

Stock Code: 1225



2021 Regular Shareholders' Meeting  
**Meeting Agenda  
Handbook**

Time: June 24, 2021

Location: No. 453, Sec. 1, Shatian Rd., Dadu Dist.,  
Taichung City

(Meeting Room of the Company Building)

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**FORMOSA OILSEED PROCESSING CO., LTD.**  
**2021 Regular Shareholders' Meeting**  
**Meeting Procedure**

1. Announcing Meeting in Session
2. Welcome Speech by the Chair
3. Matters for Report
4. Matters for Ratification
5. Matters for Discussion
6. Extraordinary Motions
7. Adjournment

FORMOSA OILSEED PROCESSING CO., LTD.  
2021 Regular Shareholders' Meeting  
Meeting Agenda

Time: June 24, 2021 (THU) at 09:00AM

Location: No. 453, Sec. 1, Shatian Rd., Dadu Dist., Taichung City  
(Meeting Room of the Company Building)

1. Announcing Meeting in Session (w/ Shares Represented by Attending Shareholders Reported)
2. Welcome Speech by the Chair
3. Matters for Report
  - ( 1 ) Business Report of 2020
  - ( 2 ) Audit Committee Review Report of 2020
  - ( 3 ) To report Employees' and Directors Remuneration Distribution of the Company for 2020
  - ( 4 ) To report Endorsement and Guarantee of the Company
4. Matters for Ratification
  - ( 1 ) To ratify Business Report of 2020 and Parent-Company Only and Consolidated Financial Statements.
  - ( 2 ) To ratify Earnings Distribution of 2020.
5. Matters for Discussion
  - ( 1 ) To discuss the amendment to partial articles of the Company's "Regulations Governing Election of Directors"
  - ( 2 ) To discuss the amendment to partial articles of the Company's "Rules of Procedure for Shareholders' Meeting"
6. Extraordinary Motions
7. Adjournment

# **Matters for Report**

[Matters for Report]

Case 1. To report the Company's Business Report of 2020.

Business Report of the Company is attached in Appendix 1.

(Page 19 to 21 of this Meeting Agenda Handbook)

[Matters for Report]

Case 2. To report Audit Committee Review Report of 2020.

## FORMOSA OILSEED PROCESSING CO., LTD.

### Audit Committee Review Report

The Board of Directors of FORMOSA OILSEED PROCESSING CO., LTD. has compiled and submitted the Company's Business Report of 2020, Financial Statements and Proposals for Earnings Distribution; among which contains Financial Reports audited and attested by CPAs Liao, Wan-Yi and Chen, Zhao-Mei of Deloitte & Touche, with audit report issued. The aforesaid Business Report, Financial Statements and Proposals for Earnings Distribution have been reviewed and determined to be correct and accurate by the Audit Committee of FORMOSA OILSEED PROCESSING CO., LTD. Ltd. In accordance with Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act, I hereby submit this report.

To

FORMOSA OILSEED PROCESSING CO., LTD.

2021 Regular Shareholders' Meeting

FORMOSA OILSEED PROCESSING CO., LTD.

Convener of Audit Committee: Chen, Chung-Rui

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[Matters for Report]

Case 3. To report Employees' and Directors and Supervisors' Remuneration Distribution of the Company for 2020.

Explanation: The Company has set aside, from its profits in 2020, NTD9,191,070 for employees' remuneration and NTD9,191,070 for directors' remuneration, which shall be distributed in cash.

[Matters for Report]

Case 4. To report Endorsement and Guarantee of the Company.

Explanation: 1. The counterparty (counterparties) for the endorsement(s) and guarantee(s) made by the Company as of December 31, 2020 is (are) as follows:

Counterparty	Endorsement/Guarantee Amount (NTD Thousand)
TOP FOOD INDUSTRY CORPORATION (Note)	2,821,000

(Note) TOP FOOD INDUSTRY CORPORATION is a subsidy of the Company, with 63.16% of the shares held by the Company. An endorsement/guarantee at NTD 2,821,000 thousand was made to TOP FOOD by the Company due to business needs.

2. Limits as computed per Operational Procedure for Endorsement/ Guarantee of the Company are as follows:

(1)The limit for total endorsement/ guarantee by the Company is NTD 3,957,268 thousand.

(2)The limit for endorsement/ guarantee to a single domestic enterprise is NTD 3,297,723 thousand.

(3)The aforesaid limits are computed based on shareholders' equity as disclosed in the Company's financial statements ending on December 31, 2020.

# Matters for Ratification

[Matters for Ratification]

Case 1

Proposed by the Board

Summary: To ratify Business Report of 2020 and Parent- Company Only and Consolidated Financial Statements.

Explanation: 1. The Company's Business Report of 2020 as well as Parent-Company Only and Consolidated Financial Statements including balance sheets, statement of comprehensive income, statement of changes in equity and statement of cash flows audited and attested by CPAs Liao, Wan-Yi and Chen, Zhao-Mei of Deloitte & Touche have been submitted to and were, after review, determined to be correct and accurate by the Audit Committee of FORMOSA OILSEED PROCESSING CO., LTD. Ltd. The reviewed report and statements are submitted to this regular shareholders' meeting for ratification.

2. The aforesaid reports and statements are attached in Appendices 1, 2 and 3. (Pages 19 to 41 of this Meeting Agenda Handbook).

3. For your ratification.

Resolution:

[Matters for Ratification]

Case 2

Proposed by the Board

Summary: To ratify Earnings Distribution of 2020.

Explanation: 1. The Company's net income after tax in 2020 is NTD 375,757,470, and an earnings distribution in accordance with the Company's Articles of Incorporation is proposed as follows:

FORMOSA OILSEED PROCESSING CO., LTD.

Table for Earnings Distribution

for 2020

Unit: NTD

Item	Amount	
Amounts Distributable		288,899,654
Add: 2020 Net Income after Tax	375,757,470	
Add: Actuarial Gains Recognized as Retained Earnings	2,526,319	
Less: 10% Legal Reserve	(37,828,379)	
	340,455,410	340,455,410
Distributable Retained Earnings		629,355,064
Less: Distributable Items		
Cash Dividend (NTD 1.40 per Share)	(306,184,272)	(306,184,272)
Undistributed Retained Earnings		323,170,792

Chairman: Shu, Yi-Cheun    Manager: Shu, Yi-Cheun    Accounting Manager: Lin, Fang- Ru

2. It is proposed in the Company's 2020 earnings distribution that an EPS of NTD 1.40 will be distributed. Record dates for dividend, distribution and other relevant

affairs will be set otherwise by the Board of Directors under authorization of the Company after passage by resolution in this Regular Shareholders' Meeting.

3. Where there is change to dividend rate to shareholders due to total number of outstanding shares of the Company following dividend distribution, the Company shall submit to the regular shareholders' meeting for authorization to the Chairman on transacting in accordance with the Company Act or other relevant laws and regulations.
4. Earnings for the year 2020 will be distributed as priority in this earnings distribution, with the deficient portion complemented with undistributed earnings from the preceding year.
5. This cash dividend will be distributed in cash in the unit of NTD (portions lower than NTD 1 will be round off) by the Company following the distribution proportion. Fractional shares will be recognized as the Company's other income.
6. For your ratification.

Resolution:

# Matters for Discussion

[Matters for Discussion]

Case 1

Proposed by the Board

Summary: To discuss the amendment to partial articles of the Company's "Regulations Governing Election of Directors".

Explanation: 1. In accordance with Articles 173 and 173-1 of the Company Act and per 25 April 2019 Letter No. Financial-Supervisory-Securities-Trading

-1080311451 of the Financial Supervisory Commission, partial articles of the Company's "Regulations Governing Election of Directors" is amended.

2. The Comparison Table for "Regulations Governing Election of Directors" Before and After Amendment is attached in Appendix 4.

(Pages 42 to 44 of this Meeting Agenda Handbook).

3. For your discussion.

Resolution:

[Matters for Discussion]

Case 2

Proposed by the Board

Summary: To discuss the amendment to partial articles of the Company's "Rules of Procedure for Shareholders' Meeting".

Explanation: 1. In accordance with per 28 January 2021 Letter No. Taiwan-Exchange-Governance-1100001446 from the Taiwan Stock Exchange, partial articles of the Company's "Rules of Procedure for Shareholders' Meeting" are amended.

2. The Comparison Table for "Rules of Procedure for Shareholders' Meeting" Before and After Amendment is attached in Appendix 5.

(Pages 45 to 46 of this Meeting Agenda Handbook).

3. For your discussion.

Resolution:

# Extraordinary Motions

## Adjournment

# Appendices

[Appendix 1]

FORMOSA OILSEED PROCESSING CO., LTD.  
Business Report of 2020

1. Management Guideline:

The Company involves mainly in processing of large among grains including soybean oil, soybean powder, palm oil, cereal, mixed feed, etc. As the procurement of raw materials matrix composed of soybean, corn, barley, wheat, etc. purchased from the US, Brazil, Argentina and Australia accounted for 80% of the total cost, the Company shall promptly have holds on trends for international raw material price and make timely adjustments to storage position to maximize storage management effectiveness. In terms of sales, in addition to cultivation in the existing commodity market, the Company in addition actively expands its reach to the drum cooking oil and egg markets with a view to integrate the group's resources utilization and attain overall marketing of business for the optimal profit.

2. Implementation Results of Business Plans:

1. The Company's Net Operating Revenue in 2020 is NTD 7,013,101 thousand, 6.09% less compared to that in 2019 at NTD 7,468,099 thousand; Gross Profit of the Company in 2020 is NTD 698,084 thousand, 22.25% more compared to that in 2019 at NTD 571,020 thousand; Profit Before Tax is NTD 441,171 thousand, 12.56% more compared to that in 2019 at NTD 391,936 thousand.
2. The Company's internal budget achievement in 2020 is as follows: for Operating Revenue, the proposed budget was NTD 7,296,387 thousand, with the actual figure reaching NTD 7,013,101 thousand and an achieving rate of 96.12%; for

Gross Profit, the proposed budget was NTD 532,931 thousand, with the actual figure reaching NTD 698,084 thousand and an achieving rate of 130.99%; for the budget of non-operating income/expense, the proposed number was a net income at NTD 120,821 thousand, with the actual figure reaching NTD 89,998 thousand and an achieving rate of 74.49%; for Profit Before Tax, the proposed budget was NTD 325,807 thousand, with the actual figure reaching NTD 441,171 thousand and an achieving rate of 135.41%.

(3) Operating Income/Expense and Profitability:

Unit: NTD Thousands

Items		Year	2020	2019	Add (Less) %	
Operating Income/ Expense	Operating Revenue		7,013,101	7,468,099	(6.09)	
	Operating Cost		6,314,707	6,898,203	(8.46)	
	Gross Profit		698,084	571,020	22.25	
	Profit Before Tax		441,171	391,936	12.56	
Profitability	Return on Assets (%)		6.78	6.88	(1.45)	
	Return on Equity (%)		11.55	10.64	8.64	
	Ratio to Paid-in Capital (%)	Operating Profit		8.34	8.34	47.26
		Income Before Tax		13.45	13.45	12.56
	Profit (Loss) Margin Before Tax (%)		5.36	4.54	18.03	
	Earnings/Loss per Share (NTD)		1.72	1.55	10.84	

4. Prospect in 2021:

By upholding the management philosophy of “Creating the Future Together with Health and Sustainability”, the Company takes food safety as top priority throughout the food processing,

keeping close tabs from raw material to final product. In addition to self-examination, the Company entrusts third-party inspection institutes following relevant laws and regulations on a regular basis to supply the safest and most premium product, making our products the most assuring choice for consumers. As completion of construction on our new edible oil refinery plant at Port of Taichung is looming, following the launch, the plant will, with its state-of-the-art production equipment and high-profile production environment, supply the most premium products.

For long, the product line of animal feeds made by our subsidiary Fuyou have been trusted and recognized by animal husbandry. With the use of our R&D team and commodity advantages, we provide our clients with most dependable and stable feeds and raw materials. Furthermore, we extended our reach with our relative advantages in husbandry and feeds industry. Our subsidiary Fuyouankang (Lucky Eggs) showed a continued growth in sales, and therefore proceeded in investing new hennery for increased hen husbandry with a view to boost supply of our premium eggs to customers.

With substantiality and integrity as foundation, we initiate new management models to supply our customers with added value and to create great performance and profit for our shareholders, constructing FORMOSA group's vision of Health and Sustainability.

Chairman: Shu, Yi-Cheun    Manager: Shu, Yi-Cheun    Accounting Supervisor: Lin, Fang-Ru

## [Appendix 2]

### 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.

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.

## **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.

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-A  
uditing-1010028123

Securities and Futures Commission Approval  
Number  
No.  
Taiwan-Financial-Securities-VI-09201  
23784

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	\$ 535,117	9	\$ 518,614	9
1136	Financial assets measured at amortized cost	-	-	154,763	3
1150	Notes receivable	131,111	2	107,540	2
1160	Notes receivable – related parties	3,184	-	3,524	-
1170	Accounts receivable	417,427	7	418,067	7
1180	Accounts receivable – related parties	304,514	5	310,901	6
1200	Other receivables	30,083	1	32,318	1
1210	Other receivables – related parties	338,227	6	292	-
130X	Inventory	569,060	10	664,553	12
1410	Prepayments	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	1,311,908	23	1,679,028	30
1600	Property, plant, and equipment	1,836,912	32	1,462,716	26
1755	ROU assets	63,643	1	77,002	1
1840	Deferred tax assets	14,732	-	7,225	-
1990	Other non-current assets	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	\$ 771,273	13	\$ 867,359	15
2110	Short-term notes and bills payables	169,786	3	-	-
2150	Notes payable	5,168	-	5,526	-
2170	Accounts payable	201,167	3	139,255	3
2180	Accounts payable – related parties	42,787	1	54,163	1
2219	Other payables	100,040	2	69,913	1
2220	Other payables – related parties	-	-	21	-
2230	Current tax liabilities	51,347	1	30,327	1
2280	Lease liabilities – current	6,998	-	8,760	-
2320	Long-term loans due within one year	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	495,000	9	837,500	15
2580	Lease liabilities – non-current	57,035	1	68,327	1
2640	Net defined benefit liabilities	19,958	-	21,080	-
2645	Margin deposit	21	-	-	-
2570	Deferred tax liabilities	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	<u>1,088,113</u>	<u>19</u>	<u>994,144</u>	<u>18</u>
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>

Chairman: Shu, Yi-Cheun

Manager: Shu, Yi-Cheun

Accounting Supervisor: Lin, Fang-Ru

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				
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	7,013,101	100	7,468,099	100
	Operating cost				
5110	Cost of sales	<u>6,314,707</u>	<u>90</u>	<u>6,898,203</u>	<u>92</u>
5900	Gross profit	698,394	10	569,896	8
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				
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	( <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	<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	80,167	1	148,672	2
7630	Foreign currency exchange net profit	14,480	-	19,729	-
7100	Interest income	213	-	517	-

(next page)

(Continued)

Code		2020		2019	
		Amount	%	Amount	%
7110	Rent income	\$ 300	-	\$ 360	-
7190	Other income	8,220	-	3,417	-
7510	Interest expense	( 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	<u>65,414</u>	<u>1</u>	<u>52,932</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	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	<u>1,649</u>	-	<u>( 669 )</u>	-
		<u>2,526</u>	-	<u>( 21,132 )</u>	-
8360	Items that may be reclassified under profit and loss afterwards:				
8361	Exchange difference after conversion of foreign operations' financial statements	( <u>3,231</u> )	-	( <u>27,638</u> )	( <u>1</u> )
8300	Total other (net) comprehensive income	( <u>705</u> )	-	( <u>48,770</u> )	( <u>1</u> )
8500	Total comprehensive income	<u>\$ 375,052</u>	<u>5</u>	<u>\$ 290,234</u>	<u>4</u>
	EPS				
9710	Basic	<u>\$ 1.72</u>		<u>\$ 1.55</u>	
9810	Diluted	<u>\$ 1.72</u>		<u>\$ 1.55</u>	

Chairman: Shu, Yi-Cheun    Manager: Shu, Yi-Cheun    Accounting Supervisor: Lin, Fang-Ru

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		Retained Earnings			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
	2018 Earnings Appropriation and Disposition									
B1	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	-	-	-	-	-	( 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
	2019 Earnings Appropriation and Disposition									
B1	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

Chairman: Shu, Yi-Cheun

Manager: Shu, Yi-Cheun

Accounting Supervisor: Lin, Fang-Ru

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

(next page)

(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	( 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>	<u>-</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>

Chairman: Shu, Yi-Cheun    Manager: Shu, Yi-Cheun    Accounting Supervisor: Lin, Fang-Ru

## [Appendix 3]

### **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.

## **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.

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.
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-A  
auditing-1010028123

Securities and Futures Commission Approval  
Number  
No.  
Taiwan-Financial-Securities-VI-09201  
23784

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

Chairman: Shu, Yi-Cheun

Manager: Shu, Yi-Cheun

Accounting Supervisor: Lin, Fang-Ru

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				
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	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	<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				
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	<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	26,603	-	24,870	-
7110	Rent income	1,085	-	1,010	-

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(Continued)

Code		2020		2019	
		Amount	%	Amount	%
7190	Other income	\$ 6,052	-	\$ 3,960	-
7510	Interest expense	( 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	<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	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				
9710	Basic	<u>\$ 1.72</u>		<u>\$ 1.55</u>	
9810	Diluted	<u>\$ 1.72</u>		<u>\$ 1.55</u>	

Chairman: Shu, Yi-Cheun    Manager: Shu, Yi-Cheun    Accounting Supervisor: Lin, Fang-Ru

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

C o d e	Equity that Belongs to Owner of Parent Company						Other Equity		Total	Non-controlling interest	Total Equity	
	Common Share Capital		Capital Reserve	Preserved Earnings			Unrealized valuation gains at fair value through other comprehensive income	Exchange difference converted in foreign operating institutions' financial statements				
	No. of Shares (1000)	Amount		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

Chairman: Shu, Yi-Cheun

Manager: Shu, Yi-Cheun

Accounting Supervisor: Lin, Fang-Ru

## Formosa Oilseed Processing Co., Ltd. &amp; 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

(next page)

(Continued)

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	( 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>

Chairman: Shu, Yi-Cheun    Manager: Shu, Yi-Cheun    Accounting Supervisor: Lin, Fang-Ru

[Appendix 4]

FORMOSA OILSEED PROCESSING CO., LTD.  
Comparison Table for “Regulations Governing Election of Directors”  
Before and After Amendment

Article	After Amendment	Before Amendment	Explanations
5	The ballot bearing attendance card number and number of votes and affixed with the seal of <u>a person with the right to convene and the ballot box shall be prepared by a person with the right to convene.</u>	The ballot bearing attendance card number and number of votes and affixed with the <u>Company seal shall be prepared by the Company.</u>	The term “The Company” is amended to “a person with the right to convene” in accordance with Articles 173 and 173-1 of the Company Act.
6	<u>The voting shareholder shall enter the name or shareholder account name of the candidate at the “candidate” column on the ballot. However, where the government or a juristic person shareholder is the candidate, name of the government or the juristic person shall be entered in the shareholder account name column on the ballot, or, name of the representative to the government or juristic person may be entered in; where there is more than one representative, names of the representatives shall be entered in the ballot, respectively.</u>  The candidates shall be with capacity pursuant to applicable laws.	<u>Where the candidate is a shareholder of the Company, the candidate’s shareholder account name and its number shall be entered in the ballot, or, where the candidate is not a shareholder of the Company, the candidate’s name and his/her identification number shall be entered in the ballot.</u> <u>Where a juristic person is a candidate, the ballot shall bear the juristic person’s account name (or name) in full title, or, the juristic person’s account name (or name) in full title and its representative may be entered in the ballot.</u>  The candidates shall be with capacity pursuant to applicable laws.	In accordance with per 25 April 2019 Letter No. Financial-Supervisor y-Securities-Trading-1080311451 of the Financial Supervisory Commission, elections of directors for a public company shall, from 2021, adopt a nomination system, which shareholders shall elect from the list of candidates. Adjustments of “name or account name of the candidate shall be entered in the ballot” is made accordingly.

7	<p>A ballot is invalid under any of the following circumstances:</p> <ol style="list-style-type: none"> <li>1. <u>The ballot was not prepared by a person with the right to convene.</u></li> <li>2. A ballot which is not placed in the ballot cabinet (box)</li> <li>3. A blank ballot is placed in the ballot box.</li> <li>4. The names of two or more candidates are entered in the same ballot.</li> </ol>	<p>A ballot is invalid under any of the following circumstances:</p> <ol style="list-style-type: none"> <li>1. <u>The ballot does not meet the provision(s) under these Regulations</u> .</li> <li>2. A ballot which is not placed in the ballot cabinet (box)</li> <li>3. A blank ballot is placed in the ballot box.</li> <li>4. The names of two or more candidates are entered in the same ballot.</li> </ol>	<p>In accordance with per 25 April 2019 Letter No. Financial-Supervisory-Securities-Trading-1080311451 of the Financial Supervisory Commission, elections of directors for a public company shall, from 2021, adopt a nomination system, which shareholders shall elect from the list of candidates. Adjustments to subparagraphs 1, 5, 8 along with deletion of subparagraphs 6 and 7 and amendment to subparagraphs 8, 9 and 10 are made accordingly.</p>
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Article	After Amendment	Before Amendment	Explanations
7	<p>5. <u>The candidate whose name is entered in the ballot does not conform to the director candidate list.</u></p> <p>6. (Deleted)</p> <p>7. (Deleted)</p> <p>6. <u>Other words or marks are entered in addition to the name or account name of the candidate.</u></p> <p>7. The writing is unclear and indecipherable or has been altered.</p> <p>8. The total number of votes placed by the voting shareholder exceeds the number of votes represented.</p>	<p>5. <u>The name (title) of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.</u></p> <p>6. <u>The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register.</u></p> <p>7. <u>The candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.</u></p> <p>8. <u>Other words or marks are entered in addition to the name (title) and shareholder account number of identification number of the candidate.</u></p> <p>9. The writing is unclear and indecipherable or has been altered.</p> <p>10. The total number of votes placed by the voting shareholder exceeds the number of votes represented.</p>	

[Appendix 5]

**FORMOSA OILSEED PROCESSING CO., LTD.**  
**Comparison Table for “Rules of Procedure for Shareholders’ Meeting”**  
**Before and After Amendment**

Article	After Amendment	Before Amendment	Explanations
3	<p>The chair shall call the meeting to order at the appointed meeting time, <u>with the number of shares without voting rights and number of shares represented by the attending shareholders announced simultaneously.</u> However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the</p>	<p>The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.</p>	<p>Transacted following per 28 January 2021 Letter No. Taiwan-Exchange-Governance-1100001446 of the Taiwan Stock Exchange.</p>

	Company Act.		
13	<p>Except as otherwise provided in the Company Act, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.</p> <p>The election of directors shall be conducted in accordance with the Company's "Regulations Governing Election of Directors", and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected, and the names of those not elected as directors and the numbers of votes with which they have obtained.</p>	<p>Except as otherwise provided in the Company Act, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.</p> <p>The election of directors shall be conducted in accordance with the Company's "Regulations Governing Election of Directors".</p>	<p>Transacted following per 28 January 2021 Letter No. Taiwan-Exchange-Governance-1100001446 of the Taiwan Stock Exchange.</p>

[Appendix 6]

## Directors' Shareholding

1. Number of shares held by individual and all directors as recorded on the Company's shareholders' roster as of April 26 (Book Closure Date for this Shareholders' Meeting), 2021 are as follows:

R o l e	Name	Date Elected	Number of Shares Held by Election	Shares Held as Recorded on Shareholders Roster by Date for Suspension of Share Transfer (Note)	
				Shares	Proportion
Chairman	Jin-Sheng Investment Ltd. Representative: Shu, Yi-Cheun	June 27, 2019	2,177,419	2,177,419	1.00%
Vice Chairman	TAI SHENG OCEAN DEVELOPMENT CO., LTD. Representative: Lin, Yueh-Tin	June 27, 2019	2,798,619	2,798,619	1.28%
Director	TAI SHENG OCEAN DEVELOPMENT CO., LTD. Representative: Wu, Mei-Hung	June 27, 2019	2,798,619	2,798,619	1.28%
Director	MORN SUN FEED MILL CORP. Representative: Huang, Qiang	June 27, 2019	5,740,889	5,169,889	2.36%
Director	Huaide Insurance Agent Company Representative: Hsu, Wei-Ping	June 27, 2019	830,000	2,059,000	0.94%
Director	You-Wei Investment Co., Ltd. Representative: Lin, Wen-Peng	June 27, 2019	2,177,419	2,177,419	1.00%

Independent Director	<b>Chen, Chung-Rui</b>	June 27, 2019	0	0	0.00%
Independent Director	<b>Huang, Shi-Hui</b>	June 27, 2019	0	0	0.00%
Independent Director	<b>Lu, Hsin-Hwa</b>	January 31, 2020	0	0	0.00%
<b>Total</b>			<b>13,724,346</b>	<b>14,382,346</b>	<b>6.58%</b>

2. Total number of shares issued by the Company: 218,703,051 shares.
3. Legal minimum shares held by all directors: 12,000,000 shares.

# Regulations

# FORMOSA OILSEED PROCESSING CO., LTD.

## Articles of Incorporation

June 27, 2019

Adopted in Regular Shareholders' Meeting

### Chapter 1 General Provision

Article 1: The Company is incorporated in accordance with the Company Act and registered under the business name of FORMOSA OILSEED PROCESSING CO., LTD.

Article 2: The Company's scope of services is set out hereunder:

1. Production and sales of soy powder, soybean oil (plant oil), lecithin, shortening, etc.
2. Manufacturing, processing and sales of flour, feeding, barley flakes, corn flour and their by-products.
3. Procurement, transportation, sales and agency trades of flour, oil, feeding, barley flakes, corn flour and their raw materials and by-products.
4. Husbandry of livestock and poultry, and processing and sales of slaughtered livestock and poultry.
5. General Trade (except those that are subject to special approval).
6. Agency for product quotation, tendering and dealership of products (except for commodities) from relevant domestic and overseas manufacturers.
7. CE01040 Watches and Clocks Manufacturing.
8. C103020 Frozen Food Manufacturing.
9. C104020 Manufacture of Bakery and Steam Products.
10. G801010 Warehousing.
11. H701010 Housing and Building Development and Rental.
12. H703010 Rental of Factory Building.
13. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The Company may not take roles of unlimited liability shareholder for other companies or partner of partnerships; where the Company serves as a limited liability shareholder, the Company's total amount of all

investments may be more than 40 percent of the Company's paid-in capital and may be conducted by the Board of Directors under authorization.

Article 4: The Company shall have its head office in Taichung City, the Republic of China, and may, pursuant to a resolution adopted at the meeting of the Board of Directors, set up branch offices within or outside the territory of the Republic of China when deemed necessary.

## Chapter 2 Shares

Article 5: The total amount of the Company's capital is NTD 3,000,000,000, which contains 300,000,000 shares of registered common stock with a value per share of NTD 10, to be issued by installments by the Board of Directors under authorization.

Article 6: Stocks of the Company are in form of registered shares, and the share certificates shall be affixed with the signatures or personal seals of three directors including Chairman representing the Company, numbered, and shall be duly certified or authenticated by the competent authority to certify shares under the laws before issuance thereof.

The Company may print its share certificate in combined form following total number of shares in each issuance of new shares, and the Company shall entrust the centralized securities depository enterprise on depository affairs; the provision requiring numbering of share certificates as provided in the preceding paragraph is not applicable under the circumstances hereof.

The Company may also be exempted from printing its share certificate, and shall register the issued shares with a centralized securities depository enterprise; the provisions in the preceding two paragraphs are not applicable under the circumstances hereof.

Administration of shareholder services of the Company shall be transacted pursuant to "Regulations Governing the Administration of Shareholder Services of Public Companies"

Article 7: Stock affairs of the Company shall be transacted pursuant to "Regulations Governing the Administration of Shareholder Services of Public Companies" as promulgated by competent authorities and relevant laws and regulations.

Article 8: Shareholders shall have their seals for signature/stamp kept at the Company for the use upon issuance of documents or notifications concerning verification of shareholders upon exercise of shareholders' rights or collection of dividend, bonus or other benefits.

Article 9: Transfer of shares will not be altered within 60 days prior to the convening date of a regular shareholders' meeting, or within 30 days prior to the convening date of a special shareholders' meeting, or within 5 days prior to the target date fixed by the Company for distribution of dividends, bonus or other benefits.

### Chapter 3 Shareholders' Meeting

Article 10: Shareholders' meetings of the Company are of two kinds: (1) regular meeting and (2) special meeting. Except as otherwise provided by the Company Act, the shareholders' meetings shall be convened by the Board of Directors.

Regular meetings shall be convened at least once a year by the Board of Directors according to the law within six months after close of each fiscal year, unless otherwise approved by the competent authority for good cause shown.

Article 11: A notice to convene a regular meeting of shareholders shall be given to each shareholder no later than 30 days prior to the scheduled meeting date. In case the Company intends to convene a special meeting of shareholders, a meeting notice shall be given to each shareholder no later than 15 days prior to the scheduled meeting date. The cause(s) or subject(s) of a meeting of shareholders to be convened shall be indicated in the individual notice or announcements to be given to shareholders.

Article 12: Except in the circumstances of restrictions or otherwise provided for in Article 179 of the Company Act concerning the shares without voting rights, a shareholder of the Company shall have one voting power in respect of each share in his/her/its possession.

Article 13: Resolutions at a shareholders' meeting shall, unless otherwise provided for in this Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

Article 14: A shareholder may appoint a proxy to attend a shareholders' meeting in his/her/its behalf by executing a power of attorney printed by the

Company stating therein the scope of power authorized to the proxy. Except for trust enterprises or stock agencies approved by the competent authority, when a person who acts as the proxy for two or more shareholders, the number of voting power represented by him/her shall not exceed 3% of the total number of voting shares of the company, otherwise, the portion of excessive voting power shall not be counted.

Article 15: For a shareholders' meeting convened by the board of directors, the meeting shall be chaired by the chairperson; in case the Chairman of the Board of Directors is on leave or absent or cannot exercise his power and authority for any cause, a delegate shall be appointed in compliance with Article 208 of the Company Act.

If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

Article 16: Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes, and shall be handled pursuant to Article 183 of the Company Act.

#### Chapter 4 Board of Directors

Article 17: The Company shall have 5 to 9 directors. From the Company's by-election in 2016, a candidate nomination system has been adopted. In the aforesaid number of directors of the Company, the directors shall include not less than 2 independent director members, and not less than one-fifth of the director seats shall be held by independent directors. The directors shall be elected at the shareholders meeting from among the individuals of legal capacity, with the term of three years. All Directors and Supervisor(s) shall be eligible for re-election. In case no election of new directors is effected after expiration of the term of office of existing directors, the term of office of out-going directors shall be extended until the time new directors have been elected and assumed their office. When the number of directors falls below two-third of all directors, the Company shall call a special shareholders meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies, where the term of the elected directors shall be limited to unexposed term of

office of the predecessor. Total number of shares of the Company held by all directors shall not be lower than percentages as prescribed by competent authorities.

Article 17-1: From by-election of new directors of the Company in 2019, the audit committee established by the Company pursuant to Article 14-4 of the Securities and Exchange Act shall be composed of the entire member of independent directors. Duties, organic regulations, performance of duties and other matters for compliance shall be conducted following relevant laws and regulations.

Article 18: The Company's juristic person shareholders or their representatives are entitled to election of directors as well as by-elections for succeeding directors assuming the office for their predecessors.

Article 19: The directors shall elect among themselves one chairman and one vice chairman. The directors will chair the shareholders' and Board of Directors' meetings and shall externally represent the Company. When the chairperson of the board is on leave or for any reason unable to exercise the powers of chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson is also on leave or for any reason unable to exercise the powers of vice chairperson, one of the directors shall be appointed to act as chair. If no such designation is made by the chairperson, the managing directors or directors shall select one person from among themselves to serve as chair.

Article 20: The Board of Directors' meeting shall be convened by the Chairman, however, the first Board of Directors meeting held after assumption of each batch of directors shall be convened by the directors obtaining the highest number of votes in the election he/she is elected within 15 days from the by-election date or fulfillment of term of office for the last batch of directors, whichever is later. In case a director is unable to attend the shareholders meeting, the director may appoint another director to attend the meeting by issuing a proxy form in writing. However, each director may only be the appointed proxy of only one director unable to attend. In calling a meeting of the board of directors, a notice in writing, electronic mail (E-mail) or facsimile shall be given to each director no later than 7 days prior to the scheduled meeting date.

In the case of emergency, a meeting of the board of directors may be

convened at any time, and the notice to it may also be given in writing, electronic mail (E-mail) or facsimile.

Article 21: Where a Board of Directors meeting is attended by more a majority of directors after a notice is given will be deemed as presence by a quorum. However, the quorum presents in case of meetings held for conducts as prescribed in Articles 185, 208 paragraph 1, 246, 266, 282 and 316 of the Company Act and election of Chairman shall be two-third of all directors. Conducts of the Board of Directors shall only be effected by adoption in the Board of Directors meeting attended by a majority of attending directors. The minutes concerning shareholders' meeting as stated in the Article 16 herein shall apply mutatis mutandis in the meetings for meeting minutes of the Board of Directors meetings.

Article 22: Duties of the Board of Directors are as follows:

- (1) Verification of significant regulations and rules.
- (2) Preparation of Business Plans.
- (3) Review of budget and final accounts.
- (4) Appointment and dismissal of the Company's general managers, vice general managers and managers.
- (5) Proposals for earnings distribution or covering losses.
- (6) Proposals for capital increase/decrease.
- (7) Exercise of duties as prescribed in the Company Act or as resolved in shareholders' meetings.

Article 22-1: The Company may obtain directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of directorship. The Board of Directors under authorization may handle the insuring affairs at its full rights.

Article 23: The Board of Directors may appoint or employ one secretary transacting significant paperwork of the Company and other affairs following instructions of the Board.

## Chapter 5 Supervisor

Article 24: (Deleted)

Article 25: (Deleted)

Article 26: (Deleted)

Article 27: (Deleted)

## Chapter 6 Manager

Article 28: The Company may have one or more managerial officers. Appointment, discharge and the remuneration of the managerial officers shall be in compliance with Article 29 of the Company Act.

## Chapter 7 Accounting

Article 29: Where directors of the Company perform duties of the Company, the Company shall provide compensations whose amount is set forth by the Board of Directors under authorization on basis of such duty's involvement in operations of the Company and value of contribution as well as general level of compensation as provided in the same industry.

Article 30: The fiscal year of the Company starts on 1<sup>st</sup> of January of each year and ends on 31<sup>st</sup> of December of the same year.

After the close of each fiscal year, the following reports and statements shall be prepared by the Board of Directors, and shall be submitted to the regular meeting of shareholders for acceptance following legal procedure:

(1) Report on Operations.

(2) Financial Statements.

(3) Proposals Concerning Appropriation of Net Profits of Making Up.

Article 31: If there is profit (i.e. benefits of profit before tax before deduction of employees' and directors' compensation) at the end of each fiscal year, a ratio of profit of the current year distributable as employees' and directors' compensation shall be appropriated. The distribution ratio for employees' compensation shall be 2%~4%, and the directors' compensation distributed shall not be more than 4%. However, the Company's accumulated losses (incl. adjustment to undistributed earnings) shall have been covered first.

Parties entitled to receive shares or cash as employees' compensation as mentioned in the preceding paragraph may include the employees of parents or subsidiaries of the Company meeting certain specific requirements, and the directors' compensation as mentioned in the preceding paragraph shall only be distributed in cash.

The preceding two paragraphs shall be resolved by the Board of Directors before submitting to the shareholders' meeting.

Article 31-1: After closing of accounts, if there are earnings, the Company shall first pay the tax, make up the losses (incl. adjustment to undistributed earnings) for the preceding years, and set aside a legal reserve of 10% of the net profit; however, this shall not apply when the cumulative legal reserve reaches the paid-in capital of the Company. Then, special reserves shall be designated or reversed following relevant regulations or as prescribed by competent authority; if there are still earnings, the Board of Directors shall propose distribution of earnings (including adjustments to undistributed retained earnings) before reporting to the shareholders' meeting for resolution on distribution of shareholders' dividends.

Article 32: Dividend distribution policy of the Company shall be in principle maintaining a sound long-term financial structure and growth and expansion of future operation of the Company, and shall be in form of share dividend for retaining funds required. The remaining position may be distributed in cash dividend, which however may not be less than 10% of the total dividend.

Where the cash dividend distributable per share is less than NTD 0.1 will not be dispatched.

Article 33: The Company may make endorsements/guarantees externally. The reregulate governing endorsements/guarantees shall be adopted by passage of the shareholders' meeting, and all guarantees shall be approved by the Board of Directors and entered in minutes of the Board of Directors meeting before effected.

#### Chapter 8 Additions

Article 34: Organic regulations of the Company may be promulgated by the Board of Directors otherwise.

Article 35: In regard to all matters not provided for in these Articles of Incorporation, the Company Act and other relevant regulations shall govern.

Article 36: These Articles of Incorporation are agreed to by all promoters in the promoter meeting and signed on April 1, 1986 before submitting to competent authority for approval and effecting. Any amendments hereto shall be adopted by resolution of the shareholders' meeting before submitting to the competent authority.

1st Amendment was made on May 7, 1986.

2nd Amendment was made on November 10, 1987.

3rd Amendment was made on December 20, 1987.  
4th Amendment was made on January 5, 1988.  
5th Amendment was made on April 7, 1989.  
6th Amendment was made on April 7, 1990.  
7th Amendment was made on March 26, 1991.  
8th Amendment was made on April 21, 1995.  
9th Amendment was made on April 23, 1996.  
10th Amendment was made on May 2, 1997.  
11th Amendment was made on May 14, 1998.  
12th Amendment was made on June 24, 1999.  
13th Amendment was made on June 28, 2000.  
14th Amendment was made on January 19, 2001.  
15th Amendment was made on June 27, 2002.  
16th Amendment was made on June 28, 2005.  
17th Amendment was made on June 26, 2006.  
18th Amendment was made on June 29, 2010.  
19th Amendment was made on June 22, 2011.  
20th Amendment was made on June 27, 2012.  
21st Amendment was made on March 4, 2015.  
22nd Amendment was made on June 25, 2015.  
23rd Amendment was made on June 28, 2016.  
24th Amendment was made on June 22, 2017.  
25th Amendment was made on June 26, 2018.  
26th Amendment was made on June 27, 2019.

# FORMOSA OILSEED PROCESSING CO., LTD.

## Rules of Procedure for Shareholders' Meeting

June 27, 2019

Adopted in Regular Shareholders' Meeting

1. The rules of procedures for the Company's shareholders' meetings shall be as provided in these rules.
2. Where a shareholder (or his/her proxy) attends the meeting, he/she shall present attendance card, or hand in a sign-in card in lieu of signing in, or other certificates of attendance. The number of shares in attendance shall be calculated according to the shares indicated by the sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically. The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting.  
Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.  
Attendance and voting at a shareholders meeting shall be calculated based the number of shares.
3. The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.
4. The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.
5. If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one

of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

6. The Company shall make an uninterrupted audio and video recording of the proceedings of the shareholders meeting. The recorded materials of the proceedings shall be retained for at least one year.

7. If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs, except by a resolution of the shareholders meeting.

If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall promptly assist the attending shareholders in electing a new chair, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

After the meeting is adjourned, except for the circumstances as stated in the preceding paragraph, shareholders may not elect a new chair and resume the meeting at the same or another venue.

8. Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

9. Except with the consent of the chair, a shareholder may not speak more than twice

on the same proposal, and a single speech may not exceed 5 minutes.

If the shareholder's speech violates the rules or exceeds the scope of the agenda item as stated in the preceding paragraph, the chair may terminate the speech.

When the government or a juristic person is a shareholder, it may be represented by no more than one representative at a shareholders meeting

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

10. After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

11. Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.

The results of the voting shall be announced on-site at the meeting, and a record of the vote shall be made.

12. When a meeting is in progress, the chair may announce a break based on time considerations.

13. Except as otherwise provided in the Company Act, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.

The election of directors shall be conducted in accordance with the Company's "Regulations Governing Election of Directors".

14. The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an armband bearing the word "Proctor."

15. A shareholder (or his/her proxy) shall comply with directions by the chair and the proctor (or security personnel) on maintaining order. If a shareholder or proxy violates the rules of procedure and defies the chair's correction, for any individual obstructing the proceedings, the chair may direct the proctors (or security personnel) to escort the shareholder from the meeting.

16. Matters not attended by these Rules shall be handled in compliance with the Company Act, Securities and Exchange Act and other relevant rules and relevant regulations.

17. These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

