</u>	<u>\$ 930</u>	<u>( \$ 5,552)</u>	<u>( \$ 214)</u>	<u>\$ 1,940,113</u>

###### 2019

			<u>Non-cash changes</u>			Year-end balance
	<u>BOY balance</u>	<u>Cash flow</u>	New lease liabilities	Reduced lease liabilities	Amortized interest expense	
Short-term loans	\$ 180,000	\$ 687,359	\$ -	\$ -	\$ -	\$ 867,359
Short-term notes payable	149,951	( 150,000)	-	-	49	-
Long-term loans and long-term loans due within one year	700,000	370,000	-	-	-	1,070,000
Lease liability	<u>76,371</u>	<u>( 9,638)</u>	<u>14,719</u>	<u>( 4,365)</u>	<u>-</u>	<u>77,087</u>
	<u>\$ 1,106,322</u>	<u>\$ 897,721</u>	<u>\$ 14,719</u>	<u>( \$ 4,365)</u>	<u>\$ 49</u>	<u>\$ 2,014,446</u>

#### XXV. Capital Risk Management

The Company conducts capital management so as to optimize its debts and equity balance in order to maximize shareholders' compensation under the circumstance that the Company is ensured to continue to operate.

XXVI. Financial Instrument

- (1) Information regarding fair value – financial instruments that are not measured at fair value

The Company’s management level believes that the carrying amount for financial assets and financial liabilities that are not measured at fair value is close to its fair value, or that its fair value cannot be measured reliably.

- (2) Types of financial instruments

	December 31, 2020	December 31, 2019
<u>Financial assets</u>		
Measured at amortized cost		
(note 1)	\$ 1,759,663	\$ 1,546,019
 <u>Financial liabilities</u>		
Measured at amortized cost		
(note 2)	2,160,295	2,157,651

Note 1: the balance is financial assets that includes cash, financial instrument measured at amortized cost, notes receivable, notes receivable – related parties, accounts receivable, accounts receivable – related parties, other receivables, and other receivables – related parties, etc., measured at amortized cost.

Note 2: the balance is financial liabilities that include short-term loans, short-term notes payable, notes payable, accounts payable, accounts payable – related parties, partial other payables, other payables – related parties, and long-term loans (including parts due within one year), etc., measured at amortized cost.

- (3) Purpose and policy for financial risk management

The Company’s major financial instrument include accounts receivable, accounts payable, loans, and lease liabilities, etc. The Company’s financial management department supervises and manages financial risks related to the Company’s operation by referring to the degree and width of risks to analyze internal risk reports for risk exposures. Such risks include market risks (including exchange rate risks and interest rate risks), credit risks, and current risks.

1. Market risks

The main financial risks that the Company bears for operating activities are risks in foreign currency exchange rate changes and risks in interest rate changes.

The Company’s risk exposure related to financial instrument’s market risk and its management and measurement methods for such risk exposure did not change.

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(1) Exchange rate risks

For the Company's monetary assets and monetary liabilities' carrying amount denominated as non-functional currencies on the date of balance sheet, please refer to note 30.

Sensitivity analysis

The Company is mainly influenced by the fluctuation in the exchange rate for US dollars.

The table below describes in detail of the Company's sensitivity analysis when the exchange rate for NTD (functional currency) to each relevant currency increases or decreases 5%. 5% is the sensitivity percentage used when the Company internal reports the exchange rate risks to the main management level; it also represents the management level's evaluation on foreign currency exchange rate's reasonable range for possible changes. The table below shows when individual functional currency relatively appreciates by 5% to each relevant currency, the amount that will cause changes for net profit before tax. When NTD to each relative foreign currency depreciates by 5%, its impact on net profit before tax will be the same amount in reverse.

	US Dollar's Impact	
	2020	2019
Decrease in net profit before tax	(\$ 18,259)	(\$ 617)

The amounts above mainly originates from the Company's bank deposit in US dollars that are still outstanding on the date of balance sheet and has not undergone cash flow hedges, and from accounts receivable.

(2) Interest rate risks

The Company's carrying amount for financial assets and liabilities impacted by interest rate risk exposures on the date of balance sheet is as follow:

	December 31, 2020	December 31, 2019
Interest rate risk with fair value		
— Financial assets	\$ 28,782	\$ 19,793
— Financial liabilities	847,029	635,587
Interest rate risk with cash flow		
— Financial assets	506,137	653,381
— Financial liabilities	1,093,063	1,378,859

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### Sensitivity analysis

The sensitivity analysis below is determined by the interest rate risk exposure according to non-derivative instruments on the date of balance sheet. The Company internal uses 25 basis points increase/decrease rate of change when reporting the interest rate to the main management level. This also represents the management level's evaluation on the rate's reasonable range for possible changes.

If the interest rate increases/decreases by 25 basis points, under the circumstance that all other variables remain unchanged, the Company's net profit before tax for 2020 and 2019 relatively decreased/increased by NTD 1,467 thousands and NTD 1,814 thousands. This is mainly caused by the Company's risk exposures from variable interest rate bank demand deposit and loan risks.

## 2. Credit risks

Credit risks refer to the Company's risks in financial loss owing to the counterparty's delinquency in fulfilling contract obligations. As of the date of balance sheet, the Company may face greatest credit risk possibly because of financial loss owing to the counterparty's unfulfilled obligation, of which is mainly from the carrying amount for financial assets recognized in the individual balance sheet.

The policy that the Company adopts is to only make transactions with reputable targets, and the Company will obtain full collateral when necessary so as to reduce the risk of financial loss owing to delinquency.

The targets for accounts receivable encompass numerous customers, scattered in sales for oil and feeds. The Company does not have any significant credit risk exposure against any single counterparty or any set counterparties with similar characteristics.

## 3. Current risks

The Company supports its operation and reduces the impact of cash flow fluctuation through management and through maintaining sufficient position of cash.

The Company's management level supervises the usage status of the bank's financing limit and ensures the fulfillment of the loan's contract clauses. As of December 31, 2020 and 2019, the Company's undrawn bank financing limit was respectively NTD 1,432,747 thousands and NTD 3,589,841 thousands.

The table below shows the analysis of the Company's remaining contract of the agreed repayment period's non-derivative financial liability. It refers to the earliest possible repayment date requested upon the Company, and was prepared by the financial liability's undiscounted cash flow.

December 31, 2020

	On demand or less than 1 month	1-3 months	3 months-1 year	1-5 years	More than 5 years
Liabilities without interest	\$ 84,932	\$ 110,854	\$ 88,450	\$ -	\$ -
Lease liability	729	2,187	5,316	19,838	44,074
Floating interest rate instrument	162,500	265,830	169,733	495,000	-
Fixed interest rate instrument	424,974	100,812	257,210	-	-
	<u>\$ 673,135</u>	<u>\$ 479,683</u>	<u>\$ 520,709</u>	<u>\$ 514,838</u>	<u>\$ 44,074</u>

Advanced information regarding maturity date analysis for lease liabilities:

	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	More than 20 years
Lease liability	<u>\$ 8,232</u>	<u>\$ 19,838</u>	<u>\$ 18,517</u>	<u>\$ 18,517</u>	<u>\$ 7,040</u>	<u>\$ -</u>

December 31, 2019

	On demand or less than 1 month	1-3 months	3 months-1 year	1-5 years	More than 5 years
Liabilities without interest	\$ 58,231	\$ 88,561	\$ 73,500	\$ -	\$ -
Lease liability	802	2,470	6,498	26,967	48,409
Floating interest rate instrument	40,000	204,587	296,772	837,500	-
Fixed interest rate instrument	364,500	26,000	168,000	-	-
	<u>\$ 463,533</u>	<u>\$ 321,618</u>	<u>\$ 544,770</u>	<u>\$ 864,467</u>	<u>\$ 48,409</u>

Advanced information regarding maturity date analysis for lease liabilities:

	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	More than 20 years
Lease liability	<u>\$ 9,770</u>	<u>\$ 26,967</u>	<u>\$ 19,148</u>	<u>\$ 18,517</u>	<u>\$ 10,744</u>	<u>\$ -</u>

XXVII. Related Parties' Transactions

(1) Related parties' names and relationships

<u>Name of Related Parties</u>	<u>Relationship with the Company</u>
Affiliated enterprises with significance Central Union Oil Corp.	Invested company denominated accounted for using equity method
Subsidiary companies TOP FOOD FU YOU AN KANG CHONG HSIANG INTERNATIONAL FORMOSA OIL PROCESSING (PANAMA) S.A.	The Company's subsidiary company The Company's subsidiary company The Company's subsidiary company The Company's subsidiary company
Other related parties Cheng Xin Investment Co., Ltd.	Its main shareholder is the Company's CEO
Shin Tai Industry Co., Ltd.	Its chairman is the Company's vice chairman's relative within first degree of relationship
Nong Ann Biotechnology Co., Ltd.	Its chairman for 2019 is the Company's vice chairman's relative within first degree of relationship

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Name of Related Parties	Relationship with the Company
Fortune Electric Co., Ltd.	Its director is the Company's judicial person's representative
Qun Sheng Fa Co., Ltd.	Its chairman is the Company's judicial person chairman
Morn Sun Feed Ltd.	The Company's judicial person chairman
Wu, Xiao Yuan	The Company's vice chairman's relative within the first degree of relationship

(2) Operating income

Classification/Name of Related Parties	2020	2019
Affiliated enterprises		
Central Union Oil Corp.	\$ 1,503,581	\$ 1,582,715
Subsidiary companies	361,974	265,059
Other related parties	<u>86,884</u>	<u>24,062</u>
	<u>\$ 1,952,439</u>	<u>\$ 1,871,836</u>

The Company sells processed soy flour and exclusively selected soy beans to affiliated enterprises, and the denomination for the selling price is the market price subtracting the selling price that affiliated enterprises should bear. The transaction conditions for subsidiary companies and other related parties were defined separately.

(3) Purchases

Classification/Name of Related Parties	2020	2019
Subsidiary companies	\$ 232,016	\$ 256,937
Affiliated enterprises	<u>69,671</u>	<u>34,434</u>
	<u>\$ 301,687</u>	<u>\$ 291,371</u>

The Company's purchasing transaction with related parties was defined on a separate basis.

(4) Processing expense

Classification/Name of Related Parties	2020	2019
Affiliated enterprises		
Central Union Oil Corp.	<u>\$ 220,487</u>	<u>\$ 228,969</u>

Processing expenses are mainly the Company's entrusting of the affiliated enterprises to process and manufacture soybean oil, soy flour, exclusively selected soy beans, and shelled soy flour. As for the processing expense, it is denominated according to the entrusted

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processing contract agreed and signed by both parties. The contract price was decided on a separate basis.

## (5) Lease Agreement

Operating lease rental

The Company offered workplaces as operating lease rentals to subsidiary company Chong Hsiang International Co., Ltd. and other related party Cheng Xin Investment Co., Ltd. The lease period is respectively 5 years and 4 years, and their rents and payment methods were decided separately.

The Company offered transport equipment as operating lease rental to affiliated enterprise Central Union Oil Corp. The lease period was 2 months, and its rent and payment method were decided separately.

Lease income is summarized as follow:

Classification/Name of Related Parties	2020	2019
Affiliated enterprise		
Central Union Oil Corp.	\$ 44	\$ -
Subsidiary company		
Chong Hsiang International	36	36
Other related parties		
Cheng Xin Investment	<u>36</u>	<u>36</u>
	<u>\$ 116</u>	<u>\$ 72</u>

The total amount of lease payments to be collected in the future are summarized as follow:

Classification/Name of Related Parties	December 31, 2020	December 31, 2019
Subsidiary company		
Chong Hsiang International	\$ 30	\$ 66
Other related parties		
Cheng Xin Investment	<u>144</u>	<u>36</u>
	<u>\$ 174</u>	<u>\$ 102</u>

## (6) Other Income

Classification/Name of Related Parties	2020	2019
Subsidiary company		
Top Food	<u>\$ 4,386</u>	<u>\$ 809</u>

(7) Accounts Receivable from Related Parties			
Items	Classification/Name of Related Parties	December 31, 2020	December 31, 2019
Accounts receivable – related parties	Affiliated enterprise		
	CENTRAL UNION OIL CORP. Subsidiary Company	\$ 219,535	\$ 208,505
	CHONG HSIANG INTERNATIONAL	74,273	96,640
	Other	1,279	1,689
	Other related parties	<u>9,427</u>	<u>4,067</u>
		<u>\$ 304,514</u>	<u>\$ 310,901</u>
Notes receivable – related parties	Subsidiary company	<u>\$ 3,184</u>	<u>\$ 3,524</u>
Other receivables – related parties	Subsidiary company FORMOSA OIL PROCESSING (PANAMA) S.A.	\$ 337,773	\$ -
	Other	<u>454</u>	<u>292</u>
		<u>\$ 338,227</u>	<u>\$ 292</u>

Subsidiary company – FORMOSA OIL PROCESSING (PANAMA) S.A had already passed the resolution for capital reduction in November 2020, and will return NTD 337,773 thousands to the Company. The aforementioned amount was received in February 2021.

The Company did not receive pledge from related parties for outstanding accounts receivable. The accounts receivable from related parties for 2020 and 2019 were not listed as allowance loss.

(8) Accounts payable from related parties			
Items	Classification/Name of Related Parties	December 31, 2020	December 31, 2019
Accounts payable – related parties	Subsidiary company		
	Top Food	\$ 38,893	\$ 48,582
	Other	-	1
	Affiliated enterprises		
	Central Union Oil Corp.	<u>3,894</u>	<u>5,580</u>
		<u>\$ 42,787</u>	<u>\$ 54,163</u>
Other payables – related parties	Other related parties	<u>\$ -</u>	<u>\$ 21</u>

The Company did not provide collateral to other related parties for the balance for outstanding accounts receivable.

## (9) Obtained Property, Plant and Equipment

Classification of Related Parties	Price Obtained	
	2020	2019
Other related parties	\$ -	\$ 395

The transaction price and payment conditions were decided separately.

## (10) Obtained Financial Assets

2019

Classification/Name of Related Parties	Items	Number of Shares Transacted	Target of Transaction	Price Obtained
Other related parties				
Wu, Xiao Yuan	Financial assets acquired through other comprehensive income measured at fair value	1,523,000	Shin Tai Industry	\$ 43,338
Nong Ann Biotechnology Co., Ltd.	Financial assets acquired through other comprehensive income measured at fair value	1,750,000	Shin Tai Industry	<u>49,012</u>
				<u>\$ 92,350</u>

The Company purchased Shin Tai Industry's shares as street dealing block trade with the total of 1523 thousand shares on relatively August 12 and 14, 2019 from other related party – Wu, Xiao Feng. The total purchased cost was NTD 43,338 thousands, and was listed under “financial assets at fair value through other comprehensive income.” The Company purchased Shin Tai Industry Co., Ltd.'s shares as street dealing block trade from other related party Nong Ann Biotechnology Co., Ltd., with the total of 1750 thousand shares. The total purchased cost was NTD 49,012 thousands, and was listed under “financial assets at fair value through other comprehensive income.” As of December 31, 2019, the Company had already sold all of the aforementioned shares in the public trading market, and the total disposal amount was NTD 72,175 thousands, which, together with other equity related to the aforementioned transaction – NTD 20,175 thousands of evaluation loss from financial assets at fair value through other comprehensive income – were transferred to retained earnings.

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(11) Endorsement and Guarantee

Classification/Name of Related Parties	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Subsidiary company		
Top Food		
Guarantee amount	\$ 2,821,000	\$ 2,920,000
Actual amount spent	<u>\$ 1,385,396</u>	<u>\$ 889,664</u>

The Company offered endorsement and guarantee for Top Food's financing from the bank.

(12) Other

Items	Classification of Related Parties	<u>2020</u>	<u>2019</u>
Entertainment expense	Subsidiary company	\$ -	\$ 4
Other expense	Other related party	\$ -	\$ 103
	Affiliated enterprise	<u>342</u>	<u>24</u>
		<u>\$ 342</u>	<u>\$ 127</u>

(13) Remunerations for Main Management Level

The total remunerations for directors and other main management levels for 2020 and 2019 are as follow:

	<u>2020</u>	<u>2019</u>
Short-term employees benefit	\$ 11,780	\$ 11,328
Post-employment benefit	<u>374</u>	<u>351</u>
	<u>\$ 12,154</u>	<u>\$ 11,679</u>

The directors' and other main management levels' remunerations were decided by the Remuneration Committee based on individual performance and market trends.

XXVIII. Pledged Asset

The following assets had been provided as collaterals for bank loans and the issuance of letters of credit:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Property, plant and equipment	\$ 701,420	\$ 703,436
Limited deposit – bank deposit	<u>-</u>	<u>154,763</u>
	<u>\$ 701,420</u>	<u>\$ 858,199</u>

**XXIX. Significant Contingent Liabilities and Unrecognized Contractual Commitments**

Except for those stated in other notes, the Company's significant commitments and contingencies on the date of balance sheet are as follow:

(1) Significant commitments

1. As of December 31, 2020 and 2019, the amount of the Company's issuance of unused letters of credit due to the purchasing of raw materials was respectively NTD 1,039,709 thousands and NTD 420,824 thousands.

2. Unrecognized contractual commitments are as follow:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Purchase of property, plant, and equipment	<u>\$ 264,084</u>	<u>\$ 538,365</u>

(2) Contingencies

The Company purchased low cost oil as raw materials from Chang Chi Foodstuff Factory Co., Ltd. (hereafter referred to as Chang Chi Foodstuff), which resulted in the Company's compensation loss from oil recovery and related litigations. The Company filed for proceedings in a criminal case that brought a supplementary civil action against Chang Chi Foodstuff for compensation for damages in February 2014. The court convicted Chang Chi Foodstuff for offense of fraud in July 2014, and the Company should be jointly compensated with NTD 38,307 thousands. This case was appealed by Chang Chi Foodstuff, and was sent back by the Supreme Court for retrial. The Company won the lawsuit as judged by the court in November 2018. Chang Chi Foodstuff filed for appeal in January 2019. As of the date the board of directors approved this individual financial report, it was still under review by the court. The Company had not recognize such compensation gains yet.

**XXX. Foreign Currency Assets and Liability Information with Significant Impact**

The information below is expressed in the Company's foreign currency aggregate apart from the Company's functional currency. The exchange rate disclosed refers to the exchange rate for such foreign currencies' conversion to functional currency. Foreign currency assets and liabilities with significant impact are as follow:

December 31, 2020

	<u>Foreign Currency</u>	<u>Exchange Rate</u>	Unit: <u>Foreign Currency thousands, NTD thousands Carrying Amount</u>
Foreign currency assets			
<u>Monetary items</u>			
US dollars	\$ 12,822	28.48 (USD:NTD)	\$ 365,176
<u>Non-monetary items</u>			
Subsidiary companies that adopt equity method			
US dollars	10,337	28.48 (USD:NTD)	294,392

December 31, 2019

Foreign currency assets	Foreign Currency	Exchange Rate	Carrying Amount
<u>Monetary items</u>			
US dollars	\$ 412	29.98 (USD:NTD)	\$ 12,352
<u>Non-monetary items</u>			
Subsidiary companies that adopt equity method			
US dollars	22,491	29.98 (USD:NTD)	674,268

Unrealized foreign currency exchange profit (loss) with significant impact is as follow:

Foreign Currency	2020		2019	
	Exchange Rate	Unrealized Net Exchange Profit (Loss)	Exchange Rate	Unrealized Net Exchange Profit (Loss)
US dollars	28.48 (USD:NTD)	(\$ 2,904)	29.98 (USD:NTD)	(\$ 303)

#### XXXI. Noted Disclosures

Related information on (1) Significant transactions and (2) reinvestment business:

1. Loan funds to others: none.
2. Offer endorsement and guarantee for others: Schedule 1
3. Final holding of marketable securities status (not including investments in subsidiary companies and affiliated enterprises): none.
4. Accumulated purchasing or selling of the same marketable securities' amount reaches NTD 300 million or more than 20% of the actual received capital: none.
5. The amount for obtained property reaches NTD 300 million or more than 20% of the actual capital received: none.
6. Disposal of the amount for obtained property reaches NTD 300 million or more than 20% of the actual received capital: none.
7. The amount for purchasing or selling or stocks with related parties reaches NTD 100 million or more than 20% of the actual received capital: Schedule 2.
8. Accounts receivable from related parties reach NTD 100 million or more than 20% of the actual received capital: Schedule 3.
9. Transaction of derivative products: none.
10. Information on invested companies: Schedule 4.

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(3) Information on Investment in China:

1. Name of invested companies in China, main operating items, actual received capital, investment methods, status of outward/inward remittance of funds, final investment carrying value, repatriated investment gains, and investment amount limit in Mainland China: Schedule 5.
2. The following significant transactions, and their prices, payment conditions, and unrealized profit or losses that occurred directly or indirectly from the third region with the invested companies in China:
  - (1) Purchasing amount and its percentage, and related accounts payable's final balance and its percentage: none.
  - (2) Selling amount and its percentage, and related accounts receivable's final balance and its percentage: none.
  - (3) Property transaction amount and its generated profit and loss amount: none.
  - (4) Endorsement and guarantee for notes or the final balance and purpose for providing collaterals: none.
  - (5) The highest balance, final balance, interest rate range, and total current interest for the accommodation of funds: none.
  - (6) Other transactions that cause significant impacts on the current year's profit and loss status or financial status, such as the providing or the receiving of services, etc.: none.
- (4) Main information on shareholders: name of shareholders whose equity ratio reaches more than 5%, shareholding amount, and pro rata: Schedule 6.

Formosa Oilseed Processing Co., Ltd.

Endorsement and Guarantee for Others

January 1 to December 31, 2020

Schedule 1

Unit: NTD thousands

Code	Name of Endorsement and Guarantee Company	Endorsed and Guaranteed Target		Endorsement and Guarantee Limit for Single Enterprise (note 2)	Maximum Endorsement and Guarantee Balance for the Current Period	Final Endorsement and Guarantee Balance	Actual Drawn Amount	Endorsement and Guarantee Amount Guaranteed by Property	Ratio of Accumulated Endorsement and Guarantee Amount to the Net Value of the Latest Financial Statement (%)	Maximum Limit for Endorsement and Guarantee (note 2)	Belonging to Parent Company's Endorsement and Guarantee for Subsidiary Companies (note 3)	Belonging to Subsidiary Companies' Endorsement and Guarantee for Parent Company (note 3)	Belonging to Endorsement and Guarantee for Mainland China (note 3)	Notes
		Name of Company	Relationship (note 1)											
0	Formosa Oilseed Processing	Top Food	(2)	\$ 3,297,723	\$ 2,920,000	\$ 2,821,000	\$ 1,385,396	\$ -	86	\$ 3,957,268	Y	—	—	

Note 1: : the relationships between endorser and guarantee and endorsed and guaranteed targets are as follow:

- (1) Companies with business relationships.
- (2) Companies in which the company directly and indirectly holds more than 50% of voting shares.
- (3) Companies that directly and indirectly hold more than 50% of voting shares towards the company.
- (4) Between companies in which the company directly and indirectly holds more than 90% of voting shares.
- (5) Based on the needs of contract engineering, companies from the same industry or joint creators that mutually guarantee according to contractual clauses.
- (6) Companies endorsed and guaranteed by all shareholders according to their shareholding ratio owing to mutual investment relationships.
- (7) Inter-industries that refer to the Consumer Protection Act that regulates the contract bond with joint collateral for the contract for the selling of pre-sold homes.

Note 2: the Company's handling of the total amount for endorsement and guarantee is limited to not exceeding 120% of the net value of the Company's latest financial statement. As for the limit for the endorsement and guarantee for domestic single enterprises, the limit shall not exceed 100% of the net value of the Company's latest financial statement. The limit for the endorsement and guarantee of foreign single affiliated companies shall not exceed 40% of the net value of the parent company's latest financial statement. Subsidiary companies' handling of the total amount for endorsement and guarantee is limited to not exceeding 50% of the net value of the subsidiary companies' latest financial statement. As for the limit for subsidiary companies' endorsement and guarantee for single enterprises, it is limited to not exceeding 20% of the net value of subsidiary companies' latest financial statement. The limit for subsidiary companies' endorsement and guarantee for foreign single affiliated companies shall not exceed 30% of the net value of subsidiary companies' latest financial statement.

Note 3: those belonging to parent companies listed on the OTC's endorsement and guarantee for subsidiary companies, those belonging to subsidiary companies' endorsement and guarantee for parent companies listed on the OTC, and those belonging to endorsement and guarantee for Mainland China should fill out "Y" at the beginning.

Formosa Oilseed Processing Co., Ltd.

Purchasing or Selling Amount with Related Parties Reaches NTD 100 million or Actual Received Capital Is Above 20%

January 1 to December 31, 2020

Schedule 2

Unit: NTD thousands

Purchases (Sales) Company	Name of Counterparty	Relationship	Transaction Status				Statues and Reasons for Discrepancy in Transaction Conditions and General Transaction		Notes and Accounts Receivable (Payable)		Note
			Purchases (Sales)	Amount	Percentage of Total Purchases (Sales) (%)	Credit Period	Unit Price	Credit Period	Balance	Percentage of Total Notes and Accounts Receivable (Payable) (%)	
Formosa Oilseed Processing Co., Ltd.	Central Union Oil Corp.	Affiliated enterprise	Sales	\$ 1,503,581	21	45-60 days	Deduct of sales expense that should be borne by Central Union Oil Corp. according to market price	—	\$ 219,535	26	
			Purchases and processing expenses	290,158	5	30-45 days	—	—	( 3,894)	2	
Formosa Oilseed Processing Co., Ltd.	Top Food	Subsidiary company	Purchases	232,016	4	30-45 days	—	—	( 38,893)	16	
Top Food	Formosa Oilseed Processing Co., Ltd.	Parent company	Sales	232,016	8	30-45 days	—	—	38,893	7	
Formosa Oilseed Processing Co., Ltd.	Chong Hsiang International	Subsidiary company	Sales	343,767	5	30-45 days	—	—	74,273	9	
Chong Hsiang International	Formosa Oilseed Processing Co., Ltd.	Parent company	Purchases	343,767	100	30-45 days	—	—	( 74,273)	100	

Formosa Oilseed Processing Co., Ltd.

Accounts Receivable from Related Parties Reaches NTD 100 million or Actual Received Capital Is Above 20%

December 31, 2020

Schedule 3

Unit: NTD thousands

Companies Listed for Accounts Receivable	Name of Transaction Targets	Relationship	Balance for Accounts Receivable from Related Parties	Turnover	Accounts Receivable from Related Parties Overdue		Accounts Receivable from Related Parties Final Recovered Amount	Loss on Pre-Estimated Allowance
					A m o u n t	Handling Method		
Formosa Oilseed Processing	Central Union Oil	Affiliated enterprise	\$ 219,535	7 (times)	\$ -	-	\$ 208,652	\$ -

Formosa Oilseed Processing Co., Ltd.  
Name, Location, and other Related Information about Invested Company  
January 1 to December 31, 2020

Schedule 4

Unit: NTD thousands

Name of Investing Company	Name of Invested Company	Location	Main Operating Items	Original Invested Amount		Year-End Holdings			Invested Company's Current Year Profit (Loss)	Investment Profit (Loss) Recognized in the Current Year (note 1)	Note
				End of This Year	End of Last Year	No. of Shares (1000)	Percentage (%)	Carrying Amount			
FORMOSA OILSEED PROCESSING	TOP FOOD	TAICHUNG CITY	Manufacturing and selling of flour products	\$ 449,180	\$ 449,180	51,963	63	\$ 691,836	\$ 100,719	\$ 63,851	Subsidiary company
	FORMOSA OIL PROCESSING (PANAMA) S. A.	PANAMA CITY, REPUBLIC OF PANAMA	General investment business	392,728 (note 2)	733,703	12	100	294,392	( 35,670)	( 35,670)	Subsidiary company
	FU YOU AN KANG	CHANG HUA COUNTY	Poultry breeding and wholesaling of agricultural products	25,908	25,908	2,591	51	31,748	10,046	5,124	Subsidiary company
	CHONG HSIANG INTERNATIONAL	TAICHUNG CITY	Wholesale trading of oil products	50,000	50,000	5,000	100	19,008	7,202	7,202	Subsidiary company
	CENTRAL UNION OIL	TAICHUNG CITY	Businesses regarding exclusive selection and rendering of soy beans	203,316	203,316	20,000	33	274,924	118,982	39,660	Affiliated enterprise

Note 1: calculated based on the accountant's auditing of the financial statement in the same period.

Note 2: the decrease of original investment amount is due to FORMOSA OIL PROCESSING (PANAMA) S. A.'s capital reduction.

Formosa Oilseed Processing Co., Ltd.  
Investment Information in China  
January 1 to December 31, 2020

Schedule 5

Unit: NTD thousands

Name of Invested Company in China	Main Operating Items	Actual Received Capital	Investment Method (note 1)	Accumulated Investment Amount Remitted Outward from Taiwan at BOY	Investment Amount Remitted Outward or Repossessed in the Current Year		Accumulated Investment Amount Remitted Outward from Taiwan at the End of the Year	Invested Company's Current Year Profit or Loss (note 3)	Shareholding Ratio of Parent Company's Direct or Indirect Investment	Investment Profit (Loss) Recognized in the Current Year (note 3)	Year-End Investment Carrying Amount (note 3)	Inward Remitted Investment Profit as of the Current Year	Note
					Outward Remittance	Repossession							
FORMOSA OILSEED PROCESSING (NINGBO)	Wholesale trading of oil products	\$ 227,590	(2) (note 2)	\$ 727,107	\$ -	\$ -	\$ 727,107	(\$ 214)	100%	(\$ 214)	\$ 290,690	\$ -	

Year-End Accumulated Investment Amount Remitted Outward from Taiwan to Mainland China	Investment Amount Approved by the Investment Commission, MOEA (note 4)	Investment Limit in Mainland China According to Regulations by the Investment Commission, MOEA (note 5)
\$ 727,107	\$ 727,743	\$ 1,978,634

Note 1: investment methods are categorized into three categories as follow, and it is acceptable to just mark the category:

- (1) Direct investment in Mainland China.
- (2) Reinvestment in China via companies from a third region.
- (3) Other methods.

Note 2: the investing company from the third region is FORMOSA OIL PROCESSING (PANAMA) S.A.

Note 3: recognized based on the financial statements of the parent company in Taiwan, audited by certified public accountants during the same period.

Note 4: the Company was approved by the Investment Committee, MOEA (1999) with No. Investment-Review-II-88710679 and No. Investment-Review-II-88727883 on February 8, 1999 and October 13, 1999, and indirectly invested USD 4,910 thousands and USD 17,975 thousands in China.

Note 5: calculated based on the limited amount regulated by the "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" ordered by the Investment Committee, MOEA in August 2008.

## Formosa Oilseed Processing Co., Ltd.

## Information on Major Shareholders

December 31, 2020

## Schedule 6

Name of Major Shareholders	Shares	
	Number of Shares Held	Shareholding Percentage
Shin Tai Industry Co., Ltd.	21,650,939	9.89%
Qun Sheng Fa Co., Ltd.	21,450,000	9.80%
Cheng Xin Investment Co., Ltd.	20,843,659	9.53%
An Da Investment Co., Ltd.	20,734,194	9.48%
Shin Fong Trading Co., Ltd.	17,756,867	8.11%
Guan, Yao Zhan	17,103,887	7.82%

Note 1: the information on major shareholders in this table is based on the calculation made by the TDCC, of which the shareholders hold more than 5% of the company's common share that was completed by non-physical payments (including treasury shares) and special shares on the last business day of the quarter-end of the current quarter. The share capital and the actual number of shares completed by non-physical payments recorded in the Company's individual financial report may differ due to the difference in calculation basis.

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Formosa Oilseed Processing Co., Ltd.

Schedule for Cash

December 31, 2020

Table 1

Unit: NTD thousands

Item	Balance
Cash on hand and petty cash	\$ 198
Bank deposit	
Check deposit	28,782
Demand deposit	506,137
	\$ 535,117

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Formosa Oilseed Processing Co., Ltd.

Schedule for Notes Receivable

December 31, 2020

Table 2

Unit: NTD thousands

<u>Name of Customer</u>	<u>Balance</u>
Vedan Enterprise Corporation	\$ 11,359
Ren Jia Ltd.	4,632
Qiu, Shi-Chong	3,959
Huang, Qi-Cheng	3,872
Yun Ji Ltd.	3,202
Other (note)	<u>104,087</u>
Total	<u>\$ 131,111</u>

Note: the balance for each account did not reach 5% of the balance for this item.

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Formosa Oilseed Processing Co., Ltd.

Schedule for Accounts Receivable

December 31, 2020

Table 3

Unit: NTD thousands

Name of Customers	Balance
You Mu Enterprise Co., Ltd.	\$ 21,488
Wei Lih Foods Industry Co., Ltd.	13,665
Ve Wong Corporation	9,451
Hwa Yuan Foods Co., Ltd.	7,005
Chong Hsiang Foods Industry Co., Ltd.	6,249
Other (note)	<u>359,723</u>
	417,581
Subtract: allowance loss	<u>154</u>
Net value	<u>\$ 417,427</u>

Note: the balance for each account did not reach 5% of the balance for this item.

Formosa Oilseed Processing Co., Ltd.  
Schedule for Inventory  
December 31, 2020

Table 4

Unit: NTD thousands

Item	Balance	
	Costs	Market Price (note)
In-transit inventory	\$ 276,118	\$ 357,304
Raw materials	142,390	161,352
Finished goods	125,920	141,303
Work in progress	17,808	21,308
Materials	6,824	6,824
Total	\$ 569,060	\$ 688,091

Note: NRV

Formosa Oilseed Processing Co., Ltd.  
Schedule for Investment Changes Accounted for Using Equity Method  
2020

Table 5

Unit: NTD thousands, unless stated otherwise

Invested Company	BOY Balance		Increase in Current Year		Decrease in Current Year		Gains on subsidiary companies and affiliated enterprises accounted for using equity method	Exchange difference after conversion in foreign operating institutions' financial statements	Share of subsidiary companies and affiliated enterprises' other comprehensive income, accounted for using equity method	(Un)realized profit	Year-End Balance			Equity Net Value	Note
	No. of Shares (1000)	Amount	No. of Shares (1000)	Amount	No. of Shares (1000)	Amount					No. of Shares (1000)	Shareholding %	Amount	Amount	
Investments accounted for using equity method															
TOP FOOD	51,963	\$ 705,711	-	\$ -	-	( \$ 77,945 )	\$ 63,851	\$ -	\$ -	\$ 219	51,963	63	\$ 691,836	\$ 694,141	Notes 1 & 5
FORMOSA OIL PROCESSING (PANAMA) S.A.	24	674,268	-	-	( 12 )	( 340,975 )	( 35,670 )	( 3,231 )	-	-	12	100	294,392	294,392	Notes 4 & 5
FU YOU AN KANG CORP.	2,591	29,315	-	-	-	( 2,694 )	5,124	-	-	3	2,591	51	31,748	31,748	Notes 3 & 5
ZHONG XIANG INTERNATIONAL CORP.	5,000	11,806	-	-	-	-	7,202	-	-	-	5,000	100	19,008	19,008	Note 5
CENTRAL UNION OIL CORP.	20,000	257,928	-	-	-	( 24,000 )	39,660	-	1,649	( 313 )	20,000	33	274,924	275,602	Notes 2 & 5
		<u>\$ 1,679,028</u>		<u>\$ -</u>		<u>( \$ 445,614 )</u>	<u>\$ 80,167</u>	<u>( \$ 3,231 )</u>	<u>\$ 1,649</u>	<u>( \$ 91 )</u>			<u>\$ 1,311,908</u>	<u>\$ 1,314,891</u>	

Note 1: The decrease in current year is due to the allocation of Top Food's cash dividend.

Note 2: The decrease in current year is due to the allocation of Central Union Oil's cash dividend.

Note 3: The decrease in current year is due to the allocation of Fu You An Kang's cash dividend.

Note 4: The decrease in current year is due to FORMOSA OIL PROCESSING (PANAMA) S.A.'s capital reduction.

Note 5: It is calculated based on the invested company's audited financial statements and the Company's shareholding ratio.

Formosa Oilseed Processing Co., Ltd.

Schedule for Changes in ROU Assets

2020

Table 6

Unit: NTD thousands

	Land	Buildings	Transport equipment	Total
<b>Cost</b>				
January 1, 2020 balance	\$ 61,846	\$ 9,073	\$ 15,232	\$ 86,151
Current year addition	-	-	930	930
Current year disposal	-	( 6,220)	( 2,169)	( 8,389)
December 31, 2020 balance	<u>61,846</u>	<u>2,853</u>	<u>13,993</u>	<u>78,692</u>
<b>Accumulated depreciation</b>				
January 1, 2020 balance	( 2,937)	( 1,665)	( 4,547)	( 9,149)
Current year disposal	-	1,637	1,250	2,887
Depreciation expense	( 3,427)	( 885)	( 4,475)	( 8,787)
December 31, 2020 balance	<u>( 6,364)</u>	<u>( 913)</u>	<u>( 7,772)</u>	<u>( 15,049)</u>
December 31, 2020 net amount	<u>\$ 55,482</u>	<u>\$ 1,940</u>	<u>\$ 6,221</u>	<u>\$ 63,643</u>

Formosa Oilseed Processing Co., Ltd.  
Schedule for Short-Term Loans  
December 31, 2020

Table 7

Unit: NTD thousands

Type(s) of loan and creditors	Loan period	Year interest (%)	Balance	Amount financed	Pledge or collateral
<b>Credit Loans</b>					
Agricultural Bank of Taiwan Corporation, Taichung Branch	10.26.2020-10.24.2021	0.81	\$ 200,000	\$200,000	None
Bank SinoPac, Fengyuan Branch	12.31.2020-01.29.2021	1.03	150,000	250,000	None
E.SUN Commercial Bank, Chengdong Branch	10.07.2020-01.04.2021	1.10	80,000	200,000	None
Taiwan Cooperative Bank, Songjiang Branch	10.07.2020-01.04.2021	1.00	60,000	350,000	None
Chang Hwa Bank Head Office	10.08.2020-04.05.2021	1.12	41,310	380,000	None
Taiwan Cooperative Bank, Sinjhong Branch	10.06.2020-04.04.2021	1.00	26,900	300,000	None
Mega International Commercial Bank, Taipei Fuxing Branch	11.11.2020-01.09.2021	1.05	26,000	228,240	None
First Commercial Bank, Nanmen Branch	11.23.2020-01.18.2021	1.10	19,000	130,000	None
Hua Nan Commercial Bank, Ltd., Chuxu Branch	12.29.2020-02.26.2021	1.15	<u>10,000</u>	163,400	None
			<u>613,210</u>		
<b>Letter of Credit Loans</b>					
Mega International Commercial Bank, Taipei Fuxing Branch	12.16.2020-03.01.2021	0.72-0.73	43,256	228,240	None
Land Bank of Taiwan, Changan Branch	12.28.2020-06.26.2021	0.90-0.96	40,925	57,060	None
Taiwan Cooperative Bank, Sinjhong Branch	12.17.2020-03.31.2021	0.89-0.95	22,760	300,000	None
Bank of Taiwan, Taichung Harbor Branch	12.17.2020-03.31.2021	0.86-0.87	26,711	171,180	None
Chang Hwa Bank Head Office	12.07.2020-02.05.2021	0.94	13,134	380,000	None
Hua Nan Commercial Bank, Ltd., Chuxu Branch	10.06.2020-03.30.2021	0.82	<u>11,277</u>	163,400	None
			<u>158,063</u>		
			<u>\$ 771,273</u>		

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Formosa Oilseed Processing Co., Ltd.

Schedule for Notes Payable

December 31, 2020

Table 8

Unit: NTD thousands

<u>Name of Suppliers</u>	<u>Balance</u>
Guangan Transportation Co., Ltd.	\$ 654
Qingxiang Motor Freight Co., Ltd.	604
Qingyi Motor Freight Co., Ltd.	468
Dengshun Express Co., Ltd.	432
Shuicong Feeds	314
Other (note)	<u>2,696</u>
	<u>\$ 5,168</u>

Note: the balance for each account did not reach 5% of the balance for this item.

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Formosa Oilseed Processing Co., Ltd.

Schedule for Accounts Payable

December 31, 2020

Table 9

Unit: NTD thousands

Name of Suppliers	Balance
Taisun Enterprise	\$ 17,195
Kuo Hsin Poultry and Livestock Feeds Co., Ltd.	7,998
Shunyi Industrial Co., Ltd.	7,197
Fure Shing Can Printing Manufacturing Co., Ltd.	6,749
Nice Garden Co., Ltd.	5,749
Other (note)	<u>156,279</u>
	<u>\$ 201,167</u>

Note: the balance for each account did not reach 5% of the balance for this item.

Formosa Oilseed Processing Co., Ltd.  
Schedule for Long-Term Loans  
December 31, 2020

Table 10

Unit: NTD thousands

Loan Creditor Banks	Credit Period	Repayment Methods	Year Interest (%)	Balance			Collateral
				Due within 1 year	Due over 1 year	Total	
E.SUN Commercial Bank	Feb 2017 – Feb 2024	The first installment was repaid in August 2019; every 6 months is 1 installment. The loan will be evenly amortized in 10 installments.	1.08	\$ 120,000	\$ 300,000	\$ 420,000	Property, plant and equipment
Taishin International Bank	May 2018-May 2021	From the first draw date in June 2019, such drawn amount shall be settled on the maturity date. However, it is possible to be applied for revolving loan according to contract regulations.	1.20	150,000	-	150,000	None
Taiwan Cooperative Bank	Jun 2018-Mar2022	The settlement of the amount employed this time reached the 24 <sup>th</sup> month since March 2020.	1.33	-	100,000	100,000	None
Shanghai Commercial and Savings Bank	Mar 2019-Mar 2022	The first installment was repaid in June 2020; every 3 months is 1 installment. The loan will be evenly amortized in 8 installments.	1.25	50,000	12,500	62,500	None
Bank of Panhsin	Jan 2019-Jan 2022	The first installment was repaid in April 2020; every 3 months is 1 installment. The loan will be averagely repaid in 8 installments. The loan principal was employed in February 2020, and the first installment was repaid in October 2020; every 3 months is 1 installment. The loan will be evenly amortized in 6 installments.	1.22	50,000	12,500	62,500	None
Chang Hwa Bank	Mar 2019-Mar 2022	From the first draw date in March 2019, every 6 months is 1 installment. The loan will be averagely repaid in 6 installments. The loan principal was employed in April 2020, and the first installment was repaid in September 2020; every 6 months is 1 installment. The loan will be evenly amortized in 4 installments.	1.15	40,000	20,000	60,000	None
Mega International Commercial Bank	Jul 2020-Jul 2022	The loan principal can be used as revolving loan within the financing limit before the maturity date in 2022.	1.25	-	30,000	30,000	None
Bank of Kaohsiung	Mar 2020-Feb 2022	According to contract regulations, the loan principal can be used as revolving loan within the financing limit from the first draw date of the loan principal in March 2020 until 2022 before the maturity date. Each loan period cannot exceed 180 days, and the amount drawn this time shall be settled on the maturity date for the loan principal.	1.25	30,000	-	30,000	None
Land Bank of Taiwan	Jun 2020-Jun2022	The loan principal can be used as revolving loan within the financing limit before the maturity date in 2022.	1.25	-	20,000	20,000	None
Total				<u>\$ 440,000</u>	<u>\$ 495,000</u>	<u>\$ 935,000</u>	

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Formosa Oilseed Processing Co., Ltd.

Schedule for Lease Liabilities

December 31, 2020

Table 11

Unit: NTD thousands

Title	Lease Period	Discount Rate	Year-End Balance	Note
Land	1/1/2017- 10/31/2037	1.38%	\$ 56,130	
Buildings	4/1/2016- 3/31/2025	1.38%	1,967	
Transport equipment	10/7/2016- 12/31/2022	1.08%-1.38%	5,936	
Subtract: those listed under current			<u>6,998</u>	
Lease liabilities – non- current			<u>\$ 57,035</u>	

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Formosa Oilseed Processing Co., Ltd.

Schedule for Operating Income

2020

Table 12

Unit: NTD thousands

<u>Item</u>	<u>Quantity (t)</u>	<u>Amount</u>
Sales income		
Soybean oil, soy flour	213,241	\$ 3,719,661
Feeds	87,287	1,067,860
Corn, oatmeal	260,850	<u>2,234,480</u>
Subtotal		7,022,001
Subtract: sales returns		2,003
Sales discount		<u>6,897</u>
Total operating income		<u>\$ 7,013,101</u>

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Formosa Oilseed Processing Co., Ltd.

Schedule for Operating Costs

2020

Table 13

Unit: NTD thousands

Item	Amount
Direct raw material	
BOY raw material and in-transit inventory	\$ 546,469
Plus (subtract):	
Current year incoming material	4,750,367
Selling of raw material	( 1,758,182)
Year-end raw material and in-transit inventory	( <u>425,332</u> )
Direct raw material consumption	3,113,322
Direct labor	31,298
Manufacturing expense	<u>339,068</u>
Manufacturing costs	3,483,688
Plus (subtract):	
BOY work in progress	28,404
Purchased work in progress	16,349
Selling of work in progress	( 81,463)
Year-end work in progress	( <u>17,808</u> )
Finished goods costs	3,429,170
Plus (subtract):	
BOY finished goods and products	89,680
Purchased finished goods and products	1,096,804
Rendering fee	( 2,347)
Year-end finished goods and products	( <u>125,920</u> )
Production and marketing costs	4,487,387
Costs for selling of raw material	1,758,182
Costs for selling of work in progress	81,463
Customs tax refund income	( 12,275)
Other	( <u>50</u> )
Operating costs	<u>\$ 6,314,707</u>

Formosa Oilseed Processing Co., Ltd.  
Schedule for Operating Expenses  
2020

Table 14

Unit: NTD thousands

	Promotion expense	Management expense	Research and development expense	Expected reversal of credit impairment loss recognized in profit or loss	Total
Salary	\$ 53,145	\$ 68,116	\$ 4,371	\$ -	\$ 125,632
Freight	86,860	29	29	-	86,918
Import/export expenses	36,751	-	-	-	36,751
Depreciation	4,252	9,896	1,220	-	15,368
Directors' remuneration	-	11,112	-	-	11,112
Expected reversal of credit impairment loss recognized in profit or loss	-	-	-	( 801 )	( 801 )
Other (note)	<u>37,835</u>	<u>30,905</u>	<u>3,693</u>	<u>-</u>	<u>72,433</u>
	<u>\$ 218,843</u>	<u>\$ 120,058</u>	<u>\$ 9,313</u>	<u>( \$ 801 )</u>	<u>\$ 347,413</u>

Note: the balance for each account did not reach 5% of the balance for this item.

Formosa Oilseed Processing Co., Ltd.  
Functional Summary Statement for Employee Benefits, Depreciation, Amortized  
Expenses  
2020 and 2019

Table 15

Unit: NTD thousands

	2020			2019		
	Belonging to operating costs	Belonging to operating expenses	Total	Belonging to operating costs	Belonging to operating expenses	Total
Employee benefits expense						
Salary expense	\$ 50,391	\$ 125,632	\$ 176,023	\$ 46,602	\$ 114,200	\$ 160,802
Labor and health insurance expenses	4,663	9,522	14,185	4,391	9,334	13,725
Directors' remuneration	-	11,112	11,112	-	8,487	8,487
Pension expense	2,329	5,044	7,373	2,214	4,958	7,172
Other employee benefits expense	2,033	5,469	7,502	1,879	5,849	7,728
Depreciation expense	18,187	15,368	33,555	22,837	15,510	38,347
Amortized expense	999	-	999	999	-	999

Note 1: The Company's number of employees for 2020 and 2019 are respectively 238 and 237, of which the number of directors who are not part-time employees are respectively 7 and 5.

Note 2: (1) The average employee benefits expense for the current year is NTD 888 thousands ("Total employee benefits expense for the current year" - "Total directors' remuneration" / "Numbers of employees for the current year" - "Numbers of directors who are not part-time employees")

The average employee benefits expense for the previous year was NTD 816 thousands. ("Total employee benefits expense for the previous year" - "Total directors' remuneration" / "Numbers of employees for the previous year" - "Numbers of directors who are not part-time employees")

(2) The average employee salary expense for the current year is NTD 762 thousands (total salary expense for the current year / "numbers of employees for the current year - directors who are not part-time employees").

The average employee salary expense for the previous year was NTD 693 thousands (total salary expense for the previous year / "numbers of employees for the previous year - directors who are not part-time employees").

(3) The changes in average employee salary expense is 10% ("average employee salary expense for the current year - average employee salary expense for the previous year" / average employee salary expense for the previous year).

(4) The Company did not establish supervisors' system, so there is no supervisors' remuneration.

(5) The Company's salary and remuneration policies for directors, independent directors, managers, and employees are stated as follow:

A. Remunerations for directors and independent directors: paid according to the "Directors, Supervisors, and Functional Committees' Remunerations Payment Plan" approved by the board of directors.

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- a. The directors' remunerations are allocated according to the rules in the Company's by-laws. Independent directors do not take part in the allocation.
  - b. Attendance fees for attending board of directors' meetings.
  - c. Fixed amount of remunerations is paid to functional committee members every month.
- B. Remunerations for managers: salaries for high-level managers are approved by the board of directors. Variable remunerations are paid according to the "Regulations for Managing Year-End Bonus and Annual Allocation of Employee Remunerations."
- C. The employees are handled according to the Company's related rules governing practitioners' salary.
- D. The Company's Salary and Remunerations Committee evaluates on a regular basis, and sets salaries and remunerations for directors and managers.

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VI. Facts Regarding the Company and Its Affiliated Enterprises Which Have Developed Difficult Financial Standing in Recent Year and the Period as of the Annual Report Date: None.

## Seven. Review and analysis of financial status and Financial Performance, and the Risk Concern

### I. Financial Position

Financial status review and analysis table

Item \ Year	2020	2019	Difference	
			Increase (decrease) amount	Change ratio (%)
Current assets	4,158,219	4,542,984	(384,765)	(8.47)
Non-current assets	3,535,175	3,198,033	337,142	10.54
Total assets	7,693,394	7,741,017	(47,623)	(0.62)
Current liabilities	2,887,157	2,522,456	364,701	14.46
Non-current liabilities	1,073,096	1,570,132	(497,036)	(31.66)
Total liabilities	3,960,253	4,092,588	(132,335)	(3.23)
Equity	2,187,030	2,187,030	—	—
Capital reserve	121,015	121,015	—	—
Retained surplus	1,088,113	994,144	93,969	9.45
Other rights	(98,435)	(95,204)	(3,231)	3.39
Non-controlling interests	435,418	441,444	(6,026)	(1.37)
Total shareholders' equity	3,733,141	3,648,429	84,712	2.32
Description of major changes: Decrease in non-current liabilities: Mainly due to repayment of long-term loans and due to Ningbo Formosa Oilseeds Processing Co., Ltd's assessment of the local government's assessment of the purchase of plant and land use rights related taxes in May 2020, resulting in a decrease in deferred income tax liabilities.				

## II. Financial Performance

### (I) Review and analysis table of business results

Unit: New Taiwan Dollars'000

Item	Year	2020	2019	Increase (decrease) amount	Change ratio (%)
Net operating income		10,213,493	10,646,506	(433,013)	(4.07)
Operating cost		9,143,081	9,633,963	(490,882)	(5.10)
Original recognition of agricultural interest		42,350	36,279	6,071	16.73
(Un)realized sales benefits with associates		(313)	(1,119)	806	(72.03)
Operating margin		1,112,449	1,049,941	62,508	5.95
Operating expenses		604,893	604,456	437	0.07
Business interest		508,157	445,828	62,329	13.98
Non-operating income and expenses		55,015	47,347	7,668	16.20
Pre-tax benefits		563,172	493,175	69,997	14.19
Income tax expense		145,385	97,695	47,690	48.82
Net income		417,787	395,480	22,307	5.64
Other comprehensive income (net)		(705)	(48,770)	48,065	(98.55)
Total comprehensive profit and loss		417,082	346,710	70,372	20.30
Description of major changes:					
1. Increased (un)realized sales benefits with related companies: Mainly due to the fact that there are fewer unsold inventories sold by Formosa Oilseed Processing to related associates in the current period.					
2. Increase in income tax expenses: Mainly due to the increase in pre-tax profits in 2020.					
3. The increase in other comprehensive gains and losses (net) and the total sum of gains and losses: Mainly due to the fact that there is no investment evaluation loss of equity instruments measured at fair value through other comprehensive gains and losses in 2020 and the conversion of foreign operating institutions' financial statements because of exchange rate changes due to reduced losses.					

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(II) Expected sales volume in the coming year

Unit: mt

Main products	Estimated sales quantity
Grease products	219,944
Raw material products	233,360
Feed products	95,386
Flour products	246,256
Total	794,946

Note: The estimated sales volume of the main products is based on the actual sales volume in the most recent year and the industry profile as the main factors.

(III) Possible impact on the company's future financial business and corresponding plans:

There will be no significant impact on the company's future financial business.

### III. Cash Flow Review and Analysis

(I) Liquidity analysis in the last two years

Item \ Year	2020	2019	Change ratio (%)
Cash flow ratio (%)	18.09	16.32	4.14
Allowable cash flow ratio (%)	76.23	89.36	(12.11)
Cash reinvestment ratio (%)	3.80	2.45	16.80

Analysis and explanation of the increase and decrease ratio:

1. Cash flow ratio: Mainly due to the increase in net cash inflow from operating activities this year.
2. Allowable cash flow ratio: Mainly due to the continuous investment in the construction of refined edible oils and fats plants this year.
3. Cash reinvestment ratio: mainly due to the increase in net cash inflow from operating activities and the decrease in working capital this year

## (II) Analysis of cash liquidity in the coming year

Unit: New Taiwan Dollars'000

Cash at the beginning of the period Balance ①	Expected to obtain from business activities throughout the year Net cash flow ②	Expected for the whole year Cash outflow ③	Estimated cash surplus (insufficient) amount ① + ② - ③	Estimated cash shortage Remedy	
				Investment plan	Financial plan
1,225,893	600,000	800,000	1,025,893	—	—

Analysis of changes in cash flow this year:

1. Operating activities: The Company expects stable operating scale and profitability. The operating activities for the entire year will result in net cash inflows.
2. Investment activities: It is estimated that there will still be expenditures for asset purchases and equipment maintenance in the coming year, so the investment activities for the whole year will result in net cash outflows.
3. Financing activities: It is expected that there will be an increase in borrowing demand in the coming year, so it is expected that the financing activities for the whole year will result in net cash inflows.

#### IV. Effect upon Financial Operations of Any Major Capital Expenditures during the Most Recent Fiscal Year:

In 2019, the company built a refined edible oil plant in Taichung Port District by means of leased land commission. The estimated construction cost is 1.309 billion yuan. The source of funds is supported by its own funds and increase medium- and long-term bank borrowings. The debt ratio has changed from 52.87% 2019 to 48.84% in the first quarter of 2021, which is within a reasonable range and has no significant financial impact. After the completion of the construction of the new plant, the product quality and production capacity will improve, and the company's products will be more competitive. These changes will facilitate favorable business promotion.

#### V. The Re-investment Policy of the Current Year and Investment Plan within One Year Ahead:

The company's reinvestment policy is to meet the needs of the company's development. It mainly invests in the upstream and downstream industries of the food industry. The company's net investment income recognized by the equity method in 2020 is NT\$80,167,000, which is primarily the profits generated due to the company's reinvestment in TOP FOOD INDUSTRY CORPORATION and CENTRAL UNION OIL CORP.

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## VI. Analysis and Assessment on Risks

- (1) The impact of recent annual interest rate, exchange rate changes, and inflation on the company's profits and losses and future countermeasures:

In recent years, market interest rates have continued to remain low. In 2020, net interest expenses (interest expenses minus interest income) accounted for 0.18% of net operating income, while net exchange benefits accounted for only 0.26% of net operating income. Therefore, changes in interest rates and exchange rates are negligible. The company is a food manufacturing industry and is less affected by inflation.

- (2) The policies, main reasons for profit or loss, future countermeasures for engaging in high-risk, high-leverage investments, fund loans to others, endorsements, and derivative commodity transactions in the most recent years:

The company has not engaged in high-risk and high-leverage investment and derivative commodity trading activities in the most recent year.

The company only endorses the reinvestment business that is Taiwan Food Co., Ltd. The balance for the most recent year is NTD 2,821,000,000, accounting for 86% of the net value of the financial statements. The company's endorsement guarantee limit for a single enterprise is NTD 3,297,723,000.

- (3) The latest annual R&D plan, the current progress of the unfinished R&D plan, the R&D expenses that need to be invested, the estimated time to complete the mass production, and the main factors affecting the success of the R&D in the future: None.

- (4) The impact of major domestic and foreign policy and legal changes in the most recent year on the company's financial business and corresponding measures: None.

- (5) The impact of technological changes and industrial changes on the company's financial business and corresponding measures: None.

- (6) The impact of corporate image change on corporate crisis management and corresponding measures: None.

- (7) Expected benefits, possible risks and countermeasures of mergers and acquisitions: None.

- (8) Expected benefits, possible risks and corresponding measures of the expansion of the plant:

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Food safety awareness has increased. In order to provide consumers with higher-quality products, the company will build a refined edible oil plant in Taichung Port in 2019 by way of leased land, which will improve product quality and production capacity. The estimated construction cost is NTD 1.309 billion. After the construction is completed, the daily refined oil production capacity is expected to reach 200 metric tons.

- (9) Risks faced by purchase or sales concentration and corresponding measures:  
None.
- (10) Directors, supervisors, or major shareholders holding more than 10% of the shares, the impact or risk of a large number of transfers or replacement of equity on the company, and corresponding measures: None.
- (11) The impact, risks and corresponding measures of the change in operating rights on the company: None.
- (12) Litigation or non-litigation events:  
The company purchased low-priced oil from CHANG CHI FOODSTUFF FACTORY CO., LTD (hereinafter referred to as CHANG CHIC Corp) as raw materials, which caused the company to recover oil products derived from violations of the Food Sanitation Management Law and related litigation compensation losses. In February 2014, CHANG CHIC Corp was sued in criminal proceedings and filed a civil lawsuit for damages. The court sentenced CHANG CHIC Corp to be convicted of fraud in July 2014. The company should be jointly compensated NTD 38,307,000. CHANG CHIC Corp filed an appeal and was remanded by the Supreme Court. The court ruled that the company won the case in November 2018. CHANG CHIC Corp filed an appeal in January 2019. As of the publication date of the annual report, the court ruled that the company lost the lawsuit, and the company has discussed and filed an appeal. The company has not yet recognized the compensation gains.
- (13) Other important risks and corresponding measures:  
In response to the risks of information security threats, the company has formulated information security management related measures and operating rules, established a complete network and computer security protection system, protected information equipment, services, data security and compliance with laws and regulations, and ensured the smooth operation of the company. These measures improved the company's operational efficiency and competitiveness, to effectively control and maintain the function of corporate service operations. In addition, to establish the information security awareness of all colleagues, information security education training and publicity are regularly held every year based on risk factors to establish employees' information security awareness and reduce the company's information security risks.

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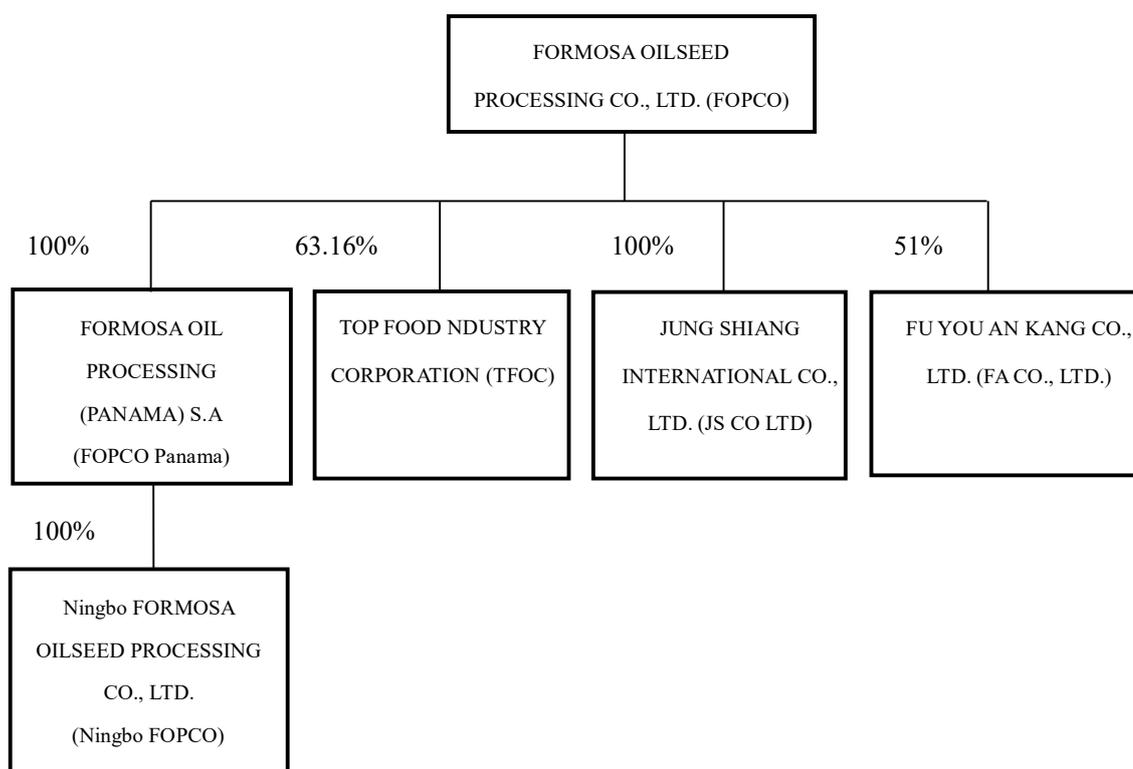
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VII. Other Important Matters: None.

## Eight. Other Items Deserving Special Mention

### I. Information Related to the Company's Affiliates: Consolidated Business Report of Affiliated Enterprises (2020)

#### (I) Organization Chart of Affiliated Enterprises



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## Summary description of affiliate enterprise organizations

### 1. History of each affiliated company

FORMOSA OILSEED PROCESSING CO., LTD. (controlling company) was established in 1986, and its stocks have been listed on the Taiwan Stock Exchange since September 1993. The company deals with the manufacture and sale of soybean oil (salad oil), soybean flour, flour, cereals, corn, feed, livestock products, and import and export trade business. Since October 1996, the subsidiary company TOP FOOD INDUSTRY CORPORATION Ltd. has started to operate, mainly engaged in the production and sales of flour. Therefore the controlling company has temporarily ceased the flour production business.

FORMOSA OIL PROCESSING (PANAMA) S.A (subsidiary company and controlling company holding 100% shares) was established in Panama in 1997 to specialize in the investment holding business.

TOP FOOD INDUSTRY CORPORATION Ltd. (subsidiary company, controlling company holding 63.16%) was established in 1993. After the establishment of the company, it officially started operations in October 2007, and is mainly engaged in the production and sales of flour, agricultural products and feed.

JUNG SHIANG INTERNATIONAL CO., LTD. (formerly known as Yuanhe Catering Company) (subsidiary company and controlling company holding 100% shares) was established in October 2011, and officially started operations (operating catering business) in June 2012. The company then ventured into marketing in 2018. The company is mainly engaged in the wholesale trading of edible oils and fats.

Ningbo FORMOSA OILSEED PROCESSING CO., LTD. (FOPCO Panama' Co Ltd. holds 100% shares) was reinvested in mainland China by FOPCO Panama' Co Ltd. in 1999. It is mainly engaged in the processing, sales and wholesale buying and selling of soybeans, rapeseed oil, oilseeds and their by-products. Since the land use rights and factory buildings were expropriated by the local government, since July, 2015 the processing and sales business is not being operated for the time being, but is only engaged in the wholesale trading business.

FU YOU AN KANG CO., LTD (a subsidiary company and controlling company holding 51% of its shares) was acquired by FORMOSA OILSEED PROCESSING CO., LTD in February 2016 for cash, mainly for the expansion of poultry breeding and agricultural product wholesale business.

2. The relationship between the holding company of affiliated enterprises and the affiliated company:

Company Name	Controlling (subsidiary) company	Control (affiliates) relationship	The business of the affiliated enterprises and its division of labor
FORMOSA OIL PROCESSING Co., Ltd	Controlling Company	Shareholding control	Manufacture and sales of soybean oil (salad oil), soybean meal, flour, oatmeal, corn, feed, animal products and import and export trade business.
FORMOSA OIL PROCESSING (PANAMA)S.A	Subsidiary company	Shareholding control	General investment business.
Ningbo FORMOSA OIL PROCESSING Co., Ltd	Subsidiary company	Shareholding control	Soybean and rapeseed oil, oilseeds and their by-products processing sales and wholesale trading business.
TOP FOOD INDUSTRY CORPORATION	Subsidiary company	Shareholding control	Production and marketing of flour, agricultural products and feed.
JUNG SHIANG INTERNATIONAL CO., LTD.	Subsidiary company	Shareholding control	Edible fats and oils wholesale trading business.
FU YOU AN KANG CO., LTD.	Subsidiary company	Shareholding control	Poultry breeding and agricultural products wholesale business.

3. In accordance with the "Consolidated Business Report of Affiliated Enterprises", the matters that the company should disclose are as follows:

- (1) Basic information of each affiliated company: refer to attached table 1.
- (2) Information on shareholders presumed to have the same control and affiliation: None.
- (3) Information on directors, supervisors and general managers of each affiliated company: refer to Appendix 2.
- (4) Overview of the operation of each affiliated company: refer to Appendix III.

Addendum 1

FORMOSA OILSEED PROCESSING CO., LTD. And  
Its Affiliated Companies  
Overview of operations of Affiliated Enterprises  
2020

Unit : NTD ; USD

Company Name	Date of establishment	Address	Paid-in Capital	Main business or production items
FORMOSA OIL PROCESSING Co., Ltd	1987.04.18	No. 453, Section 1, Shatian Road, Dadu District, Taichung City	NT\$ 2,187,030,000	Manufacture and sale of soybean oil (salad oil), soybean meal, flour, oatmeal, corn, feed, animal products and import and export trade.
FORMOSA OIL PROCESSING (PANAMA)S.A	1987.10.27	PANAMA MARITIME BUILDING EAST 78 STREET, HOUSE NO.30. SAN FRANCISCO. PANAMA CITY, REPUBLIC OF PANAMA	US\$ 11,793,000	General investment business.
Ningbo FORMOSA OIL PROCESSING Co., Ltd	1987.12.15	Room 809, Building A3, R&D Park, Lane 587, Juxian Road, Ningbo High-tech Zone, Zhejiang Province	US\$ 6,880,000	Production and sales of soybeans, rapeseed oil and oilseeds.
TOP FOOD INDUSTRY CORPORATION	1994.02.23	No. 35, Beidi Road, Haibinli, Qingshui District, Taichung City	NT\$ 822,749,000	Production and marketing of flour, agricultural products and feed.
JUNG SHIANG INTERNATIONAL CO., LTD.	2011.10.26	No. 453, Section 1, Shatian Road, Dadu District, Taichung City	NT\$ 50,000,000	Edible fats and oils wholesale trading business.
FU YOU AN KANG CO., LTD.	2015.11.11	No.565, Minbao Alley, Zhenxingli, Erlin Township, Changhua County	NT\$ 50,800,000	Poultry breeding and agricultural products wholesale business.

Addendum2

FORMOSA OILSEED PROCESSING CO., LTD. And  
Its Affiliated Companies  
Overview of operations of Affiliated Enterprises  
April 26<sup>th</sup> 2021

Unit : New Taiwan Dollars'000 ; Share ; %

Company Name	Job Title	Name or Representative	Shares Holding	
			Shares	Shareholding Ratio
FORMOSA OILSEED PROCESSING CO., LTD.	Chairman of the Board	Promotion Investment Co., Ltd. legal representative : Shu Yi-Cheun	2,177,419	1.00
	Vice Chairman	TAI SHENG OCEAN DEVELOPMENT CO., LTD. legal representative:Lin Yueh-Ting	2,798,619	1.28
	Director	TAI SHENG OCEAN DEVELOPMENT CO., LTD. legal representative:Wu Mei-hung	2,798,619	1.28
	Director	MORN SUN FEED MILL CORP. legal representative: Huang Qiang	5,169,889	2.36
	Director	Huaide Insurance Agent Company legal representative:Hsu Wei-Ping	2,059,000	0.94
	Director	Youwei Investment Co., Ltd. legal representative: Lin Wen-Peng	2,177,419	1.00
	Independent director	Chen Chongrui	-	-
	Independent director	Lu Hsin-Hwa	-	-
	Independent director	Huang Shi-Hui	-	-
	General manager	Shu Yi-Cheun	1,559,865	0.71
FORMOSA OIL PROCESSING (PANAMA) S.A.	Chairman and General Manager Director	FORMOSA OILSEED PROCESSING CO., LTD. legal representative:  Sheu Jong-Ming Lin Yueh-Ting, Shu Yi-Cheun	Note1	Note1
Ningbo FORMOSA OILSEED PROCESSING CO., LTD.	Chairman of the board Director and General Manager director  Supervisor	FORMOSA OIL PROCESSING (PANAMA) S.A. delegation:  Lin Xinyao  Chen Borong Sheu Jong-Ming, Shu Yi-Cheun, Yeh Wen-lung Kuo Chung-Yi	Note2	Note2
TOP FOOD INDUSTRY CORPORATION	Chairman of the board Director	FORMOSA OILSEED PROCESSING CO., LTD. legal representative:  Hsu Wen-Tung Lin Yueh-Ting, Sheu Jong-Ming	51,963,117	63.16

Company Name	Job Title	Name or Representative	Shares Holding	
			Shares	Shareholding Ratio
		MORN SUN FEED MILL CORP. legal representative:	30,311,819	36.84
	Director	Huang Qiang, Wu Qingde		
	Supervisor	Zheng Wenrong	-	-
	Supervisor	Huang Yunhui	-	-
	Chief Executive Officer	Lin Xinyao	-	-
JUNG SHIANG INTERNATIONAL CO., LTD.(Note 3)		FORMOSA OILSEED PROCESSING CO., LTD. legal representative:	5,000,000	100
	Chairman and General Manager	Shu Yi-Cheun		
	Director	Sheu Jong-Ming, Lin Yueh-Ting		
	Supervisor	Lee Chien-Yi		
FU YOU AN KANG CO., LTD		FORMOSA OILSEED PROCESSING CO., LTD. legal representative:	2,590,800	51
	Chairman of the board	Shu Yi-Cheun		
	Director	Hsu Wen-Tung, Yeh Wen-lung		
	Director	Xu Ming-fa	1,247,200	24.55
	Director and General Manager	Xu Hong-li	858,000	16.89
	Supervisor	Huang Qiang	-	-
	Supervisor	Xu Zhi-hong	384,000	7.56

Note 1: The capital contribution is US\$11,793,000, and the capital contribution ratio is 100%.

Note 2: The capital contribution is USD 6,880,000, and the capital contribution ratio is 100%.

Note 3: 2021.5.20

Addendum 3

FORMOSA OILSEED PROCESSING CO., LTD. And  
Its Affiliated Companies  
Overview of operations of Affiliated Enterprises  
2020

Unit: Except for net profit per share  
In addition to the NT dollar, the remaining is NTD'000

Company Name	Capital	Total assets	Total liabilities	Net worth	Operating revenues	Operating income (loss)	Current(loss) Income (after tax)	Net profit per share (after tax)
FORMOSA OILSEED PROCESSING CO., LTD.	2,187,070	5,755,083	2,457,360	3,297,723	7,013,101	351,173	375,757	1.72
FOPCO Panama	335,873	632,165	337,773	294,392	—	(57)	35,670	—
Ningbo FORMOSA OILSEED PROCESSING CO., LTD.	227,590	310,202	4,039	306,163	345,653	59	(214)	—
TOP FOOD INDUSTRY CORPORATION	822,749	2,617,298	1,518,241	1,099,057	2,919,170	136,797	100,719	1.22
JUNG SHIANG INTERNATIONAL CO., LTD	50,000	95,928	76,920	19,007	363,690	7,201	7,201	1.44
FU YOU AN KANG CO., LTD	50,800	84,025	21,777	62,248	165,870	12,739	10,046	1.98

Note: US\$1= NT\$28.48 conversion.

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(II) Consolidated financial statements of affiliate enterprises: (Same as the previous disclosure of consolidated financial statements of parent and subsidiary companies)

#### DECLARATION

The company's 2020 (from January 1 to December 31, 2020) shall be included in the preparation of the consolidated financial statement. The International Financial Reporting Standard No. 10 should be included in the preparation of the consolidated financial statements of the parent and subsidiary companies. The companies that should be included in the preparation of the consolidated financial statements of the parent and subsidiary companies are all the same, and the relevant information that should be disclosed in the consolidated financial statements of the related companies has been disclosed in the consolidated financial statements of the parent and subsidiary companies. Business consolidated financial statements are no longer prepared separately.

Hereby declared

Company Name : FORMOSA OILSEED PROCESSING CO., LTD.

Principal : Shu Yi-Cheun



March 25, 2021

(III) Relationship report: None.

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- II. Private Placement of Securities Carried Out by the Company during the Most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Printing of the Annual Report: None.
- III. Holding or Disposal of Shares in this Company by the Company's Subsidiaries during the Most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Printing of the Annual Report: None.
- IV. Other Matters That Require Additional Description: None.
- V. Any of the Situations Listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities; Has Occurred during the Most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Printing of the Annual Report: None.

FORMOSA OILSEED PROCESSING CO., LTD.



Chairman: JIN SHENG INVESTMENT LTD.



SHU, YI-CHEUN

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