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AGV Products Corporation



2021 Annual Report

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VII. CPA for the financial report in the most recent year

CPA	Accounting firm name	Address and Tel.
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VIII. Exchange information on offshore transactions of the company's securities: None.

IX. Official website: <https://www.agv.com.tw/>

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One. Letter to Shareholders

I. Letter to Shareholders from the Chairman

Dear shareholders, honorable guests, chiefs and the all friends caring about AGV,

I would like to thank you all for taking time from your busy schedules to join our 2022 shareholders' meeting. On behalf of the board of directors and the management team, I want to extend our dearest welcome and gratitude to you. The global political and economic situations have changed drastically in the past three years. The incidents, including the US–China Trade War, COVID-19 pandemic, lift rates, global inflation, climate changes, soaring raw materials and energy, and geopolitical tensions, forced enterprises to deal with uncertain situations and all-round challenges. Fortunately, with the support and effort from all employees, suppliers, partners, consumers, competent authorities, and old and new acquaintances from all sectors, the Company eventually achieved the overall business targets for growing sales and increased earnings in 2021, as usual in the past few years. Total consolidated assets for the year were NTD 13.84 billion (showing an increase of NTD 496 million), total shareholders' equity was NTD 7.397 billion (showing an increase of NTD 539 million), the consolidated revenue was NTD 4.711 billion (showing an increase of NTD 96 million), and the total comprehensive profit and loss was NTD 563 million (showing an increase of NTD 132 million) in 2021.

Since AGV was founded, it has aimed at “For a Healthy Tomorrow” as its corporate vision. Having launched into the Taiwan market for a half of century, the management team of AGV never changes its mind to uphold the forward-looking sustainable management philosophy claiming “Nature, Environmental Protection, Green and Health” to lead in the food industry, create consumption trends, guard nationals' health, fulfill its corporate social responsibility, uphold the philosophy of love and trust, and keep working hard to move toward the vision as the “leading enterprise practicing ESG in the food industry of Taiwan.” AGV will continue to take the initiative starting from love to internalize “safety, health, function, convenience and innovation” into AGV's DNA, regard consumers as its family members and products and services as its career, and strictly control every detail “from raw materials to finished goods, from production to sale, from R&D to QC, from promotion to brand, and from management to laws & regulations,” in order to practice the all-round fair, just and open supply chain management system. It not only requires compliance with the national food safety policy and food laws & regulations, but also insists on improving its quality standards and QA system in line with the international trend. Meanwhile, AGV will keep adhering to its three-more (more good materials, more nutrition, more love) and three-less (less salt, less sugar and less MSG) policy that AGV has practiced for several decades. AGV is an enterprise full of love, which is named after love, starts business from love and manages business with love. The whole management team will keep investing in R&D and innovation, guard food safety management, improve its service level, care for employees and shareholders, fulfill its corporate social responsibility, and do its best for activation and improvement of the food industry of Taiwan, hoping to be a role model in the food industry of Taiwan and build an enterprise with the corporate identity representing attention, love, consideration, sincerity and reliability for the country and society. Again, I would like to thank all of you for joining our shareholders' meeting today. And I wish everyone

to be healthy and to have a good day.

Sincerely, Chairman Kuan-Han Chen

June 24, 2022

II. Business Report

(I) 2021 Business Report

Unit: NTD thousand

Item	2021	%	2020	%	+/-%
Operating Revenue	4,710,880	100.0	4,614,486	100.0	2.1
Gross Margin	1,459,388	31.0	1,519,004	32.9	-3.9
Operating Expenses	1,287,853	27.3	1,302,903	28.2	-1.2
Operating Profit	171,535	3.6	216,101	4.7	-20.6
Profit before Tax	285,244	6.1	310,310	6.7	-8.1
Net Profit	217,167	4.6	249,394	5.4	-12.9

The Company's consolidated operating revenue in 2021 was NTD 471,088 thousand, which increased NTD 96.39 million compared to the previous year by 2.1%. The gross profit margin declined by 1.9% compared to the same period last year due to the increasing costs of raw materials and supplies, resulting in a decrease of gross profit of NTD 59.62 million. Since properly control of the net operating profit, the expense ratio decreased by 0.9% to NTD 171.54 million, which decreased NTD 44.57 million compared to the same period last year. Due to factors such as increased profit from reinvestment, non-operating income and expenditure increased NTD 19.50 million compared to the same period last year. The pre-tax profit was NTD 285.24 million. The net profit after deducting the income tax expense was NTD 217.17 million.

(II) Summary of the 2022 Business Plan

Thanks to the efforts spent by the team, AGV has achieved the goals under the four major business strategies in 2021:

- (1) Improvement of "Cost Efficiency":
 - Optimization of product costs. Through the Product Optimization Center, we can perform research regarding the optimization of raw material costs.
 - Optimization of manufacturing costs. Through the Manufacturing Management Center, we can promote the prevention of cost lost during the process.
 - Optimization of administrative costs. Through an e-platform on the Internet, we can effectively control the administrative and management costs.
 - Optimization of operating costs. Through channel and project management, we can plan and calculate relative sales costs precisely.
- (2) Continuous "Innovative Development":
 - Promotion for the innovative development of technology. The Biotechnology Center has acquired patents, certifications, awards to accumulate intellectual property.
 - Promotion for the innovative development of new products. The Product Development Center develops new product formula with new materials and effects.
 - Promotion for the innovative development of research process. The Business Strategic Center uses social media to create a platform for the new era.
 - Promotion for the innovative development of new projects. The Project Management Department performs brainstorming for the new trend in the market.
- (3) Establishment of "Cross-field Integration":

- Cross-field integration with businesses in the same industry. Provision of social responsibility integration and industry-academia cooperation.
 - Cross-field integration with businesses in different industries. Provision of joint brand platform and cross-field sales in the market.
 - Cross-field integration with other brands. Provision of international brand agency and channel market agency services.
 - Cross-field integration with channel business. Provision of brand-name product manufacturing services and raw material supply services.
- (4) Creation of an “International Market”:
- Seeking business opportunities in the Taiwan market. We make use of the existing research, manufacturing and marketing platform to expand our agency business.
 - Seeking business opportunities in the China market. We make use of existing plant equipment to perform our contracted business.
 - Seeking business opportunities in the Japan & Korea markets. We make use of the existing customers in the international channel to connect to the Japanese and Korean markets.
 - Seeking business opportunities in the European & American market, and making use of the existing customers in the international channel to enter the European and American markets.

The environmental variables, such as natural changes, sustainability, political and economic conditions, market planning and consumer preference, are cyclic in nature, as they usually will return to the normal condition following specific trends after going through considerable time period and volatility in ranges. After going through the volatility in politics, economy, epidemic and people’s livelihood, the people’s livelihood consumption is still expected to be the primary factor to support the stable economy and also the leader in the process of economic recovery, which will grow significantly, in terms of quality or quantity. The Company’s 2022 business policies are re-adjusted based on the recent environmental variables and volatility in politics, economy, epidemic and people’s livelihood. Based on the thorough analysis and planning, the Company will orient its development toward the four strategic directions:

- (1) Balance between healthy and delicious and retro innovation: Uphold the theory about healthy and delicious, and innovate based on retro.
- (2) Correspondence of needs by group to lifestyle: Find the needs of the young and old in line with the home cooking trend.
- (3) Adaption to the epidemic and combination with solutions: Adopt responsive strategies against the epidemic and find solutions deriving from life.
- (4) Equality in social performance and financial performance: Fulfill the social responsibility and take a leading position in layout for sustainability.

The summary of AGV’s 2022 Business Plan is as follows:

1. AGV’s New Product Development:

According to the international renowned market survey institution, INNOVA, the dietary trend has kept focusing on personal health in the past few years, but now the issue most concerned by consumers is the Earth’s health. Through the promotion by various countries’ governments and private organizations in the international community for many years, and following the rising consumer awareness and improving knowledge level of people, sustainability has become one of the key factors affecting consumers’ decision for shopping. Considering that the COVID-19 epidemic has changed the awareness toward social value and people’s living habit significantly, consumers’ emphasis on health has shifted from individuals to groups and the environment. This year, INNOVA market insight report also proposes the

global ten major trends for foods & drinks in 2022 as follows:

- Trend 1: Shared Planet
- Trend 2: Plant-Based: The Canvas for Innovation
- Trend 3: Tech to Table
- Trend 4: Shifting Occasions
- Trend 5: Voice of the Consumer
- Trend 6: Gut Glory
- Trend 7: Back to the Roots
- Trend 8: Amplified Experiences
- Trend 9: Upcycling Redefined
- Trend 10: My Food, My Brand

The food industry is well-developed in Taiwan, with the advanced R&D and production technologies for foods and drinks. Meanwhile, its consumers are diversified, more loyal to brands and willing to try something new, and generally own higher knowledge level and quality of life. The consumers are more prone to accept new trends and new dining concepts. The culture and cuisine heritage owned by Taiwan itself are significantly critical to the consumption behavior. In order to deal with the environmental variables, such as inflation and rising CPI, and under the post-epidemic era and co-existence with the virus, the Company plans the development oriented toward the following main products.

(1) Traditional Cuisine:

- Hakka Bamboo Shoots: A classic local dish of Taiwan, designed to derive the ancient taste in real time.
- Curry Tofu: Co-branded with the well-known brand to have consumers enjoy delicious cuisine when quarantined at home.
- Mapo Tofu: Blessed by Sichuan spicy flavour, with beautiful color and good taste, suitable for home cooking.
- Brown Rice Blending Oil: High temperature-resistant, frying-resistant, helps lower three hypers and protects cardiovascular system.
- Soybean Milk Tofu Pudding: The convenient, delicious and healthy local cuisine suitable for all ages.

(2) Health drink series:

- AGV Mico-Ice Wheat Tea: Produced by the exclusive ice extraction method, good at stopping thirst without hurting the stomach.
- Black Chocolate Pure Dense Oat: Black chocolate combined with pure dense oat to form antioxidants and help lower three hypers.
- Oat Milk for Barista: The oatmeal series extending to coffee products successfully.
- Digesting Tea Series – Japanese Green Tea: A new taste for Kyushu green tea helps relieve saltiness and cut grease.
- Mini Functional Water: Micro-mineral water from OKINA deep sea, launched in lightweight packaging.

2. Asian Strategy – New Product Development with AGV’s Partner (Nestlé):

AGV has been cooperating with the world’s largest food company, Nestlé, for 7 years. In addition to helping Nestlé’s Lemon Tea get back to its leading position on the market, AGV has become the foundry of Nestlé for R&D of new products and sterile cold filled PET products in the Greater China.

(III) Prospect for the Future:

In order to deal with the political and economic environment and market trend transformation in 2021, the Company has successively achieved the following: Improvement of “cost efficiency” (product cost, manufacturing cost, administrative cost

and operation cost), persistence of “innovative development” (innovations of technology, new products, investigation and research, and planning), establishment of “cross-industry integration” (vertical, horizontal, brand and channel integrations), and development of “international market” (four major markets including Taiwan, Mainland China, Japan & Korea, Europe and the USA), in order to lay the foundation for the sustainability.

Given the increasing call on domestic and overseas enterprises for fulfillment of social responsibility in the recent years, the governments and public have been increasingly valuing the social responsibility to be borne by enterprises beyond profit seeking year by year. This reflects certain changes occurring to the business model commonly known to the public in the past. This positive trend will only be increasingly valued. As a result, business owners and the public adjust their visions toward the corporate social responsibility. Now, the industry, government, academia and the public generally believe that the corporate value is derived from creation of financial performance, and for a mid-term/long-term goal, non-financial performance is more like the key to upgrade the corporate value. Different from the past, now AGV management team values the annual financial performance and corporate social responsibility equally.

When looking into the future, the AGV team promises to continue to provide healthy and delicious products, and also to achieve more multi-dimensional goals for corporate social responsibility. We will keep upholding and pursuing the Sustainable Development Strategic Layout (SDSL), in order to satisfy the corporate development needs in Corporate Social Performance (CSP) and Corporate Financial Performance (CFP), and also make any adjustment resiliently from time to time in response to the variables including international trends, systems and laws & regulations.

Therefore, looking forward to 2022, the Company will orient its overall business policy toward the four strategic directions as below:

- (1) Balance between healthy and delicious and retro innovation
- (2) Correspondence of needs by group to lifestyle
- (3) Adaption to the epidemic and combination with solutions
- (4) Equality in social performance and financial performance

Chairman:

President:

Accounting Officer:

Two. Company Profile

I. Company Profile

Establishment Date: June 26, 1971

1. Establishment:
 - (1) Mr. Ching-tsun Chen established the Company to produce feed for pigs and chickens in June, 1971. The original name of the Company was Guoben Industrial Co. Ltd. and the paid-in capital was NTD 3,000,000. The canned pickle factory was completed in 1977 to produce pickled cucumber, spicy cucumber, daikon in bean paste, pickling melon in sauce and black bean products. The Company was renamed to AGV Products Corporation in September, 1983 and operates to this day.
 - (2) From 1972 to 1985, there were 5 cash capital increases, one recapitalization from capital surplus, and one recapitalization of earning and merger of AGV Products Corporation. The capital increase from the merger totaled NTD 177,000,000 and the capital after increase reached NTD 180,000,000.
2. 1986:
 - (1) Merger of Ai-xin-wu Co., Ltd. The capital increase from the merger was NTD 4,992,000 and the capital reached NTD 184,992,000. The cash capital increase was NTD 31,008,000 and the total capital was NTD 216,000,000.
 - (2) Introduction of new product Neo Neo Ten Huba.
3. 1987: Introduction of new products such as ginseng vinegar, apple vinegar, instant drinks and spicy pickled cucumber.
4. 1988:
 - (1) The cash capital increase was NTD 190,000,000, the recapitalization of earnings was NTD 54,000,000 and the total capital was NTD 460,000,000.
 - (2) Construction of fast food factory in response to rapid growth and new product development.
 - (3) Introduction of new products such as Missik, pearl sago and mustard.
5. 1989:
 - (1) The cash capital increase was NTD 229,000,000 and the recapitalization of earnings was NTD 100,000,000. The total capital was NTD 789,000,000 and the Company was listed as a public company approved by competent authority in October 28.
 - (2) Extension of food factory, finished product warehouse and construction and purchase of business location; extension of pig house and Song-Shan-Ling farm to develop the pig industry.
 - (3) Introduction of new products such as mapo tofu and vegetarian barbecue sauce.
6. 1990:
 - (1) The recapitalization from capital surplus was NTD 211,000,000 and the total capital was NTD 1 billion.
 - (2) Introduction of new products such as delicious food sauce, longan tofu pudding, peanut tofu pudding, Laqi, honey herbal jelly, iced mung bean cake, milk peanut soup, coffee and chocolate.
7. 1991:
 - (1) Recapitalization from capital surplus was NTD 198,000,000 and the preferred share issued by increased cash capital was NTD 350,000,000. The total capital was NTD 1,548,000,000.
 - (2) Introduction of Chinese prepared foods such as pig's feet with potatoes, braised pork ball in brown sauce, braised beef, braised pork with pickled vegetables and pork with pickling melon;

- canned vegetarian foods such as vegetarian braised mushroom, vegetarian braised pork and vegetarian mapo tofu. Introduction of canned drinks such as nectar black tea, rhinacanthus nasutus tea, starfruit juice, V21 mixed juice, plum juice and Xiao Xian-Zhu.
8. 1992:
 - (1) The recapitalization from capital surplus was NTD 71,880,000 and the total capital was NTD 1,619,880,000.
 - (2) Introduction of drinks such as white gourd drink and wheat black tea and canned prepared food such as curry vegetarian meat, steamed pork ribs with black bean sauce, pork ribs with bitter gourd and curry pork.
 9. 1993:
 - (1) Introduction of canned drink series such as coconut jelly, almond pie, peanut pie, papaya pearl and oolong.
 - (2) To improve business efficiency, the feed and livestock business was terminated in the first quarter of 1993 due to its low added value of products and high costs for pollution prevention.
 - (3) To develop diversified operation and make effective use of the Company's land resources, the construction department was established in 1993.
 - (4) The recapitalization from capital surplus was NTD 126,988,000 and the cash capital increase was NTD 120,000,000. The total capital was NTD 1,866,866,000.
 10. 1994:
 - (1) The recapitalization from capital surplus was NTD 163,132,000 and the total capital was NTD 2.03 billion.
 - (2) The food department introduced canned prepared food mutton stewed with angelicae radix and drinks including carton-pack lemon tea, osmanthus oolong and green tea as well as bottled oolong and Sasaya coconut drink.
 - (3) The construction department built the "Ai-Jia-Cun" garden villa with 19 households.
 11. 1995:
 - (1) Introduction of canned red bean soup with jelly cake, vegetable stock, canned tuna and canned drink series such as wheat tea, roselle tea, herb tea, sports drinks and apple soda.
 - (2) The recapitalization from capital surplus was NTD 168,000,000 and the recapitalization of earning was NTD 168,000,000. The total capital was NTD 2,366,000,000.
 12. 1996:
 - (1) The recapitalization of earnings was NTD 141,120,000 and the total capital was NTD 2,507,120,000.
 - (2) Introduction of products such as kumquat lemon juice, salted mackerel with ginger and teriyaki fish fillet.
 13. 1997:
 - (1) The recapitalization from capital surplus was NTD 125,350,000 and the recapitalization of earning was NTD 250,710,000. The total capital was NTD 2,883,180,000.
 - (2) Introduction of products such as Taiwanese kimchi, Korean kimchi, sliced burdock, soybean milk, Hawaiian juice, cane asparagus juice, coconut with cane & asparagus, herb tea with white gourd, Sasaya pomelo, roselle nectar, kumquat honey, four flavor juice and milk oatmeal.
 14. 1998:
 - (1) The recapitalization from capital surplus was NTD 161,450,000 and the recapitalization of earning was NTD 256,600,000. The total capital was NTD 3,301,250,000.

15. 1999: (2) Introduction of peeled chili pepper, konjac mung bean soup with jelly cake, malt beverage and nable came asparagus juice.
 (1) The recapitalization from capital surplus was NTD 92,430,000 and the recapitalization of earning was NTD 72,630,000. The total capital was NTD 3,466,310,000.
 (2) Introduction of red bean milk, peanut milk, lemon asparagus juice, braised potatoes and a Hello Kitty series of products.
16. 2000: (1) The recapitalization from capital surplus was NTD 103,990,000 and the recapitalization of earning was NTD 69,330,000. The total capital was NTD 3,639,630,000.
 (2) Introduction of products such as New Zealand milk tea, green tea with milk, burdock tea, chutney, vegetarian barbecue sauce and Wang-Ke.
17. 2001: (1) Introduction of products such as crystal sugar seaweed with honey, crystal sugar seaweed with plum, laver sauce, hot pot-Kimchi hotpot, spicy stinky tofu hotpot, konjac pearl, pearl milk tea, hawthorn plum juice, orange juice, guava juice, PET2000 fresh green tea and fresh oolong.
 (2) Packaged products for business: products such as tree mushroom and needle mushroom, pot-stewed bamboo shoot and sliced cucumber.
 (3) A shareholders' meeting was held to re-elect directors and the change reached above one-third of the directors. The Company has conducted the announcement and report based on relevant regulations of the competent authority; a new general manager was newly hired on June 12 and served concurrently as the spokesperson.
18. 2002: Introduction of products such as yam gluten, CPP milk peanut soup, fresh tomato juice series, bulk coconut milk for catering, king of green tea, fresh sliced cucumber and Japanese dried bamboo shoots.
19. 2003: Introduction of products such as fresh fruit and vegetable juice, fresh orange juice, healthy oil, olive and grape seed oil, Chin Lung 28°C kaoliang spirit, captain cook coffee, roselle capsules, tomato stock hotpot, spicy tomato hotpot, highland milk yogurt drink, popsicle and ice cream.
20. 2004: Introduction of anthocyanin grape seed, red guava juice, roselle health drink, roselle health beverage, barley tea, mini-tuna fillet, healthy sunflower grape seed oil, highland fresh milk, zero fat yogurt drink, red guava juice, kumquat orange juice, mango juice, highland whole milk, highland low-fat milk and roselle capsules.
21. 2005: (1) Capital increase of NTD 68,630,000 due to the transferring of overseas convertible corporate bonds to common stock. The total capital was NTD 3,708,260,000.
 (2) Introduction of products such as healthy oil-cut green tea, healthy oil-cut puerh tea, William milk tea, apple polyphenols beauty juice, spicy sauce, golden grape seed oil, Niu Mama whole milk, hami melon flavored milk, hazelnut chocolate flavored milk, light lemon fermented milk, light apple fermented milk, original fermented milk, raspberry mixed berry juice, pineapple tomato juice, healthy sugar-free tea (Gyokuro green tea), fruit and vegetable flavored milk, Niu Mama juice flavored milk, Niu

- Mama malt flavored milk and Niu Mama chocolate flavored milk.
22. 2006:
- (1) Capital increase of NTD 68,630,000 due to the transferring of overseas convertible corporate bonds to common stock. The total capital was NTD 3,776,890,000.
 - (2) Introduction of pickled needle mushroom, low-sugar tea-Gyokuro green tea, low-sugar tea-chin-shin-oolong, low-sugar tea-jasmine green tea, oil-cut green tea, golden green tea, golden oolong, golden oil-cut green tea, golden oil-cut oolong, CLIO charcoal-filtered water, Sasaya coconut milk, puerh tea, golden grape seed oil, pineapple tomato juice, plum tomato juice, oligo wheat tea, highland vegetable and fruit milk, colostrum milk, Healthy Reason “natto kinase” and Healthy Magnate “three-in-one lycopene powder.”
23. 2007:
- Introduction of Okinawa brown sugar eight treasures, agar low-sugar-high-mountain green tea, agar oil-cut golden oolong, golden teapot herbal tea, Yu zhen-gu pickles, Northern Europe mackerel, tomato juice (dietary fiber strengthening), catechin healthy oil-cut green tea, corn milk, blueberry litchi, three-leaf tea (roasted oolong, ice brew green tea), Chinese Teahouse (herb tea, white gourd tea), agar lemon, agar passion fruit green tea, Lan Xin-mei black currant cranberry juice, agar grass jelly, agar brown sugar white gourd jelly, healthy low-sugar light capsule, Aiken light capsule, healthy low-sugar light tea bag, healthy low-sugar light temple tea bag, Aiken burdock health capsules, Aiken GOBO burdock extract and AGV all-in-one glucosamine health capsules.
24. 2008:
- (1) The cash capital increase was NTD 700,000,000 and the total capital was NTD 4,476,890,000.
 - (2) Introduction of products such as AGV agar drink, 3A straight healthy capsule, agar yakult, iced grass jelly, lemon plum green tea, three-leaf tea-Shizuoka (sugar-free), oil-cut digesting tea, agar honey green tea, agar guava green tea, dense mesona tea, oil-cut coffee (sugar-free, light sugar), pure dense oats (original, milk flavor), Redgold Bank tomato drink, AGV kakorot health caplet, Okinawa slimming tea, AGV 3A visual element health capsules, Aiken lycopene health capsule, Aiken slimming capsules, healthy oil-cut catechin slimming capsules and AGV healthy sugar-cut tea.
25. 2009:
- (1) Mr. Je-fang Chen was re-elected as chairman and Mr. Ching-tsun Chen as permanent founder in September 29, 2009.
 - (2) Introduction of products such as agar dense mesona, red bean oats, honey oats, agar orange, agar lemon black tea, agar coffee jelly, agar milk tea jelly, pure dense oats (red bean, honey) PET350, grain milk, grain milk OligoPET1000, coconut jelly pickles (Jeju Island spicy flavor, Hokkaido cheese flavor), olive and grape seed oil, ultra-low soot healthy oil, Redgold Bank viable bacteria capsules, Redgold Bank oil-cut slimming probiotics, Aiken slimming capsule, king trumpet mushroom vegetarian meat (180g, 370g), vegetarian Korean kimchi series (180g, 360g), happy pickle gift box, adlay soup 340g, agar dense mesona series (600g, 990g), olive and grape seed oil 1.5L and

- ultra-low soot healthy oil 2.6L.
26. 2010: Introduction of products such as grain milk OligoPET350, vegetarian braised pork with mushroom 350g, Kampo spicy chili sauce 165g, vegetarian fried bean sauce 250g, brown sugar walnut with dried longan, brown sugar black glutinous rice with red bean, white yam with adlay, milk oats with adlay, agar white grape aloe 330g, premium adlay drink 1000g and 350g, agar traditional mesona PP460, agar white gourd PP460.
27. 2011: (1) Secured convertible corporate bonds of NTD 1.1 billion was first issued in the nation; the second unsecured convertible corporate bonds issued in the nation was NTD 300 million.
 (2) The cash capital increase was NTD 500,000,000 and the total capital was NTD 4,976,890,000.
 (3) Introduction of products such as Sasaya Besame coffee latte (espresso tea latte), AGV oil-cut coffee (sugar-free), HappyRanch healthy milk PET900, fresh tomato sauce, Sukiyaki eel (teriyaki, spicy flavor), Japanese barbecue sauce, traditional salty congee, English digesting tea, kakorot digesting tea, Super Functional Tea Drink-English black tea, peaceful fazi tea 540g, oil-cut black tea, adlay wheat tea, purple perilla dark plum drink, jasmine tea, plum starfruit juice, plum tomato juice and Japanese green tea. Oligo tomato juice, fresh tomato juice, OEMGA golden blending oil, quality canola high-temperature resistant blending oil, Aiken lycopene-the power of seeds, AGV brightening 3-in-1 caplet and natto kinase new generation compound capsules.
28. 2012: Introduction of products such as HappyRanch healthy milk PE1837, HappyRanch French chestnut flavor and walnut chocolate flavor PET900, purple sweet potato, fresh tomato juice PP450, pure dense oats-original flavor (PET880, 300), pure dense oats (red bean, milk, honey) PET880, grain milk PET880, premium adlay drink PET300, Korean (Italian) mackerel, IQ Walnut milk, wheat tea (bag), CLIO natural glacier water, Super Functional Tea Drink- French white tea, digesting tea (turmeric), peaceful fazi tea 1000g, coconut milk (light formula) 600g, coconut milk (tetra prisma aseptic) 250g, Chao Jiang (165g and 360g), wheat tea 540g, AAA tuna 150g and Aiken top-class fish oil.
29. 2013: (1) The third domestic unsecured convertible corporate bonds amounting to NTD 1 billion was issued.
 (2) Introduction of pickled cucumber 380g, golden ratio (2.0L, 2.6L), European cold pressing (2.0L, 2.6L), red bean oats TPA250g, grain oats TPA250g, grape cranberry juice 1000g, wheat tea 2000g, brightening 3-in-1 caplet, bamboo shoot with Alishan camellia oil and Happy nutrition brewing pack.
30. 2014: Introduction of black fungus bamboo shoot 190g, fruit pickles 190g, sweet chili sauce 390g, AAA tuna 170g, tomato TPA250, lite-lemon tea 530ml, grapefruit green tea 600g, healthy oil-cut 500g, mate digesting tea 600g, Super Functional Tea Drink PET1000, tomato red guava PET1000, pure dense oats (milk) TPA250, William Arabica coffee TPA250, William Ceylon milk tea TPA250, agar jelly drink-mesona, lemon, passion fruit green tea, dark plum PP400 and

- red secret code lycopene capsules.
31. 2015:
- (1) The canceled treasury stock was NTD 104,840,000 and the capital after cancellation was NTD 4,872,050,000.
 - (2) Introduction of fresh pickled cucumber 3kg, fresh choy sum 3kg, pickled bamboo shoot 3kg, QQ gluten 3kg, sweet chili sauce squeeze bottle 390g(hose), red bean panna cotta CAN340g, thick sliced tuna 170g, AZUKI red bean water PET540g, HATOMUG adlay water PET540g, classic apple lemon juice PET300, classic blueberry grape juice PET300, classic apple pomegranate juice PET300, lemon coconut sport drink PET590, apple coconut sport drink PET590, mango oats PET290, mango oats PET880, kiwifruit oats PET290, kiwifruit oats PET880 and Hong Shen-xian roselle health capsules.
32. 2016:
- (1) The recapitalization from capital surplus was NTD 73,080,000 and the total capital was NTD 4,945,130,000.
 - (2) Introduction of black soy bean and pickling melon 130g, konjac red bean soup with jelly cake CAN340g, Dan Dong-hong red gold treasure deluxe congee CAN340g, mung bean with adlay dessert soup CAN340g, black soy bean water PET530g, roselle fiber drink PET530g, Nestea lemon tea TBA300, Nestea lemon tea PET530, Nestea lemon tea PET990, Nestea lemon tea PET1250, Frescafina apple juice PET530, Frescafina watermelon juice PET530, Frescafina kakorot juice PET530, Frescafina-100% Floeida premium orange juice PET268, Frescafina-100% apple juice PET268, peanut milk latte PET880 and Aiken type 2 collagen health capsules.
33. 2017:
- Introduction of kumquat sweet & sour sauce 165g, deli style tuna 110g, Imperial Harvest whole kernel sweet corn 340g (12oz), brown sugar mesona 340g, AGV wheat tea PET590 (new), Nestea Assam simmered milk tea TBA250, Nestea honey lemon premium tea TBA300, Nestea honey lemon premium tea PET530, Nestea honey lemon premium tea PET1250, Nestea Ceylon black tea PET530, milk oats PET290, milk oats PET880, quinoa royal PET280, quinoa royal PET880 and Aiken burdock extract 60 caplets.
34. 2018:
- (1) Mr. Kuan-han Chen was re-elected as chairman and Mr. Je-fang Chen as founder and honorary chairman in June 14, 2018.
 - (2) Introduction of Green Beauty peeled chilis (glass) 200g, AGV Seakuasa chili sauce (glass) 165g, AGV Sasaya viva coconut eight treasures CAN340g, AGV catechin power green tea PET500g, Nestea Assam simmered milk tea PET500ml, Nestea steamed organic tea PET550ml, Nestea steamed organic tea PET990ml, Nestea French milk tea PET530ml, Okara soy drink (sugar free) PET250, Okara soy drink (Oligo) PET250, Okara soy drink (sugar free) PET880, Okara soy drink (Oligo) PET880, wheat drink (sugar free) TR400, wheat tea (classic original flavor) TR400, AGV Univita smoothing caplet 180 caplets, AGV Univita royal jelly lactobacillus 30 individual packs per bag, AGV abyssal fish oil capsule 60 capsules/pack and Aiken marigold lutein capsule 60 capsules/pack.
35. 2019:
- Introduction of three pickles pack (potato & pickled cucumber & choy sum) 170g, AGV peanut milk CAN340g, AGV peanut eight treasures

- CAN340g, AGV peanut tofu pudding CAN340G, Neo Neo Ten Huba (Okinawa brown sugar flavor) CAN340g, AGV multi-fibre wheat tea (sugar-free) PET590ml, AGV Hua-dun apple soda PET600ml, Nestea lemon tea TBA330ML, OKINA Okinawa deep water PET850ML, Nestea organic chamomile tea PET550ml, Nestea Okinawa brown sugar milk tea PET530ml, Nestea double rich Assam milk tea PET530ml, AGV golden ratio pure canola oil PET1.0L, AGV golden ratio pure canola oil PET2.6L, AGV golden ratio pure canola oil PET3.0L, AGV organic pure dense oats (natural flavor) PET340ML, fresh milk tea TR400ml, fresh milk tea TR900ml, wheat tea (sugar-free) TR900ml, wheat tea (quarter sugar) TR900ml, strawberry oats PET290ml, strawberry oats PET880ml and Sasaya coconut milk TR400ml.
36. 2020: Kobe BBQ sauce (glass) 200g, Dongdaemun famous BBQ sauce (glass) 200g, Unforgettable walnut oats CAN340g, Nestea double rich chocolate milk tea PET550ml, Nestea honey flavor oolong PET590ml, OKINA probiotic water PET500ml, pure dense oats (double effect glucosamine) PET290ml, pure dense oats (oat milk for barista) PET990ML, natto kinase compound capsule 60 capsules/pack, kakorot health caplet 220 caplets/box, double effect glucosamine PET290ml, AGV oat latte TPA200ml, AGV milk peanut soup TP oat latte TPA200ml, AGV peanut milk latte TP400ml and AGV Sasaya coconut milk (original flavor) TR400ml.
37. 2021 Launch Mapo Tofu 250g, Imperial Harvest Brown Rice Blending Oil 1.0L and 1.5L, OKINA DEEP S12 Probiotic PET850ml, boiled tuna 185g, Soybean Milk Tofu Pudding CAN 340g: pure dense oats series (3-in-1 collagen) PET29ml, black chocolate oats PET290ml and PET880ml, Nestlé Pear Tea PET530ml, iced grass jelly 330g, new Univita royal jelly lactobacillus 30 individual packs per bag.
38. 2022 Launch new products including Curry Tofu 250g, and AGV Mico-Ice Wheat Tea: (sugar-free) PET590ml.

II. Company History

- (I) Merger and reorganization of the Company in the most recent year up to the publication date of the annual report:
None.
- (II) Any investments in affiliates in the most recent year up to the publication date of the annual report:
For the investments in affiliates, please refer to Page 79-80 of the Annual Report.
- (III) Major quantity of shares belonging to a director, supervisor, or shareholder holding more than 10% of shares has been transferred or changed hands, and changes of management control in the most recent year up to the publication date of the annual report:
Please refer to Page 78 of the annual report for transfer of shares; there are no changes in management control.
- (IV) Material change in operating methods or type of business in the most recent year up to the publication date of the annual report:
None.
- (V) Other matters of material significance that could affect shareholders' equity and its impact on the Company in the most recent year up to the publication date of the annual report: None.

Three. Corporate Governance Report

I. Organization System

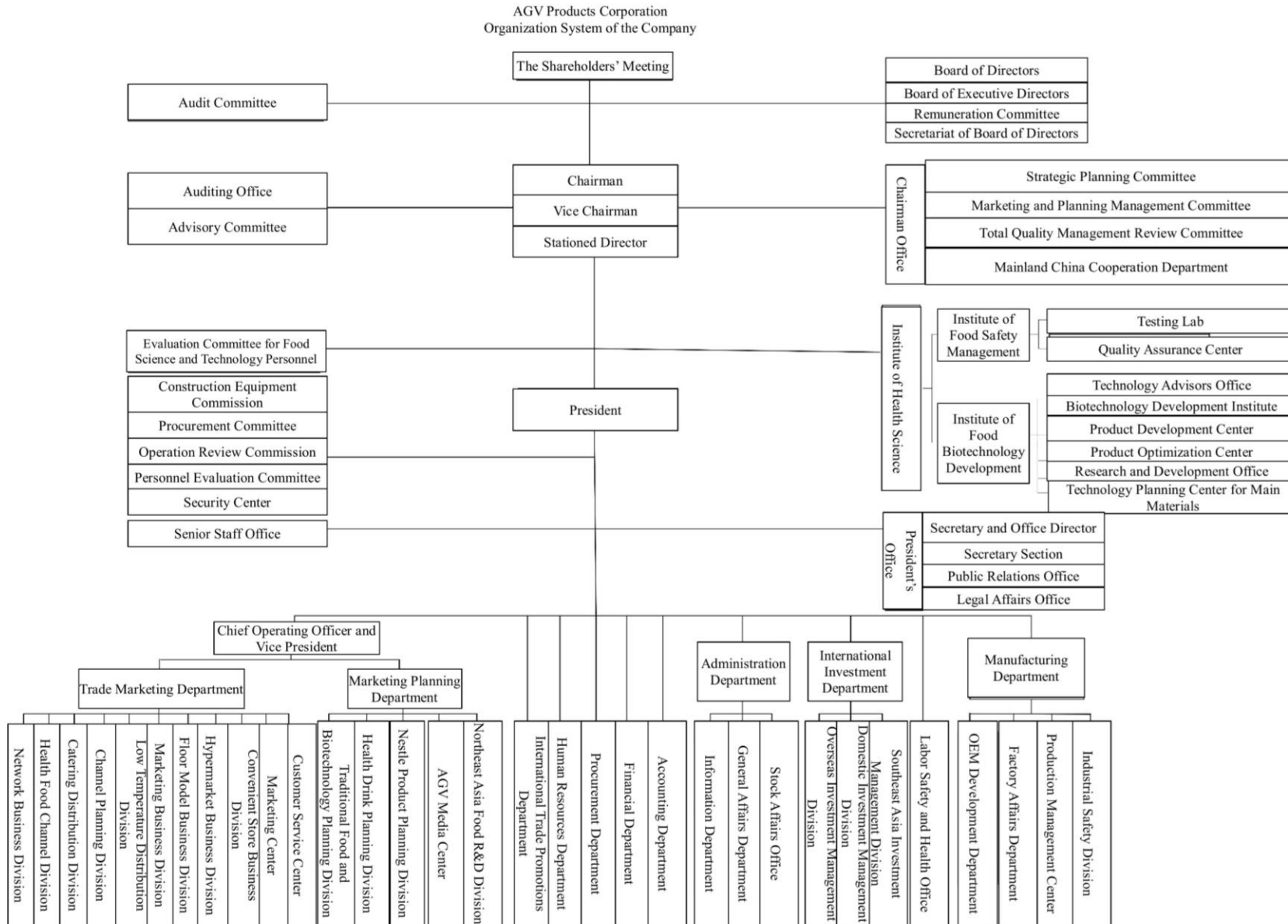
(I) Responsibilities of Main Departments

Department Name	Responsibilities
Chairman Office	Planning, promoting, coordinating, maintaining and managing corporate operation and management according to the resolutions of the shareholders' meeting and the board of directors.
Institute of Health Science	<p>*Institute of Food Biotechnology Development:</p> <ul style="list-style-type: none"> – The Technology Advisors Office is responsible for providing consultation and advice concerning the Company's product and technology. – The Product R&D Center is responsible for the R&D of new products, technology and source material. – The Biotechnology Development Center is responsible for the R&D of biotechnology product. – The Product Optimization Center is responsible to maintain the competitiveness of new and existing products. – The R&D Management Office is responsible for file management for product formulas and technology. – The Technology Planning Center for Main Material is responsible for the standards of new materials, contractual farming and operation of agricultural products and cultivation management. <p>*Institute of Food Safety Management:</p> <ul style="list-style-type: none"> – The Testing Lab is responsible for the testing and analysis of raw materials, samples and finished products. – The Quality Assurance Center is responsible for testing of materials used by the product and finished product, quality control and maintenance, and promotion of product safety and production process improvement.
General Manager's Office	<ul style="list-style-type: none"> – Legal Affairs Office. Responsible for handling affairs such as contracts, litigation and intellectual property right. – Public Relations Office. Maintain corporate culture, enhance corporate image and manage customer satisfaction to promote the reputation of the Company. – Secretary Section. Responsible for the internal and external connections and communication and arranging matters for the supervisor.
Senior Staff Office	Responsible for reviews, audits or inquiries, and providing opinions for the decision-maker as reference or determinations.
Auditing Office	Responsible for urging each internal unit and subsidiaries to regularly check their internal control systems and promote effective operation of enterprise organization to enhance corporate governance.
Labor Safety and Health Office	Manage the planning of a labor safety and health system, promote management of occupational safety and health to create a safe and healthy workplace.
Trade Marketing Department	<ul style="list-style-type: none"> – The Convenient Store Business Division is responsible for preparing department budget and achieve targets as well as develop and maintain the business of convenient store channel. – The Hypermarket Business Division is responsible for preparing department

Department Name	Responsibilities
	<p>budget and achieve targets, maintain and execute hypermarket and supermarket channel businesses, including execution of activities such as merchandise displays, shelf management and promotion.</p> <ul style="list-style-type: none"> – The Floor Model Business Division is responsible for preparing department budget and achieve targets, maintain and execute the business of PX Mart, including execution of activities such as merchandise displays, shelf management and promotion. – The Marketing Business Division is responsible for preparing department budget and achieve targets as well as develop and manage the business of market channels. – The Low Temperature Distribution Division is responsible for preparing department budget and achieve targets as well as develop the business of chilled/frozen food channels. – The Channel Planning Division is responsible for achievement of performance targets, channel promotion, expense control, price planning, terminal arrangement and price inspection. – The Catering Distribution Division is responsible for preparing department budgets and achieving targets as well as developing, maintaining and executing the business of catering distribution channels. – The Health Food Channel Division is responsible for planning of health food, marketing channel development and management. – The Network Business Division is responsible for website promotion and execution, planning of online contents, services and activities and regular updating, maintenance and management. – The Business Control Center is responsible for control of credit limits and shipment, account management, stock control in business outlets, provision of sales statistical analysis and production/sales coordination data and gross profit analysis of products. – The Customer Service Center manages customer complaint cases.
Marketing Planning Department	<ul style="list-style-type: none"> – The Traditional Food and Biotechnology Planning Division is responsible for new product proposal and development, advertisement media planning, creative thinking and planning of marketing plan for traditional food series in each channel in Taiwan. – The Health Drink Planning Division is responsible for new product proposal and development, advertisement media planning, creative thinking, planning for marketing and network development and marketing for health drink product lines in each channel in Taiwan. – The Nestle Product Planning Division is responsible for new product proposal and development, advertisement media planning, creative thinking and planning of marketing plan for international brand series in which the Company acts as agent. – The Northeast Asia Food R&D Division is responsible for developing product strategy and manage advertisement strategy in overseas regions.
International Trade Promotion Department	Responsible for developing overseas markets and expanding international trade and export business.
Human Resources	Responsible for the planning of human resources strategies and personnel

Department Name	Responsibilities
Department	management, establishment (modification) of management regulations, and planning of education and training.
Procurement Department	Responsible for the planning and execution of procurement and the contact and control of the supplier.
Financial Department	Responsible for fund operations, applications for bank credit line and maintenance of relationship with banks.
Accounting Department	Responsible for matters related to account management, cost analysis, income determination and budgeting.
Administration Department	<ul style="list-style-type: none"> – The Information Division is responsible for information strategy planning, ERP system development and maintenance as well as management and maintenance of software and hardware. – The General Affairs Division is responsible for environmental sanitation and safety, fixed assets (including vehicles), equipment and warehouse management and other general affairs management and maintenance. – The Stock Affairs Office is responsible for discussing work requirements with the shareholder service agency, preparing the shareholders' meetings, providing consultation for stock affairs and announcing reporting matters.
International Investment Department	<ul style="list-style-type: none"> – The Overseas Investment Management Division is responsible for the evaluation and analysis of overseas investments and supervision of overseas investment companies. – The Domestic Investment Management Division is responsible for the evaluation and analysis of domestic investments and supervision of domestic investment companies. – The Southeast Asia Investment Management Division is responsible for the evaluation and analysis of investments in Southeast Asia.
Manufacturing Department	<ul style="list-style-type: none"> – The Factory Affairs Department is responsible for product manufacturing and maintenance of machines and equipment. – The Production Management Center is responsible for production operation planning and follow-up, execution of item control and production/sales coordination. – The Industrial Safety Division is responsible for the management and supervision of industrial safety and facility maintenance and management. – OEM Development Department is responsible for preparing department budgets and achieving targets as well as developing and maintaining OEM business.

(II) Organizational System of the Company



II. Information concerning directors, supervisors, president, vice presidents, assistant vice presidents and department and branch managers

(I) Director information

March 31, 2022

Title	Nationality/place of registration	Name	Gender Age	Date of Election (Appointment)	Term (years)	First elected date	Shareholdings when elected		Current shareholdings		Current shareholdings by spouse and minor children		Shareholdings under the names of others		Education and work experience	Concurrent positions in the Company and in other companies	Other managers, directors or supervisors who are spouses or within two degrees of kinship			Remarks (Note 2)
							Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relationship	
Director	R.O.C.	Taiwan First Biotechnology Corp.	—	2019.06.27	3 years	2016/06/28	3,075,450	0.62	3,075,450	0.62	0	0.00	0	0.00	—	—	—	—	—	None
	R.O.C.	Representative: Kuan-Han Chen	Male 41-50 years old	—	—	—	—	—	5,676,180	1.15	0	0.00	3,165,000	0.64	Post-Doctoral Program of Food Science Graduate School, Cornell University Adjunct Assistant Professor of Institute of Food Science and Technology, National Taiwan University President of Taiwan Canners Association (T.C.A)	Chairman of the Company President of Institute of Health Science of the Company Chairman of Taiwan First Biotechnology Corp.	Director	Michael Chen	Brothers	None
Director	R.O.C.	NICE Enterprise Co., Ltd.	—	2019.06.27	3 years	2004/06/01	20,780,494	4.20	20,780,494	4.20	0	0.00	0	0.00	—	—	—	—	None	
	R.O.C.	Representative: Ching-Jen Chen	Male 71-80 years old	—	—	—	—	—	1,673,563	0.34	901,873	0.18	0	0.00	MBA of Department of Business Administration, National Cheng Kung University; President of AGV Products Corporation	Vice Chairman of the Company Vice Chairman of Janfusun Fancyworld Corp.	Director-general Senior Assistant V.P.	Kuan-Hua Chen Hsuan-Hui Chen	Father and son Father and daughter	None

Title	Nationality/place of registration	Name	Gender Age	Date of Election (Appointment)	Term (years)	First elected date	Shareholdings when elected		Current shareholdings		Current shareholdings by spouse and minor children		Shareholdings under the names of others		Education and work experience	Concurrent positions in the Company and in other companies	Other managers, directors or supervisors who are spouses or within two degrees of kinship			Remarks (Note 2)
							Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Shares	Shareholding ratio	Title	
Director	R.O.C.	Chen Ten-Tao Cultural and Education Foundation	—	2019.06.27	3 years	2001.05.29	2,209,987	0.45	2,209,987	0.45	0	0.00	0	0.00	—	—	—	—	—	None
	R.O.C.	Representative: Michael Chen	Male 51-60 years old	(Note 1)	—	—	—	—	4,465,482	0.90	678,780	0.14	0	0.00	Master, The London School of Economics and Political Science Standing Director, Bowa Commercial Bank Ltd.	Director of the Company Director and Vice President, International Bills Finance Corporation	Chairman	Kuan-Han Chen	Brothers	None
Director	R.O.C.	Yin-Ji-Li International Consulting Corp.	—	2019.06.27	3 years	2010.06.17	3,052,007	0.62	8,210,007	1.66	0	0.00	0	0.00	—	—	—	—	—	None
	R.O.C.	Representative: Hsien-Chueh Hsieh	Male 61-70 years old	—	—	—	—	—	1,718	—	0	0.00	0	0.00	Bachelor of Department of Electronic Engineering, Chung Yuan Christian University; Chief Internal Auditor, Assistant Vice President of Administration Dept. and Manager of Information Dept. of AGV Products Corporation	Director of the Company Chairman of Yunlin Dairy Technology Corp.	None	None	None	None
Director	R.O.C.	Cunyuan Heye Co., Ltd.	—	2019.06.27	3 years	2010.06.17	2,982,196	0.60	2,982,196	0.60	0	0.00	0	0.00	—	—	—	—	—	None
	R.O.C.	Representative: Chih-Chan Chen	Male 41-50 years old	—	—	—	—	—	2,556,324	0.52	193,865	0.04	0	0.00	MBA of University of Nottingham Vice President of AGV Products Corporation	President of the Company	None	None	None	None

Title	Nationality/place of registration	Name	Gender Age	Date of Election (Appointment)	Term (years)	First elected date	Shareholdings when elected		Current shareholdings		Current shareholdings by spouse and minor children		Shareholdings under the names of others		Education and work experience	Concurrent positions in the Company and in other companies	Other managers, directors or supervisors who are spouses or within two degrees of kinship			Remarks (Note 2)
							Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relationship	
Director	R.O.C.	Kuo Cheng Investment Development Corp.	—	2019.06.27	3 years	2005.12.23	2,122,635	0.43	2,122,635	0.43	0	0.00	0	0.00	—	—	—	—	—	None
	R.O.C.	Representative: Huai-Hsin Liang	Male 51-60 years old	—	—	—	—	—	0	0.00	0	0.00	0	0.00	Master of Law, Fu Jen Catholic University	Licensed Attorney	None	None	None	None
Independent Director	R.O.C.	Yung-Fu Tseng	Male 71-80 years old	2019.06.27	3 years	2016.06.28	0	0.00	0	0.00	0	0.00	0	0.00	Bachelor of Laws, National Taiwan University Minister of Ministry Of Justice	Independent Director of Chun Yuan Steel Industry Co., Ltd	None	None	None	None
Independent Director	R.O.C.	Yung-Chien Wu	Male 61-70 years old	2019.06.27	3 years	2016.06.28	0	0.00	0	0.00	0	0.00	0	0.00	Doctor of Laws, University of Washington	President of Shih Hsin University Convener of Audit Committee of the Company	None	None	None	None
Independent Director	R.O.C.	Wei-Lung Chen	Male 61-70 years old	2019.06.27	3 years	2019.06.27	0	0.00	0	0.00	0	0.00	0	0.00	MBA, National Taiwan University Deputy Director-General, Securities and Futures Bureau, FSC Chairman of SinoPac Securities Investment Trust Company Chairman of SinoPac Securities	Convener of Remuneration Committee of the Company Independent Director of IBF Financial Holdings Co., Ltd. Independent Director of Janfusun Fancyworld Corp.	None	None	None	None

Note 1: Representative of Tien-tao Chen Cultural& Educational Foundation, new elected on November 18, 2021.

Note 2: If the Chairman, President or personnel with equivalent position (senior managers) are the same person, have spouse relationship or are relatives within the first degree of kinship, the reason, rationality, necessity and countermeasures (including increasing independent director seats and having a majority of directors who do not concurrently serve as employees or managers) thereof shall be explained.

1. Directors being a corporate shareholder among top 10 shareholders

March 31, 2022

Name of corporate shareholder	Major shareholders of corporate shareholders
Taiwan First Biotechnology Corp.	AGV Products Corporation 41.28%, Paolyta Co., Ltd. 8%, BHL Taipei Limited 8%, NICE Enterprise Co., Ltd. 6.1%, DA TAI INVESTMENT CO., LTD 4%, Ho Yuan Investment Co., Ltd. 3.62%, Nice Capital & Finance Corp. 2.05%, Yun Ku 1.57%, Defender Private Security Inc. 1.47%, Teng-Fei Lin 1.28%
Chen Ten-Tao Cultural and Education Foundation	N/A
NICE Enterprise Co., Ltd.	AGV Products Corporation 28.24%, Ho Yuan Investment Co., Ltd. 20.58%, Taiwan First Biotechnology Corp. 10.83%, Taiwan NJC Corporation 6.41%, Heding International Development Co., Ltd. 4.21%, Cunyuan Heye Co., Ltd. 3.20%, Yueshan Investment Development Corp. 3.09%, Yu-Ying Hung 3.06%, Chih-Hung Chen 2.70%, Yin-Ji-Li International Consulting Corp. 2.38%
Yin-Ji-Li International Consulting Corp.	Yu-Ying Hung 31.60%, Kwan-Ju Chen 24.00%, Kuan-Han Chen 24.00%, Kuan-Chou Chen 19.60%, Yu-Nu Hung 0.40%, Chiu-Wen Li 0.40%
Cunyuan Heye Co., Ltd.	Chih-Hung Chen 28.00%, Chang-Chiao Hu 20.00%, Chih-Chan Chen 15.00%, Chih-Lun Chen 15.00%, Yuan-Hui Wang 13.50%, Hsiao-Tzu Chen 2.84%, Hsiao-He Chen 2.83%, Hsiao-Wei Chen 2.83%
Kuo Cheng Investment Development Corp.	AGV Products Corporation 47.62%, Paotung International Investment Corp. 33.33%, Yue Guan International Development Co., Ltd. 19.05%

2. Top 10 shareholders as a corporate shareholder (corporate shareholder in the right column of the above table) March 31, 2022

Name of Juristic Person	Names and shareholding ratios of corporate shareholders (top 10 shareholders)
BHL Taipei Limited	Beijing Holdings Limited 100%
DA TAI INVESTMENT CO., LTD	UNITECH PRINTED CIRCUIT BOARD CORP. 100%
Ho Yuan Investment Co., Ltd.	Chih-Hung Chen 23.03%, Yin-Ji-Li International Consulting Corp. 19.00%, Yu-Ying Hung 11.83%, Su-Mei Yuan 10.73%, Chih-Chan Chen 5.71%, Chih-Lun Chen 5.71%, Ching-Jen Chen 4.9%, Chang-Chiao Hu 4.45%, Wen-Na Yang 2.22%, Ching-Tan Chen 2.10%
Nice Capital & Finance Corp.	World Capital & Finance Corp. 51.24%, Paotung International Investment Corp. Paotung International Investment Corp. 34.16%, AGV Products Corporation 10.81%, Taiwan First Biotechnology Corp. 3.79%
Defender Private Security Inc.	AGV Products Corporation 100%
Taiwan NJC Corporation	New Japan Chemical Co., Ltd. 43.72%, Taiwan First Biotechnology Corp. 19.86%, NICE Enterprise Co., Ltd. 15.78%, TAIWAN FOOD INDUSTRY CO., LTD. 7.67%, I-Yen Chen 3.45%, JIA HER SHING ENTERPRISES CO., LTD. 0.70%, Ho Yuan Investment Co., Ltd. 0.58%, Yueshan Investment Development Corp. 0.40%, Cunyuan Heye Co., Ltd. 0.40%, Chia-En Chang 0.37%
Heding International Development Co., Ltd.	NICE Enterprise Co., Ltd. 49.07%, AGV Products Corporation 48.98%, He-Tian International Development Corp. 0.53%, Chih-Hung Chen 0.29%, Chang-Chiao Hu 0.29%, Yu-Ying Hung 0.29%, Su-Mei Yuan 0.29%, Global Investment Development Corp. 0.26%
Yueshan Investment Co., Ltd.	Ya-Hsin Cheng 24.00%, Hsuan-Hui Chen 24.00%, Lan-Hsin Yeh 16.00%, Kuan-Hao Chen 8.00%, Su-Mei Yuan 4.00%, Kuan-Hua Chen 4.00%
Paotung International Investment Corp.	Yue Guan International Development Co., Ltd. 49.88%, Taiwan Miao Nong Dairy Product Development Corp. 26.83%, Tangsheng International Co., Ltd. 23.29%
Yue Guan International Development Co., Ltd.	Goldbank Investment Development Corp. 30%, Liantong Developments, Co., Ltd. 23.94%, Tangsheng International Co., Ltd. 18.81%, Janfusun Fancyworld Corp. 18.52%, Sontenkan Resort Development Co., Ltd. 8.73%

3. Disclosure of information about directors' professional qualifications and independent directors' independence
March 31, 2022

Criteria		Professional qualifications and experience (Note 1)
Name		
Chairman	Representative of Taiwan First Biotechnology Corp.: Kuan-Han Chen	Post-Doctoral Program of Food Science Graduate; currently, President of Institute of Health Science of the Company, Chairman of Taiwan First Biotechnology Corp., Adjunct Assistant Professor of Institute of Food Science and Technology, National Taiwan University, and President of Taiwan Canners Association (T.C.A), with the experience in commerce and finance and the work experience required by the Company's business for more than 5 years. Research and honor: Taiwan Association for Food Science and Technology Mr. Tseng Tung Memorial Invention Patent Award, Principal Investigator of Industrial Development Bureau CITC, with international perspective and experience in foods, and ability of innovation and leadership, strategic planning and business policy management, leading the Company to become the leader and pioneer in the food industry and move toward the sustainability.
Vice Chairman	NICE Enterprise Co., Ltd. Representative: Ching-Jen Chen	Studying for MBA of Department of Business Administration, National Cheng Kung University; currently, the Company's Vice Chairman, and Vice Chairman of Janfusun Fancyworld Corp.; the Company's former President, with the experience in commerce and finance and the work experience required by the Company's business for more than 5 years, and in the fields of marketing, operational management and food industry.
Director	Chen Ten-Tao Cultural and Education Foundation Representative: Michael Chen	Master's, The London School of Economics and Political Science; currently, Director and Vice President, International Bills Finance Corporation; having held the position as Standing Director, Bowa Commercial Bank Ltd., with the experience in commerce and finance and the work experience required by the Company's business for more than 5 years, and specialized in finance and operational management.
Director	Representative of Yin-Ji-Li International Consulting Corp.: Hsien-Chueh Hsieh	Bachelor of Department of Electronic Engineering, Chung Yuan Christian University; currently, Chairman of Yunlin Dairy Technology Corp. and President of Janfusun Fancyworld Corp.; having held the position including the Company's Chief Internal Auditor, Assistant Vice President of Administration Dept. and Manager of Information Dept., with the experience in commerce and finance and the work experience required by the Company's business for more than 5 years, and specialized in internal control management and operational management.
Director	Cunyuan Heye Co., Ltd. Representative: Chih-Chan Chen	MBA of University of Nottingham; currently, the Company's President; the Company's former Vice President, with the experience in commerce and finance and the work experience required by the Company's business for more than 5 years, specialized in finance and accounting, and experienced in planning and operational management.

Name		Criteria	Professional qualifications and experience (Note 1)
Director	Kuo Cheng Investment Development Corp. Representative: Huai-Hsin Liang		Master of Law, Fu Jen Catholic University; currently, a Licensed Attorney, and the representative of jurist-person director of a TWSE/TPEX-listed company, with the work experience required by the Company's business for more than 5 years, specialized in laws and assisting the Company's paralegal with professional consulting service.
Independent Director	Yung-Chien Wu		Doctor of Laws, University of Washington; currently, President and Professor of Law of Shih Hsin University, Chairman of the ROC Journalism Oversight Committee, Member and Arbitrator of Chinese Arbitration Association Court of Arbitration, and Convener of Audit Committee of the Company, with the experience in commerce and finance and the work experience required by the Company's business for more than 5 years, specialized in finance and legal affairs.
Independent Director	Yung-Fu Tseng		Bachelor of Laws, National Taiwan University; former Minister of Ministry of Justice; currently, Independent Director of Chun Yuan Steel Industry Co., Ltd., with the experience in commerce and finance and the work experience required by the Company's business for more than 5 years, specialized in laws.
Independent Director	Wei-Lung Chen		MBA, National Taiwan University; currently, Convener of Remuneration Committee of the Company, Independent Director of IBF Financial Holdings Co., Ltd., and Independent Director of Janfusun Fancyworld Corp.; former Deputy Director-General of FSC, former Chairman of SinoPac Securities Investment Trust Company and former Chairman of SinoPac Securities, with the experience in commerce and finance and the work experience required by the Company's business for more than 5 years, specialized in laws, laws & regulations and operational management.

Name \ Criteria		Independence (Note 2)	Number of public listed companies with independent directors concurrently served by the directors
Chairman	Representative of Taiwan First Biotechnology Corp.: Kuan-Han Chen	Does not meet any of the conditions specified in Article 30 of the Company Act.	0
Vice Chairman	NICE Enterprise Co., Ltd. Representative: Ching-Jen Chen	Does not meet any of the conditions specified in Article 30 of the Company Act.	0
Director	Chen Ten-Tao Cultural and Education Foundation Representative: Michael Chen	Does not meet any of the conditions specified in Article 30 of the Company Act.	1
Director	Representative of Yin-Ji-Li International Consulting Corp.: Hsien-Chueh Hsieh	Does not meet any of the conditions specified in Article 30 of the Company Act.	0
Director	Cunyuan Heye Co., Ltd. Representative: Chih-Chan Chen	Does not meet any of the conditions specified in Article 30 of the Company Act.	0
Director	Kuo Cheng Investment Development Corp. Representative: Huai-Hsin Liang	Does not meet any of the conditions specified in Article 30 of the Company Act.	0

Name	Criteria	Independence (Note 2)	Number of public listed companies with independent directors concurrently served by the directors
Independent Director	Yung-Chien Wu	<ol style="list-style-type: none"> 1. Not an employee of the Company or any of the affiliates 2. Not a director, supervisor of the Company any of its affiliates (the same does not apply, however, in cases where the person is an independent director of the Company, its parent company, or any subsidiary of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent company or subsidiary). 3. Not a natural-person shareholder holding 1% or more of the total shares issued by the Company, together with the person's spouse, minor children or under others' names or ranking in the top 10 in shareholdings. 4. Not a spouse, relative of second degree, or direct kin of third degree or closer to persons described in the three preceding criteria. 5. Not a director, supervisor, or employee holding 5% or more of the total number of shares issued by the Company, ranking in the top 5 in shareholdings or being the director, supervisor or employee of corporate shareholders who designate their representatives as the Company's directors or supervisors in accordance with Paragraph 1 or 2, Article 27 of the Company Act. (The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, any subsidiary, or a subsidiary of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.) 	0
Independent Director	Yung-Fu Tseng	<ol style="list-style-type: none"> 6. Not a director, supervisor or employee of another company in which the number of directors or more than half of the voting shares is under the control of the same person (The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, any subsidiary, or a subsidiary of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.) 7. Not a director (managing director), supervisor or employee of another company or institution in which the Chairman, President or personnel with equivalent position are the same person or have spouse relationship (The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, any subsidiary, or a subsidiary of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.) 8. Not a director (managing director), supervisor (managing supervisor), manager or shareholder holding more than 5% of the shares of a specific company or institution that has a financial or business relationship with the Company (The same does not apply, however, in case the specific company or institution holds more than 20% and less than 50% of the Company's total issued shares, and the person is an independent director of the Company, its parent company, any subsidiary or a subsidiary of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary). 	1
Independent Director	Wei-Lung Chen	<ol style="list-style-type: none"> 9. Not a professional who provides audits or commercial, legal, financial, accounting or consulting services accumulating more than NTD 500,000 of remuneration obtained in recent two years to the Company or its affiliates nor is an owner, partner, director (managing director), supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the Company or its affiliates However, this shall not apply to the members of the Remuneration Committee, Review Committee for Public Acquisitions or Special Committee for Mergers executing their duties in accordance with the Securities and Exchange Act or Business Mergers and Acquisitions Act. 10. Not the spouse or a relative within the second degree of kinship of any other directors 11. Does not meet any of the conditions specified in Article 30 of the Company Act 12. No government agency, juristic person or their representatives are elected under Article 27 of the Company Act 	3

4. Diversity and Independence of Board of Directors:

(1) Diversity of Board of Directors:

According to Article 19 of the Company’s “Corporate Governance Best-Practice Principles,” the Company’s Board shall direct the Company’s strategies, supervise the management, and be responsible to the Company and shareholders. The various procedures and arrangements under its corporate governance system shall ensure that, in exercising its authority, the Board will comply with laws, regulations and the Company’s Articles of Incorporation, or the resolution rendered by a shareholders’ meeting.

The Board of Directors shall have members of diverse backgrounds. The Board of Directors shall formulate appropriate and diverse strategies based on how the Board works, type of operation, and development needs, including but not limited to the following two aspects:

- I. Basic requirements and values: Gender, age, nationality and culture.
- II. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills and industry experience.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities:

- I. Ability to make operational judgments.
- II. Ability to perform accounting and financial analysis.
- III. Ability to conduct management administration.
- IV. Ability to conduct crisis management.
- V. Knowledge of the industry.
- VI. An international market perspective.
- VII. Ability to lead.
- VIII. Ability to make policy decisions.

The Company’s current Board of Directors consists of nine directors. The specific management goals under the Board diversity policy and achievement thereof are stated as follows:

Management goals	Achievement
Directors holding the position as the Company’s managers shall be no more than one-third of the whole directors.	Achieved
Independent directors shall not be reelected for three terms of office	Achieved
Diversified professional knowledge and skill	Achieved
Independent directors accounting for one-third of the whole directors	Achieved

Status of the Board member diversity policy:

Name	Title	Nationality	Gender	Age				Term of Independent Director		Serving as employee concurrently	Professional knowledge and skill															
				41-50 years old	51-60 years old	61-70 years old	71-80 years old	Over 3 years	3-6 years		Ability to make policy decisions.	Ability to lead.	An international market perspective.	Knowledge of the industry.	Ability to conduct crisis management.	Ability to conduct management administration.	Ability to perform accounting and financial analysis.	Ability to make operational judgments.								
Kuan-Han Chen	Chairman	R.O.C.	Male	✓						✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Ching-Jen Chen	Vice Chairman		Male				✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Michael Chen	Director		Male		✓						✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Hsien-Chueh Hsieh	Director		Male			✓					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Chih-Chan Chen	Director		Male	✓							✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Huai-Hsin Liang	Director		Male		✓						✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Yung-Fu Tseng	Independent Director		Male				✓		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Yung-Chien Wu	Independent Director		Male			✓			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Wei-Lung Chen	Independent Director		Male			✓		✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

(2) Independence of Board of Directors:

The Company's current Board of Directors consists of nine directors (including three independent directors). The directors with the employee status account for 22.22%, and the independent directors account for 33.33%. No such circumstances as referred to in Paragraph 3 and Paragraph 4, Article 26-3 of the Securities and Exchange Act exist among the directors or independent directors. The independent directors all satisfy the FSC's requirements about independent directors. For the independence of the Company's Board of Directors, please refer to Pages 22-25 of the annual report (Disclosure of information about directors' professional qualifications and independent directors' independence). For the information about directors' educational background and working experience, please refer to Page 17-19 of the annual report (Director Information).

(II) Information concerning presidents, vice presidents, assistant vice presidents and department and branch managers

March 31, 2021

Title	Nationality	Name	Gender	Date of Election (Appointment)	Shareholdings		Shareholdings of Spouse and Minor children		Shareholdings under the names of others		Education and work experience	Concurrent positions in other companies	Managers who are spouses or relatives within the second degree of kinship			Remarks (Note)
					Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relationship	
President	R.O.C.	Chih-Chan Chen	Male	2013.07.08	2,556,324	0.52	193,865	0.04	0	0.00	Vice President of AGV Products Corporation MBA of University of Nottingham	Director of Taiwan First Biotechnology Corp.	None	None	None	None
Chief Operating Officer	R.O.C.	Chien-Hua Chen	Male	2014.03.01	57,637	0.01	0	0.00	0	0.00	Senior Manager of AGV Products Corporation Master of Department of Food Science, Tunghai University	Director of Taiwan First Biotechnology Corp. Director of Aco Distribution Corp.	None	None	None	None
Executive Vice President	R.O.C.	Nai-Pin Lin	Male	2016.2.19	4,000	—	0	0.00	0	0.00	Director-general of AGV Products Corporation Department of Banking, National Chengchi University	Executive Vice President of Taiwan First Biotechnology Corp. Chairman of Sontenkan Resort Development Co., Ltd.	None	None	None	None
Deputy Director	R.O.C.	Hung-Chi Hsiao	Male	2017.09.15	0	0.00	20,000	—	0	0.00	Director of AGV Products Corporation Firm Institute of Food Science and Technology, National Taiwan University	Supervisor of Koya Biotech Corp.	None	None	None	None
Deputy Director	R.O.C.	I-Chen Liao	Male	2019.6.17	0	0.00	0	0.00	0	0.00	Deputy Director of AGV Products Corporation PhD of Food Science of College, Agricultural Sciences, Pennsylvania State University	None	None	None	None	None
Vice President	R.O.C.	Chien-Teng Fan	Male	2014.08.12	2	—	0	0.00	0	0.00	Director of AGV Products Corporation Firm Master of Department of Food Science, Tunghai University	None	None	None	None	None
Chief Auditor	R.O.C.	Chih-Cheng Yang	Male	2018.09.01	0	0.00	0	0.00	0	0.00	Manager of AGV Products Corporation Department of Business Administration, The University of Warwick	Supervisor of Hope Choice Distribution Corp. Supervisor of Yunlin Dairy Technology Corp.	None	None	None	None

Title	Nationality	Name	Gender	Date of Election (Appointment)	Shareholdings		Shareholdings of Spouse and Minor children		Shareholdings under the names of others		Education and work experience	Concurrent positions in other companies	Managers who are spouses or relatives within the second degree of kinship			Remarks (Note)
					Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relationship	
Director-general	R.O.C.	Kuan-Hua Chen	Male	2006.07.01	1,833,592	0.37	0	0.00	0	0.00	Manager of AGV Products Corporation Department of Commerce, University of Massachusetts	Taiwan First Biotechnology Corp. Supervisor Supervisor of Hope Choice Distribution Corp.	Senior Assistant V.P.	Hsuan-Hui Chen	Brother and sister	None
Director-general	R.O.C.	He-Shun Chang	Female	2015.07.23	0	0.00	0	0.00	0	0.00	Manager of AGV Products Corporation Department of Accounting, Aletheia University	None	None	None	None	None
Director-general	R.O.C.	Yueh-Chu Tsai	Female	2015.07.23	39,224	0.01	0	0.00	0	0.00	Manager of AGV Products Corporation Master of Business Administration, Chiayi University	Director of Aco Distribution Corp. Director of Yunlin Dairy Technology Corp.	None	None	None	None
Director-general	R.O.C.	Hai-Feng Chang	Male	2018.02.08	10,150	—	0	0.00	0	0.00	Director of AGV Products Corporation Firm Master of Food Science Division, Department of Food Science, Tunghai University	None	None	None	None	None
Director-general	R.O.C.	Li-Chueh Huang	Female	2018.02.08	55,213	0.01	0	0.00	0	0.00	Director of AGV Products Corporation Firm Department of Aquaculture, National Kaohsiung University of Science and Technology	None	None	None	None	None
Director-general	R.O.C.	Hung-Chih Huang	Male	2018.06.14	0	0.00	0	0.00	0	0.00	Senior Specialist of AGV Products Corporation Organize Asia Pacific International University	President of Koya Biotech Corp.	None	None	None	None
Director-general	R.O.C.	Mei-Hua Tsai	Female	2019.11.12	1015	—	1,269	—	0	0.00	Director of AGV Products Corporation Firm Department of Food and Nutrition, Providence University	None	None	None	None	None

Title	Nationality	Name	Gender	Date of Election (Appointment)	Shareholdings		Shareholdings of Spouse and Minor children		Shareholdings under the names of others		Education and work experience	Concurrent positions in other companies	Managers who are spouses or relatives within the second degree of kinship			Remarks (Note)
					Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relationship	
Director-general	R.O.C.	Fu-Hui Wen	Female	2019.9.23	0	0.00	0	0.00	0	0.00	Executive Creative Director of HAVAS TAIWAN LTD. Department of Journalism (Editing and Reporting Division), Shih Hsin University	None	None	None	None	None
Director-general	R.O.C.	Hsiao-Chen Lin	Male	2022.01.01	0	0.00	0	0.00	0	0.00	Director-general of Tangsheng International Co., Ltd. Master of Business Administration, National Taipei University	None	None	None	None	None
Director-general	R.O.C.	Chun-Liang Chou	Male	2020.05.26	115	—	115	—	0	0.00	Department of Food Science, National Chiayi University	None	None	None	None	None
Senior Assistant V.P.	R.O.C.	Hsuan-Hui Chen	Female	2015.04.01	1,828,501	0.37	0	0.00	0	0.00	Manager of AGV Products Corporation Master of Industrial Psychology, University of Westminster	Supervisor of Sasaya Vitagreen Co., Ltd.	Director-general	Kuan-Hua Chen	Brother and sister	None
Assistant Vice President	R.O.C.	Tsung-Hsun He	Male	2016.03.15	0	0.00	0	0.00	0	0.00	Manager of AGV Products Corporation Master of Business Administration, National Chung Cheng University	None	None	None	None	None
Assistant Vice President	R.O.C.	Chi-Mu Chen	Male	2015.02.01	0	0.00	0	0.00	0	0.00	Factory Director of AGV Products Corporation EMBA of Department of Food Science, National Chiayi University	None	None	None	None	None
Assistant Vice President	R.O.C.	Wei-En Wu	Male	2019.8.13	0	0.00	0	0.00	0	0.00	Assistant V.P. of Tangsheng International Co., Ltd. Master of Commerce, National Taiwan University	None	None	None	None	None

Note: If the Chairman, President or personnel with equivalent position (senior managers) are the same person, have spouse relationship or are relatives within the first degree of kinship, the reason, rationality, necessity and countermeasures (including increasing independent director seats and having a majority of directors who do not concurrently serve as employees or managers) thereof shall be explained.

(III) Remuneration to directors (including independent directors), presidents and vice presidents in 2021

1. Remuneration to directors (including independent directors) (disclose aggregately the name indicated for each remuneration range)

Unit: NTD thousand

Title	Name	Remuneration to directors								Sum of A, B, C and D as percentage of net income		Remuneration received as a staff						Sum of A, B, C, D, E, F and G as percentage of net income		Remuneration from investees beyond subsidiaries or the parent company			
		Remuneration (A)		Pension (B)		Remuneration to directors (C)		Business execution expenses (D)				Salary, Bonuses and special allowances (E)		Pension (F)		Employee Compensation (G)							
		The Company	Companies included into the financial report	The Company	Companies included into the financial report	The Company	Companies included into the financial report	The Company	Companies included into the financial report	The Company	Companies included into the financial report	The Company	Companies included into the financial report	The Company	Companies included into the financial report	The Company	Companies included into the financial report	The Company	Companies included into the financial report				
Director	Chairman	Taiwan First Biotechnology Corp. Representative: Kuan-Han Chen	1,440	2,516	0	0	1,821	1,821	460	1,095	1.85	2.7	25,386	25,386	411	411	125	0	125	0	14.73	15.58	15,704
	Director	Chen Ten-Tao Cultural and Education Foundation Original representative: J e - F a n g C h e n Change of representative: M i c h a e l C h e n																					
	Vice Chairman	NICE Enterprise Co., Ltd. Representative: Ching-Jen Chen																					
	Director	Yin-Ji-Li International Consulting Corp. Representative: Hsien-Chueh Hsieh																					
	Director	Cunyuan Heye Co., Ltd. Representative: Chih-Chan Chen																					
	Director	Kuo Cheng Investment Development Corp. Representative: Huai-Hsin Liang																					

Title	Name	Remuneration to directors								Sum of A, B, C and D as percentage of net income		Remuneration received as a staff								Sum of A, B, C, D, E, F and G as percentage of net income		Remuneration from investees beyond subsidiaries or the parent company	
		Remuneration (A)		Pension (B)		Remuneration to directors (C)		Business execution expenses (D)				Salary, Bonuses and special allowances (E)		Pension (F)		Employee Compensation (G)							
		The Company	Companies included into the financial report	The Company	Companies included into the financial report	The Company	Companies included into the financial report	The Company	Companies included into the financial report	The Company	Companies included into the financial report	The Company	Companies included into the financial report	The Company	Companies included into the financial report	Amount paid in cash	Amount paid in stock	Amount paid in cash	Amount paid in stock	The Company	Companies included into the financial report		
Independent Director	Yung-Fu Tseng																						
	Yung-Chien Wu	2,520	2,520	0	0	780	780	510	510	1.89	1.89	0	0	0	0	0	0	0	0	1.89	1.89	0	
	Wei-Lung Chen																						
<p>1. Please describe the policy, system, standard and structure of remuneration payment for independent directors and the association with the remuneration payment amount by factors such as function of the director, risk involvement duration: According to Article 26 of the Company's Articles of Incorporation: the monthly transportation allowance for the Directors shall be paid with reference to the level of the peers in the practice without regard to profit and loss. The remuneration to the Chairman and Directors for their execution of duties for the Company shall be paid without regard to profit and loss. The Board of Directors is authorized to determine the remuneration based on their individual level of participation in and the value of contribution to the operation of the Company with reference to the level of peers in practice. The independent directors have devoted and provided generous support for each business promotion in the Company. The remuneration shall be paid with reference to the business performance with the level of the peers in the practice and suggestion shall be proposed to the Board of Directors for resolution.</p> <p>2. In addition to what are disclosed in the above table, the remuneration of the Company's directors for providing services (such as assuming a non-employee advising post) for the companies included in the financial statement in most recent years: None.</p>																							

Range of remuneration to the Company's directors	Name of Directors			
	Total of the first 4 items (A + B + C + D)		Total of the first 7 items (A + B + C + D + E + F + G)	
	The Company	Companies included into the financial report (H)	The Company	Companies included into the financial report (I)
Under NTD1,000,000	Kuan-Han Chen, Je-Fang Chen, Michael Chen, Ching-Jen Chen, Hsien-Chueh Hsieh, Chih-Chan Chen, Huai-Hsin Liang,	Kuan-Han Chen, Je-Fang Chen, Michael Chen, Ching-Jen Chen, Hsien-Chueh Hsieh, Chih-Chan Chen, Huai-Hsin Liang,	Huai-Hsin Liang, Michael Chen	Huai-Hsin Liang, Michael Chen
NTD1,000,000 (inclusive) – NTD2,000,000 (exclusive)	Yung-Fu Tseng, Yung-Chien Wu, Wei-Lung Chen	Yung-Fu Tseng, Yung-Chien Wu, Wei-Lung Chen	Yung-Fu Tseng, Yung-Chien Wu, Wei-Lung Chen	Yung-Fu Tseng, Yung-Chien Wu, Wei-Lung Chen
NTD2,000,000 (inclusive) – NTD3,500,000 (exclusive)	None	None	Hsien-Chueh Hsieh	None
NTD3,500,000 (inclusive) – NTD5,000,000 (exclusive)	None	None	Je-Fang Chen	Je-Fang Chen, Hsien-Chueh Hsieh
NTD5,000,000 (inclusive) – NTD10,000,000 (exclusive)	None	None	Kuan-Han Chen, Ching-Jen Chen, Chih-Chan Chen	Kuan-Han Chen, Ching-Jen Chen, Chih-Chan Chen
NTD10,000,000 (inclusive) – NTD15,000,000 (exclusive)	None	None	None	None
NTD15,000,000 (inclusive) – NTD30,000,000 (exclusive)	None	None	None	None
NTD30,000,000 (inclusive) – NTD50,000,000 (exclusive)	None	None	None	None
NTD50,000,000 (inclusive) – NTD100,000,000 (exclusive)	None	None	None	None
Over NTD100,000,000	None	None	None	None
Total	10	10	10	10

2. Remuneration to presidents and vice presidents (including independent directors) (disclose aggregately of the name indicated for each remuneration range) **Unit: NTD thousand**

Title	Name	Salary (A)		Pension (B)		Bonus and special allowances (C)		Employee Compensation (D)				Sum of A, B, C and D as percentage of net income (%)		Remuneration from investees beyond subsidiaries or the parent company
		The Company	Companies included into the financial report	The Company	Companies included into the financial report	The Company	Companies included into the financial report	The Company		Companies included into the financial report		The Company	Companies included into the financial report	
								Amount paid in cash	Amount paid in stock	Amount paid in cash	Amount paid in stock			
President	Chih-Chan Chen	13,448	13,858	653	653	10,417	10,775	284	0	284	0	12.33	12.71	7,159
Chief Operating Officer	Chien-hua Chen													
Executive Vice President	Nai-Pin Lin													
Director-general	Kuan-Hua Chen													
Vice President	Chien-Teng Fan													
Deputy Director	I-Chen Liao													
Deputy Director	Hung-Chi Hsiao													
Director-general	Fu-Hui Wen													

Range of remuneration to presidents and vice presidents	Name of presidents and vice presidents	
	The Company	Companies included into the financial report (E)
Under NTD1,000,000	None	None
NTD1,000,000 (inclusive) – NTD2,000,000 (exclusive)	None	None
NTD2,000,000 (inclusive) – NTD3,500,000 (exclusive)	Chien-Hua Chen, Nai-Pin Lin, Kuan-Hua Chen, Chien-Teng Fan, I-Chen Liao, Hung-Chi Hsiao, Fu-Hui Wen	Chien-Hua Chen, Nai-Pin Lin, Kuan-Hua Chen, Chien-Teng Fan, I-Chen Liao, Hung-Chi Hsiao, Fu-Hui Wen
NTD3,500,000 (inclusive) – NTD5,000,000 (exclusive)	None	None
NTD5,000,000 (inclusive) – NTD10,000,000 (exclusive)	Chih-Chan Chen	Chih-Chan Chen
NTD10,000,000 (inclusive) – NTD15,000,000 (exclusive)	None	None
NTD15,000,000 (inclusive) – NTD30,000,000 (exclusive)	None	None
NTD30,000,000 (inclusive) – NTD50,000,000 (exclusive)	None	None
NTD50,000,000 (inclusive) – NTD100,000,000 (exclusive)	None	None
Over NTD100,000,000	None	None
Total	8	8

3. Names of the managers receiving employee remuneration and the distribution there of

December 31, 2021

	Title	Name	Amount paid in stock	Amount paid in cash	Total	Ratio of total amount to profit after tax (%)
Manager	President	Chih-Chan Chen	0	584	584	0.29
	Chief Operating Officer	Chien-Hua Chen				
	Executive Vice President	Nai-Pin Lin				
	Deputy Director	Hung-Chi Hsiao				
	Deputy Director	I-Chen Liao				
	Vice President	Chien-Teng Fan				
	Chief Auditor	Chih-Cheng Yang				
	Director-general	Kuan-Hua Chen				
	Director-general	He-Shun Chang				
	Director-general	Yueh-Chu Tsai				
	Director-general	Hai-Feng Chang				
	Director-general	Li-Chueh Huang				
	Director-general	Mei-Hua Tsai				
	Director-general	Hung-Chih Huang				
	Director-general	Fu-Hui Wen				
	Director-general	Chun-Liang Chou				
	Senior Assistant V.P.	Hsuan-Hui Chen				
	Assistant Vice President	Chi-Mu Chen				
	Assistant Vice President	Tsung-Hsun He				
	Assistant Vice President	Wei-En Wu				

(IV) Comparison and analysis of the total remuneration to directors, supervisors, the President and Vice President of the Company in proportion to the profit after tax from the Company and companies included in the consolidated statements in the most recent two years shown in the parent company only or individual financial statements and the policies, standards and packages based on which they were paid, procedures of determining remunerations and their correlation with operating performance and future risks:

Year/Item	2020		2021	
	Total remuneration	Ratio of total remuneration to profit after tax (%)	Total remuneration	Ratio of total remuneration to profit after tax (%)
Director	8,848	3.80	9,242	4.59
Presidents and Vice Presidents	27,126	11.65	25,570	12.71

- The remuneration to directors in the most recent two years include two categories of remuneration and business execution expenses. According to the Company's Articles of Incorporation, the remuneration to directors for their execution of duties for the Company shall be paid without regard to profit and loss. The Board of Directors is authorized to determine the remuneration based on their individual level of participation in and the value of contribution to the operation of the Company with reference to the level of peers in practice; business execution expenses include travel, special allowances, various subsidies, accommodation, corporate vehicle and other in-kind benefits, which are paid with reference to the level of the peers in the practice.
- Remuneration paid by the Company to directors:
Remuneration to directors: If the Company retains earnings after closing of the accounts in any fiscal year, it shall contribute no more than 1% thereof as the remuneration to directors, and also pay the directors the compensation at a fixed amount on a monthly basis, in reference to the Company's business scale and business results and also the pay level adopted by the peers. The remuneration and compensation to directors shall be paid in cash in whole.
- Compensation paid by the Company to managers:
It consists of regular earning and irregular earning. The regular earning is decided based on personal educational background & experience, development potential and performance appraisal result and the Company's personnel & salary management rules, bonus system, remuneration to employees and employee benefits, and also subject to the time contributed by the individual and also personal job duty and performance.
The irregular earning is decided subject to the personal KPI scores and annual incentive bonus (net income achievement rate $\geq 100\%$). Meanwhile, those making special contribution to the Company (e.g. remarkable achievements in proposals for improvement and "Earn More and Spend Less") will be awarded the bonus for special contribution subject to their personal achievements, provided that the annual bonus shall be no more than 2% of the operating revenue.
- The Company's compensation payment shall be decided in accordance with the Articles of Association for Remuneration Committee, including remuneration in cash, stock options, stock dividends, retirement benefits or severance pay, allowances and other incentive policies. The scope thereof shall be consistent with that for directors and managers referred to in the Regulations Governing Information to be Published in Annual Reports of Public Companies.
- Correlation with operating performance and future risks:
The payment of compensation to the Company's directors and managers shall take into account the Company's business performance and risk, in addition to the amount and payment method of the salary & remuneration and the Company's future risks, and be subject to whether the Company's business performance and earnings are positively correlated, in order to seek the balance between sustainability and risk control.
- The total remuneration to directors in proportion to the net income after tax paid by the Company in 2021 increased from 2020. This was due to the increase in the cost of raw materials and supplies and decline in gross profit. There was no remuneration to supervisors recognized in 2021 due to the Company's replacement of supervisors with the Audit Committee. The total remuneration to presidents and vice presidents in proportion to the net income after tax in 2021 increased from 2020. This was due mainly to the increase in the cost of raw materials and supplies and decline in gross profit.
- In view of the above, the remuneration to directors, presidents and vice presidents paid by the Company is conducted in accordance with relevant regulations.

III. Status of corporate governance

(I) Operation status of the Board of Directors

1. The Board of Directors convened 7 meetings in 2021. The attendance of directors is as follows:

Title	Name	Actual attendance	Attendance by proxy	Actual attendance rate (%)	Remarks
Chairman	Taiwan First Biotechnology Corp. Representative: Kuan-Han Chen	7	0	100	
Director	Chen Ten-Tao Cultural and Education Foundation Representative: Je-Fang Chen	4	1	80	Dismissed on October 30, 2021, supposed to attending such meeting for five times.
Director	Chen Ten-Tao Cultural and Education Foundation Representative: Michael Chen	1	0	100	Re-appointed on November 1, 2021, supposed to attending such meeting for once.
Director	Kuo Cheng Investment Development Corp. Representative: Huai-Hsin Liang	7	0	100	
Vice Chairman	NICE Enterprise Co., Ltd. Representative: Ching-Jen Chen	2	5	29	
Director	Yin-Ji-Li International Consulting Corp. Representative: Hsien-Chueh Hsieh	7	0	100	
Director	Cunyuan Heye Co., Ltd. Representative: Chih-Chan Chen	7	0	100	
Independent Director	Yung-Fu Tseng	7	0	100	
Independent Director	Yung-Chien Wu	6	1	86	
Independent Director	Wei-Lung Chen	5	2	71	

Other items to be stated:

I. If the operations of the Board of Directors meets any of the following circumstances, the meeting date, term, contents of proposals, opinions of all independent directors and the Company's handling of said opinions shall be specified:

(一)Matters specified in Article 14-3 of the Securities and Exchange Act:

The Company held 7 Board meetings in 2021 and the resolutions are specified in Page 72-75 of the annual report. Matters specified in Article 14-3 of the Securities and

Exchange Act were approved unanimously by all independent directors.
 (二) Any other resolution(s) passed but with independent directors voicing opposing or qualified opinions on the record or in writing: None.

II. Directors' avoidance of proposals involving any conflict of interest; the names of directors, details of the proposals, causes of recusal, and participation in voting shall be disclosed:

1. The continuing contract of advisors was reviewed at the 11th meeting of the 17th Board of Directors on January 19, 2021. Director Je-Fang Chen, Director Ching-Jen Chen and Independent Yung-Fu Tseng withdrew from the discussion and voting of this proposal due to the conflict of interest.
2. The lease renewal for the right-of-use assets was reviewed at the 16th meeting of the 17th Board of Directors on November 11, 2021. Director Kuan-Han Chen withdrew from the discussion and voting of this proposal due to the conflict of interest.
3. The continuing contract of advisors was reviewed at the 17th meeting of the 17th Board of Directors on December 15, 2021. Director Yung-Fu Tseng withdrew from the discussion and voting of this proposal due to the conflict of interest.

III. TWSE/TPEX listed companies shall disclose information including the cycle, period, scope, method and items of the self-evaluation (or peer review) for the Board of Directors and specify the implementation of the evaluation for the board of directors:

(I) According to the Rules for Performance Evaluation of Board Directors of the Company, an annual internal performance evaluation for the Board of Directors is conducted every year and the evaluation result is submitted to the Board of Directors before Q1 of the following year. The cycle, period, scope, method, items and results related to the evaluation in 2021 is as follows:

1. The cycle, period, scope, method, and items of evaluation:

Performance Evaluation of the Board of Directors				
Cycle	Period	Scope	Method	Item
Once a year	January 1 to December 31, 2021	Performance evaluation for the whole Board of Directors	Internal self-evaluation of the Board of Directors	一、 Participation in the Company's operation 二、 Improvement of the of the Board of Directors' decision quality 三、 Formation and structure of the Board of Directors 四、 Election and continuing education of the directors 五、 Internal control

Performance evaluation of board members				
Cycle	Period	Scope	Method	Item
Once a year	January 1 to December 31, 2021	Performance evaluation of individual director	Self-evaluation of the board members	一、 Understanding of the Company's goals and tasks 二、 Awareness of duties as a director 三、 Participation in the Company's operation 四、 Management and communication of internal relationship 五、 Directors' professionalism and continuing education 六、 Internal control

2. The evaluation is conducted in the form of internal questionnaires based on the operation of the Board of Directors and self-participation evaluated by the director.

The secretariat of the Board will then collect and summarize the statistic results and then submit them to the Board of Directors.

3. The Company has completed the Board's and Board members' performance evaluation in February 2022. The Board's internal self-evaluation scores were 94.22 on average, and individual directors' internal self-evaluation scores 94.86 on average. Both won excellent scores. The directors expressed their strong agreement to various evaluation indicators, and were held satisfying the Company's governance requirements and strengthening the Board's functions and maintaining shareholders' interest and right effectively. The results were reported at 19th meeting of 17th Board of Directors on March 25, 2022.
 4. The Company fully discloses the Rules for Performance Evaluation of Board Directors and the Board's and Board members' evaluation results on the Market Observation Post System, in the Company's annual report and on the Company's website.
- IV. Goals of strengthening board functions (e.g. setting up an audit committee or improving information transparency) in the current or most recent year and the implementation status:
- (I) The Company has established the Audit Committee composed of three independent directors to enhance the corporate governance and board functions of the Company.
 - (II) According to matters specified in Article 14-3 of the Company Act and Article 14-5 of the Securities and Exchange Act, proposals which shall be submitted to the Review Committee for approval before the resolution of the Board of Directors were approved by the Audit Committee and executed according to the resolution of the Board of Directors as of the publication date of the Company's annual report in 2021.
 - (III) In order to enhance the corporate governance, it was resolved at the 12th meeting of 17th Board of Directors on March 23, 2021 that a chief corporate governance officer should be appointed to take charge of the Company's corporate governance practices and help directors with legal compliance.
 - (IV) It was resolved at the 12th meeting of the 17th Board of Directors on March 23, 2021 to amend the "Rules of Procedure for Shareholders' Meeting" and "Rules Governing the Election of Board of Directors," which were approved by the annual general meeting 2021 upon review.
 - (V) The Board of Directors' performance evaluation status and results have been acknowledged at 12th meeting of 17th Board of Directors on March 23, 2021.
 - (VI) The chief corporate governance officer handles the matters required by the directors according to the "Standard Operating Procedure for Handling of Requests from Directors" of the Company.
 - (VII) The Company forwards relevant laws and regulations or information on continuing education to directors on a regular or irregular basis to enhance the understanding of the laws.
 - (VIII) Besides conducting regular self-examination by the Company on the operation of the Board of Directors to enhance the board functions, the internal auditors also prepare the audit report concerning the operation of the Board of Directors to meet the regulations of the competent authority for securities.

(II) Information on the operation of the Audit Committee

1. Power and annual focuses of the Audit Committee

- A. Establishment or amendment of the internal control system pursuant to Article 14-1 of the Act.
- B. Assessment of the effectiveness of the internal control system.
- C. Establishment or amendment of the handling procedures regarding significant financial business behaviors, including the acquisition and disposal of assets, trading of financial derivatives, loaning of funds to others, and endorsement/guarantees for others in accordance with Article 36-1 of the Act.
- D. Matters involving any directors' personal interests.
- E. Significant transactions of assets or financial derivatives.
- F. Significant loans of funds, and endorsement/guarantees.
- G. The offering, issuance, or private placement of equity-type securities.
- H. The hiring or dismissal of CPAs or the remuneration given thereto.
- I. The appointment or discharge of a financial, accounting, or internal audit officer.
- J. Annual financial statements signed or stamped by the Chairman, managers or accounting officers and CPA-certified Q2 financial statements.
- K. Any other material matter required by the Company or the competent authority.

2. The Audit Committee convened 7 meetings in 2021. The attendance of independent directors is as follows:

Title	Name	Actual attendance	Attendance by proxy	Actual attendance rate (%)	Remarks
Independent Director	Yung-Chien Wu	6	1	86	
Independent Director	Yung-Fu Tseng	7	0	100	
Independent Director	Wei-Lung Chen	5	2	71	

Other items to be stated:

- I. If the operations of the Audit Committee meets any of the following circumstances, the meeting date of the Board of Directors, term, contents of proposals, resolutions of the Audit Committee and the Company's handling of said opinions shall be specified.
 - (I) Matters specified in Article 14-5 of the Securities and Exchange Act:
In 2021, the Audit Committee of the Company held 7 meetings and the resolutions are specified in Page 42-43 of the annual report. Matters specified in Article 14-5 of the Securities and Exchange Act were approved unanimously by the Audit Committee.
 - (II) Other than those described above, any resolutions unapproved by the Audit Committee but passed by more than two-thirds of directors: None.
- II. Independent directors' avoidance of proposals involving any conflict of interest; the names of independent directors, details of the proposals, causes of recusal, and participation in voting shall be disclosed: None.
- III. Communication between independent directors, internal audit officer and CPAs (e.g. the major matters, methods and results of communication with regard to the financial

and business statuses of the Company):

1. The audit report and the follow-up of the audit report shall be delivered to each Committee member for review at least once a month.
2. The audit officer shall attend the Audit Committee every quarter and communicate with the independent directors through the Audit Committee.
3. In case of questions or instructions by the Audit Committee members after reviewing the audit report, they shall notify the chief internal auditor to solve it.
4. The Company would invite CPAs to attend the Audit Committee meetings to communicate with and report to independent directors about their conclusion about the key audit matters and audit result on financial reports, or the impact posed by promulgation of any other laws to the Company. The communication between independent directors and CPAs is considered good.
5. The Audit Committee may communicate with the chief internal auditor and CPAs via various reports or channels, e.g. virtual meeting, telephone, e-mail, Line and fax, so as to verify the Company's business and financial overview, and status of audit practices.

3. The contents of proposals and resolutions of the Audit Committee and the Company's handling of the Audit Committee's opinions in 2021 is as follows:

Audit Committee	Proposal	Objection or reservations by independent director	Resolution Results	Company's response to Audit Committee's opinions
2021.1.19 7th meeting of 1st Audit Committee	<p>Matters to be reported:</p> <ol style="list-style-type: none"> 1. The report for the progress of the legal proceedings regarding the Company's subsidiary, Shandong AGV Food Technology Co., Ltd. 2. Report on the implementation status of internal audit plan. 3. Communication between CPAs and governance unit. <p>Matters to be discussed:</p> <ol style="list-style-type: none"> 4. Review on the proposal for the call of the common shares of the subsidiary, "Sontenkan Resort Development Co., Ltd.," by cash capital increase. 		<p>Acknowledged</p> <p>Approved as proposed and submitted to the Board of Directors for review</p>	<p>Acknowledged</p> <p>Approved as proposed by the Board of Directors</p>
2021.3.23 8th meeting of 1st Audit Committee	<p>Matters to be reported:</p> <ol style="list-style-type: none"> 1. The report for the progress of the legal proceedings regarding the Company's subsidiary, Shandong AGV Food Technology Co., Ltd. 2. Report on the legal action against MAS Media Group Limited. 3. Report on the implementation status of internal audit plan. 4. Communication between CPAs and governance unit. <p>Matters to be discussed:</p> <ol style="list-style-type: none"> 5. Review on the proposal for 2020 financial statements (including the consolidated financial statements). 6. Review on the proposal for 2020 appropriation of earnings. 7. Discussion on the proposal for "Effectiveness Evaluation of the Company's Internal Control System" and "Statement on Internal Control System" in 2020. 8. Review on the proposal for the commission and independence evaluation of CPAs. 	None	<p>Acknowledged</p> <p>Approved as proposed and submitted to the Board of Directors for review</p>	<p>Acknowledged</p> <p>Approved as proposed by the Board of Directors</p>

Audit Committee	Proposal	Objection or reservations by independent director	Resolution Results	Company's response to Audit Committee's opinions
2021.5.11 9th meeting of the 1st Audit Committee	Matters to be reported: 1. The 2021 Q1 consolidated financial statements audited by the CPAs. 2. The progress of the legal proceedings regarding the Company's subsidiary Shandong AGV Food Technology Co., Ltd. is reported by the Audit Committee. 3. Report on the implementation status of internal audit plan. Matters to be discussed: 4. Review on the proposal for common stock issued in private placement for cash capital increase.		Acknowledged Approved as proposed and submitted to the Board of Directors and shareholders' meeting for review.	Acknowledged Approved as proposed by the Board of Directors and shareholders' meeting.
2021.8.10 10th meeting of 1st Audit Committee	Matters to be reported: 1. The 2021 Q2 consolidated financial statements audited by the CPAs. 2. The progress of the legal proceedings regarding the Company's subsidiary Shandong AGV Food Technology Co., Ltd. is reported by the Audit Committee. 3. Report on the implementation status of internal audit plan. Matters to be discussed: None		Acknowledged	Acknowledged
2021.9.9 11th meeting of 1st Audit Committee	Matters to be reported: 1. Report on the implementation status of internal audit plan. Matters to be discussed: 2. Review on the proposal for provision of endorsement and guarantee for the financing of subsidiary, "Sontenkan Resort Development Co., Ltd."		Acknowledged Approved as proposed and submitted to the Board of Directors for review	Acknowledged Approved as proposed by the Board of Directors
2021.11.11 12th meeting of 1st Audit Committee	Matters to be reported: 1. The 2021 Q3 consolidated financial statements of the Company. 2. Report on the implementation status of internal audit plan. Matters to be discussed: 3. Review on the proposal for the "2022 Audit Plan." 4. Review on the proposal lease renewal for the Company's right-of-use assets.	None	Acknowledged Approved as proposed and submitted to the Board of Directors for review	Acknowledged Approved as proposed by the Board of Directors
2021.12.15 13th meeting of 1st Audit Committee	Matters to be reported: 1. Report on the implementation status of internal audit plan. 2. Communication between CPAs and governance unit. Matters to be discussed: 3. Review on the Company's proposal for requesting the limit of syndicated loan no more than NTD 2.16 billion in order to repay the bank facility and enrich working capital.		Acknowledged Approved as proposed and submitted to the Board of Directors for review	Acknowledged Approved as proposed by the Board of Directors

(III) Implementation of corporate governance, and deviation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof

Evaluation item	Status			Any variance from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	Summary	
I. Has the Company established and disclosed the governance practice principles according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company has established its “Corporate Governance Best-Practice Principles” with reference to the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and disclosed the same on the Company’s website (website: https://www.agv.com.tw) and MOPS. The Company has implemented accordingly based on the essence of the Corporate Governance Best-Practice Principles, in order to maintain the interest and right of shareholders and stakeholders.	In compliance with the Best Practice Principles.
II. Equity structure and shareholders’ equity of the Company				
(I) Does the Company define some internal operating procedure to deal with suggestions, questions, disputes and legal actions from shareholders and implement the procedure?	✓		Besides commissioning the shareholders’ services agent for management, the Company has delegated the spokesperson, deputy spokesperson, chief corporate governance officer, shareholders service dedicated personnel and legal affairs unit to handle related affairs such as shareholders’ suggestions, questions, disputes and legal actions.	In compliance with the Best Practice Principles.
(II) Does the Company have a list of major shareholders who actually control the Company and the persons who are their ultimate controllers?	✓		The Company has the shareholders roster provided by the shareholder services agent, Capital Securities Corporation, and reports any change in equity of the directors and insiders on a monthly basis.	In compliance with the Best Practice Principles.
(III) Has the Company established or implemented some risk control and firewall mechanisms between the Company and its affiliates?	✓		The operation of the Company and its affiliates is independent from each other and the operation of Company is conducted based on the internal control system. We has established the “Operating Procedures for the Monitoring of Subsidiaries,” participated in important meetings of the affiliates and established the international investment department to implement the risk control mechanism of the Company.	In compliance with the Best Practice Principles.
(IV) Has the Company established internal regulations to prohibit Company insiders from using information not available to the market to trade securities?	✓		Article 4 of the “Ethical Corporate Management Best-Practice Principles” established by the Company specified that: the Company shall comply with related regulations such as the Company Law, the Securities and Exchange Act, and Business Accounting Law, as the underlying foundation to facilitate ethical corporate management. The Company’s directors, managers, employees, mandataries and substantial controllers of the Company are required to comply with relevant regulations, and also adopt the “Operating Procedures for Handling Material Insider Information” in order to protect investors and	In compliance with the Best Practice Principles.

		maintain the Company's interest and right. The Company provides related information to new directors and insiders and communicate with them to remind them of matters to be noted.	
<p>III. Composition and responsibilities of Board of Directors</p> <p>(I) Does the Board of Directors formulate a policy of diversity and specific management goals, and implement it thoroughly?</p>	✓	<p>The Company has established the "Corporate Governance Best Practice Principles" and an appropriate policy on diversity has been formulated in Chapter 3 Enhancement of the Board Functions, which shall include, without being limited to, the following two general standards:</p> <p>I. Basic requirements and values: Gender, age, nationality and culture.</p> <p>II. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills and industry experience.</p> <p>All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities:</p> <p>I. Ability to make operational judgments.</p> <p>II. Ability to perform accounting and financial analysis.</p> <p>III. Ability to conduct management administration.</p> <p>IV. Ability to conduct crisis management.</p> <p>V. Knowledge of the industry.</p> <p>VI. An international market perspective.</p> <p>VII. Ability to lead.</p> <p>VIII. Ability to make policy decisions.</p> <p>The achievement of objective formulated regarding the diversified capabilities of the Board of Directors is described as follows: The Company pays attention to the diversified capabilities of the members forming the Board of Directors. The goal of achievement is set to be above 80% for each capability. The achievement rates of the Board members with diversified capabilities per eight indicators are all 100%. The Company's directors include those with specialized backgrounds such as CPA and attorney and professional operators. All members with professional competence, independence and diversification comply with the structure of the Board of Directors specified in the Corporate Governance Best Practice Principles. For the policy of diversity for the formation of the Board members and its implementation status, please refer to the Investor Section -Status of Corporate Governance on Pages 26-27 of the annual report and the Company website (at https://www.agv.com.tw).</p>	In compliance with the Best Practice Principles.
<p>(II) Is the Company, in addition to establishing the remuneration committee and audit committee, pursuant to laws, willing to voluntarily establish any other functional committees?</p>	✓	<p>The Company has established the Audit Committee and Remuneration Committee pursuant to laws. It also has established the Management Strategy Committee, Marketing Management Committee, Total Quality Management Review Committee, Evaluation Committee For Food Science and Technology Personnel, Procurement Committee, Operation Review Commission, Personnel</p>	In compliance with the Best Practice Principles.

<p>(III) Does the Company establish policies and methods for evaluating the performance of the Board of Directors, conduct regular performance evaluations every year and report the results to the Board of Directors? Does the Company utilize the results as the reference for the individual remuneration and reelection nomination of directors?</p> <p>(IV) Does the Company assess the CPAs for their independence on a regular basis?</p>	<p>✓</p> <p>✓</p>	<p>Evaluation Committee and Security Center to promote the sustainable development of the Company; the operation and system related to the Board of Directors is conducted based on relevant regulations.</p> <p>The Company has established the Rules for Performance Evaluation of Board Directors and conducts the internal performance evaluation of the Board of Directors once every year based on the Rules for Performance Evaluation. The evaluation result is submitted to the Board of Directors before Q1 of the following year. The performance evaluation of the Board of Directors and Board members in 2021 has been completed in February 2022. The outstanding scoring in the evaluation result (90 scores and above) was submitted to the 19th meeting of the 17th Board of Directors on March 25, 2022, all of which were conducted based on relevant regulations.</p> <p>According to the Company Act and Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, the CPAs' independence shall be evaluated periodically (at least once per year). With reference to Article 47 of the Certified Public Accountant Act and evaluation items listed in the Norm of Professional Ethics for Certified Public Accountant of the Republic of China No.10 "Integrity, Objectivity and Independence," the CPAs all comply with the independence according to the result of evaluation performed by the Company's accounting unit. Also, the commissioned CPAs Shu-Man Tsai and Ching-Lin Li of Crowe (TW) CPAs has provided the 2022 CPA independence assessment report and Declaration of Independence and were approved at 15th meeting of 1st Audit Committee on March 25, 2022 and 19th meeting of 17th Board of Directors on March 25, 2022, meeting the Company's evaluation standards of independence.</p>	<p>In compliance with the Best Practice Principles.</p> <p>In compliance with the Best Practice Principles.</p>
<p>IV. Does TWSE/GTSM Listed Company set up designated (concurrent) corporate governance units or personnel responsible for related matters (including but not limited to providing information required for directors and supervisors to perform their duties, assisting the legal compliance of the directors and supervisors, handling matters related to Board of Directors' and shareholders' meetings, and making minutes of the Board of Directors' and shareholders' meetings, etc.)?</p>	<p>✓</p>	<p>The Company has resolved at the 12th meeting of 17th Board of Directors on March 23, 2021 to hire the current HR Department Director, Yueh-Chu Tsai, to concurrently serve as the Corporate Governance Officer. As an MBA of National Chiayi University with years of experience in compliance and stock affairs, Director Yueh-Chu Tsai meets the regulations of the Best-Practice Principles. The main duties to be performed by her include handling matters related to Board of Directors' and shareholders' meetings, making minutes of the Board of Directors' and shareholders' meetings, assisting assumption of office and continuing education of directors, providing information required for directors to perform their duties and assisting the legal compliance of the directors.</p> <p>The focus of business implementation and status of continuing education in 2021 is as follows:</p> <p>1. Handling matters related to Board of Directors meetings, Audit Committee meetings, Remuneration Committee meetings and shareholders' meetings, informing all directors to</p>	<p>In compliance with the Best Practice Principles.</p>

		<p>attend the meeting at least seven days in advance with provision of sufficient meeting information and preparing minutes of the Board of Directors meetings, Audit Committee meetings, Remuneration Committee meetings and shareholders' meetings.</p> <ol style="list-style-type: none"> 2. Provision of information required for performance of duties by the directors and latest development of laws and regulations related to company management. 3. Provision of information related to continuing education for directors to assist them in legal compliance. 4. Registration of the meeting date of the Board of Directors within the period specified by the laws, preparation and filing of the meeting notices, handbooks, meeting minutes and annual reports before the deadline. 5. Dealing with company registration and change of registration. 6. Matters related to investor relations. 7. Review on the corporate governance evaluation indicators published every year and review of the achievements completed by the Company item by item. 8. Other matters described or established in the articles of incorporation or under contract. 9. The annual total hours of continuing education were 54 hours and the details was registered in the employee training system of the Company's HR education & training system. 	
<p>V. Does the Company establish channels for communication with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), design special web pages for the stakeholders on the website and appropriately respond to important CSR issues of interest to the stakeholders?</p>	<p>✓</p>	<ol style="list-style-type: none"> 1. For the sustainable operation and development, the Company strives to understand the viewpoints of the stakeholders as an important basis of sustainable development. Besides maintaining the interaction with the stakeholders in various forms, we also established the external website for communication on the Company website: https://www.agv.com.tw/投資人專區/利害關係人專區. 2. The Company has established a stakeholder relations section (including shareholders, peers, employees, customers, suppliers, consumers, investors, communities and government agencies) on the Company website. The mailboxes for communication are managed by dedicated personnel and each responsible unit responds properly to important issues of corporate social responsibility that are of concern to stakeholders. 3. Communication channels: Employee Relationship – Ms. Tsai, HR Department Email: yuehchu@mail.agv.com.tw Stock Affairs Office – Ms. Tsai Email: yuehchu@mail.agv.com.tw Investor Relations – Ms. Chang, Accounting Department Email: j77888@mail.agv.com.tw Customer Service Center – Ms. Chang, Customer Service Center Email: greenbar@mail.agv.com.tw 4. We maintain good communication with 	<p>In compliance with the Best Practice Principles.</p>

			employees, investors, consumers, distributors and suppliers.	
VI. Does the Company commission a professional registrar to deal with the affairs of shareholders' meetings?	✓		The Company has appointed the professional Registrar Department of Capital Securities Corporation to handle affairs of the shareholders' meeting.	In compliance with the Best Practice Principles.
VII. Information Disclosure: (I) Has the Company built a website to disclose the financial and corporate governance information of the Company? (II) Does the Company use other information disclosure methods (e.g., establishment of an English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system and the broadcasting of investor conferences via the Company website)? (III) Does the Company publicly announce and file the annual financial report within two months after the close of fiscal year and announce and file the financial reports of the first, second and third quarters and the monthly operation status prior to the regulated deadline?	✓ ✓ ✓		The Company's website has fully disclosed the financial and corporate governance information of the Company at https://www.agv.com.tw . The information about corporate governance practices and finance is also disclosed in the investors section. 1. Dedicated personnel are designated to collect and disclose Company's information, subject to job duties. 2. Spokesperson: Mr. Kuan-Han Chen, deputy spokesperson: Mr. Chih-Chan Chen, Mr. Chien-Hua Chen and Mr. Hung-Chi Hsiao. 3. The investor can refer to the MOPS for the information related to the Company's finance, business, corporate governance and corporate social responsibility. 4. The video of the investor conference has been disclosed on the Company website at https://www.agv.com.tw . The 2021 financial report, Q1, Q2 and Q3 financial reports and monthly operation status have been announced and filed within the period specified in the Taiwan Stock Exchange Corporation Rules Governing Information Filing by Companies with TWSE Listed Securities and Offshore Fund Institutions with TWSE Listed Offshore Exchange-Traded Funds of TWSE.	In compliance with the Best Practice Principles. In compliance with the Best Practice Principles. In compliance with the Best Practice Principles.
VIII. Does the Company have additional important information that is helpful to understand the operations of the corporate governance (including but not limited to the interests and care of employees, investor relationships, supplier relationships, rights of stakeholders, further education of directors and supervisors, implementation of risk management policies and risk assessment standards, implementation of customer policies and liability insurance coverage for directors and supervisors)?	✓		1. The interests and care of employees: The Company is used to paying attention to the interests and care of employees and emphasize harmonious labor relations. In addition to comprehensive personnel and promotion systems, the Company has emergency aid, cultural and educational entertainment, work environment, on-the-job training, scholarships for children and group activities so that employees and their families may view the Company as their home and take the Company as an honor. AGV strives to manage and emphasize the care of employees and their families. 2. The Company's relations with investors: The Company convenes shareholders' meetings based on relevant laws and regulations to provide sufficient opportunities for the shareholders to raise questions or give proposals and establishes a spokesperson and a deputy spokesperson to address matters related to the Company and the investor. In addition, the Company conducts announcements and filing matters of information to be disclosed in accordance with relevant regulations issued by the competent authority to	In compliance with the Best Practice Principles.

		<p>timely provide information that may have impact on the investor's decisions. Also, we have established communication channels: Communication channels, e.g.: Employee Relationship – Ms. Tsai, HR Department Email: yuehchu@mail.agv.com.tw Stock Affairs Office – Ms. Tsai Email: yuehchu@mail.agv.com.tw Investor Relations – Ms. Chang, Accounting Department Email:j77888@mail.agv.com.tw Customer Service Center – Ms. Chang, Customer Service Center Email:greenbar@mail.agv.com.tw</p> <p>3. Relations with suppliers: The Company maintains stable and fair relations with suppliers. For details, please refer to Page 103-104 of the annual report.</p> <p>4. Continuing education of the Company's directors (including independent directors) in 2021:</p> <p>A. Independent Director Yung-Chien Wu: Participate in the "Talk About Corporate Governance Roadmap 3.0 and Directors' Liability," "Strategic Turning Point of International Century Enterprises and Learning of Sustainability from Century Enterprises" and "Establishment and Operation of Audit Committee."</p> <p>B. Director Wei-Lung Chen: Participate in the "Advanced Conference for Practices About Directors and Supervisors (including independent directors) and Chief Corporate Governance Officers."</p> <p>C. Director Huai-Hsin Liang: Participate in the "Industrial Upgrading, Future Commercial Applications and New Normal Condition in Post-Epidemic Era" and "Talk About Corporate Tax Governance and Tax Technology Solutions from ESG Trend and Epidemic Environment."</p> <p>D. Director Michael Chen: Participate in the "Management Regulations and Regulatory Mechanism of Financial Holding Companies, and ESG Regulations" and "Opportunity for Taiwan's PE Industry Development in terms of ESG, and Enhanced Necessity of Anti-Money Laundering."</p> <p>E. Director Hsien-Chueh Hsieh: Attendance at "13th Taipei Corporate Governance Forum"</p> <p>F. Director Chih-Chan Chen: Participate in the "Case Study on Contests for Corporate Control and Practices/Case Study on Directors' Liability and Practices" and "Cross-Strait Economic and Trade Outlook In the New Situation."</p> <p>5. Implementation of risk management policies and risk assessment standards: The Company does not engage in investments with high risk and leverage.</p>	
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<p>IX. Please specify the status of the improvement made, based on the corporate governance assessment report released by the Corporate Governance Center of TWSE in the most recent year, and the priority corrective actions and measures for any issues that are yet to be rectified:</p> <p>(I) Improvement made based on the result of corporate governance assessment:</p> <ol style="list-style-type: none"> 1. The Company shall upload the meeting notice in English 30 days before the day of the annual general meeting. 2. The Company shall upload the meeting handbook and supplementary information in English 30 days before the day of the annual general meeting. 3. The Company shall upload the annual report in English 16 days before the day of the annual general meeting. 4. No more than two directors who have spousal relationship, or are relatives within the second degree of kinship with each other. 5. Independent communications between independent directors, internal audit officer and CPAs (e.g. the method by which they communicate with each other about the Company's financial report and financial overview, and matters and results of the communication) shall be disclosed on the Company's website. 6. The Company has established the Corporate Governance Officer at the 12th meeting of the 17th Board of Directors to be responsible for matters related to corporate governance. The scope of duty, current focus of business implementation and status of continuing education will be disclosed on the Company website and in the annual report. 7. The Company shall upload the annual financial report in English 16 days before the day of the annual general meeting. 8. Whether the Company's website or annual report discloses the ethical management policy passed by the Board of Directors, prescribes the concrete practices and unethical conduct prevention programs, and explain the implementation thereof. <p>(II) Priority corrective actions and measures for any issues that are yet to be rectified:</p> <ol style="list-style-type: none"> 1. To upload the ESG report in English on the MOPS and the Company's website in 2022. 2. The Company will disclose the Task Force on Climate-related Financial Disclosures (TCFD) in its ESG report. According to the TCFD framework, the report will disclose the status of corporate governance, strategies, risk management, indicators and targets for the climate-related risk and opportunity. 3. To release the material information in English at the same time since 2022. 4. Adopt the GHG reduction, water consumption reduction or other waste management policies, including the target of reduction, promotional measures and status of achievement, and disclose the same in the annual report and ESG report. 			

(IV) The composition, responsibility and operations of the Remuneration Committee

1. Information on the Remuneration Committee members

Criteria		Professional qualifications and experience	Independence	Number of public listed companies where the member also serves as a remuneration committee member
Position title	Name			
Independent Director	Wei-Lung Chen (Convener)	Please refer to Pages 22–25 of the annual report for the disclosure of information about directors’ professional qualifications and independent directors’ independence	1. Not an employee of the Company or any of the affiliates 2. Not a director or supervisor of the Company or any of the affiliates 3. Not a natural-person shareholder holding 1% or more of the total shares issued by the Company, together with the person’s spouse, minor children or under others’ names or ranking in the top 10 in shareholdings. 4. Not a spouse, relative of second degree, or direct kin of third degree or closer to persons described in the three preceding subparagraphs.	3
Independent Director	Yung-Chien Wu		5. Not a director, supervisor, or employee holding 5% or more of the total number of shares issued by the Company, ranking among the top 5 in shareholdings or being the director, supervisor or employee of corporate shareholders who designate their representatives as the Company’s directors or supervisors in accordance with Paragraph 1 or 2, Article 27 of the Company Act	1
Independent Director	Yung-Fu Tseng		6. Not a director, supervisor or employee of another company in which the number of directors or more than half of the voting shares is under the control of the same person 7. Not a director, supervisor or employee of another company or institution in which the Chairman, President or personnel with equivalent position are the same person or have spouse relationship 8. Is neither a director, supervisor, manager, nor a shareholder holding more than 5% of the outstanding shares, of a certain company or organization that has a financial or business relationship with the Company. 9. Not a professional who provides audits or commercial, legal, financial, accounting or consulting services accumulating more than NTD 500,000 of remuneration obtained in recent two years to the Company or its affiliates nor is an owner, partner, director (managing director), supervisor, or manager or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the Company or its affiliates. 10. Not the spouse or a relative within the second degree of kinship of any other directors	1

2、Scope of duties of the Remuneration Committee:

- (1) The Remuneration Committee shall implement the following duties faithfully and submit the proposed motions to the Board of Directors for discussion to fulfill the duty of care as a good administrator:
 - A. Regularly review the Charter and propose amendment motions.
 - B. Stipulate and review regularly the compensation policies, systems, standards and structures and performance of directors and managers.
 - C. Regularly review the remunerations and its amounts to directors and managers.
- (2) The Remuneration Committee shall comply with the following principles when performing the above duties:
 - A. The remuneration to directors and managers shall be paid with reference to the business performance with the level of the peers in the practice while considering the time spent by the individual and their responsibilities and performance and the reasonableness of the correlation between the Company's business performance and future risk.
 - B. The directors and managers shall not induced to engage in activities involving risk beyond the tolerance limits of the Company in order to pursue monetary reward.
 - C. The dividend distribution ratio of short-term performance and partial changes in the payment time of remuneration for the directors and senior managers shall be determined based on the characteristics of the industry and nature of the Company's business.
 - D. Make sure the remuneration arrangement of the Company meets relevant laws and regulations and is sufficient to attract outstanding talents.
 - E. The members of the Remuneration Committee shall not engage in the discussion or voting for the determination of their individual remuneration.

3、Information concerning the operation of the Remuneration Committee

- (1) The Company's Remuneration Committee consists of 3 members.
- (2) The term of office: From June 27, 2019 to June 26, 2022. The Remuneration Committee held 2 meetings in 2021. The qualifications and attendance of the Committee members are stated as follows:

Title	Name	Actual attendance	Attendance by proxy	Actual Attendance rate (%)	Remarks
Convener	Wei-Lung Chen	1	1	50	
Member	Yung-Fu Tseng	2	0	100	
Member	Yung-Chien Wu	2	0	100	

Other items to be stated:

- I. In the event where the Remuneration Committee's proposal is rejected or amended by the Board of Directors, please describe the date and session of the meeting, details of the proposal, the board's resolution, and how the Company handles the Remuneration Committee's opinions (if the remuneration approved by the Board of Directors was more favorable than the one proposed by the Remuneration Committee, the differences and reasons shall be specified): None.
- II. For resolution(s) made by the remuneration committee with the committee members voicing opposing or qualified opinions on the record or in writing, please state the meeting date, term, contents of motion, opinions of all members and the company's handling of the said opinions: None.

4、The contents of proposals and resolutions of the Remuneration Committee and the Company's handling of the Remuneration Committee's opinions in 2021 is as follows:

Remuneration Committee	Proposal and follow-up actions	Resolution Results	The Company's response to Audit Committee's opinions
2021.1.19 4th meeting of 4th Committee	Review on the proposal for the 2020 distribution of year-end bonus.	The members present at the meeting resolved to adopt 1st Option and submitted it to the Board of Directors for review.	Approved as proposed by the Board of Directors
2021.3.23 5th meeting of 4th Committee	<ol style="list-style-type: none"> 1. Review on the proposal for the distribution of remuneration to directors and employees in 2020. 2. Review on the proposal for appointment of Chief Corporate Governance Officer. 	Approved as proposed and submitted to the Board of Directors for review	Approved as proposed by the Board of Directors

(V) Implementation of the sustainable development, and deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof

Item	Implementation status			Deviation from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof
	Yes	No	Summary	
I. Does the Company set up a dedicated (concurrent) unit for promotion of the sustainable development initiatives, and does the Board of Directors of the Company authorize the management to handle relevant matters and report to the Board of Directors, and how the Board of Directors supervise it?	✓		Under the governance framework adopted by the Company to promote the sustainable development, the President serves as the convener, and HR Dept. as the unit dedicated to promoting sustainable development concurrently. Each department assesses the risk and opportunity and then researches and sets the feasible targets and executes the same therefor. For the purpose of corporate sustainable development, it shall convene meetings, periodically or from time to time, to discuss the issues about environmental governance, social responsibility and corporate governance, and report the status to the senior management regularly.	In compliance with the Best Practice Principles.
II. Does the Company implement the risk assessment of environmental, social, and corporate governance issues related to corporate operation and establish relevant risk management policies or strategies based on the principle of materiality?	✓		<p>Most of the Company's subsidiaries are engaged in sales business. Therefore, in consideration of the relevance to operations and impact posed to major issues, the related risk assessment is primarily conducted on the Company. (Exclusive of subsidiaries)</p> <p>The Company implements the risk assessment of environmental, social, and corporate governance issues based on the principle of materiality and established the Security Center in the organization with relevant risk management policies to reduce or prevent possible damage of the Company. We also can handle the risk collectively and immediately take necessary preventive action to strengthen the emergency response capacity of the enterprise and maintain sustainable operation of the Company.</p> <p>1. Environmental issues:</p> <p>(1) Besides continuing to increase the production technology, the Company also adopts 3R environmental principles of reduce, recycle and reuse. Taking 2021 as the base period, the Company aims to reduce the waste volume by 1–3% each year. Mitigate the damage and contamination to environment effectively, and expected to cut the gross weight of waste by 10% by 2025.</p> <p>(2) Considering that the utilization efficiency of water resources is always</p>	In compliance with the Best Practice Principles.

		<p>the focus of the water conservation and improvement policy, the Company communicates the concept about water conservation in diversified manners, such as posters and slogans, in order to enable the concept to include each corner of life at the office premises. Meanwhile, the Company also utilizes the water discharged upon filtration and treatment, and recycles it to the sludge dewatering machine to clean the filter cloth. By so doing, it is expected to save the water by 25,902 tons per year. The Company also schedules to regenerate the soft water and discharge cleaner wastewater which will be stored and pressurized and then made available to the roads and toilets at the factory premises for flush and irrigation, and expects to save water by 2%.</p> <p>(3) The total production quantity in 2021 increased by 4% from 2020, and the power consumption decreased by 0.7%. Apparently, the energy-conservation policy has achieved specific results. The Company will proceed to replace the old equipment with eco-friendly one successively to reduce energy consumption and improve the performance of equipment, and expect to save power accordingly.</p> <p>(4) The Company expects to implement the ISO 50001 energy management system in 2023 to help itself verify the GHG emission, and will find the room for reduction of emission and formulate correspondent emission reduction programs.</p> <p>(5) The Company uses the best effort to conserve energy and reduce carbon, and develop the environmental improvement management programs under the P-D-C-A management model. We establish indexes for items related to power and water consumption, waste water production, waste production and productivity density during the process with monitoring and control at all times.</p> <p>2. Social issues:</p> <p>(1) The Company adopts the labor human rights policy in accordance with the Ethical Trading Initiative (ETI).</p> <p>(2) The serious occupational injury rate is zero.</p> <p>(3) The Company has been certified by TFDA, Ministry of Health and Welfare as the Food Testing Institution. As a leader in the domestic food industry in terms of the inspection & analysis and</p>	
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		<p>ISO 17025 certification, the Company aims to guard food safety for the public.</p> <p>(4) The Company assigns the food safety management team to promote and execute ISO 22000 food safety management system operations to ensure that the products comply with safety requirements.</p> <p>(5) The Company encourages suppliers to be prepared for quality, delivery period and technology, and also fulfill their corporate social responsibility and construct the sustainable supply chain.</p> <p>3. Corporate governance issues:</p> <p>(1) The Company has established the Corporate Governance Best-Practice Principles; a sound and effective Board of Directors is the basis of good corporate governance to provide high quality products and services for the market. The Board of Directors is the top unit of corporate governance in AGV Products Corporation, consisting of nine directors (including three independent directors). The Board of Directors pay attention to the overall operation of the Company to implement corporate governance policies.</p> <p>(2) Verify any amendments to laws & regulations, and comply with laws.</p>	
<p>III. Environmental issue</p> <p>(I) Does the Company establish environmental policies suitable for the Company's industrial characteristics?</p>	<p>✓</p>	<p>1. The EHS management system operates in accordance with the relevant EHS policies. Meanwhile, the Company plans and promotes the EHS management operations per the existing organizational framework, boosts the risk management in the workplace, identifies potential hazard risk in the workplace and proposes the control measures. The automated inspection system may ensure that all machine, equipment and facilities function normally. The operating environment monitoring policy provides employees with a safe and healthy operating environment. The sound education and training may improve the employees' awareness toward safety, health and environmental protection.</p> <p>2. The Company has received the accreditation badges for a healthy workplace and health promotion, as each of the Company's employees may be better protected in the healthy working environment.</p> <p>3. The Company establishes the unit dedicated to environmental management to maintain the environmental management systems, sets up the energy-conservation performance system, uses the best effort to optimize the improvement of process and has the equipment care and maintenance in place.</p>	<p>In compliance with the Best Practice Principles.</p>

(II) Does the Company endeavor to upgrade the efficient use of energy, and use eco-friendly materials posing low impact to the environment?	✓	<p>4. The Company complies with the environmental protection and occupational safety & health laws and regulations, and other requirements. All of the Company's staff continue to promote the improvement, in order to control the risk over environmental safety and health in the operating environment and in the process of any activities, products or service effectively, prevent any accidents, and build a comfortable and safe working environment to promote the employees' health and wellbeing.</p> <p>1. The Company uses the best effort to improve the energy utilization efficiency. The main energies applied by the Company include steam, electricity, fuel and natural gas.</p> <p>2. The Company owns three major production plants for the time being. The consumption of steam for main raw materials reduced by 5.1% in 2021 from 2020. The consumption of electricity for main raw materials reduced by 2.3% in 2021 from 2020.</p> <p>3. In the future, the Company will adopt the annual quantitative management goals (e.g. achievement of emission reduction by Y% in X years or per year), describe the policy adopted for achievement of the goals and status of achievement, continue to make good use of energy and love the earth to mitigate the impact posed to the environmental load.</p> <p>4. The Company will continue to promote the environmental protection program to improve its environmental protection performance and also use the best effort to promote energy conservation and carbon reduction at the office premises, recycling and reuse, protection of water and soil resources, and strengthen the education to employees.</p>	In compliance with the Best Practice Principles.
(III) Does the Company assess the present and future potential risk and opportunities of climate change in relation to the Company and adopt countermeasures related to climate issues?	✓	<p>1. Given the existing production policy oriented toward low carbon emission adopted in Taiwan, the Company analyzes and controls the production capacity and engages in production under the energy-conservation model. Meanwhile, the Company engages in the analysis and adjustment based on big data by product line to reduce the carbon emission and achieve the purpose for an eco-friendly environment</p> <p>2. The Company evaluates the impact posed by the climate changes to the Company based on the "Task Force on Climate-related Financial Disclosures (TCFD)" promulgated by FSB, and discusses the risk arising from climate changes, analyzes the following responsive measures from the points of view in different fields, and adopts the project</p>	In compliance with the Best Practice Principles.

(IV) Does the Company gather statistics of the greenhouse gas emission, water consumption and the gross weight of waste of the past two years and establish policies for energy saving, carbon reduction, reduction of greenhouse gas emission and water consumption or other waste management?

✓

management model to achieve sustainable development.

Most of the Company's subsidiaries are engaged in sales business. Therefore, the disclosures related to them are primarily made by the Company. (Exclusive of subsidiaries)

1. Direct GHG emission volume:

Unit: CO₂e/year

Year	Direct GHG emission:	
	Fuel	Gas
2021	786	753
2020	1,187	0
Emission percentage	Decrease by 33.8%	Used since July 2021.

With respect to GHG emission reduction, the Company will adopt the annual quantitative management goals (e.g. achievement of emission reduction by Y% in X years or per year).

2. Water consumption:

Unit: Ton

Year	Total	Water consumption per dozen
2021	414,602	0.06
2020	463,064	0.07

The water consumption for finished goods reduced by 14% per unit available for recycling and reuse in 2021 from 2020. The Company will regenerate the soft water and discharge cleaner wastewater which will be stored and pressurized and then made available to the roads and toilets at the factory premises for flush and irrigation, and expects to save water by 2%.

3. Gross weight of waste:

Unit: Ton

Non-hazardous waste	2021	2020
Recyclable waste	1286.2	897.8
General waste	1379.3	861.7
Gross weight	2665.5	1759.5

The waste increased in 2021 from 2020, primarily because the Company needed to contract a new sludge treatment service provider, and the sludge was removed only in 2H of 2020 and the raw materials, cabbage residue, were recycled and reused by the supplier in part on its own. Notwithstanding, as the supplier has refused to recycle and reuse the raw materials since 2021, the recyclable waste increased in 2021 accordingly.

In the future, the Company will adopt the annual quantitative management goals (e.g. achievement of emission reduction by Y% in X

In compliance with the Best Practice Principles.

		<p>years or per year), and describe the policy adopted for achievement of the goals and status of achievement. (Waste management policy) The Company expects to attain the sustainable recycling based on the 3R environmental principles of reduce, recycle and reuse, in order to mitigate the damage and contamination to the environment. The Company aims to reduce the waste volume by 1–3% each year and expected to cut the gross weight of waste by 10% by 2025.</p> <p>4. With respect to the GHG emission, the GHG emission inspection is considered fundamental to carbon management. The GHG inspection may not only verify the precise emission volume but also help find the room and opportunity for reduction. Therefore, the Company expects to proceed with the carbon emission inspection throughout the Company in 2022, and to implement the ISO 50001 energy management system in 2023 to help itself verify the GHG emission, find the room for reduction of emission and formulate correspondent emission reduction programs.</p> <p>5. For related environmental protection including energy saving and carbon reduction, water resources management, pollution prevention and waste management, please refer to the ESG report of the Company.</p>	
<p>IV. Social issue</p> <p>(I) Does the Company develop management policies and procedures in accordance with relevant regulations and international human rights conventions?</p> <p>(II) Does the Company establish and implement proper employee welfare measures (including the salary, holidays and other</p>	<p>✓</p> <p>✓</p>	<p>The Company adopts the labor human rights policy in accordance with the Ethical Trading Initiative (ETI). The Company has established the work rules and regulations regarding the disciplinary system, performance evaluation, gender equality and occupational accident in compliance with the regulations of Labor Standards Act with reference to the International Labour Convention to build a friendly and effective workplace. The HR Department is responsible for the establishment, amendment and announcement of relevant regulations to notify the employees to comply with related labor regulations.</p> <p>The Company implements the restriction on employment of child laborers and forbids harassment, discrimination and bully. Meanwhile, the Company has announced the “Declaration of Prevention of Sexual Harassment at Workplace By the Company.”</p> <p>For the responsibilities relevant to the Company’s corporate social responsibility, please refer to the CSR report of the Company disclosed on the Company website (website: https://www.agv.com.tw) and MOPS.</p> <p>The personnel management regulations of the Company specify the work rules, remuneration management regulations, hierarchical responsibility regulations, subsidy payment standards, attendance implementation standards,</p>	<p>In compliance with the Best Practice Principles.</p> <p>In compliance with the Best Practice Principles.</p>

welfare) and reflect the corporate business performance or achievements in the employee remuneration?		<p>promotion and transfer management regulations, performance management regulations, enforcement rules of leave-taking and comprehensive systems for performance and year-end bonus, employee remuneration, insurance payment and benefits.</p> <p>Workplace diversity and equality: The Company values the gender equality, and equal pay and equal opportunity for promotion. Among the Company's employees, female officers accounted for 50.25% and the female management 14.25% in 2021.</p> <p>Cash gift and subsidy: We also hold health checkups and provide comprehensive benefit systems for employees, such as cash gift for retired personnel, wedding, parental, children education and funeral subsidies, maternity, accompanying maternity and parental leaves.</p> <p>The Company provides feedback and reflects the profits in the employee remunerations and benefits to share the result of earnings with employees, such as performance bonus subject to achievement of KPI, incentive bonus subject to personal contribution, and employee remuneration. The Company strives to maintain labor-management harmony, in order to create a win-win labor-management relations.</p> <p>The annual full-time salary for a non-executive employee was NT\$674,619 on average in 2021.</p>	
(III) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	✓	<ol style="list-style-type: none"> 1. The Company provides employees with a safe and healthy workplace by establishing safety and health management organization and management personnel, setting Safety and Health Work Rules and checking each machinery on a regular basis. We also provide safety education and health checkups for employees. To take care of the physical and mental health of employees, we hire professional nurses and contract qualified physicians to regularly provide employee consultation and hold life-related lectures to share and communicate with employees. We conduct the employee retirement matters based on the Labor Standard Act and Labor Pension Act and the HR Department also arranges education and training for employees, including courses of occupational safety education and training, forklift operation, quality safety and health education and training, first-aid personnel and fire drill. 2. There were a total of 236 trainees attending the employees' safety education and training program in 2021, spending a total of 2,445 training hours. 3. A total of 5 employees were injured for business on the way from/to work and a total of 6 employees were injured in the workplace in 2021. 	In compliance with the Best Practice Principles.
(IV) Does the Company have an effective career capacity development training program	✓	<ol style="list-style-type: none"> 1. From the perspective of sustainable operation, the Company holds employee training and provides work rotation on a regular and irregular basis to cultivate outstanding talents 	In compliance with the Best Practice Principles.

<p>established for employees?</p>		<p>and leading members with multiple capabilities while providing them with important positions and challenges. After the analysis of employee satisfaction surveys, the Company discovered that employees will apply their learnings to their duties to increase the business performance of the department and the Company. The comprehensive and smooth promotion channel may attract, inspire, development and retain talents to complete the organizational work of the Company.</p>	
<p>(V) Does the Company have issues, such as customer's health and safety, customers' privacy, marketing and labeling, with respect to products and services follow the related laws and international practices, and also establish policies and complaint procedures to protect the rights and interests of the consumers or customers?</p>	<p>✓</p>	<p>2. There were a total of 815 trainees attending the education and training program in 2021, spending a total of 6991.5 training hours.</p> <p>The product labeling of the Company complies with the regulations of the Act Governing Food Safety and Sanitation with established specifications. The labeling of the product is reviewed by professional teams based on the labeling regulations of the Act Governing Food Safety and Sanitation to meet the laws and regulations of the government. The product transparency is significantly improved by clear and detailed nutrition and ingredient labeling along with the promotion of health certificates, international awards as well as organic, green and clean labels to further acquire the recognition of the consumer and build a reliable brand identity for the Company.</p> <p>For the health of the consumer, the Company continues the innovation and R&D of food technology, besides offering the healthiest, safest and most delicious products. In this regard, we become the professional in this field with outstanding performance and are devoted to the development of "organic products" and "traceable products" in recent years in the hope of providing the consumer with healthier, safer and more transparent products; in addition to the essential objectives of sustainable development and stable growth in the future, the Company will continue to lead the food fashion, create consumption trend and promote industry upgrade.</p> <p>We register the personal information of consumers via the consumer service hotline, which is used for the service of such consumer only. The registration of the customer service system is only limited to relevant personnel and the Information Department also controls the registration qualification and application of personnel.</p> <p>We has established the 0800 product service hotline with dedicated personnel to provide service for the consumer regarding the distribution channels of products, ordering description and consumer's questions.</p>	<p>In compliance with the Best Practice Principles.</p>
<p>(VI) Does the Company establish supplier management policies and require them to follow</p>	<p>✓</p>	<p>Before conducting business, the Company will assess whether the suppliers, customers or other trading counterparties have any illegal behavior or involve in unethical conduct and take this as</p>	<p>In compliance with the Best Practice Principles.</p>

<p>relevant regulations on the issues of environmental protection, occupational safety and health, or labor rights? How is the implementation?</p>		<p>an important reference for the selection of suppliers. The environmental responsibility of the supplier shall be in compliance with national laws and regulations, social norms and environmental plans. To promote the social and environmental responsibility, the Company selects enterprises with eco-friendly policies as the first priority, asks suppliers not to hire child laborers and illegal foreign laborers, and adopts the employment conditions and safety and health standards specified in the labor criterion, such as salary, working hour and welfare, that comply with the laws and regulations, as well as the business ethics and management system that satisfy laws and the Company’s guidelines, in order to improve the emphasis and implementation of the environmental protection, occupational safety & health and labor human rights issues throughout the entire supply chain. The total number of material suppliers that have contact with the food was 183 suppliers in 2021 with 0 non-conforming suppliers. The business and factory registrations of the suppliers all comply with the laws and regulations and the suppliers have applied for registration on the food business platform (FadenBook) based on the “Regulations Governing the Category and Scale of Food Businesses Who May Commence Its Business Operation After Applying for Registration and the Date of Implementation” while meeting the Regulations on Good Hygiene Practice for Food.</p>	
<p>V. Does the Company prepare the ESG report or other reports that disclose non-financial information of the Company in reference to internationally accepted report preparation guidelines or guides? Is there any third-party verification unit’s assurance or verification opinion acquired for the above-mentioned reports?</p>	<p>✓</p>	<p>1. The preparation of the CSR report is based on the latest GRI Standards of the Global Reporting Initiative (GRI), in compliance with the core option and G4 Sector Disclosures – Food Processing with reference to “Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports” of TWSE. 2. The Company commissioned Crowe to conduct the independent limited assurance based on the Standard on Assurance Engagements No. 1 “Assurance not classified as audit or review of historical financial statements” issued by the ROC Accounting Research and Development Foundation. The limited assurance procedure of the assurance report was conducted for the information of assurance item to confirm that it meets the principles disclosed in the core items of GRI.</p>	<p>In compliance with the Best Practice Principles.</p>
<p>VI. If the Company has established its own sustainable development best-practice principles based on the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies,” please describe the status, and any deviation thereof from said Principles: The Company adopted its Corporate Social Responsibility Best-Practice Principles on May 12, 2017, and renamed it into the Sustainable Development Best-Practice Principles on January 18, 2022. Then, the various systems and operations all followed the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies,” without any major deviation. The Company also disclosed its CSR report 2020 on the Company’s official website and MOPS at the end of September 2021.</p>			

VII. Other information useful to the understanding of the sustainable development implementation:

1. Based on the brand vision “For a Healthy Tomorrow,” AGV has set a management role model claiming “Nature, Environmental Protection, Green and Health” in the food industry through so many years. Its management team strives to perform the CSR (Corporate Social Responsibility), and engages in the deployment in advance to respond to the needs and challenges arising from the four aspects, Environmental, Social, Governance and Commitment issues, connect its corporate sustainability strategies with the society of Taiwan and international trend, and continue to move toward the goal for being a food brand most reliable by consumers. In consideration of the increasing factors critical to the evaluation on corporate value, the influence of intangible assets also keep expanding. The ESG indicators covered by the corporate social responsibility and new commitments may help the enterprise’s management make the strategic decision for optimization of operating efficiency and precise future development orientation, and also provide the momentum to upgrade the intangible assets, such as brand value and goodwill.
2. The great changes caused by COVID-19 have posted the indelible influence on people around world in aspects of food, clothing, housing, transportation, education and entertainment as well as work pattern and industrial impact. There is a trend in the food industry that cannot be ignored, i.e. the higher requirements of the consumer and health supplement required to be delicious while general foods shall have a healthy function to win the favor of the consumer. The Company practices clear and transparent product labeling and traceability providing the source information of products, thereby not only assisting in improving the consumer’s perception of food safety and healthy image but also inspiring and cultivating people’s loyalty toward their favorite products. The product transparency is significantly improved by clear and detailed nutrition and ingredient labeling along with the promotion of health certificates, international awards as well as organic, green and clean labels to further acquire the recognition of the consumer and build a reliable brand identity for the Company.
3. The Company will continue to provide healthy and delicious products. What’s more, the Company will try our best to achieve the goals of corporate social responsibility in the fields of social charity, corporate governance, industrial innovation and promotion, and environmental protection and welfare.
4. For important tasks such as the corporate governance, food safety promotion, industry upgrading, social welfare, labor-management harmony, energy saving and carbon reduction, industry-academia cooperation and consumer’s rights, AGV not only devotes actively in these tasks but also has established practical and effective corporate governance organization and related Ethical Corporate Management Best Practice Principles to continue enhancing the Board functions and insisting to assure the shareholders’ equity. In the meanwhile, we respect and protect other stakeholders’ rights to fulfill each social responsibility as a corporate citizen.
5. The Company has received more than 50 health food certificates awarded by TFDA, Ministry of Health and Welfare, and 2 Health Food Innovation Awards of Health Food Society of Taiwan, 3 Golden Awards of Monde Selection and 2 Food Innovation Awards. We also won many honors for consecutive years, involving hundreds of cases such as food patents in various countries, Golden Award of Monde Selection, Symbol of National Quality (SNQ), National Biotechnology & Medical Care Quality Award, Innovation Award of TAFST, GOOD Award of Taiwan Grain Industry Association, World Dairy Innovation Awards of IDF, A.A. Certificate and Superior Taste Award of iTQi. This not only increases the enterprise’s intangible assets and soft power but also makes hug contribution to the innovation and safety of the whole food industry.
6. We continue to increase the investment in each software, hardware and intellectual property and enhance the recruitment and training of specialized talents.
7. A labor-management family of being sweet families rather than employees: AGV cares about the growth and demand of employees in all aspects over a long period of time to become a happy enterprise for employees to look after their work and family; in addition, our business management, managers of all levels and the HR unit regularly cares about the employee regarding the family status, safety of work environment, appropriateness of positions and duties and timely upgrading of specialties and skills. We are like a family member that voluntarily cares about and satisfies the needs of appointment and promotion, award and compliment, employee welfare, environmental sanitation, state of health, social activity, scholarship, wedding and funeral, on-the-job enhancement, off-the-job development, continuing education award and entertainment. Only a safe, secure and stable work environment and conditions can realize a stable operating result by a labor-management family, coexistence and co-prosperity.
8. AGV has not only established close cooperation with the competent authorities including Ministry of Health and Welfare, TFDA, MOEA, Industrial Development Bureau and Council of Agriculture but also participated in various affairs and activities in the industry (Taiwan Cannery Association, Taiwan Beverage Industries Association, Taiwan Green Foods & Eco-agriculture Development Foundation, Taiwan Quality Food Association, Taiwan Association for Food Science and Technology, Food Industry Research and Development Institute, China Grain Products Research & Development Institute, Taiwan Grain Industry Association and Taiwan Seed Society) to assist in the industry upgrading and benefit the public in Taiwan. The Company has organized the academia–industry collaboration and charity events for product innovation of the canned industry for many years consecutively and, therefore, received the honor for excellent

occupational group by Ministry of the Interior and also helped improve the industrial momentum, train talents specialized in foods and support poor families. Each member in the AGV big family always believes in the management philosophy about “Only With a Loving Heart There Be Happiness.” The simplest way to practice it is to make every product perfect, complete each job and serve every customer with due diligence. Each of the Company’s employees plays an indispensable role in AGV. Even if he looks not important, he bears the same important corporate mission and social responsibility as AGV. A happy enterprise may best portray the identity of AGV. Meanwhile, AGV aims to become a heartwarming enterprise enabling the consumers throughout the nation to “buy happily, eat at ease, and feel relieved, caring and love.” As a leading enterprise, the Company realizes how great the responsibility it has to take, and commits to uphold its belief, strive to improve the operating performance, guard the food safety, promote sustainable development and practice corporate governance, in order to build AGV as the most reliable food enterprise that is able to accept any challenge in the future.

9. The national and overseas awards won by the Company in 2021 include the following:

“Health Food Certificate from Ministry of Health and Welfare”: AGV multi-fiber wheat tea (function to prevent the formation of body fat).

“Overseas awards”: AGV pure dense oats-original flavor (1-Star Superior Taste Award of iTQi) (3-Star Anti-Additive) (Golden Award of Monde Selection), AGV pure dense oats-oat milk for barista (2-Star Superior Taste Award of iTQi) (Silver Award of Monde Selection), AGV sweet chili sauce (2-Star Superior Taste Award of iTQi), Honey Flavor Oolong (Golden Award of Monde Selection), AGV pure dense oats--double effect glucosamine (Silver Award of Monde Selection), AGV Unforgettable walnut oats (Bronze Award of Monde Selection), AGV Mapo Tofu (2-Star Food Professional Award), AGV Curry Tofu (1-Star Food Professional Award).

“Domestic awards”: AGV pure dense oats-double effect glucosamine (Health Food Innovation Award of Health Food Society of Taiwan) (Senior-Friendly Food), quinoa royal (Senior-Friendly Food), AGV Mapo Tofu (Food Innovation Award-Distinguished in food and drink innovation), AGV pure dense oats-3-in-1 collagen (Food Innovation Award-Superior in food and drink innovation), OKINA probiotic water (Food Innovation Award-Superior in food and drink innovation).

10. The Company’s contribution to the society not only includes money donation but also investment in manpower, donation of items and service provision. The main contents of various social activities are summarized as follows:

a. By establishing energy-saving performance system, we are striving to optimize the improvement of manufacturing process and implement the enhancement of competency training for product line personnel and equipment maintenance to further improve the performance of equipment. In addition, we improve employees’ concept of energy saving and carbon reduction to reduce operating cost from the viewpoint of corporate sustainable development except the reduction of greenhouse gas emission.

b. As of the publication date of the Company’s annual report, the monetary and supply donations and visits of the Company is as follows:

The Disability Care Association of Xinzhuang Dist., New Taipei City; Taiwan Joy Baby Community Association; Physical Disability Service Association of Chiayi City; Chiayi Association For The Deaf and Hard of Hearing Welfare; Seed of Love Education Foundation; Chiayi Branch Office of Taiwan Fund for Children and Families; Chung Yi Social Welfare Foundation; Huashan Social Welfare Foundation; Sunflower Care Association of Taitung County; Andrew Charity Association; Yu An Retarded Children’s Home; Taipei Orphan Welfare Foundation; Genesis Social Welfare Foundation; Physical Disability Service Association of Chiayi City; Happy Workshop; Chia City Government; World Vision Taiwan; Chiayi Veterans Service Department; Dou Nan Township Council, Yunlin County; Da Pi Township Office, Yunlin County; Chiayi County Volunteer Fire Brigade; Hsin Kang Tina Temple of Chiayi County; Minhsung Township Office, Chiayi County; Chiayi County Health Bureau; National Singang Senior High School of Arts with a total of NTD 1.45 million.

(VI) Implementation of ethical corporate management, and deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, and reasons thereof

Evaluation item	Status		Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof	
	Yes	No		Summary
I. Enactment of ethical management policy and program				
(I) Does the Company establish ethical corporate management policies that are adopted by the Board of Directors and explicitly state such policies and the implementation methods in its Articles of Incorporation and external documents? Do the Board of Directors and top management actively implement their commit to implementing the operating policies?	✓		The Company has established the “Ethical Corporate Management Best-Practice Principles” and makes timely amendments in response to amendments to the laws and regulations and the Company’s business. In addition, we issued the 2020 CSR report of the Company with detailed business philosophy of ethical corporate management in September 2021. We have also established a good corporate governance and risk control mechanism to create an operation environment for sustainable development and prevent unethical conduct and shall not accept treatments, gifts, kickbacks, embezzle public funds as well as other illegal gains. The Company openly discloses the “Ethical Corporate Management Best-Practice Principles” and relevant regulations on the MOPS and the Company website accessible by stakeholders at any time.	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
(II) For the risk of unethical conduct, does the Company establish an assessment mechanism and regularly analyze and assess the business activities within its business scope which are possibly at a higher risk of being involved in unethical conduct to establish preventive solutions that at least cover the conduct specified in each subparagraph under Paragraph 2 in Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies”?	✓		When establishing the preventive program, the Company shall analyze business activities within its business scope which are possibly at a higher risk of being involved in unethical conduct and enhance related preventive measures, this includes offering or accepting of bribe or illegal political donations, improper charitable donations or sponsorships, other improper benefits, misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.

<p>(III) Does the Company explicitly define procedures, guides of conduct, and disciplinary and reporting systems in case of violation in the preventive solutions of unethical conducts, implement accordingly, and carry out review and modification of these solutions?</p>	<p>✓</p>	<p>property rights, engaging in unfair competitive practices and damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.</p> <p>The Company faithfully upholds the principle of ethical management and obligations to comply with the “Ethical Corporate Management Best Practice Principles” established by the Company. Those violating the principle of ethical management shall be punished and the information such as title and name of the violator, the date and details of the violation, and the actions taken in response shall be immediately disclosed on the Company’s internal website. The reporting system shall also be established and carried out accordingly. The Company has also disclosed the implementation of ethical management on the Company’s website, annual report and prospectuses and disclose the contents of its Ethical Management Best-Practice Principles on the MOPS.</p>	<p>In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.</p>
<p>II. Implementation of ethical management</p> <p>(I) Does the Company have the integrity record of the trading counterparty assessed and with the clauses of ethical conduct expressed in the contract signed?</p>	<p>✓</p>	<p>To ensure that the trading suppliers are ethical operators, most of the Company’s customers and suppliers are well-known companies and their ethical management information is more likely to be acquired. For example, we log into the website of MOEA or other channels to query the operating status of cooperation partners or require them to provide relevant information as evidence of legal operators. The Company will also explain the supplier selection principles with fairness, openness and transparency to the vendors. In addition, for contract signing, we gradually strengthen the ethical clauses in the contract while the Legal Affairs Office, Audit Office and President’s Office is responsible for the review of contracts. If any</p>	<p>In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.</p>

<p>(II) Has the Company established a dedicated unit for promoting the corporate ethical management under the Board of Directors and reporting its ethical management policy and plan for preventing unethical conducts as well as the supervision of implementation status to the Board of Directors periodically (at least once annually)?</p>	<p>✓</p>	<p>violation of ethical management conduct is included in the contract, the Company shall terminate the relevant regulations in the contract.</p> <ol style="list-style-type: none"> 1. The Company's dedicated (concurrent) unit for promoting the ethical management is the Audit Office, which executes and promotes the ethical management in accordance with the Ethical Management Best-Practice Principles adopted by the Company; the Board of Directors may audit the establishment and implementation of ethical management policy through the audit function. The Audit Officer attends and reports the business activities at Board of Directors' meeting held by the Company while reporting regularly to the independent directors. 2. Employees may express opinions and communicate with the management, the HR Department and Audit Office via multiple channels, including internal e-mail, employee opinion mailbox and Company website. 3. There were 0 cases of external or internal reporting in 2021 without any serious unethical conduct. 	<p>In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.</p>
<p>(III) Does the Company define any policy against conflict of interest, provide adequate channels thereof, and fulfill the same precisely?</p>	<p>✓</p>	<ol style="list-style-type: none"> 1. The "Procedures for Material Inside Information Management" of the Company has specified that the director, manager or employee knowing the material inside information shall not disclose the known information to others nor may they inquire about or collect any non-public material inside information of the Company not related to their individual duties from a person with knowledge of such information or disclose to others any non-public material inside information of the Company of which they become aware for reasons other than the performance of their duties. 	<p>In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.</p>

		<p>2. The Company has established a comprehensive internal audit system and mechanism for statement, communication and risk management to maintain effective operation of internal control system, prevent conflict of interest and provide effective communication channels.</p> <p>3. In case the proposal at the meeting of Board of Directors involves those concerning avoidance of conflicting interests, emcee shall announce the name and reason of recusal before the reading of proposal and remind the stakeholder to recuse themselves.</p> <p>4. The holding of the Board of Directors meeting is conducted based on the Rules of Procedure for Board of Directors Meetings.</p> <p>5. The Company held seven board meetings in 2021 based on the Rules of Procedure for Board of Directors Meetings.</p>	
(IV) Has the Company fulfilled the ethical management by establishing an effective accounting system and internal control system and had an internal audit unit develop relevant audit plans according to the risk assessment result of unethical conduct and audit the compliance with the preventive solutions of unethical conduct accordingly, or appointed a CPA to do so?	✓	To implement ethical management, the Company has established effective accounting and internal control systems and executes relevant accounting business while preparing the financial report regularly based on IFRS. The CPA is responsible to audit related accounting statements and records; for the internal audit, the compliance status is checked according to the annual audit plan drafted by the risk assessment results. The effectiveness of internal control system's design and execution is ensured by the annual internal control self-evaluation and is made to the Statement on Internal Control System, which is approved by the Board of Directors after being reviewed by the Audit Committee	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
(V) Has the Company organized internal/external education training program for ethical management periodically?	✓	The Ethical Management Best-Practice Principles established by the Company is not only disclosed on the Company website accessible by employees at any time, but also promoted during the new employee training and common	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.

		management courses so that each new employee may understand and follow the principles.	
<p>III. Status of the Company's complaint system</p> <p>(I) Does the Company define a specific whistleblowing and rewarding system, and establish convenient whistleblowing channels, and assign competent dedicated personnel to deal with the situation?</p>	✓	<p>The Company has established the "Section for employee's opinions and timely feedback" and the mailbox of the President. Employees may report any improper conduct that may affect the Company's goodwill and rights. We also specify in relevant rules that those violating the regulations of corporate ethical management shall be punished depending on the level of severity based on the "Employee Reward and Punishment Rules;" the dedicated responsible personnel is the President and the manager of HR Department.</p>	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
<p>(II) Does the Company define the standard operating procedures for investigation after acceptance of a complaint, the follow-up actions to be taken after the investigation, and relevant nondisclosure mechanism?</p>	✓	<p>The "Ethical Corporate Management Best-Practice Principles" of the Company specified that when material misconduct or likelihood of material impairment to the Company's awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing shall immediately prepare a report and notify the independent directors or supervisors in written form. In addition, the "Employee Rules" has specified the standard operating procedure for investigation and related confidentiality mechanism after the acceptance of a complaint; there was no reported case in 2021.</p>	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
<p>(III) Has the Company adopted any measures to prevent the whistle blowers from being abused after reporting misconduct?</p>	✓	<p>The "Ethical Corporate Management Best Practice Principles," reporting method and employee rules established by the Company has proper measures to protect the whistle blowers from suffering any consequence of reporting misconduct.</p>	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
<p>IV. Enhancing Information Disclosure</p> <p>Has the Company has disclosed the Ethical Management Principles and effect of implementation thereof on its website and Market Observation Post System?</p>	✓	<p>According to the regulations of the "Ethical Corporate Management Best Practice Principles," the Company upholds high business ethics standards, effective responsibility mechanism and quality corporate governance to run our business in a responsible and</p>	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.

		<p>honest attitude. The corporate governance and related information is disclosed on the Company website (Website: https://www.agv.com.tw) and the Company's business philosophy of ethical corporate management is also disclosed in the CSR report.</p>	
<p>V. If the Company has established its ethical management best-practice principles based on the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies," please describe any deviation from said Principles and their implementation: The Company established the "Ethical Management Best-Practice Principles of AGV Products Corporation" in reference to the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies announced by TWSE and disclose the Ethical Management Best-Practice Principles on the Company website. (Website: https://www.agv.com.tw) while implementing accordingly without any discrepancy.</p>			
<p>VI. Other important information useful to the understanding of the corporate ethical management implementation: (e.g. the Company's review and amendment of the Ethical Corporate Management Best Practice Principles established thereby)</p> <ol style="list-style-type: none"> 1. The Company has established and followed the "Ethical Corporate Management Best Practice Principles" based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies." 2. The Company continues to uphold the Ethical Management Best-Practice Principles when operating, and truly implement related laws and regulations, such as the Company Act, Securities and Exchange Act, Act Governing Food Safety and Sanitation, TWSE/TPEX listing rules, Anti-Corruption Act and Government Procurement Act, as the underlying foundation to facilitate ethical corporate management. We employ people based on their character and ethics and pay attention to the rotation mechanism to prevent corruption; there was no illegal conduct such as corruption, bribes or blackmail occurring among internal employees. 3. The Company actively promotes to engage in business activities in a fair and transparent manner when negotiating or signing contracts with business partners and refuses to cooperate with counterparty involving in unethical conduct. When performing duties, handover of upstream and downstream and cross-department cooperation, we are practical and realistic based on the highest principles of ethical management to implement ethical management. 4. The great changes caused by COVID-19 in the most recent three years have indelible influence on people around world in aspects of food, clothing, housing, transportation, education and entertainment as well as work pattern and industrial impact. Based on the Ethical Management Best-Practice Principles, the Company practices clear and transparent product labeling and traceability providing the source information of products not only assists in improving the consumer's perception of food safety and healthy image but also inspires and cultivates people's loyalty toward their favorite products. Besides this, the promotion of health certificates, international awards as well as organic, green and clean labels also make the products further acquire the recognition of the consumer and build a reliable brand image for the Company. 5. AGV continues to promote healthy diet concept, develops quality products, constantly promotes the sustainable development of the enterprise and implements the promotion of quality corporate governance to carry through the idea "For a healthy tomorrow." 			

(VII) If the Company has established corporate governance principles or other relevant guidelines, references to such principles must be disclosed:

The Company has established the Corporate Governance Best Practice Principles and relevant internal rules and disclosed accordingly on the Company website (<http://www.agv.com.tw/>) and MOPS of TWSE.

(VIII) Other information material to the understanding of corporate governance within the Company:

Please refer to Page 38 of the annual report.

(IX) Implementation of the Internal Control System

1. Statement on Internal Control System

AGV Products Corporation
Statement of Declaration for Internal Control System

Date: March 25, 2022

We make the following statement based on the result of the self-inspection of the internal control system in 2021:

- I. We acknowledge that the Board of Directors and managers are responsible for the establishment, operation and maintenance of the internal control system. We have established such a system to provide reasonable assurance for achieving our objectives concerning the effectiveness and efficiency of operations (including profits, performance and protection of asset security), reliability, timeliness, transparency, and regulatory compliance vis-à-vis reporting, and compliance with applicable laws, regulations, and bylaws.
- II. Any internal control system has its inherent limitations. No matter how well an internal control system is designed, it can only provide reasonable assurance of the achievement of the above three objectives. Moreover, the effectiveness of an internal control system may vary as a result of changes in the environment and other circumstances. However, our internal control system has a self-monitoring mechanism, and we take corrective actions immediately once a nonconformity is identified.
- III. We judge the design and operation of the internal control system for its effectiveness in accordance with the criteria determining the effectiveness of the internal control system provided in the “Regulations Governing Establishment of Internal Control Systems by Public Companies” (hereinafter referred to as the “Regulations”). The internal control systems are divided into the following five constituent elements in the management control process, reflecting the items to be judged pursuant to the “Regulations”: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communications; and 5. monitoring activities. Each constituent element contains a number of items. Refer to the provisions of the above-mentioned “Regulations.”
- IV. We have adopted the abovementioned criteria of the internal control system to assess the effectiveness of its design and execution.
- V. Based on the results of the above-mentioned assessment, we confirm that our internal control system (including monitoring and management of subsidiaries) was effective as of December 31, 2021 in terms of its design and operation with respect to understanding the effectiveness and efficiency of operations, the reliability, timeliness, transparency, and regulatory compliance of reporting, and the compliance with applicable laws, regulations, and bylaws in order to reasonably ensure that these objectives are achieved.
- VI. The Statement will be the major part of our annual reports and prospectuses, and will be open to the public. If there is any misrepresentation, nondisclosure or other illegality in the contents open to the public referred to in the previous sentence, legal responsibility specified in Articles 20, 32, 171 and 174 of the Securities and Exchange Act shall apply.
- VII. The Statement was approved at the Board of Directors’ meeting on March 25, 2022. None of the 9 directors present at the meeting expressed any dissent and all of them agreed on the Statement. This information is declared as an addition.

AGV Products Corporation

Chairman: Kuan-Han Chen Signature

General Manager: Chih-Chan Chen Signature

2. If review of the internal control system has been conducted by entrusted CPAs, the CPAs' review report shall be disclosed: N/A.
- (X) Penalty of the Company or its internal personnel in accordance with the laws, the Company's penalty against its internal personnel violating internal control system regulations in the most recent year up to the date of the publication of the annual report. List the details of such penalty, main defects, and improvements if the result of such penalties might have a material effect on the shareholders' equity or the price of securities: None.
- (XI) Important resolutions made by shareholders' meetings and the Board of Directors in the most recent year up to the date of publication of this annual report:
1. Important resolution of the shareholders' meeting:

The Company held one annual general meeting on August 26, 2021 as of the date of the publication of the annual report in 2021.

 - (1) Approval of the ratification to the proposal for 2020 financial statements.
Implementation status: Relevant statements have been announced and reported to the component authority for future reference in accordance to related laws and regulations.
 - (2) Approval of the ratification to proposal for 2020 appropriation of earnings.
Implementation status: Implemented as proposed.
 - (3) Approval of the proposal on amendments to the "Rules of Procedure for Shareholders Meeting."
Implementation status: The amendments took effect after the resolution of the Board of Directors and related handling procedures were executed based on the amended rules.
 - (4) Approved the proposal for amendments to the "Rules Governing the Election of Directors."
Implementation status: The amendments took effect after the resolution of the Board of Directors and related handling procedures were executed based on the amended rules.
 - (5) Approved the proposal for common stock issued in private placement for cash capital increase.
Implementation status: Said private placement has not been carried out so far. The Board of Directors meeting resolved on May 9, 2022 to approve that it should not be continued within the residual period, but should be reported to the 2022 annual general meeting.
 2. Important resolution made by the Board of Directors:
 - (1) Resolved at the 11th meeting of the 17th Board of Directors on January 19, 2021:
 - A. Review on the proposal for the 2020 distribution of year-end bonus.
 - B. Review on the proposal for continuing contract of advisors.
 - C. Review on the proposal for the 2021 business plan.
 - D. Review on the proposal for the call of the subsidiary's common shares by cash capital increase.
 - (2) Resolved at the 12th meeting of the 17th Board of Directors on March 23, 2021:
 - A. Report on the implementation and result of the 2020 performance evaluation of Board of Directors.

- B. Review on the proposal for the distribution of remuneration to directors and employees in 2020.
 - C. Review on the Company's 2020 financial statements (including the consolidated financial statements).
 - D. Review on 2020 Appropriation of Earnings
 - E. Review on the proposal for the amendments to the Company's "Rules of Procedure for Shareholders Meeting" and "Rules Governing the Election of Directors."
 - F. Review on the proposal for the 2020 "Statement on Internal Control System."
 - G. Discussion on the convening matters regarding the 2021 annual general meeting.
 - H. Review on the proposal for continuing contract of advisors.
 - I. Review on the proposal for appointment of Chief Corporate Governance Officer.
 - J. Review on the proposal for the commission and independence evaluation of CPAs.
- (3) Resolved at the 3rd meeting of 17th Board of Directors on May 11, 2021:
- A. Review on the common stocks issued in private placement for cash capital increase no more than 100,000,000 shares.
 - B. Discussion on the additional motions for the Company's 2021 Annual General Meeting.
- (4) Resolved at the 14th meeting of 17th Board of Directors on August 10, 2021:
- A. Report on the Company's financial statements for Q2 2021, together with the audit reports drafted by Shu-man Tsai, CPA and Ching-Lin Li, CPA of Crowe (TW) CPAs.
 - B. Report on the renewal of the "Director and Manager Liability Insurance."
 - C. Review on the proposal for adjournment of 2021 Annual General Meeting due to the epidemic.
 - D. Review on the proposal for continued designation of overseas personnel.
 - E. Review on the proposal for provision of endorsement and guarantee for the financing of subsidiary.
 - F. Review on the proposal for the call of the subsidiary's common shares by cash capital increase.
- (5) Resolved at the 15th meeting of 17th Board of Directors on September 9, 2021:
- A. Review on the proposal for provision of endorsement and guarantee for the financing of subsidiary.
 - B. Review on the proposal for common shares issued upon cash capital increase in overseas subsidiaries.
- (6) Resolved at the 16th meeting of 17th Board of Directors on November 11, 2021:
- A. Report on the Company's financial statements for Q3 2021, together with the audit reports drafted by Shu-man Tsai, CPA and Ching-Lin Li, CPA of Crowe (TW) CPAs.
 - B. Review on the proposal for the "2021 Audit Plan."

- C. Review on the proposal for the changes in personnel and continued designation of overseas personnel.
 - D. Review on the proposal lease renewal for the Company's right-of-use assets.
- (7) Resolved at the 17th meeting of 17th Board of Directors on December 15, 2021:
- A. Review on the proposal for the 2021 business plan.
 - B. Review on the proposal for change of the Company's Chiayi Branch manager.
 - C. Review on the proposal for continuing contract of advisors.
 - D. Review on the proposal for the changes in personnel.
 - E. Review on the Company's proposal for requesting the limit of syndicated loan no more than NTD 2.16 billion.
 - F. Review on the proposal for issuance of the negative pledge to the managing bank, Bank of Taiwan, for the syndicated loan agreement in the amount of NTD 2.16 billion.
 - G. Review on the proposal for provision of endorsement and guarantee for the financing of subsidiary.
- (8) Resolved at the 18th meeting of 17th Board of Directors on January 18, 2022:
- A. Review on the proposal for the 2021 distribution of year-end bonus.
 - B. Review on the proposal for amendments to the "Corporate Governance Best-Practice Principles" and "Corporate Social Responsibility Best-Practice Principles."
 - C. Review on the proposal for the call of the subsidiary's Class-B preferred shares.
 - D. Review on the proposal for the call of the subsidiary's common shares by cash capital increase.
- (9) Resolved at the 19th meeting of 17th Board of Directors on March 25, 2022:
- A. Report on the implementation and result of the 2021 performance evaluation of Board of Directors.
 - B. Review on the proposal for the distribution of remuneration to directors and employees in 2021.
 - C. Review on the Company's 2021 financial statements (including the consolidated financial statements).
 - D. Review on the proposal for 2021 appropriation of earnings.
 - E. Discussion on the proposal for reelection of all directors.
 - F. Review on the proposal for amendments to the "Articles of Incorporation"
 - G. Review on the proposal for amendments to the "Procedure for Acquisition or Disposal of Assets."
 - H. Review on the proposal for the 2021 "Statement on Internal Control System."
 - I. Discussion on the convening matters regarding the 2022 annual general meeting.
 - J. Discussion on the proposal for acceptance of the nomination of director (including independent director) candidates from shareholders holding more than 1% of shares.
 - K. Review on the proposal for continuing contract of advisors.

L. Review on the proposal for the commission and independence evaluation of CPAs.

(10) Resolved at the 20th meeting of the 17th Board of Directors on May 9, 2022:

- A. The 2022 Q1 consolidated financial statements of the Company.
- B. Report on the Company's GHG inspection and investigation schedules.
- C. Review on the list of candidates for directors and independent directors
- D. Proposal for termination of the non-competition restriction on the Company's new directors of 18th Board of Directors.
- E. Discussion on private placement of common stocks for cash capital increase passed at the 2021 annual general meeting.
- F. Review on the proposal for common stock issued in private placement for cash capital increase.
- G. Review on the additional motions for the Company's 2022 Annual General Meeting.

(XII) Documented opinions or declarations in writing made by directors against important board resolutions in the most recent years and up to the publication date of the annual report: None.

(XIII) Resignation of Chairman, President, Chief Accounting Officer, Chief Financial Officer, Chief Internal Auditor, Chief Corporate Governance Officer, and Chief R&D Officer in the most recent years and up to the publication date of the annual report: None.

IV. Information of Independent Auditors Fee

Amount Unit: NTD thousand

Accounting firm name	Name of CPA	Audit period	Audit Fee	Non-Audit Fees	Total	Remarks
Crowe (TW) CPAs	Shu-Man Tsai	110.01~110.12	3,410	194	3,604	Descriptions about non-audit fee services: Tutorship fees for preparation of the report under IFRS9 Fair Value.
	Ching-Lin Li					

1. If replacement of a CPA firm results in a lower audit fee in that year compared to the previous year, the amount, percentage and reason of the reduction shall be disclosed: N/A.
2. If an audit fee is reduced by more than 10% compared to the previous year, the amount, percentage and reason of the reduction shall be disclosed: N/A.

V. Information on Change of CPAs

(I) About the former CPA

Date of replacement	Not applicable		
Reason and explanation of replacement	Not applicable		
Explain the replacement as a result of a termination by the Company, or by the CPA	Party	CPA	The company
		Status	
	Service terminated by	Not applicable	Not applicable
	Refusal of (continued) commission	Not applicable	Not applicable
Opinions and reasons for issuing opinions of the audit report other than unqualified opinions in the last two years	Not applicable		
Any disagreement with the issuer	Yes		Accounting principles or practices
			Disclosure of financial statements
			Audit coverage or procedures
			Others
	None	<input checked="" type="checkbox"/>	
	Description		
Other disclosures (Disclosures deemed necessary under Item 1-4 to Item 1-7, Subparagraph 6, Article 10 of the Guidelines)	None		

Note: Disclosures deemed necessary under Item 1-4 to Item 1-7, Subparagraph 6, Article 10 of the Regulations Governing Information to be Published in Annual Reports of Public Companies

(II) Succeeding CPA

Accounting firm name	Crowe (TW) CPAs
Name of CPA	CPA Shu-Man Tsai and Ching-Lin Li
Date of appointment	Not applicable
Inquiries regarding accounting practices or principles on certain transactions, or any possible opinions to be issued on the financial reports prior to appointment of the CPAs, and the results	Not applicable
Written opinions of the succeeding CPAs different from the opinions of the former CPAs	Not applicable

(III) The former CPA's written response to the Item 1&2-3, Subparagraph 6, Article 10 of the Principles: N/A.

VI. The Company's Chairman, President, or managers involved in financial or accounting affairs being employed by the auditor's firm or any of its affiliated company within the most recent year: None.

VII. Change of shares transferred and pledged for directors and managers and any shareholder who holds more than 10% of the company's shares

(I) Changes in equity of directors and managers, and major shareholders

Title	Name	2021		Up to April 30, 2022	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman	Taiwan First Biotechnology Corp. Representative: Kuan-Han Chen	0 1,040,000	0 0	0 1,578,000	0 0
Vice Chairman	NICE Enterprise Co., Ltd. Representative: Ching-Jen Chen	0 0	0 0	0 0	0 0
Director	Chen Ten-Tao Cultural and Education Foundation Representative: Michael Chen	0 0	0 0	0 1,604,562	0 0
Director	Yin-Ji-Li International Consulting Corp. Representative: Hsien-Chueh Hsieh	1,929,000 0	0 0	3,159,000 0	0 0
Director	Cunyuan Heye Co., Ltd. Representative: Chih-Chan Chen	0 0	0 0	0 0	0 0
Director	Kuo Cheng Investment Development Corp. Representative: Huai-Hsin Liang	0 0	0 0	0 0	0 0
Independent Director	Yung-Fu Tseng	0	0	0	0
Independent Director	Yung-Chien Wu	0	0	0	0
Independent Director	Wei-Lung Chen	0	0	0	0
Director-general	K u a n - H u a C h e n	206,000	0	0	0
Director-general	Y u e h - C h u T s a i	-85,000	0	0	0
Director-general	L i - C h u e h H u a n g	-10,000	0	0	0
Senior Assistant V.P.	H s u a n - H u i C h e n	20,000	0	0	0

(II) Information on the counterparty as the related party in the transfer of shares:

Name	Cause of equity transfer	Date of trading	Trading counterparty	Relationship between the trading counterparty and the Company, directors, supervisors, managers, and shareholders with more than 10% shareholding	Shares	Trading price
Je-Fang Chen	Disposal	2022.3.28	Kuan-Han Chen	Chairman of the Company	1,352,000	(successor)
			Michael Chen	Director of the Company	1,354,562	

(III) Information on the counterparty as the related party in the pledge of shares: None.

VIII Relationship information among top-10 shareholders

Record date: April 30, 2022

Name	Shares held under own name		Shareholdings of spouse and minor children		Total shareholdings in the name of others		The title or name and relation in case of the top-ten shareholders who are related parties to each other, in a spousal relationship or within the second degree of kinship.		Remarks
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Name	Relationship	
Ho Yuan Investment Co., Ltd.	31,168,258	6.30	—	—	0	0.00	—	—	
Representative: Ching-Liang Chen	1,028,558	0.21	330,124	0.07	0	0.00	—	—	
NICE Enterprise Co., Ltd.	20,780,494	4.20	—	—	0	0.00	—	—	
Representative: Chih-Hung Chen	2,184,622	0.44	648,514	0.13	0	0.00	—	—	
Rong-Yu Lin	8,530,000	1.73	—	—	0	0.00	—	—	
Yin-Ji-Li International Consulting Corp.	8,210,007	1.66	—	—	0	0.00	—	—	
Representative: Chiu-Wen Li	1,435,681	0.29	0	0	0	0.00	—	—	
Goldbank Investment Development Corp.	8,081,047	1.63	—	—	0	0.00	—	—	
Representative: Tsung-Cheng Lin	0	0	0	0	0	0.00	—	—	
SPDR Portfolio Emerging Markets ETF in the custody of Standard Chartered Bank	7,898,415	1.60	—	—	0	0.00	—	—	
Global Investment Development Corp.	7,288,506	1.47	—	—	0	0.00	—	—	
Representative: Tsung-Cheng Lin	0	0	0	0	0	0.00	—	—	
Kuan-Ju Chen	6,738,636	1.36	971,355	0.20	0	0.00	Kuan-Han Chen	Brothers	
Yueshan Investment Co., Ltd.	6,017,049	1.22	—	—	0	0.00	—	—	
Representative: Ya-Hsin Cheng	0	0	—	—	0	0.00	—	—	
Kuan-Han Chen	5,676,180	1.15	0	0	3,165,000	0.64	Kuan-Ju Chen	Brothers	

IX For the total number of shares held in any single enterprise invested in by the Company, its directors, managers and any enterprises controlled directly or indirectly by the Company, the general shareholding ratio is calculated in a consolidated manner

Record date: December 31, 2021

Unit: shares;%

Invested business (Note)	Investment of the Company		Investment by directors and managers or by directly or indirectly controlled enterprises		Total investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
Apoland Resource International (BVI) Corp.	11,510,000	100.00	0	0	11,510,000	100.00
Defender Private Security Inc.	4,000,000	100.00	0	0	4,000,000	100.00
Aco Distribution Corp.	5,472,000	100.00	0	0	5,472,000	100.00
Sasaya Vitagreen Co., Ltd.	500,000	100.00	0	0	500,000	100.00
Hope Choice Distribution Corp.	6,500,000	100.00	0	0	6,500,000	100.00
Mascot International (BVI) Corporation	9,413,000	96.91	0	0	9,413,000	96.91
Sontenkan Resort Development Co., Ltd.	164,388,869	100.00	0	0	164,388,869	100.00
Hopeland Distribution Corp.	1,215,000	81.00	285,000	19.00	1,500,000	100.00
Apoland Development (Singapore) Pte Ltd.	54,497,121	93.10	preferred stock: 1,300,000	72.53	common stock: 54,497,121 preferred stock: 1,300,000	93.10 72.53
Koya Biotech Corp.	9,219,489	87.90	1,269,211	12.10	10,488,700	100.00
Yunlin Dairy Technology Corp.	4,754,551	75.83	126,322	2.01	4,880,873	77.84
Aiken Biotechnology International Co., Ltd.	5,756,900	53.77	4,815,206	44.97	10,572,106	98.74
Alpha International Developments Limited	2,433,455	100.00	0	0	2,433,455	100.00

AGV First Biotech Food (BVI) Limited.	27,813,400	100.00	preferred stock: 18,100,000	99.45	common stock: 27,813,400 preferred stock: 18,100,000	100.00 99.45
AGV International (BVI) Limited	460,000	100.00	0	0	460,000	100.00
AGV Biohealthy Food Limited	783,300	29.75	1,050,000	39.87	1,833,300	69.62
Taiwan First Biotechnology Corp.	54,757,349	41.28	10,325,069	7.78	65,082,418	49.06
Eastern Formosa Resource Development Corporation	5,880,000	32.94	8,180,000	45.83	14,060,000	78.77
Heding International Development Co., Ltd.	16,788,000	48.98	16,819,775	49.07	33,607,775	98.05
HOPEMAN DISTRIBUTION CO., LTD.	6,950,000	43.44	8,050,000	50.31	15,000,000	93.75
TAI FU INTERNATIONAL CORP.	8,615,180	24.83	9,830,470	28.34	18,445,650	53.17
NICE Enterprise Co., Ltd.	49,223,860	28.24	33,284,911	19.10	82,508,771	47.34
YANJING AGV INTERNATIONAL COMPANY LIMITED	2,500,000	50.00	0	0	2,500,000	50.00
Kuo Cheng Investment Development Corp.	5,000,000	47.62	0	0	5,000,000	47.62
Tongjitang Medicinal Biotech Corp.	5,000,000	26.27	3,000,000	15.76	8,000,000	42.03
Nice Investment Development Ltd.	4,800,000	36.64	preferred stock: 9,000,000	75.00	common stock: 4,800,000 preferred stock: 9,000,000	36.64 75.00
Alpha Biotech Development (BVI) Limited	24,500	49.00	25,500	51.00	50,000	100.00
Nicostar Capital Investment (BVI) Ltd.	1,764,000	36.21	3,108,000	63.79	4,872,000	100.00

Note: Investment recognized under the equity method by the Company.

Four. Fundraising Status

I. Corporate Capital and Shares

(I) Equity Capital sources

Date	Issue price	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Equity Capital sources	Offset against the equity capital by property other than cash	Others
July 1994	10	220,000,000	2,200,000,000	203,000,000	2,030,000,000	Capital surplus	—	1994-07-19-(83)-Tai-Cai-Zheng-(Yi) No. 3182
June 1995	10	280,000,000	2,800,000,000	236,600,000	2,366,000,000	Earnings, capital surplus	—	1995-06-24-(84)-Tai-Cai-Zheng-(Yi) No. 37548
July 1996	10	280,000,000	2,800,000,000	250,712,000	2,507,120,000	Earnings	—	1996-07-03-(85)-Tai-Cai-Zheng-(Yi) No. 4170
June 1997	10	420,000,000	4,200,000,000	288,318,800	2,883,188,000	Earnings, capital surplus	—	1997-06-26-(86)-Tai-Cai-Zheng-(Yi) No. 50451
June 1998	10	500,000,000	5,000,000,000	330,125,026	3,301,250,260	Earnings, capital surplus	—	1998-06-24-(87)-Tai-Cai-Zheng-(Yi) No. 54764
June 1999	10	500,000,000	5,000,000,000	346,631,278	3,466,312,780	Earnings, capital surplus	—	1999-06-28-(88)-Tai-Cai-Zheng-(Yi) No. 58680
July 2000	10	500,000,000	5,000,000,000	363,962,843	3,639,628,430	Earnings, capital surplus	—	2000-07-07-(89)-Tai-Cai-Zheng-(Yi) No. 58690
February 2006	10	500,000,000	5,000,000,000	370,826,050	3,708,260,500	Overseas convertible corporate bonds transferred to common stock	—	2006-02-07-Tai-Zheng-Shang-Zi No. 950001599
October 2006	10	500,000,000	5,000,000,000	377,689,257	3,776,892,570	Overseas convertible corporate bonds transferred to common stock	—	2006-10-13-Tai-Zheng-Shang-Zi No. 09500270781

Date	Issue price	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Equity Capital sources	Offset against the equity capital by property other than cash	Others
June 2007	10	600,000,000	6,000,000,000	377,689,257	3,776,892,570	—	—	2007-06-13 Increase in the amount of authorized capital resolved by the shareholders' meeting
June 2008	10	660,000,000	6,600,000,000	447,689,257	4,476,892,570	Cash Capital increase	—	2009-06-30 Increase in the amount of authorized capital resolved by the shareholders' meeting
June 2009	10	880,000,000	8,800,000,000	447,689,257	4,476,892,570	—	—	2009-06-19 Increase in the amount of authorized capital resolved by the shareholders' meeting
April 2011	10	880,000,000	8,800,000,000	497,689,257	4,976,892,570	Cash capital increase	—	Approval date and reference no. by the competent authority: Approved by Jin-Guan-Zheng-Fa-Zi No.10000126721 and Jin-Guan-Zheng-Fa-Zi No.1000012672 dated April 15, 2011
March 2015	10	880,000,000	8,800,000,000	487,205,257	4,872,052,570	Cancellation of treasury stock	—	2015-03-16-Tai-Zheng-Shang-Yi-Zi No. 1040004564
September 2016	10	880,000,000	8,800,000,000	494,513,336	4,945,133,360	Capital surplus	—	Reported and effected by FSC on August 9, 2016.

Types of shares	Authorized capital stock			Remarks
	Outstanding shares	Unissued shares	Total	
Common stock	494,513,336 shares	385,486,664 shares	880,000,000 shares	TWSE listed stocks

Note: The registered amount of the Company's authorized capital is NTD 5,000,000,000 and the increase in amount of authorized capital shall be registered as capital increase.

(The increase in the amount of authorized capital is registered in case the paid-in capital exceeds NTD 5,000,000,000.)

Information relevant to reporting: None.

(II) Shareholder structure

April 30, 2022

Shareholder structure Quantity	Government agencies	Financial institutions	Other institutions	Individuals	Foreign institute and foreigners	Total
Persons	0	0	285	107,389	90	107,764
Shares held	0	0	129,163,349	335,589,647	29,760,340	494,513,336
Shareholding ratio	00.00%	00.00%	26.12%	67.86%	6.02%	100.00%

(III) Distribution of equity

April 30, 2022

Shareholding range	Number of shareholders	Shares held	Shareholding ratio
1 to 999	68,181	3,977,409	0.80%
1,000 to 5,000	29,900	59,932,955	12.12%
5,001 to 10,000	5,035	38,909,601	7.87%
10,001 to 15,000	1,693	19,858,667	4.02%
15,001 to 20,000	914	17,165,058	3.47%
20,001 to 30,000	768	19,061,436	3.86%
30,001 to 40,000	311	10,879,361	2.20%
40,001 to 50,000	241	11,283,506	2.28%
50,001 to 100,000	392	28,744,743	5.81%
100,001 to 200,000	172	22,599,907	4.57%
200,001 to 400,000	52	14,893,764	3.01%
400,001 to 600,000	21	10,573,263	2.14%
600,001 to 800,000	12	8,242,393	1.67%
800,001 to 1,000,000	13	11,398,552	2.30%
Over 1,000,001	59	216,992,721	43.88%
Total	107,764	494,513,336	100.00%

(IV) List of major shareholders (shareholders with shareholdings ratio above 5%)

Shares	Shares held	Shareholding ratio
Major Shareholders		
Ho Yuan Investment Co., Ltd.	31,168,258	6.30%

Note: for the list of top 10 shareholders ranked in shareholdings ratio, please refer to Page 78 of the annual report.

(V) Market value per share for the past two fiscal years, together with the Company's net worth per share, earnings per share, dividends per share and related information

Item		Year	2020	2021	Up to March 31, 2022
Market price per share (Note 1)	Highest		10.20	14.60	11.80
	Lowest		5.81	8.12	10.40
	Average		7.49	10.44	11.09
Net worth per share (Note 2)	Before distribution		12.31	13.39	13.66
	After distribution		12.31	Note 9	Note 9
Earnings per share	Weighted average number of shares		494,513,336	494,513,336	494,513,336
	Earnings per share (Note 3)		0.47	0.41	0.10
Dividends per share	Cash dividends		—	Note 9	—
	Stock dividends	From earnings	—	—	—
		From capital reserves	—	—	—
	Accumulated unpaid dividends (Note 4)		—	—	—
ROI analysis	P/E ratio (Note 5)		15.94	25.46	—
	P/D ratio (Note 6)		—	Note 9	—
	Cash dividends yield (Note 7)		—	Note 9	—

* If shares are distributed in connection with a capital increase out of earnings or capital reserve, information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution should be disclosed.

Note 1: State the highest and lowest market prices for the common stock, and calculate the average market price for each year based on the turnover value and volume of each year.

Note 2: Please apply the quantity of stock already issued at the end of the year, and specify based on the board of directors or the allocation resolved by the shareholders' meeting of next year.

Note 3: If it is necessary to make adjustment retroactively due to distribution of bonus shares, please state the earnings per share before and after the adjustment.

Note 4: If the equity securities issuance terms and conditions provide that the stock dividend unallocated in the year may be accumulated until the year in which earnings allocable are generated, please disclose the accumulated stock dividend remaining undistributed until the current year.

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

Note 6: P/D ratio = Average closing price per share during the current fiscal year/Cash dividend per share.

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

Note 8: Please specify the net value per share and EPS available in the latest quarterly financial information audited (reviewed) by the independent CPAs before the publication date of the annual report. The information available in the current year up to the publication date of the annual report shall be specified in the other columns.

Note 9: The Company's 2021 earnings distribution plan has not yet been resolved by the shareholders' meeting.

(VI) Dividend policy and implementation thereof:

1. Dividend policy defined by the Articles of Incorporation:

The food industry is in a changing environment and the Company is at the stage of stable growth. To meet the demand for operating funds as the business grows and develop long-term financial planning for sustainable development, dividends are distributed, in principle, based on the appropriation rate of more than 50% (included) from the distributable surplus. The Company distribute dividends in the form of stock and cash, and the former is preferred in consideration of the growth rate and capital expenditure of Company. The remaining dividends are distributed by cash at a rate not less than 10% (included) than the total distributable dividends in the current year. Dividends in cash will not be distributed if the amount of the dividends distributable per share is less than NTD0.1 and dividends in stock will be distributed as a replacement.

2. Dividend distribution proposed at the shareholders' meeting:

The Company resolved at the 19th meeting of 17th Board of Directors on March 25, 2022 to approve the Company's 2021 earnings distribution plan which proposes to pay out NTD 148,354,001 from the distributable earnings as cash dividends. The payout is equivalent to NT\$0.3 per share. The Chairman shall be authorized to determine the ex-dividend date, date of payment and other related matters, once the proposal has been resolved in 2022 Annual General Meeting.

(VII) Effect of the allocation of bonus shares proposed at the shareholders' meeting to the Company's business performance and Earnings per share:

None.

(VIII) Remuneration to employees and directors:

1. Percentage and range of the remuneration to employees, and directors stated in the Articles of Incorporation:

The Company shall set aside the annual profit, if any, at the following rates as the remuneration to the Directors and Employees: (1) Remuneration to Directors: No more than 1% (included). (2) Remuneration for employees: No less than 1% (included) and distributed in the form of stock or cash; distribution of the remuneration to employees and Directors shall be approved by a majority vote at a meeting attended by more than two thirds of the Directors and shall be reported to the shareholders' meeting. Where the Company has any cumulative loss, the profit shall be reserved to offset the loss before being allocated as the remuneration to the employees and Directors at the rates referred to in the preceding paragraph.

2. The basis for estimating the amount of employee and director remuneration, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

The current estimated amounts of remunerations to employees and directors is based on the profitability of current year and estimated by the percentage specified in the Articles of Incorporation while recognized as current expenses. Subsequently, if the actual distributed amount resolved by the Board of Directors is different from the estimate, the difference shall be recognized as the adjustment to profit or loss in the following year.

3. The motion for allocation of remuneration passed by the Board of Directors:
 - (1) The remuneration to employees and directors is distributed in the form of cash or stock. Disclose the amount, causes and treatments of any differences between the amount paid and the amount estimated in the year the expense was recognized:
The Company resolved to distribute NTD2,601,000 as remuneration to directors based on 1% of the appropriation ratio and NTD5,204,000 as remuneration to employees based on 2% of the appropriation ratio in 2021 at the 19th meeting of the 17th Board of Directors on March 25, 2022. All remunerations were distributed in cash.
 - (2) Percentage of employees' remuneration paid in shares, relative to after-tax profit and total employees' remuneration shown in parent company only or individual financial statements: None.
4. Actual allocation of remuneration to employees and directors in the previous year (including the number of shares allocated, the sum of cash paid, and the price at which shares were issued); any differences from the figures estimated shall specify the difference, cause, and treatment of such discrepancies:
The Company distributed NTD2,984,000 as remuneration to directors with appropriation ratio of 1%; NTD5,969,593 was distributed as remuneration to employees based on 2% of appropriation ratio. All remunerations were distributed in cash and listed as the matters to be reported at the 2021 general shareholders' meeting.

(IX) Repurchase of the Company's shares

The Company did not repurchase the Company's shares in 2021 up to the publication date of the annual report.

- II. Issuance of Corporate bonds: None.
- III. Preferred stocks, global depository receipts, and employee stock warrants, new restricted employee shares and issue of new shares in connection with the merger and acquisition of shares of another company: None.
- IV. Status of implementation of capital allocation plans: None.

Five. Operational Highlights

I. Business Scope

(I) Main areas of business operations

1. Vegetables, fruits, meat, aquatic products and kelp, shellfish, beans, mushrooms, bamboo shoots, pickles, vegetarian, soup, porridge canned food manufacturing and sales.
2. Fruit and vegetable drinks, carbonated drinks, mineral water, packaged drinking water, sports drinks, coffee, tea, grass tea, soy (rice) milk, functional drinks manufacturing and sales.
3. Frozen vegetables, meat, aquatic products, frozen vermicelli, frozen dough, frozen mixed food, frozen processed food manufacturing and sales.
4. Instant noodles, instant rice flour, flour products, vermicelli, ready-to-eat lunch boxes manufacturing and sales.
5. Fermented food, soy sauce, miso, vinegar, sauces (sand tea sauce, hot pepper sauce, salad dressing, mayonnaise, barbecue sauce, Lu meat sauce, peanut butter) manufacturing and sales.
6. Dairy products (milk, long-life milk, milk powder, cheese, condensed milk, cream, etc.) seasoning milk, yogurt and ice products manufacturing and sales.
7. Edible oil, dehydrated smoked food, jam, pudding, jelly, pectin food, candy, pastry, bread manufacturing and sales.
8. Tea products, beans products, cereal products, animal feed manufacturing and sales.
9. Green algae, cyanobacteria, chicken extract, garlic (refined), edible pollen, Ganoderma lucidum, royal jelly, oligosaccharides, enzymes, food manufacturing and sales.
10. The import and export trade of the above products and their raw materials
11. Beer, grape wine, spirits, wine trading and import and export trade business.
12. Operating farm and fish field, playgrounds, department stores, supermarkets and tourist hotels, restaurants.
13. Authorization, rental and selling of national housings and commercial buildings construction.
14. Business management consultant(except accountant and securities investment consulting business)
15. Computer and Computing Peripheral Software Design Services.
16. Automatic vending machine settings.
- 17.C802041 Drugs and Medicines Manufacturing
- 18.C802051 Chinese Medicine Manufacturing
- 19.CC01050 Data Storage Media Units Manufacturing
- 20.CC01060 Wired Communication Equipment and Apparatus Manufacturing
- 21.CC01070 Telecommunication Equipment and Apparatus Manufacturing
- 22.CC01080 Electronic Parts and Components Manufacturing
- 23.CH01010 Sporting and Athletic Articles Manufacturing
- 24.CK01010 Footwear Manufacturing
- 25.E605010 Computing Equipments Installation Construction
- 26.E701010 Telecommunications Construction
- 27.E701020 Channel KU and C of Satellite TV Equipments and Materials Construction
- 28.F102160 Wholesale of Assist Food Products

- 29.F104030 Wholesale of Shoes
- 30.F108011 Wholesale of Chinese Medicines
- 31.F108021 Wholesale of Drugs and Medicines
- 32.F109030 Wholesale of Sporting Goods
- 33.F204030 Retail Sale of Shoes
- 34.F208011 Retail Sale of Chinese Medicine
- 35.F208021 Retail Sale of Drugs and Medicines
- 36.F209020 Retail Sale of Sporting Goods
- 37.I104010 Nutrition Consultation
- 38.I301020 Data Processing Services
- 39.I301030 Digital Information Supply Services
- 40.F399010 Convenience Stores
- 41.F301020 Supermarkets
- 42.ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

(II) Weight of business

Unit: NTD thousand %

Product type	2021	
	Sales amount	Sales ratio
Traditional foods	1,154,429	24.50%
Desserts	752,366	15.97%
Drinks	1,453,501	30.85%
Oat milk	1,047,025	22.23%
Oils	91,715	1.95%
Health foods	21,583	0.46%
Others	190,261	4.04%
Total	4,710,880	100.00%

(III) Present product items of the Company

Foods: pickle series, dessert series, prepared food series, drink series, fresh food series, oil series, international brand agent series, oat milk series, health food series, energy drink series, (frozen) dessert series and (frozen) prepared food series.

(IV) New products planned for development

1. Traditional foods: Canned tofu series (Mapo Tofu, curry tofu), Hakka bamboo shoots.
2. Drinks: AGV Mico-Ice Wheat Tea (sugar-free), wheat tea series (Mico-Ice Wheat Green Tea), Digesting Tea Series, OKINA Okinawa deep water.
3. Dairy products: Pure dense oats series, Oat Milk for Barista, Flavored Oatmeal (chocolate).

(V) Industry Overview

1. Status of the industry, development trends of products and competition status
Generally, in recent years, the priority focuses and trends in the food industry have been always related to food safety, plant-based food, functional food, environmental sustainability, packaging and labeling transparency, and

preparation for disaster and epidemic prevention. Notwithstanding, they still might vary depending on the environmental variables (politics, economy, epidemic and people's livelihood) each year. In order to adjust strategies and respond to resources in a timely manner, though the general trend might not be overturned shortly, variance in various parameters might still pose material effects to the ranking in the highly competitive fast moving consumer food industry. Therefore, an accurate forecast about the trend in coming year is still very important. The more renowned forecasting in the food industry in 2022 includes INNOVA market survey, which publishes the ten major trends in the global foods & drinks, Whole Foods Market subordinated to Amazon engaged in marketing of natural and organic foods, which publishes the 10 major trends in the food industry in 2022, and Forbes, which publishes the 5 dietary forecasting in 2022. Said forecasting appears to be common in some major variables (trade ware, lift rate & inflation, soaring raw materials, Russia-Ukraine war and persisting epidemic) recently.

Though the food industry trends of the world and Taiwan in 2022 continued to maintain the past characteristics of the food industry to meet the status of greater environment along with changes and expectations of the consumer lifestyle, the US-China Trade War, inflation, soaring raw materials and energy, Russia-Ukraine War, COVID-19 and ESG actually have a crucial impact on said elements. The ten major trends in foods & drinks published by INNOVA market survey globally are summarized as following:

Trend 1: Shared Planet

For the three reasons, long-term energy accumulation, powerful entities' promotion and rising public awareness toward environmental protection, ESG practices have become the global topic most concerned about by consumers. Different from the past, now clear and understandable standards are available to measure the impact posed by enterprises to the environment and society. Enterprises must work with consumers to enhance the reliability of the declaration of "sustainable responsibility" or "eco-friendly." It is also important to raise the public acceptance of various eco-friendly assurances and reliability of corporate social responsibility practices. Enterprises need to provide real-time, transparent, honest and reliable information and build their brand stories which may stand up to tests.

Trend 2: Plant-Based: The Canvas for Innovation

In consideration of consumers' valuing personal health and ESG (health of the earth), and also the basic setting of sustainable responsibility and environmental protection issues, the plant-based product trend stays a popular issue. The focus of future plant-based product development will shift from imitation of meat, fish and dairy products to optimization of function and quality of the product per se. According to the market survey, since 2020, the YoY of plant-based products published globally has been about 60%. From fast foods and gourmets, the high-quality plant-based food development trend is considered unstoppable.

Trend 3: Tech to Table

Technology progress derives the opportunity of innovation for the food and drink industries. Each product aspect, from product creativity, R&D and innovative process to consumption, has suffered significant changes. Enterprises must learn new creativity, R&D, production, marketing and channels. Consumers turn to applications and AI to access suggestions about personal nutrition and health, price, quality, quantity, frequency of procurement, and delivery model, and also the in-depth understanding about how to satisfy their own needs.

Trend 4: Shifting Occasions

The COVID-19 epidemic changed the dietary scenes and drove new consumption habits accordingly. Some consumers become eager to go out after the long-term quarantine at home, while the other consumers get used to online shopping or the co-sharing-based procurement model. Given the changes in production and table service, the brand shall adapt to the changing consumption habits and scenes, and launch products and consumption models better satisfying customers' expectation.

Trend 5: Voice of the Consumer

Thanks to improvement of living and education level and development of the media, internet and social community, now consumers control more right to speak than ever, as they may speak their thoughts on various online and offline platforms or channels and look forward to the response or engagement by the brand owners. When the basic consumption may satisfy basic living needs, people will continue to find products which may satisfy their own expectation, moral sense and values. Multiple products available on the market are co-created by entrepreneurial consumer, who take the initiative to fill the gap on the market, together with the brand owners satisfactory and, therefore, help boost the customer service to a higher level.

Trend 6: Gut Glory

The gastrointestinal tract is identified as the largest immune organ of the human body. Whether it is healthy decides whether the human body will function normally. The microorganisms and tissues inside it change an individual's health management method. The modern medical research proves that the connection between the gastrointestinal tract and physical and mental health is strong; therefore, the research encourages a combination of ingredients that facilitate the gut microbiome and those improving other healthy functions to create an all-round physical health management program dedicated to solving health or sub-health problems. Any ingredient or formula of food benefiting gastrointestinal tract will help improve the physical health comprehensively.

Trend 7: Back to the Roots

Many foods derive from environmental and economic factors. Products output locally are used to being more attractive due to personal living habits and preferences. Through promotional activities or voluntary awareness, more and

more consumers are willing to support the local economy, e.g. shopping in the stores nearby or involvement in community construction projects in person. According to the psychological and behavior survey, consumers tend to prefer natural ingredients and buy the goods already known by them; or, in order to remember the past, if the origin of foods or agricultural products is away from consumers' residences but not too far, they will still feel true, fresh and also pleasant.

Trend 8: Amplified Experiences

The delicious taste of food usually can trigger one's deepest desire, especially the experience in cuisine and effect thereof, which is usually the reason why consumers would like to continue consuming or purchasing more. For example, due to the persisting impact posed by the COVID-19 epidemic, people going through quarantine or isolation will be longing to try something new more than ever. As a part of the lifestyle, foods & drinks are considered one of the sources that may provide fresh experience to consumers. The adequate experience in foods derives multiple novel and interesting products on the market. Sellers launch into a new area or engage in some partnership beyond one's imagination accordingly.

Trend 9: Upcycling Redefined

Upcycling redefined is one of the earliest explicit activities about the ESG concept. Circular economy is also emerging from the areas of foods and drinks that each household will consume every day. Therefore, the waste raw materials may be recycled, and the purposes, such as energy conservation, carbon reduction and friendly environment, may be achieved satisfactorily too. The brand owners usually will promote the efforts spent by them in upcycling redefined and recycling in a more creative manner, in order to communicate to consumers some inspiring and positive information.

Trend 10: My Food, My Brand

The foods and drinks chosen by consumers may substantially represent their lifestyle. In other words, consumers' values are critical to their purchase decision. In the developed age, most people like to reflect their personality to the foods and drinks and also hope that foods & drinks may stand for their own personality. The brand owners wish to take the chance to build more unique and characteristics products, in order to provide consumers with the channels via which consumers may show themselves.

2. Relations between the upstream, midstream, and downstream of the industry
The relations between the upstream, midstream, and downstream of the industry are usually the indicator about an industry's life cycle. Due to the traditional concept that food is all-important to people and the impact caused by relative emphasis on household industry by the government over the years, resulting abundant human resources and supplies & resources in the food industry in Taiwan, the industry has already established a comprehensive collaboration mechanism between the upstream, midstream, and downstream of the industry.

The more apparent trend arising in the recent years is the emerging government organizations, quasi-non-government organizations, or private industrial organizations and associations, societies and unions, which combine the industry and government, industry and industry, and industry and private sector for exchange and interaction. The recent environmental variables, such as trade war, inflation, climate changes, shortage of raw materials, COVID-19 and regional war, all posed some impact to the food industry. Taiwan is an island economy. The food industry's prosperity is substantially related to international transactions. Besides, with the impact of global economic area, regional lifestyle, transnational diet habit and biotechnology, and food technology progress, we may observe that many international or local food businesses engage in the vertical supply chain integration of the upstream, midstream, and downstream. Also, we notice large food businesses begin to engage in inter-industry and cross-industry strategic alliances to manage diversified investments.

According to the recent report by the renowned food industry media, Food Manufacturing, many food experts believe that the upstream, midstream and downstream supply chain of foods are arousing seven major emerging trends:

Trend 1: More Flexible and Resilient, and Then Survive

First of all, the epidemic posed multiple limitations to the supply chain in the food industry. In order to enable the supply chain to exert its best function, more flexibility and resilience are required. Therefore, the food industry should step out of the traditional box, and then may respond to the change in supply chain upon occurrence of any unpredictable incident, and also to prevent any special single incident from affecting the whole supply chain.

Trend 2: Millennials' Awareness Toward Environmental Protection Corresponding to ESG

Given the increasing environmental protection awareness, the green energy will be the next trend to be followed by the food industry. In addition to providing better care for the earth, the combination of eco-friendly corporate identity and brand may win more reliance from customers and thus improve the customers' loyalty. 66% of millennials tend to support the brands that support the ESG practices and green energy issues. Further, in terms of the industrial trends, the brands advocating ESG practices have grown by 5.6 times compared to those that don't. Practically, many logistical service providers are working hard to minimize the size of shipping boxes, as their income may be reflected in the packaging reduction, and they may save manpower and thus cut the costs.

Trend 3: The new technology blockchain integration provides speed and safety. Consumer satisfaction about the goods is positively proportional to the time spent in delivery. However, it is very difficult for the logistics industry to meet the expectation for the sooner the better. Therefore, if the blockchain data and decentralization are implemented in the supply chain management, the food businesses may shorten the time spent in logistics, and may cut their costs in

logistical service while satisfying consumers' expectation at the same time.

Trend 4: Utilize the IoT and big data analysis results to improve business strategies.

Following the IoT development, business owners may manage their warehousing more conveniently. Through collection of big data into the central database for analysis and utilization, the system may improve the overall operational process and marketing strategy.

Trend 5: Customer satisfaction resides in the successful integration of online and offline procedures.

Consumer satisfaction is the ultimate target pursued by the enterprises. What consumers expect is more direct and convenient shopping procedure. No matter online shopping or shopping at tangible stores, smooth procedures are indispensable.

Trend 6: AI and automation has replaced manpower rapidly.

Such technologies derive few brand-new procedures for suppliers. Mass automated product is one of them. A machine with learning skills refers to a machine equipped with the functions to read, identify and replicate a series of high-rank contents, models and production processes. AI may help process said works in whole automatically, so that the labor cost may be cut, so is the error rate. Then, the production capacity is improved accordingly.

Trend 7: "Supply Chain as a Service" is the best choice to save the supply chain development costs.

Supply Chain as a Service, also known as SCaaS, means contracting the business plans, sales, inventory management, logistics and packaging operations to other professional service providers. Such contractors may help provide the businesses with more flexible room, for which the businesses don't need to invest capital in HR, procedure or technology at the initial stage. The alternate innovative approach is to satisfy the resources needed by suppliers by providing single service to make the suppliers control their operating costs more optimally and thus improve the whole supply chain's efficiency.

In terms of the seven major integration trends in the food supply chain, the speed and efficiency of the supply chain will be improved more rapidly and based on consumers. In addition to improving the efficiency and effect, the most important thing is more resilient prevention of the impact posed by any contingency that the supply chain cannot deal with, or that breaks the whole supply chain in the post-epidemic era.

(VI) Technology and research and development overview

1. Research and development expenditures in the most recent years up to the publication date of the annual report

Unit: NTD thousand; %

Year	R&D expenses	Net operating revenue	Proportion to net operating revenue
2021	52,282	4,710,880	1.11%
Up to March 31, 2022	10,397	1,130,291	0.92%

2. R&D results of the Company's Institute of Health Science in recent years

Year	2020	2021	Up to the end of March,2022
Number of new product introductions (improvements)	18	22	5
Number of research reports	23	24	3
Number of patents acquired	0	0	1
Number of health food certificates acquired	2	1	0

3. R&D results in recent years

- (1) Continuing the spirit of product innovation to refine and improve quality product

Ongoing optimization of the original main products makes the Company more competitive in cost and satisfy the high standards in quality, flavor, stability and safety. The Company also conduct regular judgment and comparison with competitive products in the market to ensure the brand advantage of the Company's product. Meanwhile, the Company performs strict evaluation focusing on the cost down improvement formula to confirm the modified formula can maintain excellent quality. By the spirit of innovation, the Company improved the quality and flavor of the products, including AGV pure dense oats, vegetarian barbecue sauce, Peanut Fried Gluten and AGV digesting tea to increase the profits of products.

- (2) Innovative R&D and processing technologies to achieve the introduction of leading products

The Company continues to innovate, research and develop the fermentation enzyme decomposition technology, in addition to the Company's original exclusive biotechnology of triple enzyme hydrolysis, in order to develop the oat pulp blendable with coffee, and make it achieve good foaming and foam stability when combining coffee, and applied to the cafe oat latte. The Company has successfully launched the Oat Milk for Barista, innovated, researched and developed the oatmeal with different sweetness applicable to AGV chocolate oats successfully. Meanwhile, the Company researches and develops the exclusive in-tank forming technology to make tofu form

into one piece in the tank, in response to the global plant-based trend and also in line with the current convenient and healthy food trend. The AGV Mapo Tufu launched successfully also won the distinguished honor for food & drink innovation of the “Food Innovation Award,” which is known as the Oscar of the food industry.

- (3) Grasping food ingredient technology to improve product quality
By technologies related to biotechnology of triple enzyme hydrolysis, extract biotechnology, nano-grinding technology, membrane filtration technology, hydrolyzed oats flour production technology, we improve the food ingredient quality and functional ingredients of products to increase the added value of products while using the core technology of cold aseptic filling for manufacturing to improve product quality.

- (4) Controlling source safety management to provide guarantee for product quality

All of the food safety incidents in Taiwan were problems caused by the lack of control in the upstream materials. Thus, the “source management” is very important for prevention of food safety incidents. The Company has a testing lab that acquired double certificates of TAF and TFDA with ingredient test items reaching 278 items and 380 items for pesticide residues to effectively control the source safety management and provide guarantee for product quality.

4. R&D and investment plan

- (1) Health food certificate

By integrating the innovation of Institute of Health Science with technology platforms of related innovative technology, material technology, research patent, formula design, manufacturing technology and test analysis, we apply for various health food certificates such as blood fat regulation, blood sugar regulation, intestine improvement, liver protection, reduction of body fat, strengthening of immune system and anti-aging through industry-government-academia collaborations. The products include dairy products, oatmeal, teas, grain drinks, juices, capsules, health caplets, health drinks and plant-based supplement to meet the health demand of the consumer. We also plant to apply for patents in various countries by the acquisition of health food certificates.

- (2) Innovative R&D technology

We introduce foreign technologies and seek for international strategic alliances to create the global competitive edge for the group by integrating patent applications to develop process core technologies such as triple enzyme hydrolysis biotechnology for drying, food biotransformation technology, nano-grinding technology, probiotics (prebiotics) biotechnology for fermentation, fruit enzyme fermentation technology and Chinese herbal medicine biotechnology for material extracts.

5. Status of research and development plans uncompleted (in progress)

- (1) We plan to sell AGV pure dense oats around the world using the biotechnology of triple enzyme hydrolysis combined with the

nano-grinding technology and drum drying technology to produce hydrolyzed oats flour.

- (2) The product formula is designed to meet the clean label and natural idea. The clean label is a concept rather than a certificate or defined requirement originated from the retail channel. Clean means not only being clean on the surface but also reducing unnecessary ingredients and replace additives by natural extracts as the key point. Also, the design of product formula shall meet the idea of clean label as much as possible.

For the health food certificate, the Company will invest in various human trial health food certificates such as tea to reduce formation of body fat, grain drinks to strengthen the immune system and health drinks to improve strength and health capsules. The Company will also invest in the application for the formula of plant-based supplement.

6. Projected time for mass production:

Main products	Projected time for mass production
Traditional foods	Q2 and Q3 of 2022
Drinks	Q2 of 2022
Dairy products	Q2 and Q3 of 2022
Health foods	Q3 of 2022
Snacks	Q2 of 2022

7. Key factors for successful R&D in the future

- (1) Core technology innovation: we utilize the “exclusive biotechnology of triple enzyme hydrolysis (with applied patents in multiple countries)” and nano-grinding technology to develop grain drinks with high functional ingredients and adopt advanced European “cold aseptic filling equipment” for production with aseptic control throughout the process. The factory has acquired the highest specification certificate of food safety management HACCP and ISO22000 to provide assurance and protection for the quality.
- (2) R&D organization innovation: This is the key point of whether the human resources of the Company can improve capability and performance to successfully compete the development of new technologies and products. The Company’s Institute of Health Science is reorganized to become a function-oriented framework of two institutions and six centers.
- (3) Product value innovation: The issue concerned by the consumer might be the product design which is easily ignored by the vendors. A successful innovative product may not only increase the revenue rapidly but also may create added value recognized by the consumer due to innovation and then transform to a

bestseller with high gross profit and profit. However, innovation is a constant advantage that cannot be ceased due to the increasingly changing demands of the consumer.

8. R&D personnel and their educational background

As of the end of April, 2022, the Company has 22 R&D personnel with educational backgrounds all above college degree and the main members have rich work experience and product R&D experience in relevant industries, contributing to the progress of product research and development.

Unit: people

Educational background	Year	2020	2021	End of April, 2022
	PhD and Master		15	18
University and college		6	6	6
Total		21	24	22

(VII) Long-term and short-term business development plan

1. Short-term business development plan: The short-term business development plan aims to achieve the tactic business targets for 1–3 years, and current targets, operating revenue, earnings and market share, and then seek the development opportunities if feasible.
 - (1) Achievement of annual targets: Attain the threshold for cultural cuisine, healthy drinks, international brand operating revenue and earnings.
 - (2) Regulated the channels' operations: Control the channels' orders, promotional conditions, contract expenses and operating expenses stably.
 - (3) Ensure the new arrivals' results: Ensure the listed product lines, marketing channels, distribution time and coordination of production and sales.
 - (4) Seek market opportunities: Integrate creativity for new products, consumption trends, customers' opinion and market demand.

2. Long-term business development plan: The long-term business development plan aims to achieve the business plans and strategic business targets for 3–5 years and even for 10 years: expected targets, increase in revenues and profits, introduction of key categories, obtaining advantage in market share or leading position in category, improvement of position in upstream, midstream and downstream of industry or strategy to further achieve a three-win between the Company, shareholders and consumers. The Company's long-term business development plan will continue to uphold the past four major strategic directions:
 - (1) Improvement of "cost efficiency."
 - (2) Persistence of "innovative development."
 - (3) Establishment of "cross-industry integration."

(4) Development of “international market.”

Meanwhile, in response to the environmental variables and market opportunities, the Company will add four strategic directions:

(5) Balance between healthy and delicious and retro innovation: Uphold the theory about healthy and delicious, and innovate based on retro.

(6) Correspondence of needs by group to lifestyle: Find the needs of the young and old in line with the home cooking trend.

(7) Adaption to the epidemic and combination with solutions: Adopt responsive strategies against the epidemic and find solutions deriving from life.

(8) Equality in social performance and financial performance: Fulfill the social responsibility and take a leading position in layout for sustainability.

II. Market and Production/Sales Overview

(I) Market Analysis

1. Sales region of main productions:

The domestic sales of the Company’s products accounted for 97% while export sales accounted for 3%. Since 2020, the Company’s consolidated operating revenue has grown year by year, due to the growing domestic market benefiting from COVID-19 epidemic, product innovation and channels’ development. Total consolidated assets for the year were NTD 13.84 billion (showing an increase of NTD 496 million), total shareholders’ equity was NTD 7.397 billion (showing an increase of NTD 539 million), the consolidated revenue was NTD 4.711 billion (showing an increase of NTD 96 million), and the total comprehensive profit and loss was NTD 563 million (showing an increase of NTD 132 million) in 2021. The operating revenue has grown year by year and by NT\$4.5 billion stably. The total consolidated income also attained NT\$500 million or above. The EPS has remained NT\$0.4 or more for the most recent two years. Many products, such as pickle, dessert, sauce, canned food, edible oil, juice, tea drink and cereal drinks, are marketed as the leading brand domestically. As for the international market, the pure dense oats acquired the leading position in the domestic market share will still be the leading product to constantly explore market opportunities in the markets of Europe, America and Japan, etc..

2. Market share:

The Company’s products with leading position in domestic market share in 2021 all had further growth, such as: canned desserts with the market share in 1st place (led by peanut milk), pickles with the market share in 1st place (led by 5 AGV pickles), canned fish with the market share in 1st place (led by AGV tuna fillet), functional teas with the market share in 1st place (led by AGV digesting tea), grain drinks with the market share in 1st place (led by AGV red bean water) and oats milk with the market share in 1st place (led by AGV pure dense oats), while all kinds of products, including sweet chili sauce, vegetarian barbecue sauce, Korean kimchi and fresh tomato juice, still ranked the first place in the market share of sub-category in 2021 with progress in quantity and amount.

3. Market's future supply/demand conditions and development potential:
According to the long-term observation of the food market in Taiwan, the popularization of food safety concept and consumption preference for quality product among governments and consumer as well as the rise of consumer health consciousness resulted in the high demand and loyalty for healthy, functional and health-oriented foods by the consumer, which is consistent with the Company's product claim and business philosophy "for a healthy tomorrow" over the years. According to the statistics gathered by the Directorate General of Budget, Accounting and Statistics, Executive Yuan and Department of Statistics, Ministry of Economic Affairs, the industries such as food industry and retail industry have been bottomed out upon outbreak of the second local COVID-19 pandemic in 2021. However, now the industries' operating revenue appears to increase month by month. The Company's consolidated operating revenue was NTD 4.711 billion (an increase by NTD 96 million), and consolidated comprehensive income NTD 563 million (an increase by NTD 132 million). Both appear to grow significantly. Therefore, the Company holds an active, positive and optimistic view toward the Company's future supply and demand, and growth.
4. Competitive niche, positive and negative factors for future development, and responsive strategies
 - (1) Competitive niche and positive factors for future development
 - A. We have established a system incorporating R&D, production and sales for years and connected the strategy direction and resources integration of the Company's R&D, production, quality assurance, planning and business departments; this not only results in high success rate of new products with constant growth in old ones but also can immediately reflect and solve external accidents. Because the system can timely reflect the market supply and demand as well as emergency during the epidemic situation of COVID-19, we not only achieved and exceeded the annual targets set by the Board of Directors but also strengthened the corporate structure in the mid- and long-term to create the opportunity of development.
 - B. We have complete production lines with regular upgrading and updating, organized employee training and inventory and sufficient production driver to achieve complementarity between low season and busy season (we maintained the leading position in demotic industry by producing quality products and providing sufficient supply with various automatic cold aseptic filling line, high-speed line for canned foods, production line for glass contained foods, Tetra Pak production line, fresh food line, PP bottle production line). In this case, we not only promote the production efficiency to meet the production demand of customers within or without the enterprise but also reduce the production risk and cost at the same time. The R&D, quality assurance and production teams have accumulated rich food manufacturing experience over the years via close collaboration and fully controlled the production efficiency and performance with sophisticated management in aspects of process optimization, production automation, new product R&D and yield rate

control. This not only effectively reduce the production cost but also enhance the product quality and improve the management efficiency and market competitiveness.

- C. The “Institute of Health Science meeting the requirement for double certificates of TFDA and TAF in the ISO 17025” separately established the institute of product R&D and food safety management institute to be individually responsible for R&D innovation and quality control based on the principle of professional division of work. In addition, based on three principles of “natural product quality,” “scientific manufacturing technology” and “popular health food,” the Institute completed the innovation and development of numerous new products and technologies that acquired patents, certificates and awards in many countries with its subordinate four centers of new product development, product optimization, test and analysis as well as health biotechnology.
- D. Equipped with “complete sales network platform and sound logistics system,” AGV had its products manufactured in factories with health and safety standards of ISO 22000 and HACCP. After strict quality control inspection, the products are delivered to multiple retail stores and various distribution channels in the province through our own business team and business places around Taiwan, automatic FIFO warehousing as well as the room temperature and low temperature logistics system. The safe, rapid and efficient system can fully meet the demands of existing and potential customers.

(2) Negative factors and responsive strategies:

The food industry of Taiwan plays an leading role in the world regardless of innovation, R&D, production, quality assurance, planning and sales aspects. Therefore, the solution adopted to dissolve negative factors is often applied by other countries:

- ✓ Challenge and difficulty I: Limited domestic market with difficulty in the development of overseas markets.
Responsive strategy: In addition to the existing Chinese supermarkets in Europe and American, Costco, and subsidiaries in mainland China, the Company may also develop the business in Southeast Asia and the Third World to seize the market opportunities, in response to the Government’s Southbound Policy.
- ✓ Challenge and difficulty II: Difficulty in product innovation and sever homogeneous competition.
Responsive strategy: Enhance the liaison between the industry, government, academia and private associations, unions and societies related to the food industry, expand the recruitment of talents, introduction of technologies, agency and distribution, and solicitation for strategic alliance opportunities.
- ✓ Challenge and difficulty III: Vertical competition of channels compressing the room for profit.
Responsive strategy: According to the latest research report released by the renowned market survey company, Nielsen, since the outbreak of COVID-19, the tangible channel’s sales almost remained stalled, while

the e-commerce platforms (online channels) generated the compound annual growth rate for food sales by more than 20%. Therefore, the Company may try to develop the channels distinguished from the traditional ones, such as group purchase, live stream, official website, FB, social community network, and communication software to increase the room for operating revenue and earnings.

- ✓ Challenge and difficulty IV: Long period to gain profit from investment as well as talent and technical obstacles.

Responsive strategy: In response to the government's industrial policy and development orientation, the Company may strive the financial and regulatory supports and also engage in the industry-academia collaboration with the departments of food science of domestic/foreign schools to start training talents and recruitment of talents from students. By so doing, the Company may achieve the product/industry innovation and solicit talents at the same time to gain the best of both worlds.

- ✓ Challenge and difficulty V: Increase growth in the price of raw materials due to high overseas dependence.

Responsive strategy: The Company has launched the multiple-supplier system to increase the room for bargain and seek stable sources of supply. Meanwhile, Financial Dept. may arrange the procurement of raw materials denominated in USD by a binding contract or in the form of foreign exchange operation in USD, in order to ensure that earnings would not be affected by foreign exchange rate fluctuation.

- ✓ Challenge and difficulty VI: Increasingly severe laws and regulations as well as lack of connection with the world.

Responsive strategy: The Company has participated in multiple industrial associations, unions and societies formed under the industry-government-academia collaboration projects. Therefore, it will communicate with the competent authority proactively about the issues on optimization of policies and lifting of laws and regulations, and also correspond with international food organizations more actively to increase the opportunities for innovation and development, market exploration and transnational cooperation.

(II) Important usage and manufacturing process of main products

1. Important usage of main products

Main products	Main usage or function
Tradition series	Appetizer, seasoning and cooking
Dessert series	Edible desserts
Drink series	Snacks and health
Oat milk series	Snacks and health
Oil series	Cooking
Health series	Health

2. Manufacturing process of main products

The main products produced by the Company include traditional foods, desserts and drinks. The main process is respectively listed as follows:

- (1) Traditional foods: Raw materials salted → washing → slicing → filling → sealing → sterilizing → cooling → labeling
- (2) Desserts: Raw materials → preparation → filling → sealing → sterilizing → cooling → packing → finished-product
- (3) Drinks: Raw material preparation → sterilizing → cooling → filling → sealing → packing → finished-product

(III) Primary raw material supply status

Primary raw material	Source	Supply status
Cucumber, choy sum, snake melon	Contractual farming (import)	Excellent
Red bean, pepper, glutinous rice	Domestic contractual farming and import	Excellent
Peanut	Domestic contractual farming and import	Excellent
Chinese cabbage	Domestic contractual farming and import	Excellent
Granulated sugar	Long-term contract and import	Excellent
Fructose	Long-term contract	Excellent
Tomato	Domestic contractual farming and import	Excellent
Oats, barley	Import	Excellent
Tea	Domestic contractual farming and import	Excellent
Pickled bamboo shoot	Domestic contractual farming	Excellent

(IV) Name of customers accounted for more than 10% of total purchase (sales) amount of the company in recent two years or in any year and the purchase (sales) amount and ratio thereof, and explanation of the reason for increases or decreases in the above figures

1. Information of main suppliers of the Company in recent two years

Unit: NTD thousand

Item	2020				2021				Up to March 31, 2022			
	Name	Amount	Annual net purchase percentage (%)	Relationship with the issuer	Name	Amount	Annual net purchase percentage (%)	Relationship with the issuer	Name	Amount	Net purchase percentage up to the last quarter of the current year (%)	Relationship with the issuer
1	Taiwan First Biotechnology Corp.	1,104,606	38.72%	Related party	Taiwan First Biotechnology Corp.	1,068,327	36.06%	Related party	Taiwan First Biotechnology Corp.	285,927	36.39%	Related party
2	Niceco International Corp.	247,239	8.67%	Related party	Niceco International Corp.	320,104	10.81%	Related party		57,303	7.29%	Related party
	Others	1,500,909	52.61%		Others	1,573,653	53.13%		Others	442,493	56.32%	
	Net purchase amount	2,852,754	100.00%		Net purchase amount	2,962,084	100.00%		Net purchase amount	785,723	100.00%	

Reasons for increases or decreases:

1. The purchase amount from the Company's PET bottle contractor, Taiwan First Biotechnology Corp., declined slightly compared to the same period last year. Notwithstanding, it is still one of the Company's main suppliers. Among other things, the sales of our main products, i.e. PET bottled products including digesting tea and pure dense oats, still grow compared to the same period in last year, thus driving the Company's overall sale performance.
2. The first purchase from the import agent, NICECO International Corp. in 2021 accounted for more than 10%, which is the supplier of the raw materials for the Company's main product, tuna fillet. In consideration of the constantly soaring international raw materials and unstable sailing schedule, through the production-marketing coordination, the Company's purchase amount for tuna fillet increased significantly in 2021 from 2020.

2. Information of main customers of the Company in recent two years

Unit: NTD thousand

Item	2020				2021				Up to March 31, 2022			
	Name	Amount	Annual net sales percentage (%)	Relationship with the issuer	Name	Amount	Annual net sales percentage (%)	Relationship with the issuer	Name	Amount	Net purchase percentage up to the last quarter of the current year (%)	Relationship with the issuer
1	CHUAN LIAN Enterprise Co., Ltd.	1,046,253	22.67%	None	CHUAN LIAN Enterprise Co., Ltd.	1,056,766	22.43%	None	CHUAN LIAN Enterprise Co., Ltd.	202,314	17.90%	None
	Others	3,568,233	77.33%		Others	3,654,114	77.57%		Others	927,977	82.10%	
	Net operating revenue	4,614,486	100.00%		Net operating revenue	4,710,880	100.00%		Net operating revenue	1,130,291	100.00%	

Reasons for increases or decreases:

1. The growth in 2021 compared to last year was due to the significant increase in sales performance of the retail market. This is caused by the panic buying and stockpile of canned foods due to the impact of COVID-19 (Coronavirus).
2. The performance of main products such as peanut milk, 5 AGV pickles, digesting tea and pure dense oats continued to grow stably; the AGV pure dense oats (3-in-1 collagen) PET290ML and Black Chocolate Pure Dense Oat launched in 2021 were very popular among consumers and achieved outstanding performance again.

(V) Production quantity in the most recent two years

Unit: Thousand dozen; NTD thousand

Production quantity Key products	Year	2020			2021		
		Production Capacity	Production Quantity	Production Value	Production Capacity	Production Quantity	Production Value
Traditional foods		6,866	2,444	541,992	6,866	2,452	559,331
Desserts		7,958	3,267	487,322	7,958	3,153	487,524
Drinks		9,028	2,362	125,648	9,028	3,150	130,563
Total		23,852	8,073	1,154,962	23,852	8,755	1,177,418

Note 1: Production capacity means the volume of products that can be produced by the Company using current production equipment in normal operations after factors including necessary suspension of operations and holidays have been taken into account.

Note 2: For the production of products with substitutability, the production capacity shall be calculated in a consolidated manner with attached description.

(VI) Sales quantity table in the most recent two years

Unit: Thousand dozen; NTD thousand

Sales quantity and amount Key products	Year	2020				2021			
		Domestic Sales		Export Sales		Domestic Sales		Export Sales	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Tradition series		2,822	1,074,960	0	0	2,995	1,154,429	0	0
Dessert series		3,161	737,274	0	0	3,216	752,366	0	0
Drink series		10,722	1,518,808	0	0	10,129	1,453,501	0	0
Oat milk series		4,802	951,965	0	0	5,216	1,047,025	0	0
Oil series		90	86,666	0	0	88	91,715	0	0
Health series		7	22,063	0	0	5	21,583	0	0
Others		0	222,750	0	0	0	190,261	0	0
Total		21,604	4,614,486	0	0	21,649	4,710,880	0	0

III. Information of employees in the most recent two years and up to the publication date of annual report

Year		2020	2021	Up to March 31, 2021
Number of employees	Employee	361	350	351
	Operator	150	155	151
	Foreign worker	71	51	49
	Total	582	556	551
Average age		43	43	42
Average service year		9	9	10
Education background distribution ratio	PhD	1.20	0.90	0.91
	Master	13.57	14.57	15.25
	College	46.00	46.94	46.64
	Senior High School	29.38	28.60	28.13
	Under Senior High School	9.85	8.99	9.07

IV. Information on environmental protection expense

- (I) In case the Company requires to apply for a permit for polluting facility establishment or a pollution discharge permit or to pay pollution prevention fees, or to designate a unit for environmental protection, the description of the status of such applications, payment or establishment shall be specified

1. The Company has acquired the establishment and operation permit for the following stationary sources of pollution

Item	Permit no.	Duration of permit
8-ton boiler*2	111 Fu-Huan-Cao-Zheng-Zi No. Q0487-07	112.9.29
15-ton boiler*1	111 Fu-Huan-Cao-Zheng-Zi No. Q0305-07	114.3.28
Water pollution prevention permit	Huan-Shui-Xu-Zi No. 00301-09, Chiayi County	112.5.09

2. Establishment of designate personnel for environmental protection March 31, 2022

Item	Establishment	Type of permit	Permit no.
Waste water	1	Dedicated wastewater and sewage treatment specialist (Class A)	109 Huan-Shu-Xun-Zheng-Zi No. GA060399
Waste	1	Waste disposal technician (Class B)	92 Huan-Shu-Xun-Zheng-Zi No. HB211081
Air	1	Dedicated air pollution control specialist (Class A)	108 Huan-Shu-Xun-Zheng-Zi No. FA110221

- (II) Investment on the major anti-pollution equipment, the purpose of such equipment and projected possible effect

The factory of the Company located in Minsyong (with Touqiao) Industrial Park at Minxiong Township, Chiayi County, and regularly accepts the routine emission inspection of the component authority. The factory's equipment all meets the requirements of environmental standards and the existing pollution prevention equipment is listed as follows:

Unit: NTD thousand

Name of equipment	Quantity	Acquisition date	Investment cost	Purpose and projected possible effect
Wastewater system	1	80.02.01	80,000	Wastewater treatment in compliance with the Effluent Standards
Oxidation pond	1	87.06.15	12,000	Wastewater treatment in compliance with the Effluent Standards
Waste site	1	89.05.01	8,000	Waste storage and classified treatment

- (III) The process undertaken by the Company on environmental pollution improvement in the most recent two years and up to the publication date of the annual report. If there had been any pollution dispute, its handling process shall also be described: None.

(IV) Any losses suffered by the company in the most recent two years and up to the publication date of the annual report due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental protection inspections): None.

(V) Current condition of pollution and the impact of its improvement to the profits, competitive position and capital expenditures of the Company, as well as the projected major environment-related capital expenses to be made for the coming years:

1. Current condition of pollution and the impact of its improvement to the profits, competitive position and capital expenditures of the Company:

Besides regularly paying the environmental expenses of pollution control fee every quarter, the Company has no expenses generated due to environmental pollution.

Unit: NTD thousand

Item/Year	2021
Air pollution control fee	4.71
Water pollution prevention fee	39.79

2. Projected major environment-related capital expenses to be made for the coming years:

Unit: NTD thousand

Year	Name of equipment	Improvements	Amount
2021 ~ 2022	Sludge dryer	Currently, the goal planned is to reduce more than 60% of total weight for sludge with original 80% of moisture content by sludge dryer to achieve the goal of sludge reduction.	12,000

3. Impacts after improvement:

For the sludge generated from the factory's wastewater treatment site, the cost of waste treatment triple in recent years. To reduce the impact on the environment, we will evaluate the use of sludge dryer for sludge reduction to achieve the objectives of eco-friendliness and cost reduction.

V. Labor-management relationship

- (I) The Company's employee benefits, continuing education, training, retirement systems, and the status of implementation, as well as the status of agreements between labor and management, and all measures aimed at preserving the rights and interests of employees:

By the corporate philosophy of love, trust and pursuit of superiority, the Company cares about the development and demand of employees in all aspects, such as the employee benefits, optimization of personnel system, work environment, employee career development and communication channel. The status of implementation is as follows:

1. We pay attention to the job rotation, competency development and promotion of the employee and provide perfect remuneration to attract and retain talents. To achieve labor-management harmony and create a win-win situation, we also cultivate talents with multiple capabilities to improve the productivity of the employee and strengthen the future competitiveness of the Company.
2. We not only improve the professional skills of employees but also cultivate various capabilities and interests of employees. The education and training of the Company is classified as: new employee training, general training, professional training, management competency and spiritual growth courses; the status of training in 2021: 96 training courses with 815 participants; the total training hours was 6,991.5 hours.
3. To maintain a labor-management consensus and improve loyalty of employees, we establish smooth labor-management communication channels such as the mailbox of the President, employee's online message section, employee reporting system, labor-management meetings and welfare committee meetings. By irregular communication and interaction with committee members selected from each unit, we enable the junior employees to fully express their opinions and suggestions.
4. The Company is dedicated to the employee welfare measures, including profit sharing, parking lots, employee health checkups, breastfeeding rooms, subsidies for weddings and funerals, birthday gifts, scholarships for employees and their children, company trips and travel subsidies, year-end lottery, emergency relief, hospitalization allowance, club activity subsidy, recreation facilities and group insurance.
5. The Company has established the regulations on the retirement management based on the regulations of Labor Standard Act and Labor Pension Act. According to Paragraph 4, Article 56 of the Labor Standard Act, we also have established the "Labor Pension Reserve Committee" and allocate "pension reserve" to the account of Trust Department of the Bank of Taiwan as the payment for employee pension; for pension contribution applicable to the old labor retirement system, the Company contributes 13% of total salary as pension for employees on a monthly basis. As for pension applicable to the new labor retirement system of the "Labor Pension Act," the Company contributes the 6% of employee salary as pension into the employee individual account every month based on the monthly labor pension reserve grade table.

- (II) Employee code of conduct or ethical rules:

To establish the management system, complete the organizational function and build labor-management harmony, the Company has established the work rules to regulate the behavior of employees. The description is as follows:

1. Employees shall faithfully fulfill their duties and comply with all regulations of the Company to ensure the business confidentiality.
2. When doing business with external parties on behalf of the Company, employees shall take a modest attitude instead of being proud and damaging the image of the Company.
3. Employees shall keep their integrity, respect other's personality and help each other to jointly achieve the business objectives of the Company.
4. Employees shall be honest in their daily behavior and shall not involve in conduct

that may do harm to the reputation of the Company, such as being licentious or extravagant, visiting prostitutes or gambling.

5. Employees shall perform their duties as practical as possible instead of being afraid of difficulties, avoiding or delaying their work without any reason.
6. Employees shall have innovative spirits to seek for work efficiency.
7. Employees shall inspire themselves by studying and discipline.

(III) Working environment and employee personal safety protective measures:

The Company implements the labor safety and health management in compliance with the laws and regulations to build a fine work environment and protect the safety and health of employees:

1. Establishing designated unit and personnel of Labor Safety and Health Office in accordance with the laws and regulations to regularly review and establish safety and health management policy. We also have safety and health management specialists as well as safety and health management personnel approved by the Region Inspection Office.
2. Promoting safety and health notice and safety operation standard on a regular or irregular basis for the compliance of employees.
3. Checking and maintaining machinery and equipment on a regular basis to ensure the operating safety.
4. The safety and health management personnel shall perform daily inspection and follow up improvements to maintain the completeness of facilities.
5. Implementing the 5S management to refine the factory environment and maintain the system.
6. The complete fire control system is established according to the regulations of the Fire Services Act and checked and reported regularly based on the laws; fire control drill is held for the employee every six months while emergency preparation and response drill is held every year.
7. The employee health checkups and medical examination before employment is conducted every year. We work with the health unit to provide mammography car screening, pap smear, bone mass density examination and specific cancer screening test.
8. Providing safe and healthy operating environment for the employee to uphold environmental safety discipline, prevent pollution and conduct fire control check on a regular basis while continuing the improvement of occupational safety and environmental safety policies to achieve the goal of 0 occupational accidents.
9. Complying with relevant regulations of OHSAS 18001 to build safe work environment and reduce dangerous behavior of employees.

(IV) Relevant certificates designated by the competent authority acquired by the Company's personnel involved in financial information transparency:

In 2021, we participated in the internal control course for enterprise held by the Securities and Futures Institute, The Institute of Internal Auditors and Accounting Research and Development Foundation, and passed the proficiency test:

1. Auditing Office: 14 persons.
2. Accounting Department: 2 persons.

(V) Any losses suffered by the Company in the most recent two years and up to the publication date of the annual report due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and related measures:

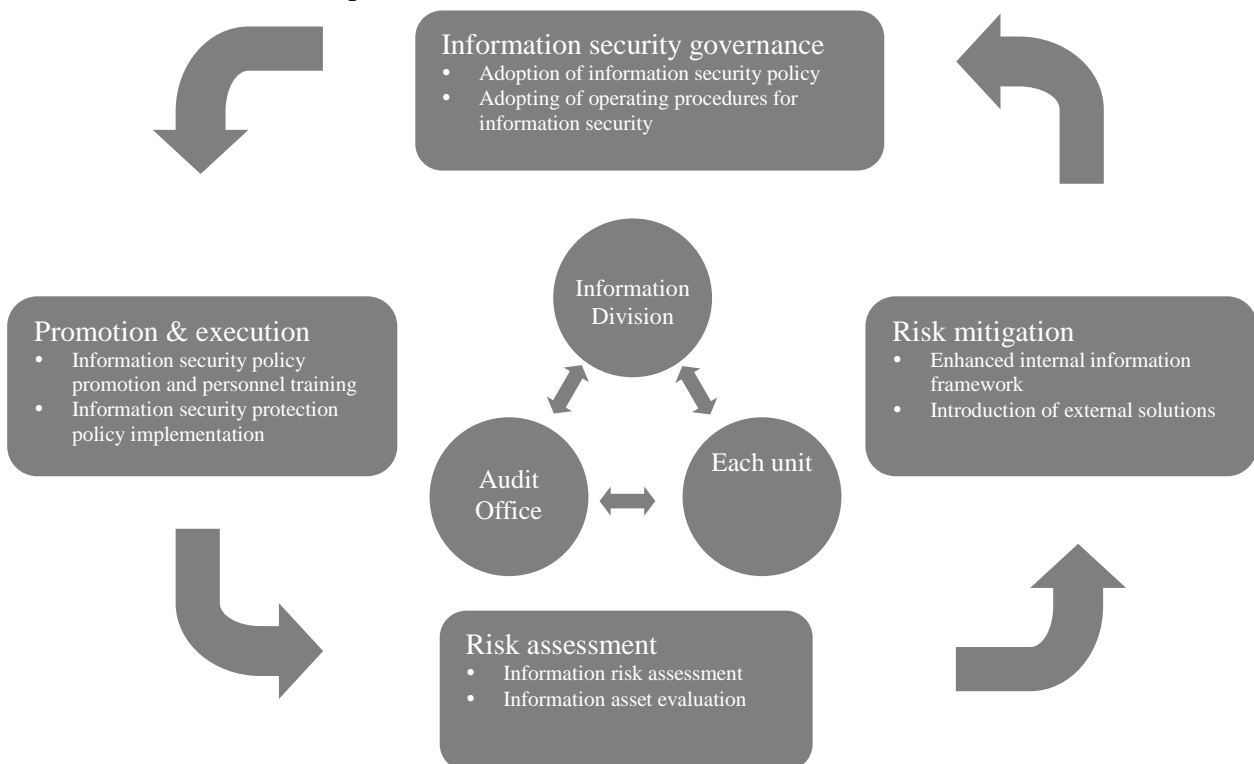
None.

VI. Cyber Security Management

1. Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

➤ Cyber Security Risk Management Framework:

1. The Company's unit responsible for information security refers to Information Division. The Division appoints one IT officer who, together with the professional IT personnel, is responsible for adopting the internal information security policies, planning and executing the promotion and practicing of information security protection and information security policies, and also announcing the overview of the Company's information security governance periodically.
2. The Company's Audit Office is the unit dedicated to supervising the internal control on information security. The Office appoints one audit officer who, together with the dedicated auditing personnel, is responsible for supervising the status of information security operations inside the Company, and asking the audited unit to propose the related correction plan and practices immediately upon discovery of any defects in the audit, and following up the correction results to mitigate the internal information security risk.
3. The organizational operating model is subject to periodic audit and circular management, in order to ensure the achievement of the target for reliability and continuous improvement.



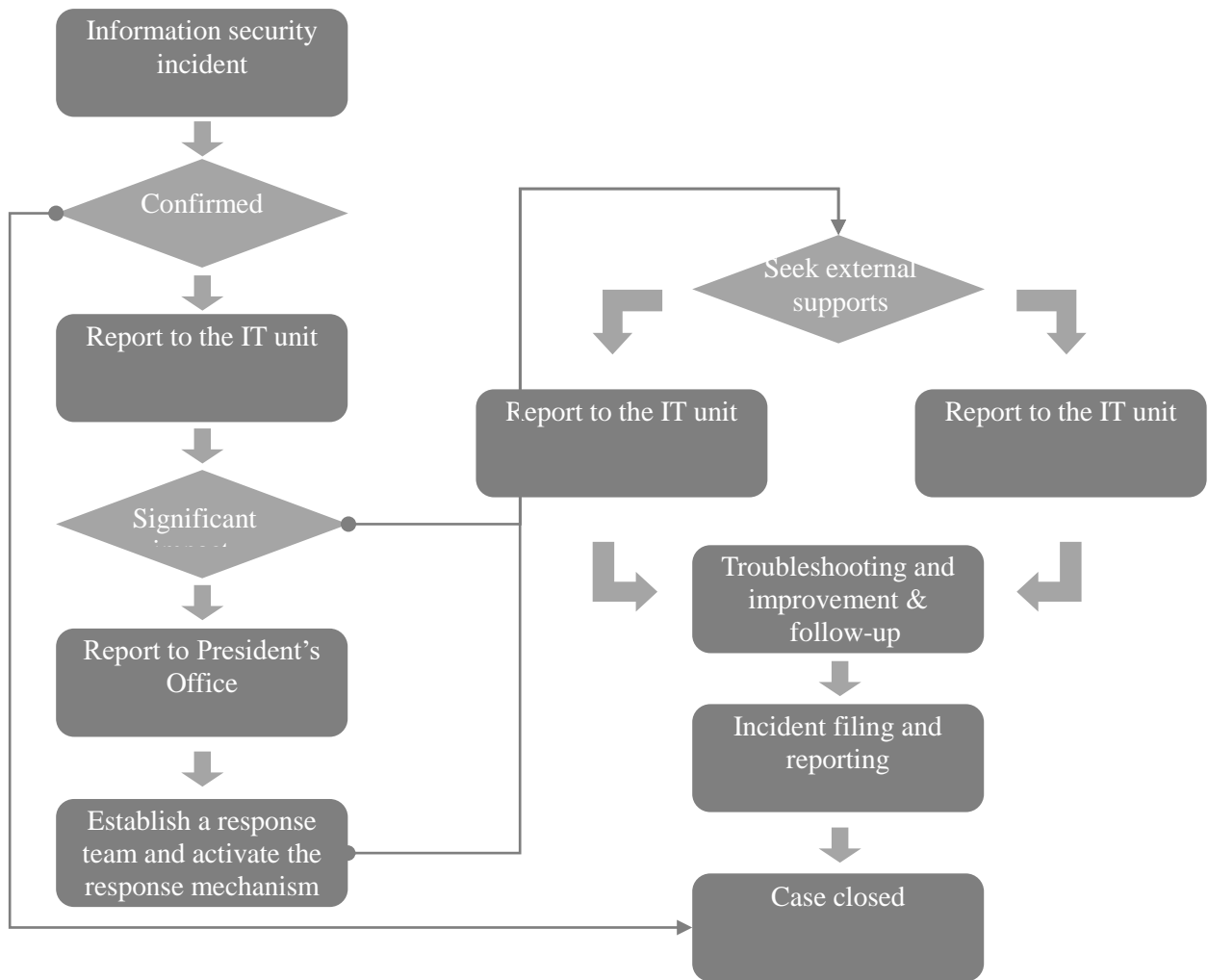
- Information security policy:
 - Purpose:
 1. To maintain the overall information security, strengthen various information asset security management operations, ensure the availability, confidentiality and integrity to keep the Company's normal operations.
 - ◆ Confidentiality: To ensure that only the person with authority may access the information assets.
 - ◆ Integrity: To ensure the accuracy and integrity of the way to dispose of the information assets.
 - ◆ Availability: To ensure that any user with authority may access the information assets whenever necessary.
 2. To ensure the security of the Company's host, network equipment and network communications, mitigate the risk over theft, unfair use, disclosure, alteration, suspended servicing or destruction of the information assets due to negligence, intention or natural calamity effectively, and establish the cyber security management regulations.
 - Principles:
 1. All of the workers are obligated to keep the information security.
 2. Must establish the adequate information security management organization, including the method by which the information security is controlled, execution of necessary technical inspections, reporting and settlement of any information security incidents, and audit and review on ISMS.
 3. The information security management system shall satisfy the Company's business needs and also take into account the cost-effectiveness of the investment in information.
 4. The information security management shall satisfy related laws, the Company's internal regulations, and requirements under contracts.
 5. Certain classification and grading procedure shall be adopted for the information assets to manage the assets by grading per the security grade as identified expressly.
 6. Conduct the necessary security audit on workers and external personnel engaged in processing important confidential information.
 7. ISMS shall follow the ISO/IEC 27001 process-oriented "Plan-Do-Check-Act, PDCA" model to continue executing the documentation to "establish, implement, operate, monitor, review, maintain and improve information security."
 8. Where any worker violates the policy and related laws and thereby causes a hazard to the Company's information security, the IT department shall request for approval to stop the worker's further access. The worker shall be disciplined by the Company's related unit, subject to the materiality of the case.
 9. ISMS shall take international information security standards and regulations as the important reference.

➤ Concrete management programs, and investments in resources for cyber security:

The Company establishes the safe information environment and continue to invest the fund to improve vulnerability and upgrade the system's performance. The main cyber security management programs are stated as follows:

Network security	Construct the network firewall to block external cyber attacks Construct the endpoint protection to stop computer virus and hackers' invasion Construct the mail backup anti-virus mechanism to block spam attacks and satisfy the SOX Act to track the search record
Information system security	Construct the data backup mechanism to back up the data in the important system and practice the backup exercise periodically Virtualize important application systems and produce backup thereof on a daily basis
Application security	Establish the application system development process in accordance with SOP for application, testing, acceptance and inspection & acceptance Information system outsourcing maintenance controlled by remote access following information security authority control
Education & training and promotion	Periodic information security promotion and education & training Strengthen employees' awareness toward email social engineering and execute phishing email exercise
Employee information security	Execution of the NDA for employee security Provide employees with the on-the-job education and training to ensure the safety and accuracy of various information assets and operating systems.

The Company's cyber security reporting procedures are defined as follows. Any information security incident shall be reported and processed in accordance with the procedures.



2. List any losses suffered by the Company in the most recent fiscal year and up to the date of publication of the annual report due to significant cyber security incidents, the possible impacts therefrom, and countermeasures. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

Everybody should be responsible for information security. No matter how strict the system security is, if the users fail to put the concept into action, it is still impossible to mitigate the risk to the minimum. Therefore, after the occurrence of each abnormal event, the Company not only records the entire process of the event but also prepares announcement thereof to inform all employees in the Company so that every employee may have more understanding of information security protection and implement accordingly. By this continuous circle, every employee of the Company may be more aware of the information security during operation to strengthen the security of information, reduce threats and improve corporate competitiveness. The Company accepts internal audit every year to verify the level of information security risk. If the standard is not met, the Company will take the improvement measures to mitigate coming risks. After the internal audit in December 2021, there was no significant information security event that have impact on the business operations.

As of the publication date of the annual report, the Company has no material cyberattack or event that had or may have significant adverse impact on the business and operation of the Company. Also, the Company has never been involved in any relevant legal actions or under monitoring and investigation.

VII. Important contracts

The supply/sales contracts, technologies cooperation contracts, construction contracts, long-term loan agreements, and all other important contracts which are likely to impact the investors' rights, whether they are currently effective or have expired in the most recent year, and shall include the parties, major content, restrictive provisions and the commencement and termination dates of the contracts.

Nature of contract	Party	Commencement and termination dates of contract Date	Major content	Restrictive provisions
Supply/sales contract	General Welfare Service of MND	2021.10.23–2022.10.22	Supply of discounted product for the national military	In accordance with the contractual provisions
Supply/sales contract	CHUAN LIAN Enterprise Co., Ltd.	2022.01.01–2022.12.31	Supply for the marketing locations of CHUAN LIAN in Taiwan	In accordance with the contractual provisions
Delivery contract	HOPEMAN DISTRIBUTION CO., LTD.	2021.04.01–2023.03.31	Commissioned delivery of commodities	In accordance with the contractual provisions
Commodity contract	SOCIÉTÉ DES PRODUITS NESTLÉ S.A.	2016.01.01–2026.12.31	Production and sales of commodities	In accordance with the contractual provisions
Joint credit contract	10 banks of syndicated loans such as Bank of Taiwan	2021.12.28–2026.12.28	Mortgage loan	In accordance with the contractual provisions
Long-term loan contract	Land Bank of Taiwan	2019.12.26–2022.12.26	Mortgage loan	In accordance with the contractual provisions
Long-term loan contract	Taiwan Cooperative Bank	2021.07.26–2026.07.26	Mortgage loan	In accordance with the contractual provisions
Long-term loan contract	Taiwan Cooperative Bank	2020.08.20–2025.08.20	Mortgage loan	In accordance with the contractual provisions
Long-term loan contract	Agricultural Bank of Taiwan	2021.12.27–2023.12.27	Mortgage loan	In accordance with the contractual provisions
Long-term loan contract	Hua Nan Commercial Bank	108.08.15–113.08.15	Mortgage loan	In accordance with the contractual provisions
Long-term loan contract	Bank of Kaohsiung	109.12.30–114.12.30	Mortgage loan	In accordance with the contractual provisions

Six. Financial Overview

I. Condensed balance sheet and the statement of comprehensive income

(I) Condensed balance sheet – IFRS (consolidated)

Unit: NTD thousand

Item	Year	Financial information for the most recent five years (Note 2)					Financial information up to March 31, 2022 (Note 1)
		2017	2018	2019	2020	2021	
Current assets		1,929,163	2,011,644	2,176,972	2,239,613	2,404,150	2,457,140
Property, plant and equipment		2,919,361	3,102,064	2,987,712	2,962,648	2,905,781	2,938,381
Intangible assets		20,409	16,802	11,269	9,102	8,319	7,860
Other assets		7,373,355	7,454,308	7,720,033	8,129,496	8,518,524	8,585,541
Total assets		12,242,288	12,584,818	12,895,986	13,340,859	13,836,774	13,988,922
Current liabilities	Before distribution	2,733,860	3,379,906	3,346,048	3,505,952	2,719,358	2,654,597
	After distribution	2,733,860	3,379,906	3,346,048	3,505,952	2,867,712	2,802,951
Non-current liabilities		3,384,629	2,932,952	3,110,672	2,976,433	3,720,047	3,787,899
Total liabilities	Before distribution	6,118,489	6,312,858	6,456,720	6,482,385	6,439,405	6,442,496
	After distribution	6,118,489	6,312,858	6,456,720	6,482,385	6,587,759	6,590,850
Equity attributable to parent company shareholders		5,416,535	5,530,367	5,680,922	6,089,352	6,621,311	6,753,536
Capital stock		4,945,134	4,945,134	4,945,134	4,945,134	4,945,134	4,945,134
Capital surplus		258,350	259,233	266,323	268,647	268,647	268,647
Retained earnings	Before distribution	420,755	551,061	606,288	820,259	1,010,282	1,062,069
	After distribution	420,755	551,061	606,288	820,259	861,928	913,715
Other equity		(207,704)	(225,061)	(136,823)	55,312	397,248	477,686
Treasury stock		-	-	-	-	-	-
Non-controlling equity		707,264	741,593	758,344	769,122	776,058	792,890
Equity Total amount	Before distribution	6,123,799	6,271,960	6,439,266	6,858,474	7,397,369	7,546,426
	After distribution	6,123,799	6,271,960	6,439,266	6,858,474	7,249,015	7,398,072

Note 1: The financial statements of Q1, 2022 have been audited by the CPAs.

Note 2: All financial information from 2017 to 2021 has been audited by CPAs.

* If the Company has prepared parent company only financial report, the condensed balance sheets and statements of comprehensive income for the past five years shall also be prepared.

* If the Company adopted IFRS for less than five years, the financial information adopting the Generally Accepted Accounting Principles of the Republic of China shall be prepared separately.

*: For companies that revalue their assets in current year, the revaluation date and increased amount shall be listed.

*: as of the publication date of the annual report, the financial information audited or reviewed by the CPAs in the recent years of companies whose stocks are listed or traded on the over-the-counter market shall also be disclosed.

*: for the amount after distribution, please specify based on the distribution resolved by the shareholders' meeting of next year.

*: for those who have been notified by the competent authority to correct or revise their financial information, all the figures/numbers used shall be the corrected or revised ones, and the status and reasons for such correction or revision shall be noted.

(II) Condensed statement of comprehensive income – IFRS (consolidated)

Unit: NTD thousand

Item	Year	Financial information for the most recent five years (Note 2)					Financial information up to March 31, 2022 (Note 1)
		2017	2018	2019	2020	2021	
Operating revenue		4,146,490	4,321,819	4,468,238	4,614,486	4,710,880	1,130,291
Gross profit		1,304,671	1,380,563	1,410,511	1,519,004	1,459,388	339,774
Operating Income (Loss)		(5,071)	67,034	132,034	216,101	171,535	64,781
Non-operating income and expenses		156,979	(8,740)	(61,943)	94,209	113,709	3,176
Net Profit Before Taxes		151,908	58,294	70,091	310,310	285,244	67,957
Net profit from continuing operations		145,153	62,687	65,333	249,394	217,167	54,856
Current net profit							
Loss on discontinued operations		-	-	-	-	-	-
Current net profit (loss)		145,153	62,687	65,333	249,394	217,167	54,856
Other comprehensive income (Net income after tax)		(68,279)	24,248	112,788	181,436	346,094	82,101
Total comprehensive income in the current period		76,874	86,935	178,121	430,830	563,261	136,957
Profit attributable to owners of the parent		133,106	47,898	48,069	232,904	201,182	51,787
Net profit attributable to non-controlling equity		12,047	14,789	17,264	16,490	15,985	3,069
Comprehensive income attributable to owners of the parent		66,672	71,533	154,436	411,837	539,539	132,225
Comprehensive income attributable to non-controlling equity		10,202	15,402	23,685	18,993	23,722	4,732
Earnings per share		0.27	0.10	0.10	0.47	0.41	0.10

Note 1: The financial statements of Q1, 2022 have been audited by the CPAs.

Note 2: All financial information from 2017 to 2021 has been audited by CPAs.

(III) Condensed balance sheet – IFRS (parent company only)

Unit: NTD thousand

Item	Year	Financial information for the most recent five years (Note 2)					Financial information up to March 31, 2022 (Note 1)
		2017	2018	2019	2020	2021	
Current assets		1,338,106	1,414,855	1,577,627	1,702,650	1,746,110	Not applicable
Property, plant and equipment		1,051,818	1,014,963	990,087	959,384	948,016	Not applicable
Intangible assets		3,988	3,804	1,719	2,573	2,645	Not applicable
Other assets		7,595,473	7,691,431	7,916,637	8,294,560	8,815,041	Not applicable
Total assets		9,989,385	10,125,053	10,486,070	10,959,167	11,511,812	Not applicable
Current liabilities	Before distribution	1,972,204	2,617,676	2,263,646	2,127,012	1,634,012	Not applicable
	After distribution	1,972,204	2,617,676	2,263,646	2,127,012	1,782,366	Not applicable
Non-current liabilities		2,600,646	1,977,010	2,541,502	2,742,803	3,256,489	Not applicable
Total liabilities	Before distribution	4,572,850	4,594,686	4,805,148	4,869,815	4,890,501	Not applicable
	After distribution	4,572,850	4,594,686	4,805,148	4,869,815	5,038,855	Not applicable
Equity attributable to parent company shareholders		-	-	-	-	-	Not applicable
Capital stock		4,945,134	4,945,134	4,945,134	4,945,134	4,945,134	Not applicable
Capital surplus		258,350	259,233	266,323	268,647	268,647	Not applicable
Retained earnings	Before distribution	420,755	551,061	606,288	820,259	1,010,282	Not applicable
	After distribution	420,755	551,061	606,288	820,259	861,928	Not applicable
Other equity		(207,704)	(225,061)	(136,823)	55,312	397,248	Not applicable
Treasury stock		-	-	-	-	-	Not applicable
Non-controlling equity		-	-	-	-	-	Not applicable
Equity Total amount	Before distribution	5,416,535	5,530,367	5,680,922	6,089,352	6,621,311	Not applicable
	After distribution	5,416,535	5,530,367	5,680,922	6,089,352	6,472,957	Not applicable

Note 1: Not applicable since the parent company only financial report of Q1, 2022 was not prepared.

Note 2: All financial information from 2017 to 2021 has been audited by CPAs.

(IV) Condensed statement of comprehensive income – IFRS (parent company only)

Unit: NTD thousand

Item	Year	Financial information for the most recent five years (Note 2)					Financial information up to March 31, 2022 (Note 1)
		2017	2018	2019	2020	2021	
Operating revenue		3,445,766	3,606,728	3,781,489	3,921,854	3,956,221	Not applicable
Gross profit		1,036,991	1,093,578	1,133,640	1,240,053	1,174,413	Not applicable
Operating Income (Loss)		56,465	101,687	147,850	224,552	185,371	Not applicable
Non-operating income and expenses		76,450	(67,384)	(103,735)	67,958	69,570	Not applicable
Net Profit Before Taxes		132,915	34,303	44,115	292,510	254,941	Not applicable
Net profit from continuing operations Current net profit		133,106	47,898	48,069	232,904	254,941	Not applicable
Loss on discontinued operations		-	-	-	-	-	Not applicable
Current net profit (loss)		133,106	47,898	48,069	232,904	201,182	Not applicable
Other comprehensive income (Net income after tax)		(66,434)	23,635	106,367	178,933	338,357	Not applicable
Total comprehensive income in the current period		66,672	71,533	154,436	411,837	539,539	Not applicable
Profit attributable to owners of the parent		-	-	-	-	-	Not applicable
Net profit attributable to non-controlling equity		-	-	-	-	-	Not applicable
Comprehensive income attributable to owners of the parent		-	-	-	-	-	Not applicable
Comprehensive income attributable to non-controlling equity		-	-	-	-	-	Not applicable
Earnings per share		0.27	0.1	0.1	0.47	0.41	Not applicable

Note 1: Not applicable since the parent company only financial report of Q1, 2022 was not prepared.

Note 2: All financial information from 2017 to 2021 has been audited by CPAs.

(V) Names of CPAs and audit opinions:

Year	Accounting firm name	Name of CPA	Audit opinions
2021	Crowe (TW) CPAs	Shu-Man Tsai and Ching-Lin Li	Unqualified opinion
2020	Crowe (TW) CPAs	Shu-Man Tsai and Ching-Lin Li	Unqualified opinion
2019	Crowe (TW) CPAs	Shu-Man Tsai and Ching-Lin Li	Unqualified opinion
2018	Crowe (TW) CPAs	Shu-Man Tsai and Ching-Lin Li	Unqualified opinion
2017	Crowe (TW) CPAs	Ling-Wen Huang and Ching-Lin Li	Unqualified opinion

Note: Audits made by other CPAs were adopted while the responsibilities shall also be specified respectively.

II. Financial Analysis

(I) Financial analysis – IFRS (consolidated)

Analysis Item		Year	Financial analysis for the last five years					Up to March 31, 2022 for the current year
		2017	2018	2019	2020	2021		
Financial structure (%)	Ratio of liabilities to assets	49.97	50.16	50.06	48.59	46.53	46.05	
	Ratio of long-term capital to property, plant and equipment	301.47	271.86	294.25	306.00	355.88	358.74	
Debt service ability %	Current ratio	70.56	59.51	65.06	63.88	88.40	92.56	
	Quick ratio	43.59	37.33	42.90	39.14	53.65	54.13	
	Interest coverage folds	2.31	1.40	1.52	3.50	3.31	3.48	
Operating ability	Turnover rate of account receivables (times)	7.1	7.47	7.28	7.60	7.49	1.37	
	Average days for cash receipts	51.40	48.86	50.13	48.02	48.73	66.42	
	Inventory turnover rate (times)	4.75	4.59	4.74	4.49	4.20	1.01	
	Payables turnover rate (times)	5.9	4.62	4.11	4.11	4.49	1.08	
	Average days in sales	76.84	79.52	77.00	81.29	86.9	90.09	
	Turnover rate for property, plant and equipment (times)	1.42	1.39	1.49	1.55	1.62	0.38	
	Total asset turnover rate (times)	0.33	0.34	0.35	0.35	0.34	0.08	
Profitability	Return on asset (%)	2.02	1.42	1.34	2.65	2.32	0.56	
	Return on equity (%)	2.69	1.14	1.16	4.23	3.41	0.83	
	Pre-tax Income to Paid-in Capital Ratio (%) (Note 7)	3.07	1.17	1.41	6.27	5.76	1.37	
	Net Profit Margin (%)	3.5	1.45	1.46	5.40	4.60	4.85	
	Earnings per Share (NTD)	0.27	0.1	0.1	0.47	0.41	0.1	
Cash flow	Cash flow ratio (%)	2.88	12.73	6.37	14.16	4.38	-8.92	
	Cash flow sufficiency ratio (%)	13.1	23.53	40.4	73.18	73.49	-194.6	
	Cash reinvestment ratio (%)	0.66	3.67	1.77	4.03	0.87	-2.12	
Leverage	Operating leverage	(26.32)	2.94	2.07	1.62	1.78	1.44	
	Financial leverage	0.04	(0.88)	(313.61)	2.33	3.53	1.72	

Please describe the reason for changes in financial ratios in the most recent two years. (if the change increase/decrease is less than 20%, analysis may be exempted)

1. Current ratio (38.38%), quick ratio (37.07%): This is mainly due to the decrease in the long-term liabilities due within a year from the same period of last year.
2. Cash flow ratio (-69.07%) and cash reinvestment rate (-78.41%): This is mainly due to the decrease in the net cash inflow from operating activities from the same period of last year.
3. Financial leverage (51.50%): This is mainly due to the decrease in current operating profit from the same period of last year.

Note 1: The financial statements of Q1, 2022 have been audited by the CPAs.

Note 2: The following calculation formula shall be listed at the bottom of the chart in the annual report.

1. Financial structure
 - (1) Ratio of liabilities to assets = Total liabilities / Total assets.
 - (2) Ratio of long-term funds to property, plants and equipment = (Total equity + non-current liabilities) / net property, plants and equipment.
2. Debt service ability
 - (1) Current ratio = Current assets / Current liabilities.
 - (2) Quick ratio = (Current assets – Inventory – Pre-payment) / Current liabilities.
 - (3) Interest coverage folds = Profit before income tax and interest expense / Interest expense.
3. Operating ability
 - (1) Accounts receivable (including accounts receivable and notes receivable from operations) turnover ratio = Net sales / average of accounts receivable (including accounts receivable and notes receivable from operation) balance.
 - (2) Average days for cash receipts = 365 / Accounts receivable turnover.
 - (3) Inventory turnover rate = Sales cost / average inventory amount.
 - (4) Accounts payable (including accounts payable and notes payable from operations) turnover ratio = Sales cost / average of accounts payable (including accounts payable and notes payable from operation) balance.
 - (5) Average days in sales = 365 / Inventory turnover.
 - (6) Property, plant and equipment turnover = Net sales / Average net worth of property, plant and equipment.
 - (7) Total assets turnover rate = Net sales / Average total assets.
4. Profitability
 - (1) Return on assets = [Profit and loss after tax + interest expense × (1 - tax rate)] / average total assets.
 - (2) Return on equity = Profit and loss after tax / average total equity.
 - (3) Profit ratio = Profit and loss after tax / net sales.
 - (4) Earning per share = (Earnings of parent company owner – Preference dividends) / weighted average number of shares outstanding. (Note 3)
5. Cash flow
 - (1) Cash flow ratio = Net cash flow from operating activities / Current liabilities
 - (2) Net cash flow sufficiency ratio = Net cash flows from operating activities in the last five years / (Capital expenditure + Inventory increase + Cash dividends) in the last five years.
 - (3) Cash flow reinvestment ratio = (Cash provided by operating activities – Cash dividends) / (Gross property, plant and equipment + Long-term investments + Other non-current assets + Working capital). (Note 4)
6. Leverage:
 - (1) Operating leverage = (Net operating revenue – variable costs and expenses of operations) / operating profit (Note 5).
 - (2) Financial leverage = Operating profit / (operating profit - interest expenses).

Note 3: The following shall be considered in assessing the said EPS calculation formula:

1. Weighted average outstanding common stocks are used, instead of year-end outstanding shares.
2. Those that conduct cash capital increase or treasury stock transactions shall calculate the weighted average outstanding shares based on the outstanding period.
3. If any additional shares were issued against retained earnings or capital reserves, the full year or half-year earnings per share must be adjusted proportionally and retroactively, regardless of when the additional stocks were issued.
4. If the preferred stock is unconvertible cumulative preferred stock, the dividend for the year (whether the dividend is paid or not) should be deducted from the net income or added to the net loss. If the preferred stock is not cumulative, dividends thereon shall be subtracted from net profit after tax if net profit after tax is earned, or no adjustment is required if loss arises.

Note 4: The following shall be considered in assessing cash flow analysis:

1. Net cash flow from operating activities refers to net cash inflow from operating activities as stated in the Statement of Cash Flow.
2. Capital expenditure refers to the cash outflow to annual capital investments.
3. The increase in inventory is included only when the balance at the ending is more than that at beginning. If the inventory decreases at the end of the year, it shall be calculated as “zero”.
4. Cash dividends include the dividends in cash paid to holders of common stocks and preferred stocks.
5. Gross property, plant and equipment refer to total property, plant and equipment before subtracting by accumulated depreciation.

Note 5: The issuer shall distinguish the operating costs and operating expenses as fixed and floating ones by nature. If any estimation or judgment is involved, please note the reasonableness and consistency.

Note 6: In the case of shares issued by the Company with no par value or a par value other than NTD10 per share, said calculation about the ratio of the paid-in capital shall be replaced by the equity attributable to the parent company identified in the balance sheet.

(II) Financial analysis – IFRS (parent company only)

Analysis Item		Financial analysis for the last five years					Up to March 31, 2022 for the current year
		2017	2018	2019	2020	2021	
Financial structure (%)	Ratio of liabilities to assets	45.77	45.37	45.82	44.43	42.48	Not applicable
	Ratio of long-term capital to property, plant and equipment	762.22	739.67	830.47	920.60	1041.94	Not applicable
Debt service ability %	Current ratio	67.84	54.05	69.69	80.04	106.86	Not applicable
	Quick ratio	39.34	32.3	43.82	47.23	59.81	Not applicable
	Interest coverage folds	2.48	1.39	1.54	4.78	4.22	Not applicable
Operating ability	Turnover rate of account receivables (times)	6.58	7.06	6.79	7.02	6.89	Not applicable
	Average days for cash receipts	55.47	51.69	53.75	51.99	52.97	Not applicable
	Inventory turnover rate (times)	4.8	4.59	4.77	4.46	4.09	Not applicable
	Payables turnover rate (times)	5.5	4.26	3.78	3.79	4.16	Not applicable
	Average days in sales	76.04	79.52	76.51	81.83	89.24	Not applicable
	Turnover rate for property, plant and equipment (times)	3.27	3.55	3.81	4.08	4.17	Not applicable
	Total asset turnover rate (times)	0.34	0.35	0.36	0.35	0.34	Not applicable
Profitability	Return on asset (%)	2.08	1.18	1.12	2.77	2.37	Not applicable
	Return on equity (%)	2.47	0.87	0.85	3.95	3.16	Not applicable
	Pre-tax Income to Paid-in Capital Ratio (%) (Note 7)	2.68	0.69	0.89	5.91	5.15	Not applicable
	Net Profit Margin (%)	3.86	1.32	1.27	5.93	5.08	Not applicable
	Earnings per Share (NTD)	0.27	0.10	0.1	0.47	0.41	Not applicable
Cash flow	Cash flow ratio (%)	4.01	17.66	9.45	21.14	6.02	Not applicable
	Cash flow sufficiency ratio (%)	33.69	106.49	97.37	106.05	80.35	Not applicable
	Cash reinvestment ratio (%)	0.98	6.16	2.60	5.09	0.99	Not applicable
Leverage	Operating leverage	2.27	1.66	1.51	1.31	1.38	Not applicable
	Financial leverage	(1.71)	6.4	2.22	1.52	1.74	Not applicable

Please describe the reason for changes in financial ratios in the most recent two years. (if the change increase/decrease is less than 20%, analysis may be exempted)

1. Current ratio (33.51%), quick ratio (26.64%): This is mainly due to the decrease in the long-term liabilities due within a year from the same period of last year.
2. ROE (-20.00%): This is mainly due to the increase in fair value of financial assets from the same period of last year.
3. Cash flow ratio (-72.37%) and cash reinvestment rate (-81.14%): This is mainly due to the decrease in the net cash inflow from operating activities from the same period of last year.

Note 1: The parent company only financial report of Q1, 2022 was not prepared.

Note 2: The following calculation formula shall be listed at the bottom of the chart in the annual report.

1. Financial structure

- (1) Ratio of liabilities to assets = Total liabilities / Total assets.
 - (2) Ratio of long-term funds to property, plants and equipment = (Total equity + non-current liabilities) / net property, plants and equipment.
2. Debt service ability
- (1) Current ratio = Current assets / Current liabilities.
 - (2) Quick ratio = (Current assets – Inventory – Pre-payment) / Current liabilities.
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3. Operating ability
- (1) Accounts receivable (including accounts receivable and notes receivable from operations) turnover ratio = Net sales / average of accounts receivable (including accounts receivable and notes receivable from operation) balance.
 - (2) Average days for cash receipts = 365 / Accounts receivable turnover.
 - (3) Inventory turnover rate = Sales cost / average inventory amount.
 - (4) Accounts payable (including accounts payable and notes payable from operations) turnover ratio = Sales cost / average of accounts payable (including accounts payable and notes payable from operation) balance.
 - (5) Average days in sales = 365 / Inventory turnover.
 - (6) Property, plant and equipment turnover = Net sales / Average net worth of property, plant and equipment.
 - (7) Total assets turnover rate = Net sales / Average total assets.
4. Profitability
- (1) Return on assets = [Profit and loss after tax + interest expense × (1 - tax rate)] / average total assets.
 - (2) Return on equity = Profit and loss after tax / average total equity.
 - (3) Profit ratio = Profit and loss after tax / net sales.
 - (4) Earning per share = (Earnings of parent company owner – Preference dividends) / weighted average number of shares outstanding. (Note 3)
5. Cash flow
- (1) Cash flow ratio = Net cash flow from operating activities / Current liabilities
 - (2) Net cash flow sufficiency ratio = Net cash flows from operating activities in the last five years / (Capital expenditure + Inventory increase + Cash dividends) in the last five years.
 - (3) Cash flow reinvestment ratio = (Cash provided by operating activities – Cash dividends) / (Gross property, plant and equipment + Long-term investments + Other non-current assets + Working capital). (Note 4)
6. Leverage:
- (1) Operating leverage = (Net operating revenue – variable costs and expenses of operations) / operating profit (Note 5).
 - (2) Financial leverage = Operating profit / (operating profit - interest expenses).
- Note 3: The following shall be considered in assessing the said EPS calculation formula:
1. Weighted average outstanding common stocks are used, instead of year-end outstanding shares.
 2. Those that conduct cash capital increase or treasury stock transactions shall calculate the weighted average outstanding shares based on the outstanding period.
 3. If any additional shares were issued against retained earnings or capital reserves, the full year or half-year earnings per share must be adjusted proportionally and retroactively, regardless of when the additional stocks were issued.
 4. If the preferred stock is unconvertible cumulative preferred stock, the dividend for the year (whether the dividend is paid or not) should be deducted from the net income or added to the net loss. If the preferred stock is not cumulative, dividends thereon shall be subtracted from net profit after tax if net profit after tax is earned, or no adjustment is required if loss arises.
- Note 4: The following shall be considered in assessing cash flow analysis:
1. Net cash flow from operating activities refers to net cash inflow from operating activities as stated in the Statement of Cash Flow.
 2. Capital expenditure refers to the cash outflow to annual capital investments.
 3. The increase in inventory is included only when the balance at the ending is more than that at beginning. If the inventory decreases at the end of the year, it shall be calculated as “zero”.
 4. Cash dividends include the dividends in cash paid to holders of common stocks and preferred stocks.
 5. Gross property, plant and equipment refer to total property, plant and equipment before subtracting by accumulated depreciation.
- Note 5: The issuer shall distinguish the operating costs and operating expenses as fixed and floating ones by nature. If any estimation or judgment is involved, please note the reasonableness and consistency.
- Note 6: In the case of shares issued by the Company with no par value or a par value other than NTD10 per share, said calculation about the ratio of the paid-in capital shall be replaced by the equity attributable to the parent company identified in the balance sheet.

III. Audit Committee's Review Report of AGV Products Corporation

Authorized

The 2021 business report, financial statements and appropriation of earnings of the Company were prepared by the board of directors and the financial statements have been audited by CPA Shu-man Tsai and Ching-lin Li of Crowe (TW) CPAs, and no nonconformities were found. We hereby issue the above report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Proposed for approval.

For

The Company's 2022 Annual Meeting of Shareholders

Audit Committee convener

Yung-Chien Wu

Audit Committee member

Yung-Fu Tseng

Audit Committee member

Wei-Lung Chen

March 25, 2022

IV. Company's Parent Company Only Financial Report of the Most Recent Year Audited by CPA

To AGV Products Corporation:

Audit opinions

We have audited the parent company only balance sheet of AGV Products Corporation as of December 31, 2021 and 2020, as well as the parent company only statement of comprehensive income, parent company only statement of changes in equity, and parent company only statement of cash flows for the periods January 1 to December 31, 2021 and 2020, and the accompanying footnotes (including the summary of major accounting policies).

In our opinion, based on our audit results and the other independent auditors' report (please refer to the Other matters section), all material disclosures of the parent company only financial statements mentioned above were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and present a fair view of the parent company only financial position of AGV Products Corporation as of December 31, 2021 and 2020, and the business performance and cash flows for the periods January 1 to December 31, 2021 and 2020.

Basis of audit opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statement by Certified Public Accountants and the generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the parent company only financial report section of our report. The personnel of the CPA firm subject to the independence requirement have acted independently from the business operations of AGV Products Corporation in accordance with the Code of Ethics for Professional Accountants, and have performed the other responsibilities of the Code of Ethics. According to our audits and the other independent auditors' report, we believe to have obtained sufficient and appropriate audit evidence in order to be used as the basis for our opinion.

Key audit matters

"Key audit matters" means that the independent auditor has used their professional judgment as the basis to audit the most important matters on the 2021 parent company only financial report of AGV Products Corporation. These matters were addressed in the content of our audit of the parent company only financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on them.

The key audit matters of the 2021 parent company only financial report of AGV Products Corporation are as follows:

I. Fair value evaluation of investment property

For the detailed accounting policy on investment property, please refer to Note 4(11) of the parent company only financial report, and for descriptions of the recording basis and evaluation status of investment property, please refer to Note 6(9) of the parent company only financial statements.

Description of key audit matters:

As of December 31, 2021, investment property held totaled NTD 1,448,369 thousand, accounting for 12.58% of the total assets, and it was subsequently measured using the fair value model. The recognized variable income generated from fair value changes totaled NTD 7,175 thousand in 2021, accounting for 2.81% of the net income before tax. The evaluation was mainly based on an analysis of discounted cash flow and land development, under the condition that the income was calculated according to market rent and value by a commissioned external appraiser. The analysis relied on the evaluation and judgment of an external appraiser based on overall usage, local or market conditions of the subject property. The assumptions and estimates related to profit rate and discount rate adopted for evaluation contained material uncertainty. Thus, we consider the fair value evaluation of investment property as a key audit matter when auditing the parent company only financial report of AGV Products Corporation.

Corresponding audit process:

Our main audit process includes checking the consistency of inventory and appraisal data provided for external appraisers by management, evaluating the accuracy of investment property classification based on the understanding of the Company and checking the recoverable amount and recorded amount in the value appraisal report of independent evaluation issued by the external appraiser to the Company, reviewing the reasonableness of related assumptions and appraisal content (including the method, analysis period and discount rate) and evaluating the qualification and independence of such external appraiser. The appropriateness and completeness of information disclosed in the notes to the parent company only financial report is also evaluated.

II. Recognition of revenue

Please refer to Note 4(18) of the financial report for the detailed accounting policy on income recognition. Please refer to Note 6(22) of the financial report for income details.

The main business of the AGV Products Corporation is to the manufacturing, processing, and sales of products related to drinks and canned foods. The transaction terms agreed in the sales contract signed with the customer will affect the judgment of AGV Products Corporation regarding whether the income recognition timing meets the time in which the customer owns the right to set the price and use the same, and has taken the responsibility for resale along with the obsolescence risk of the product. Therefore, we consider the income recognition test in 2021 as a key audit matter when auditing the parent company only financial report of AGV Products Corporation.

Our main audit process includes understanding the sales system of AGV Products Corporation, such as the sales channels and sales target, checking agreements related to sales contracts signed with main trading customers and randomly checking shipment and income recognition operation procedure records in 2021 (including checking the consistency of the date, amount and counterparty in the shipping order and invoice). We also conduct a comparison of two terms regarding the main trading customers, including the comparison of accounts receivable turnover rate, accounts receivable turnover days and credit period, and inquiries of the top ten trading counterparties in two terms with major changes to evaluate the reasonableness of the transaction amount and counterparty and execution cut-offs for operating revenue recognition and shipping voucher forms before and after the balance sheet date.

Other matters

We have not audited the financial statements of some affiliated companies disposed under the equity method in said parent company only financial reports of 2021 and 2020, which has been done by other CPAs. Thus, in our opinions expressed on the parent company only financial report, the amounts listed in the statement of affiliated companies were based on the other independent auditors' report. The investment in these invested companies under the equity method was NTD

1,877,660 thousand and NTD 1,669,191 thousand as of December 31, 2021 and 2020, respectively, accounting for 16.31% and 15.23% of the total assets, respectively. The share of profit or loss from affiliates and joint ventures under the equity method was NTD 104,785 thousand and NTD 95,532 thousand for the periods January 1 to December 31, 2021 and 2020, respectively, accounting for 41.10% and 32.66% of the net income before tax, respectively. The share of other comprehensive income from affiliates and joint ventures under the equity method was NTD 135,408 thousand and NTD 80,243, respectively accounting for 40.02% and 44.85% of other net comprehensive income, respectively.

Responsibilities of management and the governance unit for the parent company only financial report

Management is responsible for preparing the appropriate parent company only financial report in accordance with the Regulations Governing the Preparation of Financial Report by Securities Issuers. Additionally, it is responsible for maintaining the internal control mechanism that is related to and necessary for the preparation of the parent company only financial report. As a result, it can ensure material misstatement due to fraud or error does not occur in the parent company only financial report.

In preparing the parent company only financial report, management is also responsible for assessing the ability of AGV Products Corporation to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the AGV Products Corporation or to cease operations, or there is a lack of any option except for liquidation or suspension.

The governance unit (including the audit committee) of AGV Products Corporation is responsible for supervising the financial reporting process.

Independent auditor's responsibilities for the audit of the parent company only financial report

Our objectives are to obtain reasonable assurance about whether the parent company only financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements might have been caused by fraud or errors. If individual values or an overview of misstatements can be reasonably expected to affect economic decisions made by users of parent company only financial report, they are considered significant.

As part of an audit in accordance with the generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also perform the following tasks:

- I. Identify and assess the risk of material misstatement of the parent company only financial report due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- II. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of AGV Products Corporation.
- III. Evaluate the adequacy of accounting policies adopted by management and the legitimacy of

accounting estimates and related disclosures made.

- IV. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of AGV Products Corporation to continue as a going concern. In cases where we consider that events or circumstances have significant uncertainty in this regard, then relevant disclosure of the parent company only financial report shall be provided in the auditors' report to allow users of the parent company only financial report to be aware of such events or circumstances, or we shall revise our opinion when such disclosure is considered inappropriate. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the AGV Products Corporation to cease to continue as a going concern.
- V. Evaluate the overall presentation, structure and content of the parent company only financial report (including relevant notes), and whether the parent company only financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- VI. Obtain sufficient and appropriate audit evidence on the financial information of individual companies within AGV Products Corporation in order to express an opinion on the parent company only financial report. Our responsibilities as auditors are to instruct, supervise and execute audits and form an audit opinion on AGV Products Corporation.

Communications made by the CPAs with governance units include the planned scope and timing of inspection as well as significant inspection findings (including significant deficiencies found with internal control during inspection).

We also provide those in charge of governance with a statement that we have complied with the Code of Ethics for Professional Accountants regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, where applicable (including related protection measures).

The independent auditor has used communications with the governing unit as the basis to determine the key audit matters to be performed on the 2021 parent company only financial report of AGV Products Corporation. We describe these matters in our auditors' report unless laws or regulations preclude public disclosure about these matters, or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

Crowe (TW) CPAs
CPA: Shu-Man Tsai

CPA: Ching-Lin Li

Approval No.: Jin-Guan-Zheng-Shen-Zi No.
10200032833

March 25, 2022

AGV Products Corporation
Parent Company Only Balance Sheet
December 31, 2021 and 2020

Unit: NTD thousand

Code	Assets	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
Current assets					
1100	Cash and cash equivalent (Note 6(1))	\$ 317,549	3	\$ 399,235	4
1150	Net notes receivable (Note 6(2))	9,065	-	11,680	-
1160	Net notes receivable – related parties (Note 7)	13,238	-	19,135	-
1170	Net accounts receivable (Note 6(3))	469,268	4	407,174	4
1180	Net accounts receivable – related parties (Note 7)	116,262	1	101,204	1
1200	Other accounts receivable	10,591	-	14,311	-
1210	Other accounts receivable – related parties (Note 7)	38,378	-	20,820	-
1220	Income tax assets in the current period	308	-	218	-
130x	Inventories (Note 6(4))	712,775	7	644,795	7
1410	Prepayments	55,871	-	53,148	-
1476	Other financial assets – current (Note 6(12))	-	-	28,000	-
1479	Other current assets – others	2,805	-	2,930	-
11xx	Total current assets	1,746,110	15	1,702,650	16
Non-current assets					
1517	Financial assets at fair value through other comprehensive income – non-current (Note 6(5))	957,755	8	914,506	8
1550	Investment under the equity method (Note 6(6))	6,096,735	53	5,596,854	51
1600	Property, plant and equipment (Note 6(7))	948,016	8	959,384	9
1755	Right-of-use assets (Note 6(8))	18,876	-	12,655	-
1760	Net investment property (Note 6(9))	1,448,369	13	1,442,108	13
1780	Intangible assets (Note 6(10))	2,645	-	2,573	-
1840	Deferred income tax assets (Note 6(27))	194,778	2	245,998	2
1920	Refundable deposits	53,555	1	48,205	1
1980	Other financial assets – non-current (Note 6(12))	20,000	-	20,025	-
1990	Other non-current assets – others (Note 6(11))	24,973	-	14,209	-
15xx	Total non-current assets	9,765,702	85	9,256,517	84
1xxx	Total assets	\$ 11,511,812	100	\$ 10,959,167	100
Liabilities and equity					
Current liabilities					
2100	Short-term loans (Note 6(13))	\$ 430,000	4	\$ 490,000	4
2130	Contract liabilities – current (Note 6(22))	2,226	-	8,118	-
2150	Notes payable	65,598	1	60,032	1
2170	Accounts payable	70,203	1	80,934	1
2180	Accounts payable – related parties (Note 7)	447,468	4	610,743	6
2200	Other payables (Note 6(14))	278,556	2	270,072	2
2220	Other payables – related parties (Note 7)	47,818	-	43,819	-
2250	Liability reserve – current (Note 6(15))	17,943	-	16,747	-
2280	Lease liabilities – current (Note 6(8))	8,548	-	9,114	-
2310	Advance receipts (Note 7)	3	-	-	-
2320	Long-term liabilities due within one year or one operating cycle (Note 6(17))	261,584	2	533,124	5
2399	Other current liabilities	4,065	-	4,309	-
21xx	Total current liabilities	1,634,012	14	2,127,012	19

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Code	Liabilities and equity	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
	Non-current liabilities				
2540	Long-term loans (Note 6(17))	\$ 3,051,185	26	\$ 2,527,844	23
2570	Deferred income tax liabilities (Note 6(27))	123,074	1	123,142	1
2580	Lease liabilities – non-current (Note 6(8))	12,197	-	5,560	-
2640	Net defined benefit liabilities – non-current (Note 6(16))	68,710	1	84,527	1
2645	Guarantee deposits	1,323	-	1,730	-
25xx	Total non-current liabilities	3,256,489	28	2,742,803	25
2xxx	Total liabilities	4,890,501	42	4,869,815	44
	Equity				
3100	Capital stock (Note 6(18))				
3110	Common stock	4,945,134	43	4,945,134	46
3200	Capital surplus (Note 6(19))	268,647	2	268,647	2
3300	Retained earnings (Note 6(20))				
3310	Legal reserve	64,882	1	43,485	-
3320	Special reserve	755,377	7	562,804	5
3350	Undistributed earnings	190,023	2	213,970	2
3400	Other equity (Note 6(21))	397,248	3	55,312	1
3xxx	Total equity	6,621,311	58	6,089,352	56
	Total liabilities and equity	\$ 11,511,812	100	\$ 10,959,167	100

Chairman: Kuan-Han Chen

President: Chih-Chan Chen

Accounting Manager: He-Shun Chang

AGV Products Corporation
Parent Company Only Statement of Comprehensive Income
January 1 to December 31, 2021 and 2020

Unit: NTD thousand

Code	Item	2021		2020	
		Amount	%	Amount	%
4000	Operating revenue (Note 6(22))	\$ 3,956,221	100	\$ 3,921,854	100
5000	Operating costs (Note 6(4))	(2,781,808)	(70)	(2,681,801)	(69)
5900	Gross profit (gross loss)	1,174,413	30	1,240,053	31
5910	Unrealized gains (losses) from sales	(6,421)	-	(8,311)	-
5920	Realized gains (losses) from sales	8,311	-	9,940	-
	Operating expenses				
6100	Selling expenses	(707,687)	(18)	(744,815)	(19)
6200	Management expenses	(233,796)	(6)	(231,520)	(6)
6300	Research and development expenses	(49,460)	(1)	(41,002)	(1)
6450	Expected credit impairment gains (losses) (Note 6(3))	11	-	207	-
6000	Total operating expenses	(990,932)	(25)	(1,017,130)	(26)
6900	Operating gains (losses)	185,371	5	224,552	5
	Non-operating income and expenses				
7100	Interest revenue	1,677	-	1,594	-
7010	Other revenue (Note 6(24))	60,870	1	48,150	1
7020	Other gains and losses (Note 6(25))	(16,122)	-	(18,056)	-
7050	Finance costs (Note 6(26))	(78,951)	(2)	(77,261)	(2)
7070	Share of profit or loss from subsidiaries, affiliates and joint ventures under the equity method	102,096	3	113,531	3
7000	Total non-operating income and expense	69,570	2	67,958	2
7900	Net profit (loss) before tax	254,941	7	292,510	7
7950	Income tax benefits (expenses) (Note 6(27))	(53,759)	(2)	(59,606)	(2)
8200	Current net profit (loss)	201,182	5	232,904	5
	Other comprehensive income (Note 6(28))				
	Items not reclassified to profit or loss				
8310	Re-measurement of defined benefit plan	(4,474)	-	(8,612)	-
8316	Unrealized valuation profit or loss from equity instrument investments at fair value through other comprehensive income	116,610	3	16,008	-
8330	Share of other comprehensive income from subsidiaries, affiliates and joint ventures under the equity method	237,778	6	180,202	5
8349	Income tax related to items not reclassified	895	-	1,722	-
8360	Items that may be subsequently reclassified as profit or loss				
8380	Share of other comprehensive income from subsidiaries, affiliates and joint ventures under the equity method	(14,164)	-	(11,367)	-
8399	Income tax related to items that may be reclassified	1,712	-	980	-
8300	Other comprehensive income (net)	338,357	9	178,933	5
8500	Total comprehensive income in the current period	\$ 539,539	14	\$ 411,837	10
	Earnings per share				
9750	Basic EPS (Note 6(29))	\$ 0.41		\$ 0.47	
9850	Diluted EPS (Note 6(29))	\$ 0.41		\$ 0.47	

Chairman: Kuan-Han Chen

President: Chih-Chan Chen

Accounting Manager: He-Shun Chang

AGV Products Corporation
Parent Company Only Statement of Changes in Equity
January 1 to December 31, 2021 and 2020

Unit: NTD thousand

	Retained earnings					Other equity items			Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange difference in the financial statement translation of foreign operations	Unrealized valuation profit (loss) of financial assets at fair value through other comprehensive income		
Balance on January 1, 2020	\$ 4,945,134	\$ 266,323	\$ 38,680	\$ 512,381	\$ 55,227	\$ (77,923)	\$ (58,900)	\$ 5,680,922	
Appropriation and distribution of earnings:									
Allocated legal reserve	-	-	4,805	-	(4,805)	-	-	-	
Allocated special reserve	-	-	-	50,423	(50,423)	-	-	-	
Changes of affiliates and joint ventures under the equity method	-	2,324	-	-	(5,731)	-	-	(3,407)	
2020 net profit (loss)	-	-	-	-	232,904	-	-	232,904	
2020 other comprehensive income	-	-	-	-	(13,202)	(9,537)	201,672	178,933	
2020 total comprehensive income	-	-	-	-	219,702	(9,537)	201,672	411,837	
Balance on December 31, 2020	4,945,134	268,647	43,485	562,804	213,970	(87,460)	142,772	6,089,352	
Appropriation and distribution of earnings:									
Allocated legal reserve	-	-	21,397	-	(21,397)	-	-	-	
Allocated special reserve	-	-	-	192,573	(192,573)	-	-	-	
Changes of affiliates and joint ventures under the equity method	-	-	-	-	(7,580)	-	-	(7,580)	
2021 net profit (loss)	-	-	-	-	201,182	-	-	201,182	
2021 other comprehensive income	-	-	-	-	(11,053)	(16,352)	365,762	338,357	
2021 total comprehensive income	-	-	-	-	190,129	(16,352)	365,762	539,539	
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	7,474	-	(7,474)	-	
Balance on December 31, 2021	\$ 4,945,134	\$ 268,647	\$ 64,882	\$ 755,377	\$ 190,023	\$ (103,812)	\$ 501,060	\$ 6,621,311	

Chairman: Kuan-Han Chen

President: Chih-Chan Chen

Accounting Manager: He-Shun Chang

AGV Products Corporation
Parent Company Only Statement of Cash Flows
January 1 to December 31, 2021 and 2020

Unit: NTD thousand

Item	2021	2020
Cash flows from operating activities		
Current net profit (loss) before tax	\$ 254,941	\$ 292,510
Adjustments		
Income, expenses, and losses		
Depreciation expenses	71,247	70,987
Amortization expenses	1,211	722
Expected credit impairment losses (gains)	(11)	(207)
Interest expenses	78,951	77,261
Interest revenue	(1,677)	(1,594)
Dividend revenue	(15,208)	(7,644)
Share of losses (gains) from subsidiaries, associates and joint ventures under the equity method	(102,096)	(113,531)
Losses (gains) from disposal and scrap of property, plant and equipment	144	223
Unrealized gains (losses) from sales	6,421	8,311
Realized losses (gains) from sales	(8,311)	(9,940)
Losses (gains) due to fair value adjustment in investment property	(7,175)	(11,825)
Other items	-	44
Total income/expense items	<u>23,496</u>	<u>12,807</u>
Changes of assets/liabilities related to operating activities		
Net changes in assets related to operating activities		
Decrease (increase) in notes receivable	2,618	504
Decrease (increase) in notes receivable – related parties	5,903	12,879
Decrease (increase) in accounts receivable	(62,093)	33,000
Decrease (increase) in accounts receivable – related parties	(15,057)	(7,477)
Decrease (increase) in other accounts receivable	3,720	13,054
Other accounts receivable – decrease (increase) for related parties	9,363	(9,541)
Decrease (increase) in inventory	(67,980)	(89,080)
Decrease (increase) in prepayments	(2,723)	(23,327)
Decrease (increase) in other current assets	125	57
Total net changes in assets related to operating activities	<u>(126,124)</u>	<u>(69,931)</u>
Net changes in liabilities related to operations		
Increase (decrease) in contract liabilities	(5,892)	2,885
Increase (decrease) in notes payable	5,566	10,202
Increase (decrease) in accounts payable	(10,731)	9,017
Increase (decrease) in accounts payable – related parties	(163,275)	70,371
Increase (decrease) in other payables	10,157	44,928
Other payables – increase (decrease) for related parties	3,999	(4,553)
Increase (decrease) in liability reserve	1,196	(583)
Increase (decrease) in advance receipts	3	(3)

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Item	2021	2020
Increase (decrease) in other current liabilities	\$ (244)	\$ (140)
Increase (decrease) in net defined benefit liabilities	(20,291)	(10,375)
Total net changes in liabilities related to operating activities	(179,512)	121,749
Total net changes in assets and liabilities related to operating activities	(305,636)	51,818
Total adjustments	(282,140)	64,625
Cash inflow (outflow) from operations	(27,199)	357,135
Interest received	1,662	1,609
Stock dividend received	124,083	91,139
Returned (paid) income tax	(90)	(35)
Net cash inflow (outflow) from operating activities	98,456	449,848
Cash flows from investment activities		
Disposal of financial assets at fair value through other comprehensive income	42	-
Refunds from decapitalization of financial assets at fair value through other comprehensive income	77,989	-
Acquisition of investment under the equity method	(320,312)	(230,892)
Acquisition of property, plant and equipment	(53,205)	(35,090)
Disposal of property, plant and equipment	300	-
Increase in refundable deposits	(5,350)	-
Decrease in refundable deposits	-	6,647
Acquisition of intangible assets	(1,283)	(1,620)
Decrease in other financial assets	28,025	42,990
Increase in other non-current assets	(10,764)	-
Decrease in other non-current assets	-	4,830
Net cash inflow (outflow) from investment activities	(284,558)	(213,135)
Cash flow from financing activities		
Decrease in short-term loans	(60,000)	(265,000)
Proceeds from long-term loans	2,570,000	1,000,000
Repayment of long-term loans	(2,316,599)	(791,461)
Decrease in guarantee deposits	(407)	(15)
Lease principle repayment	(7,408)	(5,865)
Interest paid	(81,170)	(76,411)
Net cash inflow (outflow) from financing activities	104,416	(138,752)
Increase (decrease) in cash and cash equivalents in the current period	(81,686)	97,961
Balance of cash and cash equivalents, beginning	399,235	301,274
Balance of cash and cash equivalents, ending	\$ 317,549	\$ 399,235

Chairman: Kuan-Han Chen

President: Chih-Chan Chen

Accounting Manager: He-Shun Chang

AGV Products Corporation
Notes on the Parent Company Only Financial Report
January 1 to December 31, 2021 and 2020
(Unless otherwise specified, all amounts are in NTD thousand)

I. Company History

- (I) Formerly known as Global Industrial Co. Ltd., AGV Products Corporation (hereinafter referred to as the “Company”), was established in June 1971 and was officially renamed AGV Products Corporation in September 1983. The Company mainly engages in the manufacturing, processing, and sales of canned foods such as drinks, beans, mushrooms, bamboo shoots and pickles, as well as the rental and sale of public housing and commercial buildings built by construction contractors.
- (II) The parent company only financial report is expressed in New Taiwan Dollars, the functional currency adopted by the Company.

II. Approval Date and Procedures of the Financial Report

The parent company only financial report was released after being approved by the board of directors on March 25, 2022.

III. Adoption of New Standards, Amendments, and Interpretations

- (I) Effect of adopting the new promulgated IFRS, IAS, IFRIC, and SIC (hereinafter referred to as the “IFRSs”) endorsed by the Financial Supervisory Commission (hereinafter referred to as the “FSC”):

The following table lists the applicable newly promulgated, amended and revised standards and interpretations of IFRSs endorsed by the FSC in 2021.

New, Amended, or Revised Standards and Interpretations	Effective date promulgated by the IASB
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	June 25, 2020 (effective since the promulgation date)
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform – Phase 2”	January 1, 2021
Amendments to IFRS 16 “Covid-19-Related Rent Concessions Beyond June 30, 2021”	April 1, 2021 (Note)

(Note) The FSC approved that enterprises can apply this amendment earlier on January 1, 2021.

The Company evaluated that the above standards and interpretations applicable have no significant impact on the financial status and financial performance of the Company.

- (II) Effect of not adopting the newly promulgated or revised IFRSs endorsed by the FSC:

The following table lists the applicable newly promulgated, amended and revised standards and interpretations of IFRS endorsed by the FSC in 2022.

New, Amended, or Revised Standards and Interpretations	Effective date promulgated by the IASB (Note 1)
Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”	January 1, 2022 (Note 2)

Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”	January 1, 2022 (Note 3)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 4)
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022 (Note 5)

(Note 1) Unless otherwise specified, said newly promulgated/amended/revised standards and interpretations take effect during the annual reporting period starting after such date.

(Note 2) Amended content which shall be retroactively applied by the enterprise shall only apply to the property, plant and equipment meeting the necessary location and status with the expected operation method of management after the start date of the earliest period (January 1, 2021) expressed in the financial statements that first adopted such amended content by the enterprise.

(Note 3) This amendment is applicable to contracts for which all obligations have not yet been performed as of January 1, 2022.

(Note 4) This amendment is applicable to business mergers with dates of acquisition in the annual reporting period starting after January 1, 2022.

(Note 5) Amendments to IFRS 9 are applicable to the exchange or clause modification of financial liabilities occurring during the annual reporting period starting January 1, 2022; amendments to IAS 41 are applicable to the fair value measurement during the annual reporting period starting January 1, 2022; amendments to IFRS 1 are retroactively applicable to the annual reporting period starting January 1, 2022.

1. Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The amendment specifies that the generated item with sales proceeds enabling the property, plant and equipment to meet the necessary location and status with the expected operation method of management shall not be the cost deduction of such asset. The generated item shall be measured by IAS 2 “Inventories” and the sales proceeds and costs shall be recognized as profit or loss based on applicable standards.

The amendment is applicable to the property, plant and equipment meeting the necessary location and status with the expected operation method of management after January 1, 2021 (the start date of the earliest presentation period). When first applying the amendment, the Company will recognize the accumulated effects of the first-time application of the amendments as the adjustment to the beginning balance of retained earnings (or other composition of equity, where appropriate) from the start date of the earliest presentation period and restate the information during the comparative periods.

2. Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”

The amendment specifies that when assessing the onerousness of contracts, the “cost of fulfilling a contract” shall include the additional cost of contract fulfillment (e.g. direct labor and materials) and the amortization of other costs directly related to contract fulfilling (e.g. depreciation expense amortization of property, plant and equipment used for contract fulfilling).

When first applying the amendment, the Company will recognize the accumulated effects as retained earnings on the date of the initial application.

3. Amendments to IFRS 3 “Reference to the Conceptual Framework”

The amendment updated the index of the conceptual framework and added the provision that the acquiree shall apply IFRIC 21 “Levies” to determine whether the date of acquisition has obligation items that generate a liability to pay levies.

4. Annual Improvements to IFRS Standards 2018–2020

The annual improvements to IFRS Standards 2018–2020 include amendments to several standards. The amendment to IFRS 9 clarifies whether there is significant difference when assessing the exchange or clause modification of financial liabilities. When comparing whether there exists a 10% difference in the discounted cash flow value of the new and old contractual terms (including net amount of payment due to new contract signing or contract modification), said payment shall only include the payment made between the borrower and the lender.

The Company evaluated that the above standards and interpretations applicable have no significant impact on the financial status and financial performance of the Company.

(III) Impacts of IFRSs issued by the IASB but not yet approved by the FSC:

The following table lists the newly promulgated, amended, and revised standards and interpretations of IFRSs issued by the IASB but not yet approved by the FSC:

New, Amended, or Revised Standards and Interpretations	Effective date promulgated by the IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-Current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023

As of the announcement date of the parent company only financial report, the Company continues to assess the impact of the aforementioned standards and interpretations on the financial status and financial performance of the Company, and relevant impacts will be disclosed after the completion of the assessment.

IV. Summary of Significant Accounting Policies

The significant accounting policies adopted by the parent company only financial report are as follows. Unless otherwise provided, the policies are applicable to all the reporting periods.

(I) Compliance Statement

The parent company only financial report was prepared in accordance with the Regulations Governing the Preparation of Financial Report by Securities Issuers, and the new promulgated IFRS, IAS, IFRIC, and SIC (hereinafter referred to as the “IFRSs”) endorsed by the FSC.

(II) Basis of preparation

1. Except for the following important items, the parent company only financial report has been duly prepared on the basis of historical costs:
 - (1) Financial assets and liabilities (including derivatives) at fair value through profit or loss which are at fair value.
 - (2) Financial assets at fair value through other comprehensive income which are at fair value.
 - (3) Defined benefit liabilities recognized based on the net pension fund assets deducting the present value of defined benefit obligations.
2. The preparation of the parent company only financial report in compliance with the IFRSs recognized by the FSC requires some important accounting estimates. The application of the Company's accounting policy also requires management to use their judgment during the process. For items involving high judgment or complexity or items involving important estimates and assumptions of the parent company only financial report, please refer to the description in Note 5.
3. The Company applied the equity method to its invested subsidiaries, affiliates or joint ventures when preparing the parent company only financial report. To make the current income, other comprehensive income and equity in the parent company only financial report identical with the current income, other comprehensive income and equity attributed to the owner of the Company in the Company's consolidated financial report, certain accounting treatment differences between the parent company only basis and consolidated basis were handled by adjusting the "investment under equity method", "shares of profit or loss in subsidiaries, affiliates and joint ventures under the equity method", "shares of other comprehensive income in subsidiaries, affiliates and joint ventures under the equity method", and related equity.

(III) Foreign currency translation

1. Foreign currency transaction and balance
 - (1) Foreign currency transaction converts the conversion difference generated by the transaction to the functional currency, adopting the spot exchange rate on the date of transactions or measurement date, and recognizes the difference as current profit or loss.
 - (2) The monetary assets and balance of liabilities in foreign currency are adjusted based on the spot exchange rate evaluation on the balance sheet date and the conversion difference generated by adjustment is recognized as current profit or loss.
 - (3) The non-monetary items in foreign currency at fair value were converted at the exchange rates quoted on the date on which the fair value was determined while the exchange differences generated were recognized in the current profit or loss. However, when the change in fair value was recognized in other comprehensive income, the exchange difference so incurred was recognized in other comprehensive income. The non-monetary items measured at historical costs were converted based on the exchange rate quoted on the date of transaction and were not converted anew.
2. Translation of foreign operations
 - (1) For all subsidiaries and affiliates with differences in functional currency and presentation currency, the business result and financial status is converted to presentation currency using the following method:
 - A. The assets and liabilities presented in each balance sheet were translated based on the exchange rates closed on every balance sheet date.

- B. The profits and losses presented in each statement of comprehensive income were translated based on the average exchange rates in the current period.
 - C. All resulted exchange differences were recognized under other comprehensive income.
- (2) When the foreign operation partially disposed or sold is an affiliate, the exchange differences in the other comprehensive income item will be reclassified proportionally to current profit or loss as a part of profit or loss from sales. However, when the Company maintains partial rights of the former affiliates but loses the control over the affiliates included in the foreign operation, it is conducted based on the disposal of all equity in the foreign operation.
 - (3) During the partial disposal or sales of the subsidiaries included in the foreign operation, the accumulated exchange differences recognized under other comprehensive income are re-attributed proportionally as non-controlling equity of the foreign operation. However, when the Company maintains partial rights of the former subsidiary but loses the control over the subsidiary included in the foreign operation, it is conducted based on the disposal of all equity in the foreign operation.

(IV) Standards in differentiating current and non-current assets and liabilities

- 1. Assets that match any of the following conditions shall be classified as current assets:
 - (1) Assets expected to be realized, intended to be sold or consumed over normal operating cycles.
 - (2) Those primarily for trading purposes.
 - (3) Those expected to be realized within 12 months after the balance sheet date.
 - (4) Cash or cash equivalents, except those that are intended to be swapped or settled against debt more than 12 months after the balance sheet date, and those with restricted uses.

The Company lists all assets that do not comply with the following conditions as non-current.

- 2. Liabilities that match any of the following conditions shall be classified as current liabilities:
 - (1) Liabilities expected to be settled in normal operating cycles.
 - (2) Those primarily for trading purposes.
 - (3) Liabilities expected to be settled within 12 months after the balance sheet date (it is classified as current liabilities, even if it is later refinanced or rearranged into long-term liabilities at any time between the balance sheet date and approval and announcement date of the financial report).
 - (4) Liabilities with due dates that cannot be unconditionally extended to more than 12 months after the balance sheet date. Liabilities under terms that give counterparties the option to repay in the form of equity instruments without an effect on their classification due to such terms.

The Company lists all liabilities that do not comply with the following conditions as non-current.

(V) Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits and short-term investments (including time deposits with initial maturity dates within three months) with high liquidity that are readily convertible to specified amounts of cash with insignificant risk of changes in value.

(VI) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of such financial instrument.

The financial assets and liabilities are measured at fair value upon initial recognition. Upon initial recognition, the transaction costs which can be directly attributable to the acquired or issued financial assets or liabilities (excluding the financial assets and liabilities at fair value through profit or loss) shall be added or deducted from the financial assets or liabilities at fair value. The transaction costs which can be directly attributed to the financial assets or liabilities at fair value are immediately recognized as profit or loss.

1. Financial assets

(1) Measurement category

On a regular purchase or sale basis, financial assets were recognized using the trade date accounting.

The category of financial assets held by the Company are financial assets measured at amortized cost and equity instrument investments at fair value through other comprehensive income.

A. Financial assets measured at amortized cost

Should the financial assets invested by the Company meet the following two conditions on the same time, they are classified as financial assets measured at amortized cost:

- (a) Being held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (b) The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After the initial recognition, the financial assets measured at amortized cost are measured at the amortized cost after the total book amount decided by the effective interest method less any impairment loss. Any exchange gain or loss in foreign currency is recognized as income.

Except in the following two circumstances, the interest revenue is calculated at the effective interest rate multiplied by the total book amount of the financial assets:

- (a) For purchased or originated credit-impaired financial assets, the interest revenue is calculated at the effective interest rate multiplying by the amortized cost of the financial assets upon credit adjustment.
- (b) For those assets other than purchased or originated credit-impaired financial assets, which, however, became credit-impaired financial assets subsequently, the interest revenue is calculated at the effective interest rate multiplying by their amortized cost.

B. Equity instrument investments at fair value through other comprehensive income

The Company may, at initial recognition, irrevocably make a choice to measure the equity instrument investment held not for transaction and not recognized or having consideration by the merger acquiree at fair value through other comprehensive income.

Equity instrument investments at fair value through other comprehensive income are measured at fair value and the subsequent fair

value changes are recognized as other comprehensive income and accumulated in other equity. During the disposal of investments, the profit or loss accumulated in other equity is directly transferred to the retained earnings without being reclassified as profit or loss.

The dividend of equity instrument investment at fair value through other comprehensive income is immediately recognized upon the confirmation of the Company's right of receiving, excluding dividends representing obvious recovery of partial investment cost.

(2) Impairment of financial assets

- A. On each balance sheet date, the Company evaluates the financial assets (including the accounts receivable) measured at amortized cost and the impairment loss of rentals receivable based on the expected credit loss.
- B. The allowance of losses on accounts receivable and rentals receivable are all recognized based on the lifetime expected credit losses. For other debt instrument investments, the credit risk is evaluated for whether there are any significant increases after the initial recognition. If not, the allowance loss is recognized based on the expected credit losses of 12 months; if there are any significant increases, the allowance loss is recognized based on the lifetime expected credit losses.
- C. Expected credit losses are the weighted average credit losses adopting the occurrence of a default risk as the weight. 12-month expected credit losses are expected credit losses that result from those default events on financial instruments that are possible within 12 months after the reporting date. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the life of the financial instruments.
- D. The book value of all impairment losses on financial assets is reduced via the allowance account. However, the loss allowance of debt instrument investments at fair value through other comprehensive income is recognized in other comprehensive income without reducing its book value.

(3) Derecognition of financial assets

The Company will derecognize financial assets when they meet one of the following conditions:

- A. The interests on a contract for financial assets-based cash flow ceased to be effective.
- B. The interests on a contract for collecting financial assets-based cash flow are transferred and almost all risks and returns of all ownership over the financial assets are transferred.
- C. Not all risks and returns of ownership over the financial assets are transferred or retained, but the control of financial assets is not retained.

Where the entire financial asset measured at amortized cost is derecognized, the difference between the book amount and collected consideration is recognized as profit or loss. Where the entire debt instrument investment at fair value through other comprehensive income is derecognized, the difference between the book value and collected considerations plus any accumulated profit or loss recognized as other comprehensive income is recognized as profit or loss. Where the entire equity instrument investment at fair value through other comprehensive income is derecognized, the accumulated profit or loss is directly transferred to the retained earnings without being reclassified as profit or loss.

2. Equity instruments

The liabilities and equity instruments issued by the Company are categorized as financial liabilities or equity based on the substance of the contract agreement and the definition of financial liabilities and equity instruments.

Equity instruments are the contracts commending the enterprise's residual equity of assets net of liabilities. The equity instruments issued by the Company are recognized based on the acquisition price less direct issuing cost.

3. Financial liabilities

(1) Subsequent measurement

Financial liabilities that are not held for the purpose of sale and are not designated to be measured at fair value through profit or loss are measured at amortized cost on the closing date of the subsequent accounting period.

(2) Derecognition of financial liabilities

The Company will derecognize financial liabilities when the obligation is rescinded, discharged, or expired. During the derecognition of a financial liability, the difference between the book value of the financial liability and the total consideration amount paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized as profit or loss.

(VII) Inventory

Inventory is measured at the lower of cost or net realizable value adopting the perpetual inventory system while the cost is determined by weighted average method. The cost of finished products and works in process includes material, direct labor, other direct costs and manufacturing expenses related to production (amortized based on normal productivity) without loan cost. The item-by-item comparison method is adopted when comparing the cost or net realizable value, whichever is lower. Net realizable value is the balance of the estimated selling price deducting the estimated cost needed to complete the work and related variable selling expenses.

(VIII) Investment/subsidiaries/affiliates and joint ventures under the equity method

1. Subsidiaries refer to the entities controlled by the Company (including structured entities). When the Company is exposed to the changes of remuneration participated in by the entities or is entitled to changes of remuneration, and is able to influence said remuneration by virtue of its power over the entities, the Company controls the entities.
2. Unrealized gains and losses on transactions between the Company and subsidiaries were written off. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
3. The shares of profit or loss acquired from subsidiaries by the Company were recognized as current profit or loss and shares of other comprehensive income were recognized as other comprehensive income. In the event that the shares of loss in the subsidiaries recognized by the Company equal to or exceed its equity in the subsidiaries, the Company continues the recognition of the losses based on the shareholding ratio.
4. When the change in the shareholdings on a subsidiary does not result in a loss of control (and transactions with non-controlling equity), it should be treated as an equity transaction with the shareholders. The difference between the adjustment value of non-controlling equity and fair value of paid or collected considerations was directly recognized as equity.

5. When the Company forfeits control over its subsidiaries, its residual investment in the subsidiaries shall be re-measured based on fair value, and identified as the fair value of financial asset recognized initially or cost of the investment in affiliates or joint ventures recognized initially. The price difference between the fair value and book value is stated into current income. Where the accounting treatment for all amounts related to the subsidiary as recognized in other comprehensive income previously is identical with the basis for the Company's direct disposition of related assets or liabilities, namely, when the related assets or liabilities are disposed, the profit or loss recognized in other comprehensive income previously will be reclassified as profit or loss. When the Company loses control over the subsidiary, such profit or loss shall be reclassified into income from equity.
6. The affiliates refer to entities which the Company has significant impact upon without any control and generally holds more than 20% of voting shares directly or indirectly. The investment of the Company in affiliates adopts the equity method and is recognized based on cost upon acquisition.
7. The shares of profit or loss acquired from affiliates by the Company were recognized as current profit or loss and shares of other comprehensive income were recognized as other comprehensive income. In the event that the Company's share of loss in affiliate equals or exceeds its equity in the affiliate (including any unsecured accounts receivable), the Company will recognize extra losses only in the event of legal obligations, presumed obligations or payment made by the Company on behalf of the affiliate.
8. The unrealized profit or loss generated from the transactions between the Company and the affiliates were written off based on the Company's equity ratio of the affiliates; the unrealized loss was written off unless the evidence displayed the impairment of transferred assets in such transaction. Accounting policies of the affiliates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
9. In case the Company loses its significant impact on an affiliate upon the disposal of the affiliate, the accounting treatment for all amounts related to the affiliate as recognized in other comprehensive income previously is identical with the basis for the Company's direct disposition of related assets or liabilities, namely, when the related assets or liabilities are disposed, the profit or loss recognized in other comprehensive income previously will be reclassified as profit or loss. When the Company loses control over the affiliate, such profit or loss shall be reclassified as income from equity. Provided that, where it still has material influence over the affiliated companies, the amount previously recognized in other comprehensive income is transferred according the method stated above based on proportion.
10. The Company adopts the equity method to recognize it in the equity of joint ventures. Unrealized gains and losses on transactions between the Company and joint ventures were written off; however, in case the evidence displays decrease in net realizable value of assets or impairment loss of assets, it is immediately recognized as total loss. In the event that the Company's shares of loss in the joint venture equal to or exceed its equity in the affiliate (including any unsecured accounts receivable), the Company will recognize extra losses only in the event of occurrence of legal obligations, presumed obligations or payment made by the Company on behalf of the joint venture.
11. According to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," the current income and other comprehensive income as presented in the parent company only financial statements shall be identical with the current income and other comprehensive income attributable to the proportion allocated to

the parent shareholder as presented in the financial statement prepared on the basis of consolidation. The shareholders' equity as presented in the parent company only financial statements shall be identical with the parent shareholders' equity as presented in the financial statement prepared on the basis of consolidation.

(IX) Property, plant and equipment

1. Property, plant and equipment is accounted based on the acquisition cost and the relevant interest is capitalized during the purchase and construction period.
2. The subsequent cost is included in the book value of assets or recognized as single asset only when future economic benefits related to such items will generate probable inflow to the Company and the cost of such item can be measured reliably. The book value of the replaced part shall be derecognized. All other maintenance expenses are recognized as current profit or loss upon occurring.
3. No depreciation of land is required. Other property, plants, and equipment adopts the cost model and the depreciation is calculated based on the estimated useful years under the straight-line method. The Company reviews the residual value, estimated useful years and depreciation method of each asset at the end of each fiscal year. If the expected values of the residual value and its useful years are different from the previous estimate or the expected consumption pattern used in future economic benefits of such assets has significant changes, it is conducted based on the changes in accounting estimate specified in IFRS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" since the date of change. The useful years of each asset are as follows:

Houses and buildings	3-55 years
Machinery and equipment	5-32 years
Other equipment	3-36 years

4. The property, plant and equipment is derecognized upon disposition or expectation that future economic benefits cannot be generated due to usage or disposal of the property, plant and equipment. The amount of profit or loss generated from the derecognition of the property, plant, and equipment refers to the difference between the disposal proceeds and the book amount of the asset and is recognized in current profit or loss.

(X) Lease

The Company assess whether the contract contains a lease upon on the formation date of the contract. If the contract includes a lease component and one or various additional lease or non-lease components, the Company uses the relative single price of each lease component and the aggregated single price of non-lease component as the basis to allocate the consideration of the contract to individual lease components.

1. The Company was the Lessee

For all other leases of the Company, the right-of-use assets and lease liabilities are recognized from the starting date of leases, except the leases of low-value underlying assets and short-term leases are recognized as expense on a straight-line basis.

Right-of-use assets

The right-of-use assets are originally measured at cost (including the original measured amount of lease liability, the lease payment paid before the lease starts deducting received lease incentives, original direct cost and the estimated costs for the restoration of the underlying assets); subsequently, they are measured at cost deducting the accumulated depreciation and accumulated impairment loss while the re-measurement of the lease liabilities is also adjusted.

The right-of-use assets on the straight-line basis provide depreciation from the start date of lease up to the expiration of useful years or when the lease period expires, the earlier prevailing. However, the depreciation is made from the start date of lease to expiration of useful years if the ownership of the underlying asset can be acquired upon the expiry date of the lease or the cost of right-of-use asset reflects the exercise of purchase options.

Lease liabilities

Lease liabilities are measured based on the present value of the lease payment (including the fixed payment, substantive fixed payment and variable lease payments depending on the index or rate). If the implied interest rate of a lease is easy to confirm, the rate is applied to discount the lease payment. If the rate is not easy to confirm, the lessee incremental loan interest rate will be applied.

Subsequently, the lease liabilities are measured at the amortized cost under the effective interest method, and interest expenses are allocated during the lease periods. If there is any change in the lease period, assessment relating the purchase options of underlying assets, residual guarantee amount of the expected payment or the indices or fares determining the lease payments will result in changes of future lease payment, the Company re-measures the lease liabilities, and relatively adjusts the right-of-use assets; provided the book value of the right-of-use asset has decreased to zero, the remaining re-measured amount is recognized in the income/loss. The lease liabilities are recognized in the balance sheet by line item.

2. The Company was the Lessor

Upon the sublease of right-of-use assets, the Company uses the use-of-right assets (instead of underlying assets) to determine the sublease classification. However, if the main lease is applicable to the Company's waived short-term lease, such sublease is classified as operating lease.

In case the lease transfers most risks and returns attached to the underlying assets, it is classified as a finance lease; otherwise it is classified as an operating lease.

The lease payments under finance lease include the fixed payment, substantive fixed payment, variable lease payments depending on the index or rate, guaranteed residual value, exercise price when exercising the purchase termination options and penalty due to lease termination reflected in the lease period deducting received lease incentives payable. The net lease investment is based on the total present value of lease payment receivable and unsecured residual value and is expressed as finance lease receivable. The Company amortizes the finance income in the lease period adopting systematic and reasonable basis to reflect the fixed rate of return of unexpired net lease investment received by the Company during each period.

Under the operating lease, the lease payment less the lease incentives is recognized as lease income based on the straight-line method. The original direct cost generated from acquisition of the operating lease is the book amount added to the underlying asset and is recognized as expense during the duration of leasehold on the recognition basis which is the same as the lease income.

(XI) Investment property

The investment property is the property held to earn lease payment or capital increment or for both purposes (including property under construction due to such purpose). The investment property also includes lands held without deciding any future purposes yet.

The investment property is initially measured at cost (including transaction cost). Besides a few investment properties unable to be measured at cost because the fair value cannot be determined reliably resulting from the parameters under the income approach or under the land development approach cannot be acquired reliably, the profit or loss generated from changes in fair value is subsequently recognized in current profit or loss by the fair value model.

The investment property is reclassified as property, plant and equipment based on the fair value on the start date of private use.

When the property of property, plant and equipment is reclassified as investment property on the end date of private use, the difference in the original book value and fair value is recognized in other comprehensive income.

The amount of profit or loss generated from the disposal of investment property refers to the difference between the disposal proceeds and the book amount of the asset and is recognized in the profit or loss.

(XII) Intangible assets

Intangible assets with limited useful life individually acquired are measured at cost less accumulated amortization and impairment. The amount of amortization is calculated based on the following useful years under a straight-line method: the cost of computer software is 2 to 10 years. The estimated useful life and amortization method is reviewed at the end of the reporting period and any impact of changes in estimates is deferred.

Intangible assets are derecognized upon the disposal or expectation of those unable to generate future economic benefits due to usage or disposal. The amount of profit or loss generated from the derecognition of intangible assets refers to the difference between the disposal proceeds and the book amount of the asset and is recognized in the profit or loss.

(XIII) Impairment of non-financial assets

The Company will estimate the recoverable amount of the assets which show signs of impairment on the balance sheet date, and impairment loss will be recognized if the recoverable amount is lower than the book value. The recoverable amount is the fair value of an asset less the selling cost or the use value, whichever is higher. If the impairment loss of assets recognized in previous years no longer existed, it is reversed within the scope of loss amount recognized in the previous year.

(XIV) Liability reserve

The liability reserve is recognized when the Company has a present statutory or presumed obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The liability reserve is measured by best estimated present value paid to settle the obligation on the balance sheet date. The discount rate adopts the pre-tax discount rate that reflects the specific risk assessment of the current market toward the time value of money and the liabilities. The discounted amortization is then recognized as interest expenses. The future operating loss shall not be recognized in the liability reserve.

(XV) Employee benefit

1. Short-term employee benefit

Short-term employee benefit is measured at an undiscounted amount expected to be paid and is recognized as expense when the related services are provided.

2. Pension

(1) Defined contribution plan

Under the defined contribution plan, every contribution made to the pension fund is recognized as pension cost in the period occurred using the accrual basis. Prepaid contributions may be stated as assets, insofar as it may be refunded in cash or the future payment is reduced.

(2) Defined benefit plan

A. The obligation of the defined benefit plan is converted to the present value based on the future benefit earned from the services provided by the employees in the current period or in the past and is presented by the present value of defined benefit obligation on the balance sheet date deducting the fair value of the plan assets. An actuary uses the Projected Unit Credit Method to estimate the defined benefit obligations each year. The discount rate is based on the market yield rate of government bonds (on the balance sheet date) that have the same currency and period on the end of the fiscal year and the defined benefit plan.

B. The re-measurement generated from the defined benefit plan is stated as other comprehensive income in the period when it is incurred, and presented in the retained earnings.

C. Expenses related to the service cost in the previous period are immediately recognized as profit or loss.

3. Remuneration to employees and directors

The remuneration to employees and directors is recognized as expenses and liabilities only when legal or presumed obligation is constituted and the value thereof may be estimated reasonably. Subsequently, if the actual distributed amount resolved is different from the estimate, the difference shall be treated as a change in accounting estimate.

4. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company will not state the benefits as expenses until the offer of benefits be withdrawn or the related reorganization cost is stated, whichever earlier. It is not expected that benefits falling due more than 12 months at the end date of the reporting period are discounted to their present value.

(XVI) Capital stock

Common stock is classified as equity. The classification of preferred shares is based on the substance of the contract agreement and the definition of financial liabilities and equity instruments, and is assessed based on specific rights of the preferred shares. When presenting the basic characteristics of financial liabilities, these are classified as liabilities, otherwise they are classified as equity. The additional cost directly attributable to issuing new shares or stock options is recognized as deductions of proceeds in the equity.

(XVII) Income tax

1. The income tax consists of current income tax and deferred income tax. The income tax is recognized in the profit or loss except the income taxes relevant to the items which are recognized under other comprehensive income or directly counted into the items of equity, is recognized under other comprehensive income or directly counted into equity respectively.

2. The current income tax is based on the taxable income generated by the Company adopting the statutory tax rate or tax rate substantially enacted on the balance sheet date. Management shall evaluate the status of income tax returns within the statutory period defined by the related income tax laws, and shall be responsible for the income tax expected to be paid to the tax collection authority. The income tax levied on the undistributed earnings based on the Income Tax Act will be recognized based on actual distribution of earnings in the year after the year when the earnings are generated, upon approval of the motion for allocation of earnings at a shareholders' meeting.
3. The deferred income tax is recognized based on the temporary difference generated from the taxation basis for assets and liabilities and the book value thereof on the balance sheet using the balance sheet approach. The deferred income tax liabilities resulting from the initial recognition of goodwill shall not be recognized. The deferred income tax resulting from the initial recognition of assets or liabilities in a transaction (exclusive of business mergers) shall not be recognized, insofar as the accounting profit or taxable income (taxable loss) is not affected by the transaction. Taxable temporary difference generated from investment in subsidiaries shall not be recognized if the time of reversal is controllable by the Company and the difference is not likely to be reversed in the foreseeable future. The deferred income tax is based on the tax rate expected to be applicable when the assets are expected to be realized or liabilities to be repaid. The tax rate shall be the tax rate (tax laws) which had been enacted or had been substantially enacted on the balance sheet date.
4. The temporary difference, unused tax losses and unused tax credits within the range of probable future taxable income available for use are recognized as deferred income tax assets and the deferred income tax assets which are recognized and unrecognized shall be re-evaluated on the end date of each reporting period.
5. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
6. The tax benefit generated from the purchase of equipment or technology, R&D expenses, HR training expenses and equity investment adopts income tax credits for accounting.

(XVIII) Recognition of revenue

The Company's recognition principle of revenue from contracts with customers is recognized as revenue according to the following steps:

- (1) Identify the customer's contract;
- (2) Identify the performance obligation in the contract;
- (3) Decide the transaction price;
- (4) Amortize the transaction price to the performance obligation in the contract;
- (5) Recognize the revenue upon the fulfillment of performance obligation.

For contracts in which the interval between product transfer or labor services and consideration collection is within 1 year, the transaction price of its material financial parts cannot be adjusted.

1. Revenue from the sale of products and processing

The sales revenue of products is generated from the sale of drinks and canned foods. Upon arrival or shipment of the product to the destination designated by customers, the customers have already owned the right to set the price and use the same, and taken the responsibility for resale along with the obsolescence risk of the products. Thus, the Company recognized the revenue and accounts receivable at that moment; it is presented by net amount deducting sales return, quantity discount and discount.

Upon contract processing, the control of ownership over the processing product has not been transferred. Thus, the revenue is not recognized upon material intake.

(XIX) Costs of loans

The loan cost of the assets that meet the essential requirement and are directly attributable to the acquisition, construction, or production of assets is deemed part of the asset cost until all of the necessary activities completed for the asset to reach its intended use or sale state.

The income of a temporary investment with a specific loan that has not yet met the essential requirement of capital expenditure is deducted from the loan cost that meets the essential requirement of capitalization.

In addition to the transaction stated in the preceding paragraph, all other loan costs are recognized as profit or loss upon occurring.

V. Major Sources of Uncertainty to Significant Accounting Judgments, Estimates and Assumptions

The Company includes the economic impact due to the epidemic situation of COVID-19 in the consideration of significant accounting estimates and will continue to review the basic estimates and assumptions. If the amendment to estimates will only affect the current period, it will be recognized in the period in which the amendment is made; if the amendment of the accounting estimates will simultaneously affect both current and future periods, it will be recognized in the period of the amendment and future periods.

When preparing the parent company only financial report, the important judgments, accounting estimates and assumptions adopted by the Company for accounting policies are as follows:

(I) Significant judgments adopted by the accounting policy

1. Business model judgment of financial asset classification

The Company assess the business model of financial assets based on the joint management level reflecting the financial asset group to achieve certain operation purpose. The estimate shall consider all relevant evidence, including performance measurement methods for assets, risks affecting performance and determination method of remuneration to relevant managers. The application of judgment is also required. The Company continues to assess the appropriateness of its business model and monitors financial assets measured at amortized cost derecognized before expiration and debt instrument investment at fair value through other comprehensive income to understand its reason for disposition and assess whether the disposition complies with the objective of business model. If the business model has changed, the Company will reclassify financial assets and defer the application since the date of reclassification based on the regulations of IFRS 9.

2. Recognition of revenue

The Company determines to serve as the principal or agent of such transaction according to whether the control of such product or labor services has been acquired before transferring specific product or labor services to the customer based on IFRS

15. When determined as the agent of transaction, the net transaction amount will be recognized as revenue.

The Company will be the principal when meeting one of the following conditions:

- (1) The Company acquires the control of such product or asset from the counterparty before transferring the product or other assets to the customer; or
- (2) The Company controls the right of labor services provided by the counterparty and therefore has the capability to guide the counterparty as the substitute to provide labor services to the customer; or
- (3) The Company acquires the control of product or labor services from the counterparty to combine with other products or labor services and provide specific product or labor services for the customer.

The indicators used to assist the Company in determining whether to acquire the control of such product or asset before transferring specific product or labor services to the customer include (but are not limited to):

- (1) The Company takes the main responsibility to complete the commitment of specific product or labor service.
- (2) The Company bears the inventory risk before transferring specific product or labor services to the customer or bears the inventory risk after transferring the control to the customer (e.g. The customer has the right to return goods).
- (3) The Company has the discretionary power to set the price.

3. Lease period

When determining the lease period, the Company considers all relevant facts and circumstances regarding the economic inducement generated to exercise (or not exercise) the option, including expected changes in all facts and circumstances since the start date to the date of option exercising. The considered factors include the contractual terms and conditions in the option period, significant leasehold improvement conducted (or expect to be conducted) during the contract period and the importance of underlying assets to the operation of the Company. When material matters or significant changes in circumstances occur within the Company's scope of control, the lease period will be re-evaluated.

(II) Important accounting estimates and assumptions

1. Recognition of revenue

Sales revenue shall be recognized when transferring the control of product or labor service to the customer to meet the performance obligation, deducting relevant sales return, discount and other similar discounts estimated. The sales return and discounts are estimated based on historical experience and other known causes and the Company periodically reviews the reasonableness of estimates.

2. Estimated impairment of financial assets

The estimated impairment of the accounts receivable is based on the default rate and expected loss ratio assumed by the Company. The Company takes the historical experience, current market conditions, and forward-looking information to make assumptions and selects the input value of impairment assessment. If the actual cash flow in the future is less than estimated, significant impairment losses may occur.

3. Fair value measurement and valuation process

In cases when the assets and liabilities at fair value has no open quotation in active market, the Company decides whether to commission external appraisal and

determine appropriate fair value valuation technique according to relevant regulations or judgment. If the fair value estimate cannot acquire Level 1 input, the investment of unlisted stocks by the Company refers to information regarding the invested company's financial status and operating result analysis, recent transaction price, quotation of same equity instrument in an inactive market, quotation of similar instruments in active markets and comparable company valuation multiples; for derivatives, the input is determined by reference of market price or interest rate and characteristics of derivatives. If the actual changes in input in the future are different from expectations, there might be changes in fair value. The Company regularly updates various inputs based on the market conditions to monitor the appropriateness of fair value measurement.

4. Impairment evaluation of tangible and intangible assets

During the process of asset impairment assessment, the Company shall rely on subjective judgment to determine the useful life of the independent cash flow assets and possible income and expenses in the future for certain asset groups based on the operating model of assets and industrial characteristics. Any change in the estimation due to the changes of economic situation or the Company's strategies may result in significant impairment in the future.

5. Assessment of impairment on equity-accounted investments

When there are signs of impairment loss suggesting certain investment under the equity method might be impaired causing the book amount to be unable to be recovered, the Company will immediately evaluate the impairment of such investment. The Company evaluates the recoverable amount based on the held discount value of expected cash flow estimated or discount value of receivable cash dividend expected and future cash flow generated from disposal of investments by the invested companies, and analyzes the reasonableness of relevant assumptions.

6. Realizability of deferred income tax assets

Deferred tax assets are recognized when there are likely to have sufficient taxable income available for the deductible temporary difference. To evaluate the realizability of deferred income tax assets, management has to exert judgment and estimation, including the hypotheses about expectations toward growth and profit rate of future sale revenue, tax-free period, applicable income tax credit and taxation planning. The transformation of global economic environments and industrial environments and changes in laws and regulations, if any, might result in material adjustment on deferred income tax assets.

7. Valuation of inventory

Inventory shall be evaluated on the basis of lowering the cost and net realizable value. As such, the Company must make judgments and estimates to determine the net realizable value of the inventory at the end of the reporting period. The Company assesses the amount of normal wearing out and phasing out of inventory or inventory with no market price and writes off the cost of inventory from net realizable value at the end of reporting period.

8. Calculation of net defined benefit liabilities

In the calculation of the defined benefit obligation, the Company shall make use of judgments and estimates to determine relevant actuarial assumption on the end date of the reporting period, including the discount rate and rate of future salary increase. Any change in the actuarial assumptions may have significant impact on the defined benefit obligation amount of the Company.

9. Incremental loan rate of interest of the lessee

When deciding the incremental loan rate of interest of the lessee for the lease payment discount, the same currency and interest rate without risk in relevant periods are used as the reference rate, and the estimated credit risk premium of the lessee and certain lease adjustments (e.g. factors such as certain and attached collateral of assets) are also taken into consideration.

VI. Description of Significant Accounting Items

(I) Cash and cash equivalents

Item	December 31, 2021	December 31, 2020
Cash	\$ 771	\$ 867
Checking deposit	3	-
Savings deposit	288,381	397,717
Foreign currency deposit	28,394	651
Total	\$ 317,549	\$ 399,235

1. The financial institutions trading with the Company are those of excellent credit standing and the Company trades with various financial institutions to spread credit risk. Thus, the possibility of expected default is low.
2. The cash and cash equivalents of the Company have not been pledged.

(II) Net notes receivable

Item	December 31, 2021	December 31, 2020
Carried at amortized cost		
Total book amount	\$ 9,074	\$ 11,692
Less: Allowance loss	(9)	(12)
Net notes receivable	\$ 9,065	\$ 11,680

1. The receivable notes of the Company have not been pledged.
2. For disclosure related to the allowance loss of receivable notes, please refer to description in Note 6(3).

(III) Net accounts receivable

Item	December 31, 2021	December 31, 2020
Carried at amortized cost		
Total book amount	\$ 469,996	\$ 407,903
Less: Allowance loss	(728)	(729)
Net accounts receivable	\$ 469,268	\$ 407,174

1. For the Company's accounts receivable generated from sale of products. The average credit period is O/A 45-90 days. The credit standard is established according to the industrial characteristics, business scale and profit condition of the trading counterparty.
2. The accounts receivables of the Company have not been pledged.
3. The Company adopts the simplified approach of IFRS 9 to recognize the allowance losses on accounts receivable based on lifetime expected credit losses. The expected credit losses throughout the duration are calculated based on the provision matrix

and take the past default record of the customer, the present financial status and the economic situation of the industry into consideration. According to the Company's historical experience of credit losses, the loss types of different customer groups have no significant differences between them. Thus, the provision matrix does not further classify the group of customers, and the rate of expected credit losses is established based on the overdue days of accounts receivable.

4. The loss allowance for notes and accounts receivable (including related parties) of the Company based on the provision matrix is as follows:

December 31, 2021	Expected credit loss	Total book amount	Loss allowance (lifetime expected credit loss)	Amortized cost
Undue	0%~1%	\$ 598,334	\$ (505)	\$ 597,829
Overdue 0-30 days	0%~1%	7,477	(2)	7,475
Overdue 31-90 days	0%~20%	294	-	294
Overdue 91-180 days	0%~30%	2,235	-	2,235
Overdue 181-365 days	0%~50%	-	-	-
Trading counterparty with signs of default	0%~100%	258	(258)	-
Total		\$ 608,598	\$ (765)	\$ 607,833

December 31, 2020	Expected credit loss	Total book amount	Loss allowance (lifetime expected credit loss)	Amortized cost
Undue	0%~1%	\$ 537,473	\$ (453)	\$ 537,020
Overdue 0-30 days	0%~1%	2,154	(2)	2,152
Overdue 31-90 days	0%~20%	1	-	1
Overdue 91-180 days	0%~30%	20	-	20
Overdue 181-365 days	0%~50%	-	-	-
Trading counterparty with signs of default	0%~100%	321	(321)	-
Total		\$ 539,969	\$ (776)	\$ 539,193

5. The statement of changes in the loss allowance for the notes and accounts receivable (including related parties) is as follows:

Item	2021	2020
Balance – beginning	\$ 776	\$ 983
Plus: Impairment loss appropriated	-	-
Less: Impairment loss reversed	(11)	(207)
Less: Irrecoverable amounts written off	-	-
Balance – ending	<u>\$ 765</u>	<u>\$ 776</u>

Other credit enhancements held by above accounts receivable: None.

When there is objective evidence showing that the trading counterparty is facing serious financial difficulty and the recoverable amount cannot be reasonably expected, the Company shall directly write off relevant accounts receivable. However, the Company will continue the recourse and the recovered amount from recourse is recognized as profit or loss. The Company's accounts receivable of the contract amount written off in 2021 and 2020 were NTD 0.

6. For relevant credit risk management and evaluation methods, please refer to Note 12.

(IV) Cost of inventory and sales

Item	December 31, 2021	December 31, 2020
Raw material	\$ 95,546	\$ 106,032
Supplies	60,170	51,961
Goods in process	94,284	70,372
Finished products	462,775	416,430
Total	<u>\$ 712,775</u>	<u>\$ 644,795</u>

1. Losses related to inventory recognized as sales cost in the current period are as follows:

Item	2021	2020
Cost of sold inventory	\$ 2,626,752	\$ 2,564,326
Processing cost	107,655	76,373
Manufacturing expenses not amortized	30,542	31,677
Loss (revaluation gain) on inventory devaluation	10,042	(6,530)
Loss on scrapped inventory	9,422	19,177
Loss (gain) on inventory	22	15
Revenue from scraps	(2,627)	(3,237)
Total operating costs	<u>\$ 2,781,808</u>	<u>\$ 2,681,801</u>

2. Because the Company offset the inventory to net realizable value in 2021 and 2020 and the rebound on net realizable value of inventory due to the price increase of partial products and consumption of partial inventory, the recognized loss (revaluation gain) on inventory devaluation was NTD 10,042 thousand and NTD (6,530) thousand, respectively.
3. The inventory of the Company has not been pledged.

(V) Financial assets at fair value through other comprehensive income

Item	December 31, 2021	December 31, 2020
Non-current		
Equity instruments		
TWSE/TPEX listed stocks	\$ 102,579	\$ 274,934
TWSE/TPEX unlisted stocks	843,866	749,784
Unlisted foreign stocks	16,820	16,820
Valuation adjustment	(5,510)	(127,032)
Total	<u>\$ 957,755</u>	<u>\$ 914,506</u>

1. The Company invested in TWSE/TPEX unlisted stocks listed above based on mid and long-term investment purpose and expected to gain profit from long-term investment. The management of the Company considers that if the changes in short-term fair value of such investment is recognized as profit or loss, it is not consistent with previous long-term investment planning. Thus, management chose to specify that such investment to be at fair value through other comprehensive income.
2. The Company adjusted the investment positions to diversify risks and sold part of the stocks based on fair value in 2021 and 2020. The relevant other equity – unrealized profit or loss of financial assets at fair value through other comprehensive

income of NTD 242 thousand and NTD 0 thousand, respectively, was re-stated as retained earnings.

3. Changes in expected credit impairment loss of debt instrument investment at fair value through other comprehensive income recognized by the Company: None.
4. The investment in Kai Chieh International Investment Ltd. was based on the principal guarantee agreement. As of December 31, 2021 and 2020, the counterparty provided 7,327 thousand shares of Kai Chieh as the pledge of the Company.
5. The Company pledged part of financial assets at fair value through other comprehensive income as collateral for the loans of the Company on December 31, 2021 and 2020. Please refer to Note 8.
6. For relevant credit risk management and evaluation methods, please refer to Note 12.

(VI) Investment under the equity method

Invested company	December 31, 2021	December 31, 2020
Subsidiaries:		
Sontenkan Resort Development Co., Ltd.	\$ 1,637,484	\$ 1,435,590
Apoland Development (Singapore) Pte Ltd.	211,089	260,334
Others	958,961	907,149
Subtotal	<u>\$ 2,807,534</u>	<u>\$ 2,603,073</u>
Affiliated companies:		
Important affiliates:		
Taiwan First Biotechnology Corp.	\$ 1,218,396	\$ 1,130,310
NICE Enterprise Co., Ltd.	1,241,533	1,157,202
Individual unimportant affiliates	824,729	691,462
Subtotal	<u>\$ 3,284,658</u>	<u>\$ 2,978,974</u>
Joint ventures:		
Individual unimportant joint ventures	4,543	14,807
Total	<u>\$ 6,096,735</u>	<u>\$ 5,596,854</u>

1. Subsidiaries:

For information on the Company's subsidiaries, please refer to Note 4(3) of the Company's 2021 consolidated financial report.

2. Affiliated companies:

(1) The basic information of affiliates important to the Company is as follows:

Company name	Shareholding ratio	
	December 31, 2021	December 31, 2020
Taiwan First Biotechnology Corp.	41.28%	41.28%
NICE Enterprise Co., Ltd.	28.24%	28.24%

For information on the affiliates' nature of business, main business place and country where the company is registered, please refer to Table 7 and Table 8 in Note 13.

(2) The summarized financial information of affiliates important to the Company is as follows:

A. Balance sheet

	NICE Enterprise Co., Ltd.	
	December 31, 2021	December 31, 2020
Current assets	\$ 3,292,746	\$ 3,148,017
Non-current assets	4,456,432	4,343,713
Current liabilities	1,822,639	1,999,277
Non-current liabilities	1,667,603	1,555,080
Equity	\$ 4,258,936	\$ 3,937,373
Shares of the affiliates' net assets	\$ 1,202,699	\$ 1,111,892
Internal profit or loss	(12,470)	(7,247)
Deferred credits	28,331	29,584
Goodwill	22,973	22,973
Book value of affiliates	\$ 1,241,533	\$ 1,157,202

	Taiwan First Biotechnology Corp.	
	December 31, 2021	December 31, 2020
Current assets	\$ 1,253,307	\$ 1,274,818
Non-current assets	3,412,733	3,380,376
Current liabilities	1,104,236	993,569
Non-current liabilities	1,018,263	1,340,195
Equity	\$ 2,543,541	\$ 2,321,430
Shares of the affiliates' net assets	\$ 1,049,955	\$ 958,269
Internal profit or loss	(13,881)	(12,794)
Deferred credits	28,050	30,563
Goodwill	154,272	154,272
Book value of affiliates	\$ 1,218,396	\$ 1,130,310

B. Statement of comprehensive income

Company name	NICE Enterprise Co., Ltd.	
	2021	2020
Operating revenue	\$ 3,006,697	\$ 2,980,785
Current net profit	\$ 285,524	\$ 255,365
Other comprehensive income (net amount after tax)	88,331	149,397
Total comprehensive income in the current period	\$ 373,855	\$ 404,762
Dividend acquired from affiliates	\$ 14,767	\$ 7,384

Company name	Taiwan First Biotechnology Corp.	
	2021	2020
Operating revenue	\$ 2,065,054	\$ 2,018,267
Current net profit	\$ 236,406	\$ 240,873
Other comprehensive income (net amount after tax)	118,356	124,573
Total comprehensive income in the current period	\$ 354,762	\$ 365,446

Dividend acquired from affiliates	\$ 54,757	\$ 32,854
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- (3) The Company's total shares of individual unimportant affiliates is summarized as follows:

	2021	2020
Shares held:		
Current net profit	\$ 24,870	\$ 29,336
Other comprehensive income (net amount after tax)	125,355	67,783
Total comprehensive income in the current period	\$ 150,225	\$ 97,119

3. Joint ventures:

The Company's total shares of individual unimportant joint ventures is summarized as follows:

	2021	2020
Shares held:		
Current net profit (loss)	\$ (10,264)	\$ 1,474
Other comprehensive income (net amount after tax)	-	-
Total comprehensive income in the current period	\$ (10,264)	\$ 1,474

4. The Company pledged part of investments under the equity method as collateral for the loans of the Company on December 31, 2021 and 2020. Please refer to Note 8.

(VII) Property, plant and equipment

Item	December 31, 2021	December 31, 2020
Land	\$ 550,171	\$ 548,166
Houses and buildings	881,178	873,562
Machinery and equipment	1,185,827	1,181,550
Other equipment	553,199	556,175
Equipment pending acceptance and construction in progress	23,594	11,371
Total cost	\$ 3,193,969	\$ 3,170,824
Less: Accumulated depreciation	(2,245,953)	(2,211,440)
Total	\$ 948,016	\$ 959,384

Costs	Land	Houses and buildings	Machinery and equipment	Other equipment	Equipment pending acceptance and construction in progress	Total
	Balance on January 1, 2021	\$ 548,166	\$ 873,562	\$ 1,181,550	\$ 556,175	\$ 11,371
Increase	-	-	-	-	52,151	52,151
Disposal	-	(1,255)	(14,188)	(13,563)	-	(29,006)
Reclassification	2,005	8,871	18,465	10,587	(39,928)	-
Balance on December 31, 2021	\$ 550,171	\$ 881,178	\$ 1,185,827	\$ 553,199	\$ 23,594	\$ 3,193,969
Accumulated depreciation						
Balance on January 1, 2021	\$ -	\$ 614,498	\$ 1,084,169	\$ 512,773	\$ -	\$ 2,211,440
Depreciation expenses	-	25,207	22,078	15,790	-	63,075
Disposal	-	(1,165)	(14,046)	(13,351)	-	(28,562)
Balance on December 31, 2021	\$ -	\$ 638,540	\$ 1,092,201	\$ 515,212	\$ -	\$ 2,245,953

Costs	Land	Houses and buildings	Machinery and equipment	Other equipment	Equipment pending acceptance and construction in progress	Total
	Balance on January 1, 2020	\$ 548,166	\$ 860,737	\$ 1,184,289	\$ 561,625	\$ 7,373
Increase	-	-	-	-	31,955	31,955
Disposal	-	(546)	(6,592)	(16,183)	-	(23,321)
Reclassification	-	13,371	3,853	10,733	(27,957)	-
Balance on December 31, 2020	\$ 548,166	\$ 873,562	\$ 1,181,550	\$ 556,175	\$ 11,371	\$ 3,170,824
Accumulated depreciation						
Balance on January 1, 2020	\$ -	\$ 589,528	\$ 1,069,484	\$ 513,091	\$ -	\$ 2,172,103
Depreciation expenses	-	25,397	21,277	15,761	-	62,435
Disposal	-	(427)	(6,592)	(16,079)	-	(23,098)
Balance on December 31, 2020	\$ -	\$ 614,498	\$ 1,084,169	\$ 512,773	\$ -	\$ 2,211,440

1. Current increases and adjustments of the cash flow statement due to the acquisition of property, plant, and equipment are as follows:

Item	2021	2020
Increase of property, plant and equipment	\$ 52,151	\$ 31,955
Increase/decrease of payables on equipment	1,054	3,135

- | | | |
|--|-----------|-----------|
| Paid cash amount for purchase of property, plant and equipment | \$ 53,205 | \$ 35,090 |
|--|-----------|-----------|
- For capitalized amount and interest rate interval regarding the loan cost of property, plant and equipment, please refer to Note 6(25).
 - Impairment of property, plant and equipment: None.
 - For more information about property, plant and equipment provided as collateral, please refer to Note 8.

(VIII) Lease agreement

1. Right-of-use assets

Item	December 31, 2021	December 31, 2020
Houses and buildings	\$ 10,865	\$ 7,994
Machinery and equipment	16,694	16,694
Transportation equipment	2,732	3,120
Total cost	\$ 30,291	\$ 27,808
Less: Accumulated depreciation	(11,415)	(15,153)
Net amount	\$ 18,876	\$ 12,655

Costs	Houses and buildings	Machinery and equipment	Transportation equipment	Total
Balance on January 1, 2021	\$ 7,994	\$ 16,694	\$ 3,120	\$ 27,808
Increase in the current period	10,865	-	2,732	13,597
Decrease in the current period	(118)	-	-	(118)
Derecognition in the current period	(7,876)	-	(3,120)	(10,996)
Balance on December 31, 2021	\$ 10,865	\$ 16,694	\$ 2,732	\$ 30,291
Accumulated depreciation				
Balance on January 1, 2021	\$ 5,455	\$ 7,560	\$ 2,138	\$ 15,153
Depreciation expenses	2,421	3,780	1,057	7,258
Derecognition in the current period	(7,876)	-	(3,120)	(10,996)
Balance on December 31, 2021	\$ -	\$ 11,340	\$ 75	\$ 11,415

Costs	Houses and buildings	Machinery and equipment	Transportation equipment	Total
Balance on January 1, 2020	\$ 8,744	\$ 16,694	\$ 4,756	\$ 30,194
Increase in the current period	-	-	-	-
Decrease in the current period	(750)	-	-	(750)
Derecognition in the current period	-	-	(1,636)	(1,636)
Balance on December 31, 2020	\$ 7,994	\$ 16,694	\$ 3,120	\$ 27,808
Accumulated depreciation				
Balance on January 1, 2020	\$ 2,915	\$ 3,780	\$ 2,472	\$ 9,167
Depreciation expenses	2,540	3,780	1,302	7,622
Derecognition in the current period	-	-	(1,636)	(1,636)
Balance on December 31, 2020	\$ 5,455	\$ 7,560	\$ 2,138	\$ 15,153

2. Lease liabilities

	December 31, 2021	December 31, 2020
Book amount of lease liabilities		
Current	\$ 8,548	\$ 9,114
Non-current	\$ 12,197	\$ 5,560

The range of discount rates for lease liabilities is stated as follows:

	December 31, 2021	December 31, 2020
Houses and buildings	1.97%	2.54%
Machine and equipment	2.54%	2.54%
Transportation equipment	1.97%	2.54%

For maturity analysis on lease liabilities, please refer to Note 12(2).

3. Important lease activities and terms

The Company leased health research institutes, Tetra Pak equipment, trucks and vehicles for operational use. The lease period is 1-5 years and the Company included the right of renewal of those with expired lease periods in the lease liabilities. According to the contract agreement, the Company shall not sublease assets of the

leased item to others without the approval of the lessor. As of December 31, 2021 and 2020, there was no sign of impairment regarding the right-of-use assets, therefore the impairment evaluation was not conducted.

4. Sublease: None.

5. Other information about the lease

(1) For the Company's agreement of investment property leased as operating leases, please refer to Note 6(9).

(2) The information on expensed related current leases is as follows:

Item	2021	2020
Short-term lease expenses	\$ 4,061	\$ 2,664
Expenses of lease of low-price assets	\$ -	\$ -
Variable lease payment not included in measurement of lease liabilities		
Paid expenses		
Total cash outflow of lease (Note)	\$ 11,469	\$ 8,529

(Note): This includes the principal payment of current lease liabilities.

The Company chose to exempt those meeting short-term lease and lease of low-price assets from recognition and not recognize related right-of-use assets and lease liabilities of such leases.

(IX) Net investment property

Item	December 31, 2021	December 31, 2020
At fair value – commissioned appraisal	\$ 1,050,799	\$ 1,043,624
Measured at cost	397,570	398,484
Total	\$ 1,448,369	\$ 1,442,108

1. Investment property at fair value

Item	2021	2020
Balance – beginning	\$ 1,043,624	\$ 1,031,799
Gains from valuation	7,175	11,825
Balance – ending	\$ 1,050,799	\$ 1,043,624

(1) The fair values of investment property as of December 31, 2021 and 2020, were appraised by Tien-Ching Hsieh, a certified real estate appraiser of CPAC in Taiwan on January 5, 2022, January 6, 2022, December 30, 2021, January 5, 2021, and December 31, 2020.

(2) Besides undeveloped land, the fair value of investment assets is appraised based on the income approach. The fair value will increase when increase of future net cash inflow or decrease of discount rate is estimated. The important assumptions are as follows:

Item	December 31, 2021	December 31, 2020
Estimated future cash inflow	\$ 696,615	\$ 655,423
Estimated future cash outflow	26,131	26,427

Estimated future net cash inflow	\$ 670,484	\$ 628,996
Discount rate	2.595%	2.095%

- A. The monthly market rental of regions in which the investment property is located is NTD 590 to NTD 2,290 per Taiwanese ping. The similar comparable item in the market is NTD 531 to NTD 2,154 per Taiwanese ping.
- B. The future cash inflow estimated to be generated from investment property includes rent revenue, deposit interest revenue and disposition value at ending. The rent revenue is based on the Company's current lease contracts and market rental conditions and is estimated in consideration of the annual growth rate of future rental. The revenue analysis period is estimated by 10 years; the deposit interest revenue is estimated based on the interest rate of a one-year timed deposit; the disposition value at ending is estimated based on the direct capitalization under the income approach. The future cash outflow estimated to be generated from investment property includes expenses of land tax, house tax, insurance premium and maintenance fee. The expenses are estimated based on current expense standard and takes the adjustment of land value announced in the future and the tax rate specified in the House Tax Act.
- C. The discount rate is calculated based on the floating interest rate on a 2-year time deposit of a small amount, as posted by Chunghwa Post Co., Ltd., plus 0.75 % as the minimum, and plus 1% as the presumed discount rate.
- (3) Because the land at Jianguo Section in Dounan Township, Yunlin County and Zhuweizi Section in Chiayi City held by the Company is not developed, the fair value is appraised based on the land development analysis method. The important assumptions are as follows. The fair value will increase when the estimated total sales amount increases, the profit margin increases, or the overall capital interest rate decreases. The relevant information is as follows:

Item	December 31, 2021	December 31, 2020
Estimated total sales amount	\$ 1,021,426	\$ 919,593
Profit margin	15% ~ 18%	15% ~ 18%
Overall capital interest rate	1.36% ~ 1.50%	1.47% ~ 1.53%

After the Company considers relevant regulations, an optimistic domestic overall economic forecast, local land use conditions and market conditions, the land or building area available for sale regarding the land after development is estimated in the most effective manner to estimate the total sales amount.

2. Investment property measured at cost

Item	2021	2020
Balance – beginning	\$ 398,484	\$ 399,414
Depreciation appropriated	(914)	(930)
Balance – ending	\$ 397,570	\$ 398,484

This refers to the investment property leased to subsidiaries for operating purpose.

3. The lease period of the investment property is 1 year without the option of lease extension. The lessee does not have a bargain purchase option for such asset after the end of the lease period.
4. Rent revenue and direct operating expenses from investment property:

Item	2021	2020
Rent revenue from investment property	\$ 6,743	\$ 6,743
Direct operating expenses incurred from investment property generating rental revenue in the current period	\$ 5,399	\$ 5,539
Direct operating expenses incurred from investment property not generating rental revenue in the current period	\$ 240	\$ 241

5. The total lease payments receivable in the future regarding the investment property leased as operating lease is as follows:

	December 31, 2021	December 31, 2020
Not more than 1 year	\$ 6,743	\$ 6,743
1 year to 5 years	-	-
More than 5 years	-	-
Total	\$ 6,743	\$ 6,743

6. The fair value of the Company's investment property as of December 31, 2021 and 2020, was NTD 1,050,799 thousand and NTD 1,043,624 thousand, respectively, which was based on the valuation result of an independent appraiser. The valuation adopting the income approach and land development approach is classified as Level 3 fair value. Please refer to Note 12.
7. For information of investment property provided as collateral, please refer to Note 8.

(X) Intangible assets

Item	December 31, 2021	December 31, 2020
Computer software cost	\$ 32,227	\$ 30,944
Less: Accumulated amortization	(29,582)	(28,371)
Net amount	\$ 2,645	\$ 2,573

Costs	Computer software cost	Costs	Computer software cost
Balance on January 1, 2021	\$ 30,944	Balance on January 1, 2020	\$ 29,368
Increase	1,283	Increase	1,620
Reclassified as expenses	-	Reclassified as expenses	(44)
Balance on December 31, 2021	\$ 32,227	Balance on December 31, 2020	\$ 30,944

<u>Accumulated amortization</u>		<u>Accumulated amortization</u>	
Balance on January 1, 2021	\$ 28,371	Balance on January 1, 2020	\$ 27,649
Amortization expenses	1,211	Amortization expenses	722
Balance on December 31, 2021	<u>\$ 29,582</u>	Balance on December 31, 2020	<u>\$ 28,371</u>

(XI) Other non-current assets – others

<u>Item</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Long-term prepaid expenses	<u>\$ 24,973</u>	<u>\$ 14,209</u>

(XII) Other financial assets – current and non-current

<u>Item</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Pledged bank deposits	<u>\$ 20,000</u>	<u>\$ 48,025</u>
Current	<u>\$ -</u>	<u>\$ 28,000</u>
Non-current	<u>\$ 20,000</u>	<u>\$ 20,025</u>

(XIII) Short-term loans

<u>Item</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Credit loans	<u>\$ 310,000</u>	<u>\$ 370,000</u>
Mortgage loan	<u>120,000</u>	<u>120,000</u>
Total	<u>\$ 430,000</u>	<u>\$ 490,000</u>
Interest rate interval	<u>1.69%-1.85%</u>	<u>1.59%-1.85%</u>

For the portion of investment property provided as collateral by the Company, please refer to Note 8.

(XIV) Other payables

<u>Item</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Commission payable	<u>\$ 106,931</u>	<u>\$ 91,950</u>
Remuneration and bonus payable	<u>120,640</u>	<u>120,056</u>
Tax payable	<u>2,496</u>	<u>2,356</u>
Repair expenses payable	<u>4,290</u>	<u>4,905</u>
Payables on equipment	<u>1,653</u>	<u>2,707</u>
Advertisement expenses payable	<u>2,135</u>	<u>2,369</u>
Insurance payable	<u>6,453</u>	<u>6,234</u>
Recycling fee payable	<u>7,455</u>	<u>6,806</u>
Other payables	<u>26,503</u>	<u>32,689</u>
Total	<u>\$ 278,556</u>	<u>\$ 270,072</u>

(XV) Liability reserve – current

Item	Employee benefit	Item	Employee benefit
January 1, 2021	\$ 16,747	January 1, 2020	\$ 17,330
Current increase of liability reserve	12,894	Current increase of liability reserve	12,896
Liability reserve used currently	(10,026)	Liability reserve used currently	(11,977)
Unused amount reversed currently	(1,672)	Unused amount reversed currently	(1,502)
December 31, 2021	<u>\$ 17,943</u>	December 31, 2020	<u>\$ 16,747</u>

The employee benefit liability reserve refers to the recognition regarding the vested right of short-term service leave for employees.

(XVI) Pension

1. Defined contribution plan

- (1) The Company applied the pension system under the “Labor Pension Act,” which was identified as the defined contribution plan managed by the government. Under the plan, the Company contributed 6% of each employee’s salary to a personal account maintained at the Bureau of Labor Insurance on a monthly basis.
- (2) The total expense amount recognized by the Company in the statement of comprehensive income based on contribution ratios specified in the defined contribution plan in 2021 and 2020 was NTD 11,814 thousand and NTD 11,461 thousand, respectively.

2. Defined benefit plan

- (1) The employee pension system based on the domestic “Labor Standards Act” applicable to the Company is a defined pension plan managed by the government. The payment of the employee pension is calculated based on their years of service and the average salary for six months prior to the approval date of retirement. The Company has an amount equivalent to 13% of the total monthly salary of employees appropriated and deposited in the specific account with Bank of Taiwan in the name of the Labor Pension Reserve Committee. Before the end of the fiscal year, if the pension account balance is insufficient to pay for employees expecting to meet the retirement conditions in the following year, the spread amount shall be deposited by the Company in a lump sum in the following year. The account is managed by the Bureau of Labor Funds, Ministry of Labor. The Company has no right to affect the investment management strategies.
- (2) The amount of defined benefit plan recognized in the balance sheet by the Company is shown below:

Item	December 31, 2021	December 31, 2020
Current values of the ascertained fringe benefit obligations	\$ 215,828	\$ 225,705
Fair values of the planned assets	(147,118)	(141,178)
Defined benefit liabilities	<u>\$ 68,710</u>	<u>\$ 84,527</u>

(3) The changes in the defined benefit liabilities are listed as follows:

Item	2021		
	Current values of the ascertained fringe benefit obligations	Fair values of the planned assets	Defined benefit liabilities
Balance on January 1	\$ 225,705	\$ (141,178)	\$ 84,527
Service cost			
Service cost in the current period	933	-	933
Interest expenses (revenue)	1,660	(1,056)	604
Recognized as profit and/or loss	\$ 2,593	\$ (1,056)	\$ 1,537
Re-measurement amount			
Return on plan assets (excluding amount included in the net interest)	\$ -	\$ (1,474)	\$ (1,474)
Actuarial losses (gains) –			
Effects of changes in financial assumptions	1,883	-	1,883
Adjustment through experience	4,065	-	4,065
Recognized under other comprehensive income	\$ 5,948	\$ (1,474)	\$ 4,474
Appropriated by employer	-	(11,138)	(11,138)
Benefit payment	(18,418)	7,728	(10,690)
Balance on December 31	\$ 215,828	\$ (147,118)	\$ 68,710

Item	2020		
	Current values of the ascertained fringe benefit obligations	Fair values of the planned assets	Defined benefit liabilities
Balance on January 1	\$ 228,724	\$ (142,434)	\$ 86,290
Service cost			
Service cost in the current period	1,310	-	1,310
Interest expenses (revenue)	2,210	(1,443)	767
Recognized as profit and/or loss	\$ 3,520	\$ (1,443)	\$ 2,077
Re-measurement amount			
Return on plan assets (excluding amount included in the net interest)	\$ -	\$ (4,392)	\$ (4,392)
Actuarial losses (gains) –			
Effects of changes in financial assumptions	2,688	-	2,688
Adjustment through experience	10,316	-	10,316
Recognized under other comprehensive income	\$ 13,004	\$ (4,392)	\$ 8,612
Appropriated by employer	-	(11,318)	(11,318)
Benefit payment	(19,543)	18,409	(1,134)
Balance on December 31	\$ 225,705	\$ (141,178)	\$ 84,527

(4) The Company is exposed to the following risks due to the employee pension system based on the “Labor Standards Act”:

A. Investment risk

The Bureau of Labor Funds, Ministry of Labor will utilize the pension fund for investment in domestic (foreign) equity securities, debt securities bank deposits in self utilization and mandated management manner.

However, the distributed amount for the Company's plan assets shall not be less than the revenue calculated by 2-year time deposit rate of the local bank.

B. Interest rate risk

The decrease in interest rate of government bonds will increase the present value of the defined benefit obligation. However, the return on investment of plan assets will also increase. Both can partially offset the impact on defined benefit liabilities.

C. Salary risk

The present value of defined benefit obligation is calculated based on the future salary of the members of the plan. Thus, the salary increase in members of the plan will increase the present value of defined benefit obligation.

- (5) The Company's present value of the defined benefit obligation is calculated by qualified actuaries. The important assumptions on the measurement date are as follows:

Item	Measurement date	
	December 31, 2021	December 31, 2020
Discount rate	0.55%	0.75%
Anticipated raise ratio of salaries	1.00%	1.00%
Average maturity of defined benefit obligation	9.1 years	9.7 years

- A. The assumption of future mortality rate adopts Terms Life Chart of Annuity for estimation.

- B. In case the principal actuarial assumptions have reasonable and potential changes, when all other assumptions remain unchanged, the increase (decrease) amount in present value of defined benefit obligation is as follows:

Item	December 31, 2021	December 31, 2020
Discount rate		
Increase by 0.25%	\$ (2,346)	\$ (2,688)
Decrease by 0.25%	\$ 2,420	\$ 2,776
Anticipated raise ratio of salaries		
Increase by 1%	\$ 10,099	\$ 11,617
Decrease by 1%	\$ (9,109)	\$ (10,437)

Because actuarial assumptions might be relevant to each other, changes in one single actuarial assumption is not exactly possible. Therefore, the sensitivity analysis may not reflect the actual changes in the present value of the defined benefit obligation.

- (6) The Company plans to contribute NTD 11,320 thousand for the pension plan in 2022.

(XVII) Long-term loans and liabilities due within one year or one operating cycle

Item	December 31, 2021	December 31, 2020
Bank syndicated loans	\$ 2,160,000	\$ 1,676,900
Secured bank loans	1,137,666	1,150,833
Bank credit loans	22,663	239,195
Total	\$ 3,320,329	\$ 3,066,928
Less: Unamortized discount	(7,560)	(5,960)
Less: Long-term liabilities due within a year	(261,584)	(533,124)
Long-term loans	\$ 3,051,185	\$ 2,527,844
Interest rate interval	1.421%-2.38%	1.421%-2.45%

1. For long-term loans, the Company provides part of property, plant and equipment, investment property, as investment under the equity method and bank deposit as collateral. Please refer to Note 8.
2. According to the provisions of the syndicated loan contract, the consolidated financial report audited and attested by the CPA shall be used to calculate and maintain financial ratios such as the specific current ratio, liability ratio, interest earned ratio and tangible net worth during the loan period; after review, the relevant financial ratios in the 2021 and 2020 consolidated financial report all complied with the provisions of the loan contract.

(XVIII) Common stock

1. The Company's outstanding common stock and amount at beginning and ending is adjusted as follows:

Item	2021		2020	
	Shares (thousand shares)	Amount	Shares (thousand shares)	Amount
January 1	494,513	\$ 4,945,134	494,513	\$ 4,945,134
Cash capital increase	-	-	-	-
December 31	494,513	\$ 4,945,134	494,513	\$ 4,945,134

2. As of December 31, 2021, the Company's authorized capital was NTD 8,800,000 thousand, divided into 880,000 thousand shares. The paid-in capital was NTD 4,945,134 thousand.

(XIX) Capital surplus

Item	December 31, 2021	December 31, 2020
Stock premium	\$ 28,973	\$ 28,973
Difference between actual price for acquisition or disposal of subsidiaries' equity and book value	144,001	144,001
Changes of affiliates and joint ventures recognized under the equity method	83,069	83,069
Treasury stock trading	7,354	7,354
Recognized changes in the ownership equity	5,250	5,250

of the subsidiary		
Total	<u>\$ 268,647</u>	<u>\$ 268,647</u>

According to the Company Act, for the capital reserve including shares issued at premium exceeding the par value and gains in the form of gifts, besides covering losses, the Company shall distribute capital reserve by issuing new shares or in cash, in proportion to the original shareholding ratio of the shareholders when the Company incurs no loss. In addition, according to relevant regulations of the Securities and Exchange Act, the capital surplus mentioned above that can be capitalized annually shall not exceed 10% of the total paid-in capital. When the reserve is insufficient to cover the capital losses, the Company shall not use capital reserves to offset it. The capital reserve generated due to the investment adopting the equity method shall not be used for any purpose.

(XX) Retained earnings and dividend policy

1. If the Company has earnings at the year's final accounting, it shall first be used to pay income tax and make up any cumulative losses in accordance with laws, and 10% of the balance shall be appropriated as legal reserve, unless the existing legal reserve reaches the amount of the Company's paid-in capital. The rest of the balance shall be used for provision or reversal of special reserves pursuant to laws. The residual balance, if any, shall be added to cumulative undistributed earnings. The Board of Directors shall preserve part of the earnings and then draft a proposal for allocation of the remaining earnings based on business conditions and submit the same to the shareholders' meeting for the approval of the dividend and bonus distribution to the shareholders.

The food industry is in a changing environment and the Company is at the stage of stable growth. To meet the demand for operating funds as the business grows and to develop long-term financial planning for sustainable development, dividends are distributed, in principle, based on the appropriation rate of more than 50% (included) from the distributable surplus. The Company distributes dividends in the form of stocks and cash, and the former is preferred in consideration of the growth rate and capital expenditure of Company. The remaining dividends are distributed in cash at a rate not less than 10% (included) than the total distributable dividends in the current year. Dividends in cash will not be distributed if the amount of the dividends distributable per share is less than NTD 0.1 and dividends in stock will be distributed as a replacement.

2. The legal reserve shall not be used unless for covering losses or issuing new shares or in cash in proportion to the original shareholding ratio of the shareholders. The new shares or cash allocated shall be no more than 25% of the paid-in capital.
3. Special reserve

Item	December 31, 2021	December 31, 2020
Appropriation of other equity debit balance	\$ -	\$ 60,792
Appropriation of initial application of IFRSs	93,685	93,685
Appropriation of investment property at fair value	661,692	408,327
Total	<u>\$ 755,377</u>	<u>\$ 562,804</u>

(1) Pursuant to laws, when allocating earnings, the Company shall provide the special reserve from the credit balance under other equities on the balance sheet date in current year and then may allocate the earnings. Where the credit balance under other equity is reversed, the reversed amount may be included into the allocatable earnings.

(2) Appropriation of initial application of IFRSs

When first adopting the IFRSs, the Company re-stated NTD 158,125 thousand of the accumulative translation adjustment and unrealized revaluation increase to the retained earnings. However, the retained earnings increase generated from the first-time adoption of IFRSs was insufficient for recognition. Therefore, NTD 93,685 thousand of retained earnings increase generated from the first-time adoption of IFRSs was recognized as special reserve.

(3) Appropriation of investment property at fair value

Item	Amount
Appropriation of investment property first at fair value	\$ 393,347
Appropriation of investment property at fair value	268,345
Total	<u>\$ 661,692</u>

As of December 31, 2021, the special reserve was classified as accumulated net fair value increase of investment property, and the amount not provided due to the insufficient undistributed earnings in the previous period totaled NTD 512,947 thousand.

4. The proposals for appropriation of earnings in 2020 and 2019 approved by the shareholders' meeting of the Company in August 2021 and June 2020 are as follows:

Item	Earnings distribution	
	2020	2019
Legal reserve	\$ 21,397	\$ 4,805
Special reserve	192,573	50,423
Total	<u>\$ 213,970</u>	<u>\$ 55,228</u>

5. The following is the proposal for appropriation of earnings in 2021 approved by the shareholders' meeting of the Company on March 25, 2022:

Item	Earnings distribution	Dividends per share
Legal reserve	\$ 19,002	
Special reserve	8,328	
Cash dividends	148,354	0.3

(1) The proposal for distribution of earnings 2021 is pending resolution by the annual general meeting to be convened in 2022.

(2) Where, before the record date for distribution of cash dividends, the number of outstanding shares is changed due to factors such as repurchase of the Company's shares, transfer of treasury stocks to employees, or other changes in shares and thereby it is necessary to amend the payout ratio, it is proposed to have a shareholders' meeting authorize the Chairman of the Board to adjust the payout ratio with full power, subject to the circumstances.

6. For implementation of the earnings distribution proposed by the Board of Directors and resolved by the shareholders' meetings, please visit the "Market Observation Post System" of the TWSE for inquiry.

(XXI) Other equity items

Item	Exchange difference in the financial statement translation of foreign operations	Unrealized valuation profit (loss) of financial assets at fair value through other comprehensive income	Total
Balance on January 1, 2021	\$ (87,460)	\$ 142,772	\$ 55,312
Unrealized gain (loss) of financial assets at fair value through other comprehensive income	-	116,610	116,610
Share of affiliates and joint ventures under the equity method	(16,352)	241,436	225,084
Disposal of equity instruments measured at fair value through other comprehensive income		242	242
Balance on December 31, 2021	<u>\$ (103,812)</u>	<u>\$ 501,060</u>	<u>\$ 397,248</u>

Item	Exchange difference in the financial statement translation of foreign operations	Unrealized valuation profit (loss) of financial assets at fair value through other comprehensive income	Total
Balance on January 1, 2020	\$ (77,923)	\$ (58,900)	\$ (136,823)
Unrealized gain (loss) of financial assets at fair value through other comprehensive income	-	16,008	16,008
Share of affiliates and joint ventures under the equity method	(9,537)	185,664	176,127
Balance on December 31, 2020	<u>\$ (87,460)</u>	<u>\$ 142,772</u>	<u>\$ 55,312</u>

(XXII) Operating revenue

Item	2021	2020
Revenue from customer contracts		
Sales revenue	\$ 4,240,633	\$ 4,256,587
Revenue from processing	117,303	82,251
Total sales revenue from customer contracts	<u>\$ 4,357,936</u>	<u>\$ 4,338,838</u>
Less: Sales return	(28,573)	(39,477)
Sales discount	<u>(373,142)</u>	<u>(377,507)</u>
Net operating revenue from customer contracts	<u>\$ 3,956,221</u>	<u>\$ 3,921,854</u>

1. Details of customer contracts

(1) Sales revenue

The Company mainly engages in the selling of drinks and canned foods to wholesalers and retailers. According to general commercial practices, the Company accepts returns of goods and provides full refunds. If the contract has specified related rights for the return of goods, the contents of the contract shall prevail. Considering experience accumulated in the past, the Company estimates the refund rate at the highest possible amount to recognize the refund liabilities (as other current liabilities). Other products are sold according to the fixed price agreed to and the agreed promotional price in the contract.

(2) Revenue from processing

This mainly refers to the revenue generated from the processing provided according to the contract and is recognized based on the completion progress of the contract. However, if one certain task is more important than other tasks in the labor services provided, the recognition of revenue shall defer to the completion of those certain tasks.

2. Details of revenue from customer contracts

The revenue of the Company can be classified by the following main product lines and geographical areas:

2021:

	Drinks and canned foods	Processing	Total
<u>Main area and market</u>			
Taiwan	\$ 3,838,918	\$ 117,303	\$ 3,956,221
<u>Product line</u>			
Tradition series	\$ 1,045,068	\$ -	\$ 1,045,068
Dessert series	707,010	13,646	720,656
Drink series	1,274,029	103,657	1,377,686
Oat milk series	715,008	-	715,008
Oil series	85,531	-	85,531
Health series	12,272	-	12,272
Total	<u>\$ 3,838,918</u>	<u>\$ 117,303</u>	<u>\$ 3,956,221</u>
<u>Timing of revenue recognition</u>			
Fulfillment of performance obligation at certain timing	\$ 3,838,918	\$ 117,303	\$ 3,956,221
Gradual fulfillment of performance obligation over time	-	-	-
Total	<u>\$ 3,838,918</u>	<u>\$ 117,303</u>	<u>\$ 3,956,221</u>

2020:

Main area and market	Drinks and canned	Processing	Total
	foods		
Taiwan	\$ 3,839,603	\$ 82,251	\$ 3,921,854
Product line			
Tradition series	\$ 1,010,513	\$ -	\$ 1,010,513
Dessert series	695,046	8,382	703,428
Drink series	1,353,869	73,869	1,427,738
Oat milk series	684,395	-	684,395
Oil series	81,641	-	81,641
Health series	14,139	-	14,139
Total	\$ 3,839,603	\$ 82,251	\$ 3,921,854
Timing of revenue recognition			
Fulfillment of performance obligation at certain timing	\$ 3,839,603	\$ 82,251	\$ 3,921,854
Gradual fulfillment of performance obligation over time	-	-	-
Total	\$ 3,839,603	\$ 82,251	\$ 3,921,854

3. Contract balance

The accounts receivable and contract liabilities related to revenue from customer contracts recognized by the Company are as follows:

Item	December 31, 2021	December 31, 2020
Receivable	\$ 607,833	\$ 539,193
Contract assets	-	-
Total	\$ 607,833	\$ 539,193
Contract liabilities – current	\$ 2,226	\$ 8,118

(1) Significant changes in contract assets and liabilities

The changes in contract assets and liabilities are mainly due to the difference between the timing of performance obligation fulfillment and the timing of customer payment. There are no other significant changes.

(2) Allowance loss of contract assets: None.

(3) The following is the amount of the contract liabilities from the beginning of the period and fulfilled performance obligation in previous period recognized as current revenue:

Amount recognized as current revenue	2021	2020
Contract liabilities from the beginning of the period	\$ 8,118	\$ 5,233
Fulfilled performance obligation from the previous period	\$ -	\$ -

(XXIII) Employee benefits, depreciation, depletion and amortization expenses

By nature	2021		
	As operating costs	As operating expenses	Total
Employee benefit expenses			
Salary expenses	\$ 136,410	\$ 241,936	\$ 378,346
Expenses for labor and health insurance	13,398	17,798	31,196
Pension expenses	5,797	7,554	13,351
Remuneration to directors	-	7,531	7,531
Other employee benefit expenses	18,297	12,013	30,310
Depreciation expenses (Note 1)	43,870	25,134	69,004
Amortization expenses	6	1,205	1,211
Total	<u>\$ 217,778</u>	<u>\$ 313,171</u>	<u>\$ 530,949</u>
	2020		
By nature	As operating costs	As operating expenses	Total
Employee benefit expenses			
Salary expenses	\$ 131,290	\$ 256,127	\$ 387,417
Expenses for labor and health insurance	12,476	16,608	29,084
Pension expenses	5,860	7,678	13,538
Remuneration to directors	-	7,744	7,744
Other employee benefit expenses	18,575	11,915	30,490
Depreciation expenses (Note 2)	43,860	24,839	68,699
Amortization expenses	11	711	722
Total	<u>\$ 212,072</u>	<u>\$ 325,622</u>	<u>\$ 537,694</u>

(Note 1): This does not include the leased asset depreciation expenses of NTD 2,243 thousand stated in non-operating expenses.

(Note 2): This does not include the leased asset depreciation expenses of NTD 2,288 thousand stated in non-operating expenses.

1. The additional information on the number of employees and employee benefit expenses of the Company in 2021 and 2020 is as follows:

Item	December 31, 2021	December 31, 2020
Number of employees	568	600
Number of directors not concurred as employees	4	4
Average employee benefit expenses	\$ 804	\$ 773
Average employee salary expenses	\$ 671	\$ 650
Changes in average employee salary expenses	3.23%	(1.22%)

2. The Company's remuneration policies (including directors, managers and employees) are as follows:

- (1) Remuneration to directors

According to the regulations of the Company's Articles of Incorporation, the board of directors is authorized to determine the remunerations to directors in accordance with the degree of involvement and the value of contribution to the Company's operations and the payment standards of the industry domestically and internationally. The Articles of Incorporation also specified that the remuneration to directors shall not exceed 1% of the profit in the current year.

- (2) Remuneration to managers

The remuneration to the Company's managers is based on their duties, contributions, the current business performance of the Company and consideration of the Company's future risk. It is reviewed by the remuneration committee and submitted for the resolution by the board of directors.

- (3) Remuneration to employees

The Company is devoted to providing its employees with salary and benefits that meet the average level of their peers. The Company provides a competitive remuneration system premised on a simultaneous consideration of external competition, internal equity and legality, and upholds the philosophy of sharing profit with employees to retain and encourage them. The Company's remuneration to employees includes monthly salary and employee remuneration distributed by the Company based on the profit conditions in the current year. According to the Articles of Incorporation, it specified that the remuneration to employees shall not be less than 1% of the profit in the current year.

3. According to the Company's Articles of Incorporation, if there is profit made by the Company, the Company shall allocate no less than 1% of the current pre-tax profit before deducting the remuneration distributed to employees and the directors as the remuneration to employees and no more than 1% thereof as the remuneration to directors and supervisors. Where the Company has any cumulative loss, the profit shall be reserved to offset the loss. The Company distributed no less than 1% of said profit before tax as the remuneration to employees and no more than 1% thereof as the remuneration to directors and supervisors in 2021 and 2020. Should there be any change to the annual consolidated financial report after the reporting date, the accounting treatment shall be applied, and the adjustment accounted for in the next year.

4. The Company's board of directors resolved to pass the 2021 and 2020 compensation to employees and remuneration to directors on March 25, 2022, and March 23, 2021, respectively. The relevant amounts recognized in the financial report are as follows:

	2021		2020	
	Remuneration to employees	Remuneration to directors	Remuneration to employees	Remuneration to directors
Distributed amount resolved	\$ 5,204	\$ 2,601	\$ 5,970	\$ 2,984
Amount recognized in annual financial statements	2,602	2,601	2,985	2,984
Difference	<u>\$ 2,602</u>	<u>\$ -</u>	<u>\$ 2,985</u>	<u>\$ -</u>

The difference between the 2021 and 2020 remuneration distributed to employees resolved by the Board of Directors and the amount in the financial report was mainly due to the changes in accounting estimates and will be recognized as profit or loss for adjustment in 2022 and 2021; in addition, the remuneration to employees was distributed in cash.

5. For information related to the remuneration to employees, directors, and supervisors approved by the Company, please visit the "Market Observation Post System" of TWSE for further inquiry.

(XXIV) Other revenue

Item	2021	2020
Rental revenue	\$ 10,050	\$ 10,299
Dividend revenue	15,208	7,644
Service revenue	25,251	22,092
Others	10,361	8,115
Total	<u>\$ 60,870</u>	<u>\$ 48,150</u>

(XXV) Other gains and losses

Item	2021	2020
Gain (loss) on disposal of property, plant and equipment	\$ (144)	\$ (223)
Gain (loss) of foreign exchange, net	1,782	2,057
Gain (loss) from fair value adjustment – investment property	7,175	11,825
Lease cost	(6,632)	(6,924)
Service cost	(18,259)	(16,432)
Others	(44)	(8,359)
Total	<u>\$ (16,122)</u>	<u>\$ (18,056)</u>

(XXVI) Finance costs

Item	2021	2020
Interest from bank loans	\$ 72,151	\$ 73,980
Other finance costs	6,873	3,073
Lease liabilities	238	424
Subtotal	\$ 79,262	\$ 77,477
Less: Capitalized amount of qualifying assets	(311)	(216)
Finance costs	\$ 78,951	\$ 77,261
Interest rate interval	1.671%-2.38%	1.421%-2.45%

(XXVII) Income tax

1. Income tax expenses

(1) The components of income tax expenses are as follows:

Item	2021	2020
<u>Income tax in the current period</u>		
Income tax generated in the current period	\$ -	\$ -
Overestimated/underestimated income tax in previous year	-	96
Additional tax levied on undistributed earnings	-	-
Total income tax in the current period	\$ -	\$ 96
<u>Deferred income tax</u>		
Initial occurrence and reversal of temporary difference	\$ 53,759	\$ 59,510
Deferred income tax expenses	\$ 53,759	\$ 59,510
Income tax expenses (gains)	\$ 53,759	\$ 59,606

(2) Income tax expenses (gains) related to other comprehensive income:

Item	2021	2020
Exchange difference in the financial statement translation of foreign operations	\$ (1,712)	\$ (980)
Re-measurement of defined benefit pension plan	(895)	(1,722)
Total	\$ (2,607)	\$ (2,702)

2. The adjustments of current accounting income and income tax expenses recognized as profit or loss are as follows:

Item	2021	2020
Net profit before tax	\$ 254,941	\$ 292,510
Tax calculated based on net profit before tax at the statutory tax rate	\$ 50,988	\$ 58,502
Tax effects of adjustments		
Effects not included in the calculation of taxable income		
Investment losses (gains) recognized under the equity method	(20,419)	(22,706)
Losses (gains) from adjustment of unrealized fair value	(1,435)	(2,365)
Other adjustments	(16,015)	(5,597)
Deduction of losses	(13,119)	(27,834)
Overestimated/underestimated income tax in previous year	-	96
Net change in deferred income tax		
Deduction of losses	15,345	31,293
Temporary difference	38,414	28,217
Income tax expenses recognized as profit or loss	\$ 53,759	\$ 59,606

The applicable tax rate of the Company is 20% and the applicable tax rate for undistributed earnings is 5%.

3. Deferred income tax assets or liabilities generated due to temporary difference, deduction of losses and investment credit:

Item	2021			
	Balance – beginning	Recognized as profit (loss)	Recognized under other comprehensive income	Balance – ending
Deferred income tax assets:				
Temporary difference				
Investment losses (gains) under the equity method	\$ 204,667	\$ (36,639)	\$ 1,708	\$ 169,736
Pension	16,905	(4,058)	895	13,742
Unused deduction of losses	20,011	(15,345)	-	4,666
Others	4,415	2,219	-	6,634
Subtotal	\$ 245,998	\$ (53,823)	\$ 2,603	\$ 194,778
Deferred income tax liabilities				
Temporary difference				
Increment tax on land value	\$ (117,208)	\$ 849	\$ -	\$ (116,359)
Others	(5,934)	(785)	4	(6,715)
Subtotal	\$ (123,142)	\$ 64	\$ 4	\$ (123,074)
Total	\$ 122,856	\$ (53,759)	\$ 2,607	\$ 71,704

Item	2020			
	Balance – beginning	Recognized as profit (loss)	Recognized under other comprehensive income	Balance – ending
Deferred income tax assets:				
Temporary difference				
Investment losses (gains) under the equity method	\$ 228,706	\$ (25,099)	\$ 1,060	\$ 204,667
Pension	17,257	(2,074)	1,722	16,905
Unused deduction of losses	51,304	(31,293)	-	20,011
Others	5,857	(1,442)	-	4,415
Subtotal	<u>\$ 303,124</u>	<u>\$ (59,908)</u>	<u>\$ 2,782</u>	<u>\$ 245,998</u>
Deferred income tax liabilities				
Temporary difference				
Increment tax on land value	\$ (118,395)	\$ 1,187	\$ -	\$ (117,208)
Others	(5,065)	(789)	(80)	(5,934)
Subtotal	<u>\$ (123,460)</u>	<u>\$ 398</u>	<u>\$ (80)</u>	<u>\$ (123,142)</u>
Total	<u>\$ 179,664</u>	<u>\$ (59,510)</u>	<u>\$ 2,702</u>	<u>\$ 122,856</u>

4. Items not recognized as deferred tax assets

Item	December 31, 2021	December 31, 2020
Temporary difference	<u>\$ 311,137</u>	<u>\$ 279,249</u>

5. The tax collection authorities have authorized the income tax of profit-seeking enterprises reported by the Company as of 2019.

(XXVIII) Other comprehensive income

Item	2021		
	Before tax	Income tax (expenses) gains	Net amount after tax
Items not reclassified to profit or loss:			
Re-measurement of defined benefit plan	\$ (4,474)	\$ 895	\$ (3,579)
Unrealized valuation profit or loss from equity instrument investments at fair value through other comprehensive income	116,610	-	116,610
Share of subsidiaries, affiliates and joint ventures under the equity method	237,778	-	237,778
Subtotal	<u>\$ 349,914</u>	<u>\$ 895</u>	<u>\$ 350,809</u>
Items may be subsequently reclassified as profit or loss:			
Share of subsidiaries, affiliates and joint ventures under the equity method			

Exchange difference in the financial statement translation of foreign operations	\$ (18,064)	\$ 1,712	\$ (16,352)
Unrealized valuation profit or loss of debt financial assets at fair value through other comprehensive income	3,900		3,900
Subtotal	<u>\$ (14,164)</u>	<u>\$ 1,712</u>	<u>\$ (12,452)</u>
Recognized under other comprehensive income	<u>\$ 335,750</u>	<u>\$ 2,607</u>	<u>\$ 338,357</u>

Item	2020		
	Before tax	Income tax (expenses) gains	Net amount after tax
Items not reclassified to profit or loss:			
Re-measurement of defined benefit plan	\$ (8,612)	\$ 1,722	\$ (6,890)
Unrealized valuation profit or loss from equity instrument investments at fair value through other comprehensive income	16,008	-	16,008
Share of subsidiaries, affiliates and joint ventures under the equity method	180,202	-	180,202
Subtotal	<u>\$ 187,598</u>	<u>\$ 1,722</u>	<u>\$ 189,320</u>
Items may be subsequently reclassified as profit or loss:			
Share of subsidiaries, affiliates and joint ventures under the equity method			
Exchange difference in the financial statement translation of foreign operations	\$ (10,517)	\$ 980	\$ (9,537)
Unrealized valuation profit or loss of debt financial assets at fair value through other comprehensive income	(850)	-	(850)
Subtotal	<u>\$ (11,367)</u>	<u>\$ 980</u>	<u>\$ (10,387)</u>
Recognized under other comprehensive income	<u>\$ 176,231</u>	<u>\$ 2,702</u>	<u>\$ 178,933</u>

(XXIX) Earnings per common stock

Item	2021	2020
A. Basic EPS:		
Current net profit	\$ 201,182	\$ 232,904
Weighted average number of current outstanding shares (thousand shares)	494,513	494,513
Basic EPS (after tax) (NTD)	<u>\$ 0.41</u>	<u>\$ 0.47</u>
B. Diluted EPS:		
Current net profit	\$ 201,182	\$ 232,904
Effect of dilutive potential common stocks	-	-
Current net profit to be used to calculate diluted EPS	<u>\$ 201,182</u>	<u>\$ 232,904</u>
Weighted average number of current	<u>\$ 494,513</u>	<u>\$ 494,513</u>

outstanding shares (thousand shares)		
Effects of remuneration to employees (Note)	321	316
Weighted average number of outstanding shares	\$ 494,834	\$ 494,829
Shares (thousand shares)		
Diluted EPS (after tax) (NTD)	\$ 0.41	\$ 0.47

(Note) When the Company chooses to distribute remuneration to employees in the form of shares or cash, the diluted EPS is calculated in case the remuneration to employees is distributed in shares and the weighted average outstanding shares is included in the dilutive potential common stocks. When calculating the diluted EPS before distributing the resolved shares as remuneration to employees in the following year, the dilutive effect of potential common stocks shall also be considered.

VII. Transactions of the related party

(I) Parent company and ultimate controller:

The Company is the ultimate controller of the Group.

(II) Name of the related party and relationship

Name of the related party	Relationship with the Company
Aiken Biotechnology International Co., Ltd.	Subsidiary
AGV First Biotech Food (BVI) Limited.	Subsidiary
Alpha International Developments Limited	Subsidiary
Apoland Development (Singapore) Pte Ltd.	Subsidiary
Mascot International (BVI) Corporation	Subsidiary
Koya Biotech Corp.	Subsidiary
Shandong AGV Food Technology Co., Ltd.	Subsidiary
Xiamen Aijian Traders Co., Ltd.	Subsidiary
Aco Distribution Corp.	Subsidiary
Rosahill Leisure Industry Co., Ltd.	Subsidiary
Sontenkan Resort Development Co., Ltd.	Subsidiary
Yunlin Dairy Technology Corp.	Subsidiary
Hopeland Distribution Corp.	Subsidiary
Hope Choice Distribution Corp.	Subsidiary
Defender Private Security Inc.	Subsidiary
Sasaya Vitagreen Co., Ltd.	Subsidiary
Shanghai AGV Foods Co., Ltd.	Subsidiary
Taiwan First Biotechnology Corp.	Affiliated companies
Nicostar Capital Investment (BVI) Ltd.	Affiliated companies
Tongjitang Medicinal Biotech Corp.	Affiliated companies
Gangjing Co., Ltd.	Affiliated companies
Tai Fu International Corp.	Affiliated companies
Hopeman Distribution Co., Ltd.	Affiliated companies
Yanjing AGV International Company Limited	Affiliated companies

NICE Enterprise Co., Ltd.	Affiliated companies
Heding International Development Co., Ltd.	Affiliated companies
Nice Plaza Co., Ltd.	Affiliated companies
Dongruntang Biotech Corp.	Affiliated companies
Zhuqi Lionhead Mountain Leisure Development Co., Ltd.	Affiliated companies
Songshan Village Co., Ltd.	Affiliated companies
Acts Bioscience Inc.	Affiliated companies
Kuo Cheng Investment Development Corp.	Affiliated companies
Nice Investment	Affiliated companies
Taiwan NJC Corporation	Other related parties
NICECO International Corp.	Other related parties
Janfusun Fancyworld Corp.	Other related parties
Tangsheng International Co., Ltd.	Other related parties
Tangli Culture Media Co., Ltd.	Other related parties
Jinan AGV Products Corporation	Other related parties
Eastern Taiwan Cultural & Creative Co., Ltd.	Other related parties
Koyaka Biotech Co., Ltd.	Other related parties
Chen Ten-Tao Cultural and Education Foundation	Other related parties
Yueshan Investment Co., Ltd.	Other related parties
Lujing Landscape Co., Ltd.	Other related parties
Shinekeep International Corp.	Other related parties
Taiwan Cosmetics Co., Ltd.	Other related parties
Zhengda Fenghuang Shanzhuang Co., Ltd.	Other related parties
Thunder Tiger Corporation	Other related parties
Prize Products Corporation	Other related parties
Baige Biotech Inc.	Other related parties
Ho Yuan Investment Co., Ltd.	Other related parties
IBF VC	Other related parties
Gelan Co., Ltd.	Other related parties
Yue Guan International Development Co., Ltd.	Other related parties
Jinzhou Development Co., Ltd.	Other related parties
Goldbank Investment Development Corp.	Other related parties
All Pass Bio-Tec Co., Ltd.	Other related parties
Taiwan Mineral Water Corp.	Other related parties
Jinan Ponpon Co., Ltd.	Other related parties
Apoland International Corp.	Other related parties
Nice Capital & Finance Corp.	Other related parties
Taiwan Sanyejia Co., Ltd.	Other related parties
Kuludrink Kombucha Ltd.	Other related parties
Pi-Hsia Ma	Other related parties
Shui Niu Cuo Co., Ltd.	Other related parties
Taiwan Daily Chemical Biotechnology Inc.	Other related parties

(III) Major transactions with the related party:

1. Operating revenue

Item	Category/Name of the related party	2021	2020
Sales revenue	Subsidiary		
	Hope Choice Distribution Corp.	\$ 609,402	\$ 566,181
	Aco Distribution Corp.	189,477	\$ 205,341
	Others	106,276	120,520
	Affiliated companies	51,959	40,745
	Other related parties		
	NICECO International Corp.	120,595	142,613
	Others	3,164	1,647
Total		\$ 1,080,873	\$ 1,077,047

For said terms of sale, besides the health food sold to subsidiaries, we do not sell the same kind of food to the non-related party. Therefore, there is no other similar customer available for the comparison of selling price. Both parties agreed to use the cost, adding the agreed gross margin as the basis of valuation. The collection period is O/A 30–90 days based on the distribution channels while other selling prices have no significant difference from those of the general distributors and the collection period is O/A 30–70 days.

2. Purchase

Category/Name of the related party	2021	2020
Subsidiary	\$ 123,599	\$ 126,448
Affiliated companies		
Taiwan First Biotechnology Corp.	1,064,460	1,100,510
Other related parties		
NICECO International Corp.	288,873	215,413
Others	143	87
Total	\$ 1,477,075	\$ 1,442,458

The purchase price has no significant difference from that of general suppliers. Regarding the payment method, besides commissioning other related parties to import goods, the Company follows the example of export practices to prepay part of the payment for goods. The balance was paid in full in the following month upon the receipt of goods while others adopts O/A 30–90 days for payment. The grace period is 1–5 months. However, the grace period can be extended upon the agreement of both parties.

3. Accounts receivable from the related party (excluding funds loaned to the related party)

Item	Category/Name of the related party	December 31, 2021	December 31, 2020
Notes receivable	Affiliated companies	\$ -	\$ 3
	Other related parties		
	NICECO	13,251	19,151
	International Corp.		
	Total	\$ 13,251	\$ 19,154
	Less: Allowance loss	(13)	(19)
	Net amount	\$ 13,238	\$ 19,135
Accounts receivable	Subsidiary	\$ 101,960	\$ 85,910
	Affiliated companies	4,658	2,100
	Other related parties	9,659	13,210
	Total	\$ 116,277	\$ 101,220
	Less: Allowance loss	(15)	(16)
	Net amount	\$ 116,262	\$ 101,204
Other accounts receivable	Subsidiary		
	Sontenkan	\$ 4,742	\$ -
	Others	5,074	3,106
	Affiliated companies		
	Taiwan First Biotechnology Corp.	5,609	9,756
	Nice Investment	4,373	-
	Kuo Cheng Investment	8,520	-
	Others	84	103
	Other related parties		
	Nice Capital & Finance Corp.	9,272	7,264
	Others	704	591
	Total	\$ 38,378	\$ 20,820
	Less: Allowance loss	-	-
	Net amount	\$ 38,378	\$ 20,820
Refundable deposits	Subsidiary		
	Koya Biotech Corp.	\$ 45,000	\$ 40,000
	Yunlin Dairy Technology Corp.	3,000	3,000
	Total	\$ 48,000	\$ 43,000

4. Accounts payable to the related party (excluding loans from the related party)

Item	Category/Name of the related party	December 31, 2021	December 31, 2020
Accounts payable	Subsidiary	\$ 4,914	\$ 4,564
	Affiliated companies		
	Taiwan First Biotechnology Corp.	411,467	586,832
	Others	-	30
	Other related parties	31,087	19,317
	Total	\$ 447,468	\$ 610,743
Other payables	Subsidiary	\$ 1,153	\$ 1,151
	Affiliated companies	19,996	19,817
	Other related parties	26,669	22,851
	Total	\$ 47,818	\$ 43,819

5. Advance receipts

Category/Name of the related party	December 31, 2021	December 31, 2020
Other related parties	\$ 3	\$ -

6. Prepayments

Category/Name of the related party	December 31, 2021	December 31, 2020
Affiliated companies		
Nice Plaza Co., Ltd.	\$ 4,237	\$ 21,087
Other related parties		
NICECO International Corp.	9,204	11,855
Janfusun Fancyworld Corp.	30,423	-
Others	-	23
Total	\$ 43,864	\$ 32,965

7. Guarantee deposits

Category/Name of the related party	December 31, 2021	December 31, 2020
Affiliated companies		
Hopeman Distribution Co., Ltd.	\$ 151	\$ 348
Total	\$ 151	\$ 348

8. Property transaction

(1) Acquisition of property, plant and equipment:

Category/Name of the related party	2021	2020
Other related parties	\$ 150	\$ -

(2) Disposal of property, plant and equipment:

Category/Name of the related party	2021	
	Proceeds from disposal	Gain or loss from disposal
Affiliated companies	\$ 300	\$ 300

2020: None.

9. Lease agreement

(1) Right-of-use assets acquired from lease

Category/Name of the related party	Lease item	2021	2020
Acquisition of right-of-use assets	Institute of Health Science		
Affiliated companies		\$ 10,865	\$ -

Category/Name of the related party	December 31, 2021	December 31, 2020
Lease liabilities		
Affiliated companies	\$ 11,527	\$ 3,303

Category/Name of the related party	2021	2020
Interest expenses		
Affiliated companies	\$ 29	\$ 96

(2) Lease expenses:

Category/Name of the related party	2021	2020
Subsidiary	\$ 539	\$ 539

Said lease conditions are based on contract agreements and the rental is paid on a monthly or quarterly basis.

10. Lease agreement: Please refer to Note 7(3)12.

11. Endorsement and guarantee:

Category/Name of the related party	2021	2020
Subsidiary		
Sontenkan Resort Development Co., Ltd.	\$ 800,000	\$ 792,000
Yunlin Dairy Technology Corp.	230,000	180,000
Koya Biotech Corp.	270,000	-
Total	\$ 1,300,000	\$ 972,000

For endorsement/guarantee for others by the Company, please refer to Note 13.

12. Others

(1) Various revenues

Category/Name of the related party	2021	2020
Subsidiary	\$ 17,097	\$ 14,371
Affiliated companies	11,066	5,296
Other related parties	12,787	10,943
Total	<u>\$ 40,950</u>	<u>\$ 30,610</u>

This mainly refers to rent revenue and other revenues. Said lease prices are based on contract agreements and the rental is collected on a monthly or quarterly basis.

(2) Various expenditures

Category/Name of the related party	2021	2020
Subsidiary	\$ 23,324	\$ 24,663
Affiliated companies		
Hopeman Distribution Co., Ltd.	138,175	136,137
Others	11,674	11,551
Other related parties		
Tangli Culture Media Co., Ltd.	191,751	221,109
Others	23,615	22,445
Total	<u>\$ 388,539</u>	<u>\$ 415,905</u>

- a. To promote the sale of products, the Company commissioned Tangli Culture Media to provide advertisement planning services. It is responsible for product market survey, product and advertisement planning. The payment is based on the contract agreement and settled on a monthly basis. The amount is paid within 30 days after the settlement.
- b. Hopeman Distribution is commissioned to deliver products manufactured and sold by the Company, and the product delivery expenses is calculated based on certain ratio of net sales.
- c. Other expenses such as management consultation services are paid according to the contract agreement.

(3) The Company's participation in the cash capital increases, claims converted into capital increase and increases in investment amounts for the related party is as follows:

2021:

Invested company	Increase of investment		Shareholding ratio	
	Shares (thousand shares)	Amount	Before capital increase	After capital increase
Sontenkan Resort Development Co., Ltd.	25,500	\$ 255,000	100.00%	100.00%
AGV First Biotech Food (BVI) Limited.	2,200	61,710	100.00%	100.00%

Apoland Development (Singapore) Pte Ltd.	176	3,602	93.08%	93.10%
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2020:

Invested company	Increase of investment		Shareholding ratio	
	Shares (thousand shares)	Amount	Before capital increase	After capital increase
Sontenkan Resort Development Co., Ltd.	17,000	\$ 170,000	100.00%	100.00%
AGV First Biotech Food (BVI) Limited.	550	16,269	100.00%	100.00%
Apoland Development (Singapore) Pte Ltd.	1,610	34,624	92.88%	93.08%
Koya Biotech Corp.	1,000	1,000	93.12%	87.09%

(IV) Information about remuneration to key management

Item	2021	2020
Salary and other short-term employee benefits	\$ 17,127	\$ 19,985
Benefits after severance/retirement	743	731
Other long-term employee benefits	1,056	1,005
Total	\$ 18,926	\$ 21,721

VIII. Pledged assets

The following assets were pledged for various loans and performance guarantees:

Item	December 31, 2021	December 31, 2020
Pledged demand deposits	\$ 20,000	\$ 48,025
Investment under the equity method	467,267	433,488
Property, plant and equipment (net amount)	653,280	664,673
Investment property	1,439,937	1,433,623
Total	\$ 2,580,484	\$ 2,579,809

IX. Major Contingent Liabilities and Commitments Made Under Unrecognized Contracts

- (I) As of December 31, 2021 and 2020, the guarantee notes issued for loan limit guarantees by the Company amounted to NTD 2,920,000 thousand and NTD 2,537,000 thousand, respectively, which was recognized as guarantee notes paid and guarantee notes payable.
- (II) As of December 31, 2021 and 2020, the guarantee notes and accounts received by the Company for performance guarantees of construction and assuring claims of payment for goods amounted to NTD 48,957 thousand and NTD 50,309 thousand, respectively, which was recognized as guarantee notes and accounts received and guarantee notes and accounts receivable.
- (III) As of December 31, 2021 and 2020, the details regarding unused letters of credit issued by the Company are as follows:

Item	Unit: NTD thousand	
	December 31, 2021	December 31, 2020
Amount of letter of credit	USD1,395	USD1,496
Guarantee amount	-	-

(IV) As of December 31, 2021 and 2020, for endorsement/guarantee for others by the Company, please refer to Note 7(3)11.

(V) Significant capital expenses signed but not incurred:

Item	December 31, 2021	December 31, 2020
Property, plant, and equipment (Note)	\$ 8,369	\$ 2,208

X. Losses Due to Major Disasters: None.

XI. Significant Subsequent Events: None.

XII. Others

(I) Management over capital risks

The Company must retain sufficient capital to meet the needs of extensions as well as plant and equipment improvements. Thus, the capital management of the Company is to ensure the necessary financial resources and business plans to meet the needs of working capital, capital expenses, R&D expenses and repayment of debt required within the following 12 months.

(II) Financial instruments

1. Financial risk of financial instruments

Financial risk management policy

Various types of financial risks have an impact on the daily operation of the Company, including the market risk (including the exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. To reduce relevant financial risks, the Company is devoted to identifying, assessing and hedging the uncertainty of the market to minimize the adverse impact of changes in the market on the Company's financial performance.

The board of directors audited the Company's major financial activities in accordance with the relevant norms and internal control systems. Upon implementation of the financial plan, the Company must faithfully comply with the relevant financial operation procedures regarding financial risk management and the division of authority and responsibility.

Nature and degree of important financial risk

(1) Market risk

A. Exchange rate risk

(A) The Company is exposed to exchange rate risks resulting from the sale, procurement and deposit transactions measured with a currency other than the functional currency of the Company. The Company has adopted New Taiwan Dollars as the functional currency. These transactions are denominated in the major currency of USD. To avoid the fluctuation of foreign currency transactions and future cash flow due to changes in the exchange rate, the Company uses foreign currency deposits to hedge the risk of exchange rates. The utilization of foreign currency deposits can assist the Company to hedge but not totally eliminate the impact caused by the changes in foreign exchange rate. The net investment in the foreign operation was for strategic investment, therefore the Company did not adopt any hedging policy against it.

(B) Foreign exchange exposure and sensitivity analysis

			December 31, 2021			
			Amount recognized (NTD)	Sensitivity analysis		
Foreign currency	Exchange rate	Extent of change		Impact on profit or loss	Impact on equity	
(Foreign currency : Functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	1,026	27.68	28,394	1% appreciation	284	-
<u>Non-monetary items</u>						
<u>Investment under the equity method</u>						
USD : NTD	22,071	27.68	610,929	1% appreciation	-	6,109
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	1,101	27.68	30,462	1% appreciation	305	-
			December 31, 2020			
			Amount recognized (NTD)	Sensitivity analysis		
Foreign currency	Exchange rate	Extent of change		Impact on profit or loss	Impact on equity	
(Foreign currency : Functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	23	28.48	651	1% appreciation	7	-
<u>Non-monetary items</u>						
<u>Investment under the equity method</u>						
USD : NTD	22,428	28.48	638,737	1% appreciation	-	6,387
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : NTD	628	28.48	17,898	1% appreciation	179	-

If all other variable factors remain unchanged, if the currency value of NTD relatively increases against said currency, there may have equivalent but adverse impact on the amount reflecting said currency on December 31, 2021 and 2020.

(C) The Company's total amount of all exchange gains (losses) (including realized and unrealized) from monetary items due to significant impacts of exchange rate fluctuation was NTD 1,782 thousand and NTD 2,057 thousand in 2021 and 2020, respectively.

B. Price risk

Due to the fact that the equity instrument investments held by the Company indicated in the balance sheet were classified as financial assets at fair value through other comprehensive income, the Company suffers the price risk of equity instruments.

The Company mainly invested in TWSE/TPEX unlisted stocks and beneficiary certificates the price of such security is affected by the uncertainty of the investment's future value.

If the prices of equity and debt instruments increase or decrease by 1%, the comprehensive income after tax will increase or (decrease) NTD 9,578 thousand and NTD 9,145 thousand in 2021 and 2020, respectively, due to the increase or decrease in the fair value of financial assets at fair value through other comprehensive income.

C. Interest rate risk

The book amount of the Company's financial assets and financial liabilities exposed to interest rate exposure on the reporting date is as follows:

Item	Book amount	
	December 31, 2021	December 31, 2020
Interest rate risk with fair value:		
Financial assets	\$ 45,000	\$ 40,000
Financial liabilities	(20,745)	(14,674)
Net amount	\$ 24,255	\$ 25,326
Interest rate risk with cash flow:		
Financial assets	\$ 336,775	\$ 446,393
Financial liabilities	(3,742,769)	(3,550,968)
Net amount	\$ (3,405,994)	\$ (3,104,575)

(A) Sensitivity analysis of interest rate risk with fair value

The Company does not classify any financial assets or liabilities with fixed interest rates as financial assets at fair value through profit or loss or at fair value through other comprehensive income and not specify derivatives (interest rate exchange) as hedging instruments in the hedge account model of fair value. Therefore, the changes in interest rate on the reporting date will not impact profit or loss and other comprehensive net profits.

(B) Sensitivity analysis of interest rate risks with cash flow

The Company's financial instrument of the variable interest rate are assets (liabilities) with variable interest rates. The change in market interest rate will result in changes in the effective rate and cause changes in the future cash flow. The net profit in 2021 and 2020 will increase (decrease) NTD (34,060) thousand and NTD (31,046)

thousand, respectively, for every 1% decrease (increase) in the market interest rate.

(2) Credit risk

The Company's credit risk is the risk of financial loss that would be incurred by the Company if its customers or financial instrument trading counterparty fail to perform their contracts. This is mainly due to the trading counterparty being unable to pay the accounts payable based on the payment conditions and the contractual cash flows of debt instrument investment classified as measured at amortized cost and fair value through other comprehensive income.

Credit risk related to the operation

To maintain the quality of the accounts receivable, the Company has established a procedure to manage the credit risk related to the operation. The risk analysis of individual customers shall consider various factors which may impact the solvency of the customer, including the financial status, credit rating, internal credit rating of the Company, historical transaction record and current economic situation of the customer.

Financial credit risk

The credit risk of bank deposits and other financial instruments is measured and monitored by the Finance and Accounting Departments of the Company. Since the transaction counterparties and the contract performance parties of the Company are banks of excellent credit standing and financial institutions or corporate entities with investment levels, there are no non-compliance issues; therefore, there is no significant credit risk. In addition, the Company does not have debt instrument investments classified as those measured at amortized cost and fair value through other comprehensive income.

A. Concentration of credit risk

As of December 31, 2021 and 2020, the balance of receivables of the top 10 customers accounted for 66.23% and 66.08% of the Company's balance of receivables, respectively, which had credit risk due to concentration. The concentration of the credit risk for other accounts receivable was relatively insignificant.

B. Measurement of expected credit impairment loss

a. Accounts receivable: For the simplified approach adopted, please refer to Note6(3).

b. Judgment basis of significant increase in credit risk: None. (The Company does not have debt instrument investment classified as those measured at amortized cost and fair value through other comprehensive income.)

C. The collateral and other credit enhancements held to hedge the credit risk of financial assets:

The information related to the financial impact on the amount of maximum credit risk exposure regarding financial assets recognized in the balance sheet and collateral held by the Company, overall agreement on net settlement and other credit enhancements is shown in the following table:

December 31, 2021	Book amount	Amount of decrease in maximum credit risk exposure			
		Collateral	Overall agreement on net settlement	Other credit enhancement	Total
Financial instruments for which the impairment regulation of IFRS 9 is not applicable:					
Financial assets at fair value through other comprehensive income	\$ 957,755	\$ 48,694	\$ -	\$ -	\$ 48,694
Total	\$ 957,755	\$ 48,694	\$ -	\$ -	\$ 48,694

December 31, 2020	Book amount	Amount of decrease in maximum credit risk exposure			
		Collateral	Overall agreement on net settlement	Other credit enhancement	Total
Financial instruments for which the impairment regulation of IFRS 9 is not applicable:					
Financial assets at fair value through other comprehensive income	\$ 914,506	\$ 45,354	\$ -	\$ -	\$ 45,354
Total	\$ 914,506	\$ 45,354	\$ -	\$ -	\$ 45,354

(3) Liquidity risk

A. Liquidity risk management

The purpose of the Company's liquidity risk management is to maintain the cash and cash equivalents required for operation, securities with high liquidity and sufficient bank financing credit line to ensure adequate financial flexibility of the Company.

B. Maturity analysis on asset liabilities

The following table is the summarized analysis of the Company's financial liability with agreed repayment period based on the expiry date and undiscounted amount due:

Non-derivative financial liabilities	December 31, 2021						Contractual cash flow	Book amount
	Within 6 months	7-12 months	1-2 years	2-5 years	More than 5 years			
Short-term loans	\$ 300,000	\$ 130,000	\$ -	\$ -	\$ -	\$ -	\$ 430,000	\$ 430,000
Notes payable	65,598	-	-	-	-	-	65,598	65,598
Accounts payable	517,671	-	-	-	-	-	517,671	517,671
Other payables	321,171	5,203	-	-	-	-	326,374	326,374
Long-term loans (including those due within one year)	112,748	150,348	312,733	2,744,500	-	-	3,320,329	3,312,769
Lease liabilities	3,608	3,609	8,023	4,560	-	-	19,800	20,745
Guarantee deposits	1,323	-	-	-	-	-	1,323	1,323
Total	\$ 1,322,119	\$ 289,160	\$ 320,756	\$ 2,749,060	\$ -	\$ -	\$ 4,681,095	\$ 4,674,480

Further information of maturity analysis on lease liabilities is as follows:

Lease liabilities	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years	Total undiscounted lease payment paid
		\$ 7,217	\$ 12,583	\$ -	\$ -	\$ -	\$ -

December 31, 2020

Non-derivative financial liabilities	December 31, 2020					Contractual cash flow	Book amount
	Within 6 months	7-12 months	1-2 years	2-5 years	More than 5 years		
Short-term loans	\$ 490,000	\$ -	\$ -	\$ -	\$ -	\$ 490,000	\$ 490,000
Notes payable	60,032	-	-	-	-	60,032	60,032
Accounts payable	691,677	-	-	-	-	691,677	691,677
Other payables	307,922	5,969	-	-	-	313,891	313,891
Long-term loans (including those due within one year)	240,550	294,649	881,081	1,650,648	-	3,066,928	3,060,968
Lease liabilities	3,828	3,828	4,000	1,667	-	13,323	14,674
Guarantee deposits	1,730	-	-	-	-	1,730	1,730
Total	\$ 1,795,739	\$ 304,446	\$ 885,081	\$ 1,652,315	\$ -	\$ 4,637,581	\$ 4,632,972

Further information of maturity analysis on lease liabilities is as follows:

Lease liabilities	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years	Total undiscounted Total lease payment
		\$ 7,656	\$ 5,667	\$ -	\$ -	\$ -	\$ -

The Company does not expect the maturity analysis of cash flows will be significantly pre-matured or that the actual amount will be significantly different.

2. Categories of financial instruments

The book amount of the Company's various financial assets and financial liabilities as of December 31, 2021 and 2020, is as follows:

	December 31, 2021	December 31, 2020
<u>Financial assets</u>		
Financial assets measured at amortized cost		
Cash and cash equivalents	\$ 317,549	\$ 399,235
Notes and accounts receivable (including the related party)	607,833	539,193
Other accounts receivable (including related parties)	48,969	35,131
Other financial assets – current	-	28,000
Refundable deposits	53,555	48,205
Other financial assets – non-current	20,000	20,025
Financial assets at fair value through other comprehensive profit or loss – non-current	957,755	914,506
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost		
Short-term loans	430,000	490,000
Notes and accounts payable (including the related party)	583,269	751,709
Other accounts payable (including related parties)	326,374	313,891
Long-term loans due within one year	261,584	533,124

or one operating cycle

Long-term loans	3,051,185	2,527,844
Lease liabilities (including those due within a year)	20,745	14,674
Guarantee deposits	1,323	1,730

(III) Fair value information:

1. For information on the fair value of the Company's financial assets and liabilities not at fair value, please refer to Note 12(3)3. Description. For information on the fair value of the Company's investment property at fair value, please refer to Note 6(9).

2. Definition of three fair value levels

Level 1:

The input of this level refers to open quotations of similar instruments traded in an active market. The active market refers to markets meeting all of the conditions below: there is homogeneity in all products traded in the market; potential buyers and sellers can be found in the market at any time and price information is accessible by the public. The value of beneficiary certificates with quoted active market price invested by the Company all belongs to this level.

Level 2:

The input of this level refers to the observable price other than open active market quotations, including direct (such as price) and indirect (information inferred from prices) input values that can be obtained from an active market.

Level 3:

The input of this level refers to input parameters for fair value measurement which are not based on the observable input parameters which are available in the market. The Company's equity instrument investments not in an active market and the investments of convertible preferred shares all belong to this level.

3. Financial assets not at fair value:

The Company's financial instruments not at fair value, such as cash and cash equivalents, accounts receivable, other financial assets, refundable deposit, short-term loans, accounts payable, lease liabilities (including current and non-current), long-term loans (including those due within a year) and book amount of guarantee deposits, are close to the reasonable amount of the fair value.

4. Fair value level information:

The Company's financial assets and investment property at fair value is based on repetition and at fair value. The information of the Company's fair value levels is shown in the following table:

Item	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Fair value with repetition</u>				
Financial assets at fair value through other comprehensive income				
TWSE/TPEX listed stocks	\$ 32,134	\$ -	\$ -	\$ 32,134
TWSE/TPEX unlisted stocks	-	-	269,986	269,986
TWSE/TPEX unlisted preferred stocks	-	-	655,635	655,635
Investment property (Note)	-	-	1,050,799	1,050,799
Total	\$ 32,134	\$ -	\$ 1,976,420	\$ 2,008,554

Item	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Fair value with repetition</u>				
Financial assets at fair value through other comprehensive income				
TWSE/TPEX listed stocks	\$ 112,020	\$ -	\$ -	\$ 112,020
TWSE/TPEX unlisted stocks	-	-	161,559	161,559
TWSE/TPEX unlisted preferred stocks	-	-	640,927	640,927
Investment property (Note)	-	-	1,043,624	1,043,624
Total	\$ 112,020	\$ -	\$ 1,846,110	\$ 1,958,130

(Note): This is the investment property adopting the fair value model.

5. Valuation technique for instruments at fair value:

(1) Financial instruments:

A. If a financial instrument has a quoted price in the active market, the quoted price will be the fair value. The market price announced by the Taiwan Stock Exchange Corporation and exchange with CGBs which was determined as popular securities is the basis for the fair value of the listed (OTC) equity instrument and debt instrument with open quotation of the active market.

If the open quotation of the financial instrument can be timely and frequently acquired from exchanges, brokers, underwriters, industrial unions, pricing service institutions or competent authorities, and the price represents actual and fair market transactions which occur frequently, then the financial instrument has an open quotation of the active market. If the conditions mentioned above are not fulfilled, the market is not viewed as an active one. Generally, great bid-ask spread, significant increase in bid-ask spread or less trading volume are indices of an inactive market.

If the financial instrument possessed by the Company is in the active market, its fair value is listed by category and attribute below:

(A) TWSE/TPEX listed stocks: closing price.

B. Except for financial instruments in the active market, the fair value of other financial instruments is based on the valuation technique or the quotation of the counterparty. The fair value acquired through the valuation technique can take reference from other substantial conditions and present fair value, cash flow discount methods and other valuation techniques used on similar financial instruments, including market information that can be acquired on the balance sheet date. The information is then used on a calculation model.

(2) Investment property

A. The fair value valuation technique adopted by the Company for the investment property at fair value is based on the Regulations Governing the Preparation of Financial Reports by Securities Issuers and commissioned external appraisal for calculation based on income approach and land development approach. The information on relevant parameter assumptions and input is as follows:

(a) Cash flow: Cash flow shall be valued on the basis of existing lease contracts, rent at local market rates, or current market rents for similar comparable properties in the same location and condition, and

overvalued and undervalued comparable properties shall be excluded. If there is a period-end value, the discounted present period-end value may be added.

(b) Analysis period: When there is no specified period for the income, the analysis period in principle shall not be longer than 10 years; when there is a specified period for the income, the income shall be estimated for the remainder of the specified period.

(c) Discount rate: The discount rate shall be determined using the risk premium approach only, with the calculation based on a certain interest rate, plus the estimate for the individual characteristics of the investment property. "Based on a certain interest rate" means that the interest rate may not be lower than the floating interest rate on a 2-year time deposit of a small amount, as posted by Chunghwa Post Co., Ltd., plus 0.75 % as the minimum, and plus 1% as the presumed discount rate.

B. The output of the valuation model is the rough estimate of the estimate and the valuation technique may not reflect all relevant factors regarding the non-financial instruments held by the Company. Therefore, the estimate of the valuation model will be properly adjusted based on external parameters, such as the model risk or current risk. According to the management policy of fair value evaluation model and related controlling procedure of the Company, management believes that the adjustment of valuation is appropriate and necessary to appropriately present the fair value of non-financial instruments in the balance sheet. The price information and parameters used during valuation have been carefully assessed and adjusted based on current market conditions.

6. Transfer between Level 1 and Level 2: None.

7. Statement of changes in Level 3:

(1) Financial instruments:

Item	Financial assets at fair value through other comprehensive income – equity instrument	Item	Financial assets at fair value through other comprehensive income – equity instrument
January 1, 2021	\$ 802,486	January 1, 2020	\$ 843,134
Level 1 transferred into Level 3 (Note)	82,572	Level 1 transferred into Level 3 (Note)	-
Current acquisition	-	Current acquisition	-
Current disposition	(42)	Current disposition	-
Refunds from decapitalization	(77,989)	Refunds from decapitalization	-
Recognized under other comprehensive income	118,594	Recognized under other comprehensive income	(40,648)
December 31, 2021	\$ 925,621	December 31, 2020	\$ 802,486

(Note 3) This refers to the investment in Kai Chieh International Investment Ltd., etc., which was delisted from the emerging stock market as of April 16, 2021, and, therefore, transferred to Level 3.

(2) Investment property:

Item	2021	2020
January 1	\$ 1,043,624	\$ 1,031,799
Profit or loss recognized in	7,175	11,825

current profit or loss		
December 31	\$ 1,050,799	\$ 1,043,624

8. Quantitative information used on measuring the fair value of major unobservable input (Level 3):

(1) Financial instruments:

The TWSE/TPEX unlisted stocks held by the Company without an active market adopt the market approach, income approach and asset-based approach to estimate fair value. The determination is evaluated based on reference to the evaluations of similar types of companies, third-party quotations, net worth of the Company, and operational status. Unobservable major input at fair value is stated as following:

	Valuation technique	Unobservable major input	Interval	Relation between inputs and fair value
Financial assets at fair value through other comprehensive income – stocks	Asset-based approach	Discount for lack of control	13.34%	The higher the discount of the controlling equity, the lower the estimated fair value.
		Discount for lack of marketability	10.52%~24.02%	The higher the discount of the marketability, the lower the estimated fair value.
Financial assets at fair value through other comprehensive income – stocks, preferred shares	Income approach	Discount rate	21.90%~28.16%	The higher the discount rate, the lower the estimate fair value.
Financial assets at fair value through other comprehensive income – stocks	Market approach	Discount for lack of marketability	32.28%	The higher the discount of the marketability, the lower the estimated fair value.

(2) Investment property:

	December 31, 2021 Fair value	Valuation technique	Unobservable major input	Interval (weighted average)	Relation between inputs and fair value
Investment property:					
Income approach	\$ 513,570	Discounted cash flow method	Discount rate	2.595%	The higher the discount rate or revenue capitalization rate, the lower the fair value.
			Revenue capitalization rate of period-end value	1.18%-1.58%	
Land development approach	537,229	Land development analysis approach	Proper profit margin	15%-18%	The higher the proper rate of return or overall capital interest rate, the lower the fair value.
			Overall capital interest rate	1.36%-1.50%	
Total	\$ 1,050,799				

	December 31, 2020 Fair value	Valuation technique	Unobservable major input	Interval (weighted average)	Relation between inputs and fair value
Investment property:					
Income approach	\$ 509,500	Discounted cash flow method	Discount rate Revenue capitalization rate of period-end value	2.095% 1.39%-1.55%	The higher the discount rate or revenue capitalization rate, the lower the fair value.
Land development approach	534,124	Land development analysis approach	Proper profit margin Overall capital interest rate	15%-18% 1.47%-1.53%	The higher the proper rate of return or overall capital interest rate, the lower the fair value.
Total	<u>\$ 1,043,624</u>				

9. Valuation process of fair value classified as Level 3:

For the Company's evaluation process for fair value classified as Level 3, the Company ensures the reasonableness of the evaluation result by making the evaluation result closer to the market status with information from independent sources, confirming the information sources are independent, reliable and consistent with other resources and represent executable prices, regularly calibrating the evaluation model, conducting roll-back testing, updating required input values and data as well as other necessary fair value adjustments for the evaluation model. The investment property is appraised by a commissioned external appraiser.

(IV) Transfer of financial assets: None.

(V) Offsetting of financial assets and liabilities: None.

XIII. Noted Disclosures

(I) Information Related to Major Transactions:

1. Loaning funds to others: Table 1.
2. Endorsements and guarantees for others: Table 2.
3. Marketable securities held at ending: Table 3.
4. Accumulated amount of the same marketable security purchased or sold reaching NTD 300 million or more than 20% of the paid-in capital: None.
5. Amount on acquisition of property reaching NTD 300 million or more than 20% of the paid-in capital: Table 4.
6. Amount on disposal of real estate reaching NTD 300 million or more than 20% of the Paid-in capital: None.
7. Purchase/sale amount of transactions with the related party reaching NTD 100 million or more than 20% of the paid-in capital: Table 5.
8. Accounts receivable from the related party reaching NTD 100 million or more than 20% of the paid-in capital: Table 6.
9. Transactions of derivatives: None.

(II) Information Related to Reinvested Enterprises: Table 7.

(III) Information on Investments in Mainland China: Table 8.

(IV) Major Shareholders Information: Table 9.

Table 1

AGV Products Corporation
Loaning funds to others
December 31, 2021

Unit: NTD and foreign currency thousand

No.	Lending company	Debtor	Trading item	Whether a related party or not	Maximum balance in the current period	Balance – ending	Amount actually disbursed	Interest rate interval	Nature of loans to others (Note 3)	Amount of business transactions	Reasons for short-term financing	Allowance for bad debt	Collateral		Limit of loans to particular borrower (Note 1)	Maximum limit of loans (Note 2)
													Name	Value		
1	Apoland Resource International (BVI) Corp.	Apoland Development (Singapore) Pte Ltd.	Other accounts receivable	Yes	69,200 (USD2,500)	69,200 (USD2,500)	59,900 (USD2,164)	-	2	-	Working capital	-	-	-	477,508 (USD17,251)	477,508 (USD17,251)
		AGV First Biotech Food (BVI) Limited	Other accounts receivable	Yes	16,608 (USD600)	16,608 (USD600)	16,608 (USD600)	-	2	-	Working capital	-	-	-	477,508 (USD17,251)	
2	Mascot International (BVI) Corporation	Apoland Development (Singapore) Pte Ltd.	Other accounts receivable	Yes	13,840 (USD500)	13,840 (USD500)	13,840 (USD500)	-	2	-	Working capital	-	-	-	328,312 (USD11,861)	328,312 (USD11,861)
		AGV First Biotech Food (BVI) Limited	Other accounts receivable	Yes	19,099 (USD690)	19,099 (USD690)	19,099 (USD690)	-	2	-	Working capital	-	-	-	328,312 (USD11,861)	
3	Apoland Development (Singapore) Pte Ltd.	Shanghai AGV Foods Co., Ltd.	Other accounts receivable	Yes	350,429 (USD12,660)	350,429 (USD12,660)	336,035 (USD12,140)	-	2	-	Working capital	-	-	-	1,352,915 (USD48,877)	1,352,915 (USD48,877)
4	AGV First Biotech Food (BVI) Limited	Shandong AGV Food Technology Co., Ltd.	Other accounts receivable	Yes	142,552 (USD5,150)	142,552 (USD5,150)	136,545 (USD4,933)	-	2	-	Working capital	-	-	-	3,587,992 (USD129,624)	3,587,992 (USD129,624)
5	AGV International (BVI) Limited	AGV First Biotech Food (BVI) Limited	Other accounts receivable	Yes	10,795 (USD390)	10,795 (USD390)	10,795 (USD390)	-	2	-	Working capital	-	-	-	64,135 (USD2,317)	64,135 (USD2,317)
6	AGV Biohealthy Food Limited	AGV First Biotech Food (BVI) Limited	Other accounts receivable	Yes	8,027 (USD290)	-	-	-	2	-	Working capital	-	-	-	24,386 (USD881)	24,386 (USD881)

Note 1. Limit of loans to individual borrowers:

1. The Company:

(1) The accumulated amount of loans to each company that is in business with the Company may not exceed the amount of business transactions conducted in the most recent year. The business transaction amount refers to the purchasing or selling amount between both parties, whichever is higher.

(2) For companies that need short-term financing, the loan amount to each company shall not exceed 20% of the net value of the Company.

2. Subsidiaries:

(1) The accumulated amount of loans to each company that is in business with the Company may not exceed the amount of business transactions conducted in the most recent year. The business transaction amount refers to the purchasing or selling amount between both parties, whichever is higher.

(2) Companies needing short-term financing:

Foreign subsidiaries – Apoland Development (Singapore) Pte Ltd., Mascot International (BVI) Corporation, Apoland Resource International (BVI) Corp., Taiwan First Biotechnology Corp. and AGV International (BVI) Limited: the loan amount of each company shall not exceed 20% of the net value of the company in the financial report certified by the independent auditor in the most recent period. For financing amounts between overseas companies with 100% voting shares held by the parent company directly and indirectly, these shall not exceed 5 times of the net value of such company in the financial report certified by the independent auditor in the most recent period; AGV Biohealthy Food Limited: the individual loan amount shall not exceed 40% of the net value of the company in the financial report certified by the independent auditor in the most recent period.

Note 2. Limit of total loans:

1. The Company: It shall not exceed 50% of the Company's net value; it shall not exceed 20% of the Company's net value for the same counterparty. The accumulated balance of short-term financing shall not exceed 40% of the Company's net value.
2. Subsidiaries: Overseas subsidiaries – Apoland Development (Singapore) Pte Ltd., Mascot International (BVI) Corporation, Apoland Resource International (BVI) Corp., Taiwan First Biotechnology Corp. and AGV International (BVI) Limited: the amount shall not exceed 40% of the net value of the Company in the financial report certified by the independent auditor in the most recent period. For financing amounts between overseas companies with 100% voting shares held by the parent company directly and indirectly, these shall not exceed 5 times of the net value of such company in the financial report certified by the independent auditor in the most recent period.

Note 3. Loaning of funds is completed in the following ways:

1. Please fill in 1 for those in business with the Company.
2. Please fill in 2 for those needing short-term financing.

Table 2

AGV Products Corporation
Endorsement and guarantee made for others
December 31, 2021

Unit: NTD thousand

No. (Note 1)	Name of endorsing/ guaranteeing company	Counterparty of endorsement/guarantee		Limit of endorsement/ guarantee on particular enterprise (Note 2)	Maximum balance of endorsement/ guarantee made during the current period	Balance of endorsement/ guarantee at end of the period	Amount actually disbursed	Endorsement/ guarantee secured by company assets	Ratio of the accumulated endorsement/guarantee amount to the net worth in the most recent financial statement	Maximum limit of endorsement/ guarantee (Note 3)	As the parent company's endorsements/ guarantees toward subsidiary(ies)	As a subsidiary's endorsements/ guarantees toward its parent company	As the endorsements/ guarantees toward the mainland China area
		Company name	Relationship (Note 1)										
0	AGV Products Corporation	Sontenkan Resort Development Co., Ltd.	2	2,648,524	800,000	800,000	733,000	-	12.08%	5,959,180	Yes	No	No
		Yunlin Dairy Technology Corp.	2	2,648,524	230,000	230,000	155,228	-	3.47%	5,959,180	Yes	No	No
		Koya Biotech Corp.	2	2,648,524	270,000	270,000	-	-	4.08%	5,959,180	Yes	No	No

Note 1: The relationship between the endorsing/guaranteeing subject and the endorsed/guaranteed subject is classified into 7 categories as follows.

Please specify the type:

- (1) A company with which it does business.
- (2) A company in which the Company directly or indirectly holds more than 50% of voting shares.
- (3) A company directly or indirectly holds more than 50% of the Company's voting shares.
- (4) A company in which the Company directly or indirectly holds more than 90% of voting shares.
- (5) Companies in the same industry or joint builders for which the public company fulfills its contractual obligations by providing mutual endorsements/guarantees, for the purposes of undertaking a construction project.
- (6) Companies for which all capital contributing shareholders make endorsements/guarantees due to their jointly invested company in proportion to their shareholding percentages.
- (7) Companies in the same industry which provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-sale homes pursuant to the Consumer Protection Act for each other.

Note 2: The endorsement and guarantee amount made by the Company and its subsidiaries (for a single enterprise): it shall not exceed 40% of the Company's net value in the most recent financial statements.

Note 3: The total endorsement and guarantee amount made by the Company and its subsidiaries for other companies: it shall not exceed 90% of the Company's net value in the most recent financial statements.

Table 3

AGV Products Corporation
Marketable securities held at end of year
December 31, 2021

Unit: Thousand shares; NTD and foreign currency thousand

No.	Holder	Type and name	Relationship with the security issuer	Account title	End of year				Remarks
					Shares (unit)	Book amount	Shareholding ratio	Fair value	
0	AGV Products Corporation	Share / Janfusun Fancyworld Corp.	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	10,332	32,134	4.07%	32,134	
		Share / Kai Chieh International Investment Ltd.	—	Financial assets at fair value through other comprehensive profit or loss – non-current	2,413	64,727	2.31%	64,727	(Note 1)
		Share / Nice Capital & Finance Corp.	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	6,950	115,764	10.81%	115,764	
		Share / Eastern Taiwan Cultural & Creative Co., Ltd.	The director of the company is the first-degree relative of the Company's Chairman	Financial assets at fair value through other comprehensive profit or loss – non-current	6,750	26,299	15.00%	26,299	
		Share / Likeda Development Co., Ltd.	The director of the company is the second-degree relative of the Company's Vice Chairman	Financial assets at fair value through other comprehensive profit or loss – non-current	3,900	-	5.20%	-	
		Share / Tangli Culture Media Co., Ltd.	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	2,200	24,721	18.97%	24,721	
		Share / Aique International Co., Ltd.	The chairman of the company is the Chairman of the Company given above	Financial assets at fair value through other comprehensive profit or loss – non-current	18	160	18.00%	160	
		Common stocks from private placement / Janfusun Fancyworld Corp.	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	8,074	22,769	3.18%	22,769	
		Share / B&B International Development Co., Ltd.	—	Financial assets at fair value through other comprehensive profit or loss – non-current	1,000	11,390	0.69%	11,390	
		Share / Taiwan Aixianjia Biotech Corp.	The director of the company is the second-degree relative of the Company's Chairman	Financial assets at fair value through other comprehensive profit or loss – non-current	540	4,156	18.95%	4,156	
		Preferred share / Sontenkan Resort Development Co., Ltd. – 2016	Subsidiary of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	10,000	94,500	-	94,500	
		Preferred share / Nice Capital & Finance Corp. – 2015	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	6,171	112,682	-	112,682	
		Preferred share / Nice Capital & Finance Corp. – 2017	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	4,733	86,425	-	86,425	

No.	Holder	Type and name	Relationship with the security issuer	Account title	End of year				Remarks
					Shares (unit)	Book amount	Shareholding ratio	Fair value	
		Preferred shares / Tangli Culture Media Co., Ltd. – Class A	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	15,000	192,450	-	192,450	
		Preferred shares / Tangli Culture Media Co., Ltd. – Class C	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	5,500	68,310	-	68,310	
		Preferred share / NICECO International Corp.	The chairman of the company is the second-degree relative of the Company's Chairman	Financial assets at fair value through other comprehensive profit or loss – non-current	3,000	24,900	-	24,900	
		Preferred share / Kuo Cheng Investment Development Corp.	Affiliated companies	Financial assets at fair value through other comprehensive profit or loss – non-current	2,484	44,364	-	44,364	
		Preferred share / Sontenkan Resort Development Co., Ltd. – Class D	Subsidiary of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	3,000	27,720	-	27,720	
		Preferred share / Taiwan Aibaonuo Biotech Co., Ltd.	–	Financial assets at fair value through other comprehensive profit or loss – non-current	600	4,284	-	4,284	
		Total				957,755		957,755	
1	Mascot International (BVI) Corporation	Share / Four Seas Efood Holdings Ltd.	–	Financial assets at fair value through profit or loss – current	350	807 (USD 29)	-	807 (USD 29)	
2	Aco Distribution Corp.	Share / IBF Financial Holdings Co., Ltd.	The director of the company is the second-degree relative of the Company's Chairman	Financial assets at fair value through profit or loss – current	426	6,835	0.01%	6,835	
3	Koya Biotech Corp.	Common stocks from private placement / Janfusun Fancyworld Corp.	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	646	1,822	0.25%	1,822	
		Common stock / Leadgau Organic Co., Ltd.	–	Financial assets at fair value through other comprehensive profit or loss – non-current	240	2,333	2.40%	2,333	
		Common stock / Koyaka Biotech Co., Ltd.	The chairman of the juristic person director of the company is the president of the Company given above.	Financial assets at fair value through other comprehensive profit or loss – non-current	39	-	10.00%	-	
		Preferred share / Nice Investment Development Ltd.	Affiliated companies	Financial assets at fair value through other comprehensive profit or loss – non-current	3,000	66,780	-	66,780	
4	Hope Choice Distribution Corp.	Share / IBF Financial Holdings Co., Ltd.	The director of the company is the second-degree relative of the Company's Chairman	Financial assets at fair value through profit or loss – current	872	13,991	0.03%	13,991	
		Preferred share / Nice Capital & Finance Corp. – 2019	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	1,000	18,260	-	18,260	
5	Sontenkan Resort Development Co., Ltd.	Share / Goldbank Investment Development Corp.	–	Financial assets at fair value through other comprehensive profit or loss – non-current	40	290	0.22%	290	
		Share / Lijing Entertainment Co., Ltd.	–	Financial assets at fair value through other comprehensive profit or loss – non-current	650	36	2.41%	36	

No.	Holder	Type and name	Relationship with the security issuer	Account title	End of year				Remarks
					Shares (unit)	Book amount	Shareholding ratio	Fair value	
		Preferred share / Eastern Taiwan Cultural & Creative Co., Ltd.	The director of the company is the first-degree relative of the Company's Chairman	Financial assets at fair value through other comprehensive profit or loss – non-current	3,000	14,850	-	14,850	
		Preferred share / Tangli Culture Media Co., Ltd.	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	4,000	51,240	-	51,240	
		Preferred share / Kuo Cheng Investment Development Corp.	Affiliated companies	Financial assets at fair value through other comprehensive profit or loss – non-current	2,116	37,792	-	37,792	
		Preferred share / NICECO International Corp.	The chairman of the company is the second-degree relative of the Company's Chairman	Financial assets at fair value through other comprehensive profit or loss – non-current	2,000	16,600	-	16,600	
		Preferred share / Zitong International Corp.	—	Financial assets at fair value through other comprehensive profit or loss – non-current	7,200	59,688	-	59,688	
		Preferred share / Liantong Developments, Co., Ltd.	The director of the company is the Director of the Company given above	Financial assets at fair value through other comprehensive profit or loss – non-current	5,000	30,550	-	30,550	
		Share / New Takayama Leisure and Entertainment Co., Ltd	—	Financial assets at fair value through other comprehensive profit or loss – non-current	380	1,965	19.00%	1,965	
7	Aiken Biotechnology International Co., Ltd.	Share / IBF Financial Holdings Co., Ltd.	The director of the company is the second-degree relative of the Company's Chairman	Financial assets at fair value through profit or loss – current	719	11,534	0.02%	11,534	
		Share / B&B International Development Co., Ltd.	—	Financial assets at fair value through other comprehensive profit or loss – non-current	3,000	34,172	2.06%	34,172	
		Share / Zhengda Fenghuang Shanzhuang Co., Ltd.	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	54	528	18.00%	528	
		Preferred share / AGV First Biotech Food (BVI) Limited.	Subsidiary of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	100	1,868	-	1,868	
		Share / Janfusun Fancyworld Corp.	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	336	1,045	0.13%	1,045	
		Preferred share / Nice Capital & Finance Corp. – 2017	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	1,617	29,527	-	29,527	
		Preferred share / Nice Capital & Finance Corp. – 2019	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	500	9,130	-	9,130	
8	Hopeland Distribution Corp.	Share / IBF Financial Holdings Co., Ltd.	The director of the company is the second-degree relative of the Company's Chairman	Financial assets at fair value through profit or loss – current	253	4,058	0.01%	4,058	
		Preferred share / Nice Capital & Finance Corp. – 2019	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	300	5,478	-	5,478	

No.	Holder	Type and name	Relationship with the security issuer	Account title	End of year				Remarks
					Shares (unit)	Book amount	Shareholding ratio	Fair value	
9	Shandong AGV Food Technology Co., Ltd.	Share / Jinan AGV Products Corporation	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	902	-	18.00%	-	
10	Rosahill Leisure Industry Co., Ltd.	Share / IBF Financial Holdings Co., Ltd.	The director of the company is the second-degree relative of the Company's Chairman	Financial assets at fair value through profit or loss – current	532	8,532	0.02%	8,532	
		Preferred share / Nice Capital & Finance Corp. – 2017	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	80	1,461	-	1,461	
		Preferred share / Nice Capital & Finance Corp. – 2019	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	1,800	32,868	-	32,868	
11	Yunlin Dairy Technology Corp.	Preferred share / Nice Capital & Finance Corp. – 2019	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	1,000	18,260	-	18,260	
		Preferred share / Nice Capital & Finance Corp. – 2017	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	1,100	20,086	-	20,086	
12	Defender Private Security Inc.	Preferred share / Nice Capital & Finance Corp. – 2019	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	200	3,652	-	3,652	

(Note 1): The shares held in the name of the Company number 2,413 thousand shares, with a market price of NTD 16,033 thousand. Because the counterparty of the investment item has pledged 7,327 thousand shares of Kai Chieh to the Company as principal guarantee, the market price adding the pledged shares was NTD 64,727 thousand.

Table 4

AGV Products Corporation
Amount on acquisition of property reaching NTD 300 million or more than 20% of the paid-in capital
January 1 to December 31, 2021

Unit: RMB thousand

Company disposing property	Asset name	Date of occurrence	Transaction amount	Payment of proceeds	Counterparty	Relationship	Information about the previous transfer, if the trading counterpart is a related party.				Reference for price determination	Purpose and status	Other covenants
							Owner	Relationship with the issuer	Date of transfer	Amount			
Shandong AGV Food Technology Co., Ltd.	Plant	During December 2012	RMB 188,514	RMB 153,174	Shandong Taian Construction Group Co., Ltd. and Fujian Liantai Construction Co., Ltd.	—	—	—	—	—	Contract made after price comparison	For operation and production / construction suspended	(Note)

Note: For a description of said suspended construction and unpaid amounts, please refer to the consolidated Note 9(6).

Table 5

AGV Products Corporation
Purchase/sale amount of transactions with the related party reaching NTD 100 million or more than 20% of the paid-in capital
January 1 to December 31, 2021

Unit: NTD thousand

Purchasing (selling) company	Counterparty	Relationship	Transaction status				Distinctive terms and conditions of trade and the reasons		Notes/accounts receivable (payable)		Remarks	
			Purchase (sale)	Amount	Percentage in purchase (sales) amount	Duration	Unit price	Duration	Balance	Percentage in total accounts/notes receivable (payable)		
AGV Products Corporation	Taiwan First Biotechnology Corp.	Invested company evaluated under the equity method	Purchase	1,064,460	41.98%	O/A 60 days	Equivalent	The grace period was extended for 1-5 months after the agreement of both parties	Accounts payable	411,467	79.48%	
	NICECO International Corp.	The chairman of the company is the second-degree relative of the Company's Chairman	Purchase	288,873	11.39%	Partial payment for goods was made in advance, balance paid in full in the following month upon the receipt of goods	Equivalent	Equivalent	Accounts payable	31,087	6.01%	
			Sale	120,595	3.05%	O/A 90 days	Equivalent	Equivalent	Notes receivable	13,251	59.41%	
									Accounts receivable	9,175	1.57%	
	Hope Choice Distribution Corp.	Subsidiary of the Company	Sale	609,402	15.40%	O/A 45-60 days	Equivalent	Equivalent	Accounts receivable	45,538	7.78%	
	Aco Distribution Corp.	Subsidiary of the Company	Sale	189,477	4.79%	O/A 45-60 days	Equivalent	Equivalent	Accounts receivable	38,288	6.54%	

Table 6

AGV Products Corporation
Accounts receivable from the related party reaching NTD 100 million or more than 20% of the paid-in capital
December 31, 2021

Unit: NTD thousand

Stated company of account receivable	Name of the counterparty	Relationship	Balance of receivable accounts from the related party	Turnover rate	Overdue accounts receivable of the related party		Subsequent recovered amount of receivable accounts from the related party	Allowance for bad debt
					Amount	Treatment		
AGV First Biotech Food (BVI) Limited	Shandong AGV Food Technology Co., Ltd.	Subsidiary of the Company	136,545	(Note 3)	-	(Note 1)	(Note 4)	-
Apoland Development (Singapore) Pte Ltd.	Shanghai AGV Foods Co., Ltd.	Subsidiary of the Company	362,632 (Note 2)	(Note 3)	-	(Note 1)	(Note 4)	-

(Note 1): The collections of the Company made from the related party follow the example of the collection policy of similar transactions made with the non-related party in principle. However, in case said policy cannot be executed due to insufficient funds or losses of the related party, the Company may defer the collection because the full support of subsidiaries by the Company to achieve the global business target of the Company is a more important consideration.

(Note 2): This includes NTD 336,035 thousand in financing receivables, NTD 14,409 thousand in machine and equipment accounts receivable, and NTD 12,188 thousand in other receivables.

(Note 3): This mainly refers to other accounts receivable and therefore the turnover rate calculation does not apply.

(Note 4): Amount recovered as of March 25, 2022.

Table 7

AGV Products Corporation
Information Related to Reinvested Enterprises
December 31, 2021

Unit: Thousand shares; NTD thousand

Name of investor	Name of invested company	Address	Principal business	Original investment cost		Holdings at end of year			Net income of investee	Recognized investment gain or loss	Remarks
				End of the current period	The last year end	Shares	Ratio %	Book amount			
AGV Products Corporation	Apoland Resource International (BVI) Corp.	British Virgin Islands	Re-investment business	377,745	377,745	11,510	100.00	95,501	(1,219)	(1,219)	
	Defender Private Security Inc.	Chiayi City	Security business	45,409	45,409	4,000	100.00	56,722	3,336	3,336	
	Koya Biotech Corp.	Yunlin County	Gardening	91,949	196,452	9,219	87.90	109,848	(11,140)	(9,958)	
	Aco Distribution Corp.	Chiayi City	Proprietary business	40,023	40,023	5,472	100.00	109,216	10,560	10,557	
	Sasaya Vitagreen Co., Ltd.	Chiayi City	Proprietary business	5,000	5,000	500	100.00	4,478	(10)	(10)	
	AGV International (BVI) Limited	British Virgin Islands	Re-investment business	13,397	13,397	460	100.00	12,829	2	2	
	Sontenkan Resort Development Co., Ltd.	Chiayi City	Leisure and recreation business	1,406,952	1,151,951	164,389	100.00	1,637,484	(57,592)	(57,592)	
	Alpha International Developments Limited	British Virgin Islands	Re-investment business	73,885	73,885	2,433	100.00	27,610	378	378	
	Hope Choice Distribution Corp.	Chiayi City	Proprietary business	66,948	66,948	6,500	100.00	88,545	9,805	9,504	
	Mascot International (BVI) Corporation	British Virgin Islands	Re-investment business	295,682	295,682	9,413	96.91	58,381	(4,269)	(4,137)	
	Apoland Development (Singapore) Pte Ltd.	Singapore	Re-investment business	1,331,805	1,328,203	54,498	93.10	211,089	(48,330)	(44,827)	
	Hopeland Distribution Corp.	Taipei City	Proprietary business	12,665	12,665	1,215	81.00	18,326	2,346	1,778	
	Yunlin Dairy Technology Corp.	Yunlin County	Dairy manufacturing	35,597	35,597	4,755	75.83	110,081	34,329	25,968	
	Taiwan First Biotechnology Corp.	Chiayi County	Food manufacturing	974,348	974,348	54,757	41.28	1,218,396	236,406	93,987	(Note 1)
	AGV Biohealthy Food Limited	British Virgin Islands	Re-investment business	23,311	23,311	783	29.75	18,140	(845)	(251)	
	Aiken Biotechnology International Co., Ltd.	Chiayi City	Biotechnology service	48,000	48,000	5,757	53.77	86,559	13,558	7,352	
	AGV First Biotech Food (BVI) Limited.	British Virgin Islands	Re-investment business	715,085	653,375	27,813	100.00	162,725	(26,755)	(26,755)	
	Yanjing AGV International Company Limited	Taipei City	Proprietary business	25,000	25,000	2,500	50.00	4,543	(20,528)	(10,264)	
	Heding International Development Co., Ltd.	Chiayi City	Re-investment business	201,836	201,836	16,788	48.98	163,948	2,439	1,195	
	Alpha Biotech Development (BVI) Limited	British Virgin Islands	Re-investment business	797	797	25	49.00	687	-	-	
Kuo Cheng Investment Development Corp.	Taipei City	Investment business	50,000	50,000	5,000	47.62	138,244	14,413	6,863		
Hopeman Distribution Co., Ltd.	Taipei City	Logistics business	69,518	69,518	6,950	43.44	59,725	12,698	5,515		
Nice Investment Development Ltd.	Taipei City	Investment business	48,000	48,000	4,800	36.64	225,713	23,704	8,685		
Nicostar Capital Investment (BVI) Ltd.	British Virgin Islands	Re-investment business	51,095	51,095	1,764	36.21	23,967	(4,787)	(1,733)		
Eastern Formosa Resource Development Corporation	Taipei City	Entertainment business	58,800	58,800	5,880	32.94	35,229	1,830	602		
Tongjitang Medicinal Biotech Corp.	Taipei City	Medical biotechnology	50,000	50,000	5,000	26.27	49,704	1,579	415		

Name of investor	Name of invested company	Address	Principal business	Original investment cost		Holdings at end of year			Net income of investee	Recognized investment gain or loss	Remarks
				End of the current period	The last year end	Shares	Ratio %	Book amount			
	NICE Enterprise Co., Ltd.	Chiayi County	Household chemicals	625,910	625,910	49,224	28.24	1,241,533	285,524	79,377	
	Tai Fu International Corp.	New Taipei City	Food manufacturing	72,970	72,970	8,615	24.83	127,512	13,400	3,328	
Apoland Resource International (BVI) Corp.	AGV & NICE(USA)	U.S.	Marketing business	1,107 (USD40)	1,107 (USD40)	40	57.14	-	-	-	
	Apoland Development (Singapore) Pte Ltd.	Singapore	Re-investment business	13,231 (USD478)	13,231 (USD478)	1,320	2.25	5,198 (USD188)	(48,330) (USD-1,726)	(1,092) (USD-39)	
	Mascot International (BVI) Corporation	British Virgin Islands	Re-investment business	5,176 (USD187)	5,176 (USD187)	300	3.09	1,868 (USD68)	(4,269) (USD-152)	(132) (USD-5)	
Mascot International (BVI) Corporation	Asia Pacific Product Development Co.	Vietnam	Processing and export of vegetables	50,184 (USD1,813)	50,184 (USD1,813)	1,813	95.27	4,025 (USD145)	(1,737) (USD-62)	(1,655) (USD-58)	
	New Zealand Cosmetic Laboratories Limited	New Zealand	Cosmetics	11,238 (USD406)	11,238 (USD406)	639	28.71	1,402 (USD51)	-	-	
	Bioken Laboratories Inc.	U.S.	Biotechnology	1,107 (USD40)	1,107 (USD40)	40	26.67	-	-	-	
	Apoland Development (Singapore) Pte Ltd.	Singapore	Re-investment business	33,105 (USD1,196)	33,105 (USD1,196)	2,721	4.65	10,715 (USD387)	(48,330) (USD-1,726)	(2,251) (USD-81)	
Asia Pacific Product Development Co.	Xingrong Limited	Vietnam	Gardening	2,759	2,447	-	100.00	-	(111)	(111)	
AGV Biohealthy Food (BVI) Limited	Dongruntang Biotech Corp.	China	Food	58,931 (USD2,129)	58,931 (USD2,129)	13,971	29.53	46,930 (USD1,695)	(2,866) (USD-102)	(846) (USD-30)	
Aco Distribution Corp.	Tai Fu International Corp.	New Taipei City	Food manufacturing	15,000	15,000	4,956	14.29	73,994	13,400	1,914	
	Taiwan First Biotechnology Corp.	Chiayi County	Drink manufacturing	20,600	20,600	969	0.73	25,106	236,406	1,683	
Koya Biotech Corp.	Yunlin Dairy Technology Corp.	Yunlin County	Dairy manufacturing	513	513	65	1.04	1,510	34,329	357	
Hope Choice Distribution Corp.	Taiwan First Biotechnology Corp.	Chiayi County	Drink manufacturing	10,350	10,350	459	0.35	12,470	236,406	794	
Defender Private Security Inc.	Taiwan First Biotechnology Corp.	Chiayi County	Drink manufacturing	35,340	35,340	1,945	1.47	43,069	236,406	3,384	
	Yunlin Dairy Technology Corp.	Yunlin County	Dairy manufacturing	314	314	44	0.70	1,016	34,329	240	

Name of investor	Name of invested company	Address	Principal business	Original investment cost		Holdings at end of year			Net income of investee	Recognized investment gain or loss	Remarks
				End of the current period	The last year end	Shares	Ratio %	Book amount			
Sontenkan Resort Development Co., Ltd.	Zhuqi Lionhead Mountain Leisure Development Co., Ltd.	Chiayi County	Landscape and interior design	400	400	40	40.00	238	(12)	(5)	
	Liantong Developments, Co., Ltd.	Chiayi City	Housing construction and building rental and sales	32,663	32,663	5,188	30.52	35,835	257	78	
	Bravo Bakery Corp.	Taipei City	Food manufacturing and sales	20,943	20,943	2,400	24.00	-	-	-	
	Eastern Formosa Resource Development Corporation	Taipei City	Entertainment business	5,971	5,971	930	5.21	5,572	1,830	96	
	Qixing Resort Co., Ltd.	Yunlin County	Tourism and recreation	90,000	90,000	9,000	34.68	89,697	(154)	(53)	
	Nice Plaza Co., Ltd.	Chiayi City	Department store, hotel	581,874	581,874	56,700	32.81	496,815	(90,046)	(29,812)	(Note 2)
Aiken Biotechnology International Co., Ltd.	Acts Bioscience Inc.	Chiayi City	Health food and sales	121	121	13	21.00	155	(17)	(4)	
	Rosahill Leisure Industry Co., Ltd.	Chiayi City	Proprietary business	17,500	17,500	1,750	70.00	42,143	11,021	7,715	
	Songshan Village Co., Ltd.	Chiayi City	Floriculture	2,921	2,921	292	22.45	411	(187)	(42)	
	AGV Biohealthy Food Limited	British Virgin Islands	Re-investment business	25,856	25,856	800	30.38	18,526	(845)	(257)	
	Qixing Resort Co., Ltd.	Yunlin County	Tourism and recreation	1,000	1,000	100	0.39	997	(154)	-	

(Note 1): The Company pledged 21,000 thousand shares of Taiwan First Biotechnology to the Bank of Taiwan as collateral for a syndicated loan.

(Note 2): The subsidiary of the Company – Sontenkan Resort Development Co., Ltd. pledged 50,000 thousand shares of Nice Plaza as collateral for a long-term loan.

Table 8

AGV Products Corporation
Information on Investments in Mainland China
December 31, 2021

(1) Information on Investments in Mainland China

Unit: Foreign currency thousand; NTD thousand

Name of investor	Name of invested company in Mainland China	Principal business	Paid-in capital	Investment method (Note 1)	Cumulative outward investment amount remitted from Taiwan – beginning of the period	Proportion of direct or indirect holdings		Cumulative outward investment amount remitted from Taiwan – ending of the period	Net income of investee	Shareholdings of the Company's direct or indirect investment	Recognized investment Income (Note 2)	Book value of investment at ending	Investment revenue received in Taiwan in the current period
						Remitted outward	Repatriated						
AGV Products Corporation	Shanghai AGV Foods Co., Ltd.	Food	1,130,926	(2)	779,814 (USD 28,172)	-	-	779,814 (USD 28,172)	(47,392) (USD-1,692)	100.00%	(47,392) (USD-1,692) (2).2	(17,299) (USD-625)	None
	Xiamen Aijian Traders Co., Ltd.	Food	55,083 (USD 1,990)	(2)	46,779 (USD 1,690)	-	-	46,779 (USD 1,690)	462 (USD 17)	84.92%	393 (USD 14) (2).2	25,000 (USD 903)	None
	Shandong AGV Food Technology Co., Ltd.	Food	1,152,872 (USD 41,650)	(2)	472,818 (USD 17,082)	-	-	472,818 (USD 17,082)	(26,742) (USD-955)	100.00%	(26,742) (USD-955) (2).2	154,694 (USD 5,589) (Note 4)	None
	Zhangzhou Pientzhuang AGV Biohealthy Food Limited	Food	224,042 (USD 8,094)	(2)	40,560 (USD 1,466)	-	-	40,560 (USD 1,466)	(8,861) (USD-136)	18.11%	(1,604) (USD-57) (2).2	15,922 (USD 575)	None
	Dongruntang Biotech Corp.	Food	200,739 (USD 7,252)	(2)	24,769 (USD 895)	-	-	24,769 (USD 895)	(2,866) (USD-102)	16.64%	(477) (USD-17) (2).3	46,930 (USD 1,695)	None

Name of investor	Name of invested company in Mainland China	Accumulated outward investments remitted from Taiwan to China at ending	Investment amount approved by Investment Commission, MOEA	Ceiling on investment in Mainland China imposed by the Investment Commission, Ministry of Economic Affairs
AGV Products Corporation	Shanghai AGV Foods Co., Ltd.	779,814 (USD 28,172)	1,081,931 (USD 39,087)	3,972,787
	Xiamen Aijian Traders Co., Ltd.	46,779 (USD 1,690)	46,779 (USD 1,690)	
	Shandong AGV Food Technology Co., Ltd.	472,818 (USD 17,082)	553,528 (USD 19,997)	
	Zhangzhou Pientzhuang AGV Biohealthy Food Limited	40,560 (USD 1,466)	40,560 (USD 1,466)	
	Dongruntang Biotech Corp.	24,769 (USD 895)	74,776 (USD 2,701)	

Note 1: The investment method can be classified into three categories. Please specify the type:

(I) Engaged in direct investment in Mainland China.

(II) Investment in Mainland China through a third region.

Shanghai AGV Foods Co., Ltd.: This is a reinvestment in Shanghai AGV Foods Co., Ltd. by the Company and subsidiaries Mascot International (BVI) Corporation and Apoland International Corp. through reinvestment in Apoland Development (Singapore) Pte Ltd.

Xiamen Aijian Traders Co., Ltd.: This is a reinvestment in Xiamen Aijian Traders Co., Ltd. by the Company through reinvestment in Alpha International Developments Limited

Shandong AGV Food Technology Co., Ltd.: This is a reinvestment in Shandong AGV Food Technology Co., Ltd. by the Company through reinvestment in AGV First Biotech Food (BVI) Limited.

Zhangzhou Pientzhuang AGV Biohealthy Food Limited: This is a reinvestment in Zhangzhou Pientzhuang AGV Biohealthy Food Limited by the Company through reinvestment in Nicostar Capital Investment (BVI) Ltd.

Dongruntang Biotech Corp.: This is a reinvestment in Dongruntang Biotech Corp. by the Company through reinvestment in AGV Biohealthy Food Limited.

(III) Other methods.

Note 2: In the column of the investment income recognized in the current period:

(I) It shall be specified if the investment is in preparation without any investment income.

(II) The base for the recognition of investment income can be classified into three categories, and shall be specified.

1. The financial statements audited and attested by the international accounting firm associated with the ROC CPA firms;
2. Financial statements audited and attested by the CPA firm of the parent company in Taiwan
3. Others.

Note 3: This does not include the reinvestment in Shandong AGV Food Technology Co., Ltd. by Taiwan First Biotechnology Corp. through reinvestment of USD 18,100 thousand preferred shares of AGV First Biotech Food (BVI) Limited.

- (2) Major transactions with the invested companies in Mainland China occurring directly or indirectly via third regions in 2021:
1. Major transactions with the invested companies in Mainland China: Please refer to Table 6 in Note 13.
 2. Financing with the invested companies in Mainland China: Please refer to Table 1 in Note 13.
 3. Guarantees and endorsements made for invested companies in Mainland China: None.

Table 9

AGV Products Corporation
Major Shareholders Information
December 31, 2021

Major shareholder name	Shares held	Shareholding ratio
Ho Yuan Investment Co., Ltd.	31,168,258	6.30%

Note: The major shareholders information in the Table is the information of the Company's total common stocks and preferred shares with completion of non-physical delivery (including treasury stock) reaching above 5% held by the shareholders. The information is calculated by the Taiwan Depository & Clearing Corporation on the last business day at the end of each quarter. The capital stock recorded in the Company's financial report and the non-physical share delivery actually completed by the Company may vary due to different calculation basis for preparation.

V. Company's Consolidated Financial Report of the Most Recent Year Audited by CPA

(I) Statement of Declaration

The companies to be included by the Company in the consolidated financial statement of affiliated enterprises in 2021 (January 1, 2021 – December 31, 2021) pursuant to the Criteria Governing Preparation of Affiliation Report, Consolidated Business Report and Consolidated Financial Statement of Affiliated Enterprises are the same as those to be included into the consolidated financial report of the parent company and subsidiaries pursuant to the Statement of International Financial Reporting Standards (IFRS) No. 10 approved by the Financial Supervisory Commission. Further, the related information to be disclosed in the consolidated financial report of affiliated enterprises has been disclosed in the aforementioned consolidated financial report of parent company and subsidiaries. Accordingly, it is not necessary for the Company to prepare a consolidated financial report of affiliated enterprises separately.

Declared by:

Company name: AGV Products Corporation

Responsible person: Kuan-Han Chen

March 25, 2022

(II) Independent Auditors' Report

To AGV Products Corporation:

Audit opinions

We have audited the consolidated balance sheet of AGV Products Corporation and its subsidiaries (hereinafter referred to as the "AGV Group") as of December 31, 2021 and 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the periods January 1 to December 31, 2021 and 2020, and the accompanying footnotes (including the summary of major accounting policies).

In our opinion, based on our audit results and other independent auditors' report (please refer to the Other matters section), all material disclosures of the consolidated financial report mentioned above were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards approved by the Financial Supervisory Commission, the International Accounting Standards, and interpretations thereof, and present a fair view of the consolidated financial position of AGV Group as of December 31, 2021 and 2020, and the business performance and cash flows for the periods January 1 to December 31, 2021 and 2020.

Basis of audit opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statement by Certified Public Accountants and the generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated financial report section of our report. The personnel of the CPA firm subject to the independence requirement have acted independently from the business operations of AGV Group in accordance with the Code of Ethics for Professional Accountants, and have performed the other responsibilities of the Code of Ethics. According to our audits and the other independent auditors' report, we believe to have obtained sufficient and appropriate audit evidence in order to be used as the basis for our opinion.

Key audit matters

"Key audit matters" means that the independent auditor has used their professional judgment as the basis to audit the most important matters on the 2021 consolidated financial report of AGV Group. These matters were addressed in the content of our audit of the consolidated financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on them.

The key audit matters of the 2021 consolidated financial report of AGV Group are as follows:

I. Fair value evaluation of investment property

For the detailed accounting policy on investment property, please refer to Note 4(12) of the consolidated financial report, and for descriptions of the recording basis and evaluation status of investment property, please refer to Note 6(12) of the consolidated financial statements.

Description of key audit matters:

As of December 31, 2021, the held investment property totaled NTD 2,653,215 thousand, accounting for 19.18% of the total assets, and it was subsequently measured using the fair value model. The recognized variable income generated from fair value changes totaled NTD 5,936 thousand in 2021, accounting for 2.08% of the net income before tax. The evaluation was mainly based on an analysis of discounted cash flow and land development, under the condition that the income was calculated according to market rent and value by commissioned external appraiser. The analysis relied on the evaluation and judgment of an external appraiser based on overall usage, local or market conditions of the subject property. The assumptions and estimates related to profit rate and discount rates adopted for evaluation contained material uncertainty. Thus, we consider the fair value evaluation of investment property as a key audit matter when auditing the consolidated financial report of AGV Group.

Corresponding audit process:

Our main audit process includes checking the consistency of inventory and appraisal data provided for external appraisers by management, evaluating the accuracy of investment property classifications based on the understanding of the Company and checking the recoverable amount and recorded amount in the value appraisal report of independent evaluation issued by the external appraiser to the Company, reviewing the reasonableness of related assumptions and appraisal content (including method, analysis period and discount rate) and evaluating the qualification and independence of such external appraisers. The appropriateness and completeness of information disclosed in the notes to consolidated financial report is also evaluated.

II. Recognition of revenue

Please refer to Note 4(19) of the consolidated financial report for the detailed accounting policy on income recognition. Please refer to Note 6(27) of the consolidated financial report for income details.

The main business of the AGV Group is to the manufacturing, processing, and sales of products related to drinks and canned foods. The transaction terms agreed to in the sales contract signed with the customer will affect the judgment of the AGV Group regarding whether the income recognition timing meets the time in which the customer owns the right to set the price and use the same and takes the responsibility for resale along with the obsolescence risk of the product. Therefore, we consider the income recognition test in 2021 as a key audit matter when auditing the consolidated financial report of the AGV Group.

Our main audit process includes understanding the sales system of AGV Group, such as the sales channels and sales target, checking agreements related to sales contracts signed with main trading customers and randomly checking shipment and income recognition operation procedure records in 2020 (including checking the consistency of the date, amount and counterparty in the shipping order and invoice). We also conduct a comparison of two terms regarding the main trading customers, including the comparison of accounts receivable turnover rate, accounts receivable turnover days and credit period, and inquiries of the top ten trading counterparties in two terms with major changes to evaluate the reasonableness of the transaction amount and counterparty and execution cut-offs for operating revenue recognition and shipping voucher forms before and after the balance sheet date.

Other matters

As stated in Note 4(3) of the consolidated financial report, we have not audited the financial statements of some subsidiaries and investments under the equity method in said consolidated financial report, which has been done by other CPAs. Thus, in our opinions expressed on the consolidated financial report, the amounts listed in the report for those companies were based on the other independent auditors' report. The total assets of subsidiaries were NTD 5,444 thousand and NTD 6,888 thousand as of December 31, 2020 and 2019, accounting for 0.04% and 0.05% of total consolidated assets, respectively, and the total liabilities were NTD 1,218 thousand and NTD 1,288 thousand as of December 31, 2020 and 2019, accounting for 0.02% and 0.02% of total consolidated

liabilities, respectively. In 2021 and 2020, the operating revenues were both NTD 0, accounting for 0% of the net consolidated operating revenue, and the total comprehensive incomes were NTD (1,737) thousand and NTD (2,094) thousand, accounting for (0.31%) and (0.49%) of the total consolidated comprehensive income, respectively. In addition, the investments in these affiliates under the equity method were NTD 2,039,991 thousand and NTD 1,818,191 thousand as of December 31, 2021 and 2020, accounting for 14.74% and 13.63% of the total consolidated assets, respectively. In 2021 and 2020, the recognized shares of profit or loss from affiliates and joint ventures under the equity method were NTD 106,028 thousand and NTD 95,297 thousand, accounting for 37.17% and 30.71% of the consolidated pre-tax income, respectively, while the recognized shares of other comprehensive income from affiliates and joint ventures under the equity method were NTD 148,853 thousand and NTD 90,957 thousand, accounting for 43.01% and 50.13% of other net consolidated comprehensive income, respectively.

AGV Products Corporation has duly worked out the 2021 and 2020 parent company only financial report for which we have duly worked out a standard type Audit Report with unqualified opinion for reference.

Responsibilities of the management and the governance unit for the consolidated financial report

Management is responsible for preparing the appropriate consolidated financial report in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Additionally, it is responsible for maintaining the internal control mechanism that is related to and necessary for the preparation of the consolidated financial report. As a result, it can ensure material misstatement due to fraud or error does not occur in the consolidated financial report.

In preparing the consolidated financial report, management is also responsible for assessing the ability of the AGV Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the AGV Group or cease operations, or there is a lack of any option except for liquidation or suspension.

The governance unit (including the audit committee) of AGV Group is responsible for supervising the financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial report

Our objectives are to obtain reasonable assurance about whether the consolidated financial reports as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements might have been caused by fraud or errors. If individual values or an overview of misstatements can be reasonably expected to affect economic decisions made by users of consolidated financial report, they are considered significant.

As part of an audit in accordance with the generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also perform the following tasks:

- I. Identify and assess the risk of material misstatement of the consolidated financial report due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- II. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of AGV Group.
- III. Evaluate the adequacy of accounting policies adopted by management and the legitimacy of

accounting estimates and related disclosures made.

- IV. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of AGV Group to continue as a going concern. In cases where we consider that events or circumstances have significant uncertainty in this regard, then relevant disclosure of the consolidated financial report shall be provided in the auditors' report to allow users of the consolidated financial report to be aware of such events or circumstances, or we shall revise our opinion when such disclosure is considered inappropriate. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the AGV Group to cease to continue as a going concern.
- V. Evaluate the overall presentation, structure and content of the consolidated financial report (including relevant notes), and whether the consolidated financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- VI. Obtain sufficient and appropriate audit evidence on the financial information of individual companies within AGV Group in order to express an opinion on the consolidated financial report. Our responsibilities as auditors are to instruct, supervise and execute audits and form an audit opinion on AGV Group.

Communications made by the CPAs with governance units include the planned scope and timing of inspection as well as significant inspection findings (including significant deficiencies found with internal control during inspection).

We also provide those in charge of governance with a statement that we have complied with the Code of Ethics for Professional Accountants regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, where applicable (including related protection measures).

The independent auditor has used communications with the governing unit as the basis to determine the key audit matters to be performed on the 2021 consolidated financial report of AGV Group. We describe these matters in our auditors' report unless laws or regulations preclude public disclosure about these matters, or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

Crowe (TW) CPAs
CPA: Shu-Man Tsai

CPA: Ching-Lin Li

Approval No.: Jin-Guan-Zheng-Shen-Zi No.
10200032833
March 25, 2022

AGV Products Corporation and its Subsidiaries
Consolidated Balance Sheet
December 31, 2021 and 2020

Unit: NTD thousand

Code	Assets	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
Current assets					
1100	Cash and cash equivalent (Note 6(1))	\$ 687,587	5	\$ 669,519	5
1110	Financial assets at fair value through profit and loss – current (Notes 6 (2))	45,757	-	35,658	-
1150	Net notes receivable (Note 6(3))	47,603	-	41,580	-
1160	Net notes receivable – related parties (Note 7)	13,476	-	19,394	-
1170	Net accounts receivable (Note 6(4))	584,532	4	511,606	4
1180	Net accounts receivable – related parties (Note 7)	19,175	-	19,339	-
1200	Other receivables (Note 6(5))	18,102	-	17,857	-
1210	Other accounts receivable – related parties (Note 7)	38,857	-	23,434	-
1220	Income tax assets in the current period	320	-	226	-
130x	Inventories (Note 6(6))	803,745	7	742,160	7
1410	Prepayments (Note 6(7))	141,333	1	124,997	1
1476	Other financial assets – current (Note 6(14))	-	-	30,278	-
1479	Other current assets – others	3,663	-	3,565	-
11xx	Total current assets	2,404,150	17	2,239,613	17
Non-current assets					
1517	Financial assets at fair value through other comprehensive income – non-current (Note 6(8))	1,293,948	9	1,156,453	9
1550	Investment under the equity method (Note 6(9))	4,121,892	31	3,837,867	29
1600	Property, plant and equipment (Note 6(10))	2,905,781	21	2,962,648	22
1755	Right-of-use assets (Note 6(11))	177,735	1	175,872	1
1760	Investment property, net (Note 6(12))	2,653,215	19	2,647,279	20
1780	Intangible assets (Note 6(13))	8,319	-	9,102	-
1840	Deferred income tax assets (Note 6(32))	202,457	1	257,215	2
1920	Refundable deposits	10,267	-	9,963	-
1980	Other financial assets – non-current (Note 6(14))	27,567	-	27,521	-
1990	Other non-current assets – others (Note 6(15))	31,443	1	17,326	-
15xx	Total non-current assets	11,432,624	83	11,101,246	83
1xxx	Total assets	\$ 13,836,774	100	\$ 13,340,859	100
Liabilities and equity					
Current liabilities					
2100	Short-term loans (Note 6(16))	\$ 930,833	8	\$ 928,592	7
2130	Contract liabilities – current	12,959	-	11,761	-
2150	Notes payable	92,034	1	79,565	1
2160	Notes receivable – the related party (Note 7)	8,849	-	12,210	-
2170	Accounts payable	89,822	1	92,523	1
2180	Accounts payable – related parties (Note 7)	452,427	3	617,882	5
2200	Other payable (Note 6(17))	464,410	3	578,272	4
2230	Current income tax liabilities	9,987	-	7,003	-
2250	Liability reserve – current (Note 6(18))	24,878	-	23,440	-
2280	Lease liabilities – current (Note 6(11))	15,657	-	16,036	-
2310	Advance receipts	401	-	455	-
2320	Long-term liabilities due within one year or one operating cycle (Note 6(20))	611,996	4	1,133,137	9
2399	Other current liabilities (Note 6(19))	5,105	-	5,076	-
21xx	Total current liabilities	2,719,358	20	3,505,952	27

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Code	Liabilities and equity	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
	Non-current liabilities				
2540	Long-term loans (Note 6(20))	\$ 3,438,935	25	\$ 2,694,544	20
2570	Deferred income tax liabilities (Note 6(32))	141,675	1	141,458	1
2580	Lease liabilities – non-current (Note 6(11))	42,549	-	33,566	-
2620	Long-term notes and accounts payable – related parties (Note 7)	5,536	-	-	-
2640	Net defined benefit liabilities – non-current (Note 6(21))	83,442	1	99,068	1
2645	Guarantee deposits	7,910	-	7,797	-
25xx	Total non-current liabilities	3,720,047	27	2,976,433	22
2xxx	Total liabilities	6,439,405	47	6,482,385	49
	Equity				
	Equity attributable to parent company shareholders				
3100	Capital stock (Note 6(22))				
3110	Common stock	4,945,134	35	4,945,134	37
3200	Capital reserve (Note 6(23))	268,647	2	268,647	2
3300	Retained earnings (Note 6(24))				
3310	Legal reserve	64,882	-	43,485	-
3320	Special reserve	755,377	6	562,804	4
3350	Undistributed earnings	190,023	1	213,970	2
3400	Other equity (Note 6(25))	397,248	3	55,312	-
31xx	Total equity attributable to the parent company	6,621,311	47	6,089,352	45
36xx	Non-controlling equity (Note 6(26))	776,058	6	769,122	6
3xxx	Total equity	7,397,369	53	6,858,474	51
	Total liabilities and equity	\$ 13,836,774	100	\$ 13,340,859	100

Chairman: Kuan-Han Chen

President: Chih-Chan Chen

Accounting Manager: He-Shun Chang

AGV Products Corporation and its Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to December 31, 2021 and 2020

Unit: NTD thousand

Code	Item	2021		2020	
		Amount	%	Amount	%
4000	Operating revenue (Note 6(27))	\$ 4,710,880	100	\$ 4,614,486	100
5000	Operating cost (Note 6(6))	(3,251,492)	(69)	(3,095,482)	(67)
5900	Gross profit (gross loss)	1,459,388	31	1,519,004	33
	Operating expenses				
6100	Selling expenses	(914,636)	(19)	(949,874)	(20)
6200	Management expenses	(320,927)	(7)	(311,920)	(7)
6300	Research and development expenses	(52,282)	(1)	(41,890)	(1)
6450	Expected credit impairment gains (losses) (Note 6(4))	(8)	-	781	-
6000	Total operating expenses	(1,287,853)	(27)	(1,302,903)	(28)
6900	Operating gains (losses)	171,535	4	216,101	5
	Non-operating income and expenses				
7100	Interest revenue	456	-	586	-
7010	Other revenue (Note 6(29))	72,310	2	59,347	1
7020	Other gains and losses (Notes 6(30))	(525)	-	24,621	1
7050	Finance costs (Note 6(31))	(123,028)	(3)	(123,695)	(3)
7055	Expected credit impairment gains (losses)	(661)	-	(42,226)	(1)
7060	Share of profit or loss of affiliates and joint ventures under the equity method	165,157	3	175,576	4
7000	Total non-operating income and expense	113,709	2	94,209	2
7900	Net profit (loss) before tax	285,244	6	310,310	7
7950	Income tax benefit (expenses) (Note 6(32))	(68,077)	(1)	(60,916)	(1)
8200	Current net profit (loss)	217,167	5	249,394	6
	Other comprehensive income (Note 6(33))				
8310	Items not reclassified to profit or loss				
8311	Re-measurement of defined benefit plan	(5,612)	-	(7,674)	-
8316	Unrealized valuation profit or loss from equity instrument investments at fair value through other comprehensive income	155,615	3	40,604	1
8320	Share of other comprehensive income from affiliates and joint ventures under the equity method	207,782	4	157,301	3
8349	Income tax related to items not reclassified	1,122	-	1,535	-
8360	Items that may be subsequently reclassified as profit or loss				
8361	Exchange difference in the financial statement translation of foreign operations	(17,899)	-	(11,991)	-
8367	Unrealized valuation profit or loss of debt financial assets at fair value through other comprehensive income	3,900	-	(850)	-
8370	Share of other comprehensive income from affiliates and joint ventures under the equity method	(568)	-	1,531	-
8399	Income tax related to items that may be reclassified	1,754	-	980	-
8300	Other comprehensive income (net)	346,094	7	181,436	4
8500	Total comprehensive income in the current period	\$ 563,261	12	\$ 430,830	10
8600	Net profit(loss) attributable to:				
8610	Parent company owner (net profit/loss)	\$ 201,182	5	\$ 232,904	6
8620	Non-controlling equity (net profit/loss)	15,985	-	16,490	-
		\$ 217,167	5	\$ 249,394	6
8700	Total comprehensive income attributable to:				
8710	Parent company owner (comprehensive income)	\$ 539,539	11	\$ 411,837	10
8720	Non-controlling equity (comprehensive income)	23,722	1	18,993	-
		\$ 563,261	12	\$ 430,830	10
	Earnings per share				
9750	Basic EPS (Note 6(34))	\$ 0.41		\$ 0.47	
9850	Diluted EPS (Note 6(34))	\$ 0.41		\$ 0.47	

Chairman: Kuan-Han Chen

President: Chih-Chan Chen

Accounting Manager: He-Shun Chang

AGV Products Corporation and its Subsidiaries
Consolidated Statement of Changes in Shareholders' Equity
January 1 to December 31, 2021 and 2020

Unit: NTD thousand

	Equity attributable to parent company shareholders									
	Retained earnings					Other equity items				
	Common stock	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange difference in the financial statement translation of foreign operations	Unrealized valuation profit (loss) of financial assets at fair value through other comprehensive income	Total equity attributable to the parent company	Non-controlling equity	Total equity
Balance on January 1, 2020	\$ 4,945,134	\$ 266,323	\$ 38,680	\$ 512,381	\$ 55,227	\$ (77,923)	\$ (58,900)	\$ 5,680,922	\$ 758,344	\$ 6,439,266
Appropriation and distribution of earnings:										
Allocated legal reserve	-	-	4,805	-	(4,805)	-	-	-	-	-
Allocated special reserve	-	-	-	50,423	(50,423)	-	-	-	-	-
Changes of affiliates and joint ventures under the equity method	-	2,324	-	-	(5,731)	-	-	(3,407)	(2,132)	(5,539)
2020 net profit (loss)	-	-	-	-	232,904	-	-	232,904	16,490	249,394
2020 other comprehensive income	-	-	-	-	(13,202)	(9,537)	201,672	178,933	2,503	181,436
2020 total comprehensive income	-	-	-	-	219,702	(9,537)	201,672	411,837	18,993	430,830
Increase/decrease in non-controlling equity	-	-	-	-	-	-	-	-	(6,083)	(6,083)
Balance on December 31, 2020	4,945,134	268,647	43,485	562,804	213,970	(87,460)	142,772	6,089,352	769,122	6,858,474
Appropriation and distribution of earnings:										
Allocated legal reserve	-	-	21,397	-	(21,397)	-	-	-	-	-
Allocated special reserve	-	-	-	192,573	(192,573)	-	-	-	-	-
Changes of affiliates and joint ventures under the equity method	-	-	-	-	(7,580)	-	-	(7,580)	-	(7,580)
2021 net profit (loss)	-	-	-	-	201,182	-	-	201,182	15,985	217,167
2021 other comprehensive income	-	-	-	-	(11,053)	(16,352)	365,762	338,357	7,737	346,094
2021 total comprehensive income	-	-	-	-	190,129	(16,352)	365,762	539,539	23,722	563,261
Increase/decrease in non-controlling equity	-	-	-	-	-	-	-	-	(16,786)	(16,786)
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	7,474	-	(7,474)	-	-	-
Balance on December 31, 2021	\$ 4,945,134	\$ 268,647	\$ 64,882	\$ 755,377	\$ 190,023	\$ (103,812)	\$ 501,060	\$ 6,621,311	\$ 776,058	\$ 7,397,369

Chairman: Kuan-Han
Chen

President: Chih-Chan
Chen

Accounting Manager:
He-Shun Chang

AGV Products Corporation and its Subsidiaries
Consolidated Statement of Cash Flows
January 1 to December 31, 2021 and 2020

Unit: NTD thousand

Item	2021	2020
Cash flows from operating activities		
Current net profit (loss) before tax	\$ 285,244	\$ 310,310
Adjustments		
Income, expenses, and losses		
Depreciation expenses	133,125	131,039
Amortization expenses	2,061	4,074
Expected credit impairment losses (gains)	669	41,445
Net loss (gain) from financial assets and liabilities at fair value through profit or loss	(10,123)	(4,672)
Interest expenses	123,028	123,695
Interest revenue	(456)	(586)
Dividend revenue	(32,631)	(15,669)
Share of loss (profit) of affiliates and joint ventures under the equity method	(165,157)	(175,576)
Losses (gains) from disposal and scrap of property, plant and equipment	325	254
Impairment loss of non-financial assets	8,928	8,805
Losses (gains) due to fair value adjustment in investment property	(5,936)	(30,135)
Other items	-	44
Total income/expense items	<u>53,833</u>	<u>82,718</u>
Changes of assets/liabilities related to operating activities		
Net changes in assets related to operating activities		
Decrease (increase) in notes receivable	(102)	10,520
Decrease (increase) in accounts receivable	(72,765)	20,064
Decrease (increase) in other accounts receivable	11,210	18,374
Decrease (increase) in inventory	(62,162)	(107,596)
Decrease (increase) in prepayments	(16,522)	(18,129)
Decrease (increase) in other current assets	(98)	136
Total net changes in assets related to operating activities	<u>(140,439)</u>	<u>(76,631)</u>
Net changes in liabilities related to operations		
Increase (decrease) in contract liabilities	1,198	3,392
Increase (decrease) in notes payable	9,108	16,365
Increase (decrease) in accounts payable	(168,156)	81,710
Increase (decrease) in other payables	16,462	40,310
Increase (decrease) in liability reserve	1,438	338
Increase (decrease) in advance receipts	(54)	100
Increase (decrease) in other current liabilities	29	(268)
Increase (decrease) in net defined benefit liabilities	(21,052)	(13,123)
Total net changes in liabilities related to operating activities	<u>(161,027)</u>	<u>128,824</u>
Total net changes in assets and liabilities related to operating activities	<u>(301,466)</u>	<u>52,193</u>
Total adjustments	<u>(247,633)</u>	<u>134,911</u>
Cash inflow (outflow) from operations	37,611	445,221
Interest received	456	586
Stock dividend received	88,611	53,704
Returned (paid) income tax	(7,336)	(2,722)
Net cash inflow (outflow) from operating activities	<u>119,342</u>	<u>496,789</u>

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Item	2021	2020
Cash flows from investment activities		
Acquisition of financial assets at fair value through other comprehensive income	\$ (19,910)	\$ (3,800)
Disposal of financial assets at fair value through other comprehensive income	13,672	-
Refunds from decapitalization of financial assets at fair value through other comprehensive income	27,989	-
Acquisition of investment under the equity method	(81,874)	(15,000)
Acquisition of property, plant and equipment	(123,657)	(50,208)
Disposal of property, plant and equipment	457	179
Increase in refundable deposits	(304)	-
Decrease in refundable deposits	-	2,830
Acquisition of intangible assets	(1,283)	(1,636)
Decrease in other financial assets	30,232	40,479
Increase in other non-current assets	(14,117)	-
Decrease in other non-current assets	-	4,227
Net cash inflow (outflow) from investment activities	(168,795)	(22,929)
Cash flow from financing activities		
Increase in short-term loans	2,241	-
Decrease in short-term loans	-	(301,636)
Proceeds from long-term loans	3,070,000	1,000,000
Repayment of long-term loans	(2,850,099)	(934,661)
Increase in guarantee deposits	113	-
Decrease in guarantee deposits	-	(3,377)
Increase (decrease) in other payables	9,325	(1,200)
Lease principle repayment	(12,304)	(11,430)
Interest paid	(121,491)	(124,524)
Changes in non-controlling equity	(16,786)	(6,083)
Net cash inflow (outflow) from financing activities	80,999	(382,911)
Impact of change in exchange rate upon cash & cash equivalents	(13,478)	(35,487)
Increase (decrease) in cash and cash equivalents in the current period	18,068	55,462
Balance of cash and cash equivalents, beginning	669,519	614,057
Balance of cash and cash equivalents, ending	\$ 687,587	\$ 669,519

Chairman: Kuan-Han Chen

President: Chih-Chan Chen

Accounting Manager: He-Shun Chang

AGV Products Corporation and its Subsidiaries
Notes on Consolidated Financial Report
January 1 to December 31, 2021 and 2020
(Unless otherwise specified, all amounts are in NTD thousand)

I. Company History

- (I) Formerly known as Global Industrial Co. Ltd., AGV Products Corporation (hereinafter referred to as the “Company”), was established in June 1971 and was officially renamed AGV Products Corporation in September 1983. The Company mainly engages in the manufacturing, processing, and sales of canned foods such as drinks, beans, mushrooms, bamboo shoots and pickles, as well as the rental and sale of public housing and commercial buildings built by construction contractors. For the main operating activities of the Company and its subsidiaries (hereinafter referred to as the Group), please refer to Note 4(3)2. Besides, the Company does not have a ultimate parent company.
- (II) The consolidated financial report is expressed in New Taiwan Dollars, the functional currency adopted by the Group.

II. Approval Date and Procedures of the Financial Report

The consolidated financial report was released after being approved by the board of directors on March 25, 2022.

III. Adoption of New Standards, Amendments, and Interpretations

- (I) Effect of adopting the new promulgated IFRS, IAS, IFRIC, and SIC (hereinafter referred to as the “IFRSs”) endorsed by the Financial Supervisory Commission (hereinafter referred to as the “FSC”):

The following table lists the applicable newly promulgated, amended and revised standards and interpretations of IFRSs endorsed by the FSC in 2021.

New, Amended, or Revised Standards and Interpretations	Effective date promulgated by the IASB
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	June 25, 2020 (effective since the promulgation date)
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform – Phase 2”	January 1, 2021
Amendments to IFRS 16 “Covid-19-Related Rent Concessions Beyond June 30, 2021”	April 1, 2021 (Note)

(Note) The FSC approved that enterprises can apply this amendment earlier on January 1, 2021.

The Group evaluated that the above standards and interpretations applicable have no significant impact on the financial status and business results of the Group.

(II) Effect of not adopting the newly promulgated or revised IFRSs endorsed by the FSC:

The following table lists the applicable newly promulgated, amended and revised standards and interpretations of IFRS endorsed by the FSC in 2022.

New, Amended, or Revised Standards and Interpretations	Effective date promulgated by the IASB (Note 1)
Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”	January 1, 2022 (Note 2)
Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”	January 1, 2022 (Note 3)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 4)
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022 (Note 5)

(Note 1) Unless otherwise specified, said newly promulgated/amended/revised standards and interpretations take effect during the annual reporting period starting after such date.

(Note 2) Amended content which shall be retroactively applied by the enterprise shall only apply to the property, plant and equipment meeting the necessary location and status with the expected operation method of management after the start date of the earliest period (January 1, 2021) expressed in the financial statements that first adopted such amended content by the enterprise.

(Note 3) This amendment is applicable to contracts for which all obligations have not yet been performed as of January 1, 2022.

(Note 4) This amendment is applicable to business mergers with dates of acquisition in the annual reporting period starting after January 1, 2022.

(Note 5) Amendments to IFRS 9 are applicable to the exchange or clause modification of financial liabilities occurring during the annual reporting period starting January 1, 2022; amendments to IAS 41 are applicable to the fair value measurement during the annual reporting period starting January 1, 2022; amendments to IFRS 1 are retroactively applicable to the annual reporting period starting January 1, 2022.

1. Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The amendment specifies that the generated item with sales proceeds enabling the property, plant and equipment to meet the necessary location and status with the expected operation method of management shall not be the cost deduction of such asset. The generated item shall be measured by IAS 2 “Inventories” and the sales proceeds and costs shall be recognized as profit or loss based on applicable standards. In addition, the amendments also clarify that the costs for testing whether the asset is functioning properly refers to the expenditures for assessing whether its technical and physical performance enable it to be used for the production or provision of commodities or labor services, leases to others, or for management purposes.

The amendment is applicable to the property, plant and equipment meeting the necessary location and status with the expected operation method of management after January 1, 2021 (the start date of the earliest presentation period). When first applying the amendment, the Group will recognize the accumulated effects of the

first-time application of the amendments as the adjustment to the beginning balance of retained earnings (or other composition of equity, where appropriate) from the start date of the earliest presentation period and restate the information during the comparative periods.

2. Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”

The amendment specifies that when assessing the onerousness of contracts, the “cost of fulfilling a contract” shall include the additional cost of contract fulfillment (e.g. direct labor and materials) and the amortization of other costs directly related to contract fulfilling (e.g. depreciation expense amortization of property, plant and equipment used for contract fulfilling).

When first applying the amendment, the Group will recognize the accumulated effects as retained earnings on the date of the initial application.

3. Amendments to IFRS 3 “Reference to the Conceptual Framework”

The amendment updated the index of the conceptual framework and added the provision that the acquiree shall apply IFRIC 21 “Levies” to determine whether the date of acquisition has obligation items that generate a liability to pay levies.

4. Annual Improvements to IFRS Standards 2018–2020

The annual improvements to IFRS Standards 2018–2020 include amendments to several standards. The amendment to IFRS 9 clarifies whether there is significant difference when assessing the exchange or clause modification of financial liabilities. When comparing whether there exists a 10% difference in the discounted cash flow value of the new and old contractual terms (including net amount of payment due to new contract signing or contract modification), said payment shall only include the payment made between the borrower and the lender.

The Group evaluated that the above standards and interpretations applicable have no significant impact on the financial status and business results of the Group.

(III) Impacts of IFRSs issued by the IASB but not yet approved by the FSC:

The following table lists the newly promulgated, amended, and revised standards and interpretations of IFRSs issued by the IASB but not yet approved by the FSC:

New, Amended, or Revised Standards and Interpretations	Effective date promulgated by the IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-Current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023

As of the announcement date of the consolidated financial report, the Group continues to assess the impact of the aforementioned standards and interpretations on the financial status and financial performance of the Group, and relevant impacts will be disclosed after the completion of the assessment.

IV. Summary of Significant Accounting Policies

The significant accounting policies adopted by the consolidated financial report are as follows. Unless otherwise provided, the policies are applicable to all the reporting periods.

(I) Compliance Statement

The consolidated financial report were prepared in accordance with the Regulations Governing the Preparation of Financial Report by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, IFRIC and SIC (hereinafter referred to as the “IFRSs”) endorsed by FSC.

(II) Basis of preparation

1. Except for the following important items, the consolidated financial report has been duly prepared on the basis of historical costs:
 - (1) Financial assets and liabilities (including derivatives) at fair value through profit or loss which are at fair value.
 - (2) Financial assets at fair value through other comprehensive income which are at fair value.
 - (3) Defined benefit liabilities recognized based on the net pension fund assets deducting the present value of defined benefit obligations.
2. The preparation of consolidated financial report in compliance with the IFRSs endorsed by the FSC requires some important accounting estimates. The application of the Group’s accounting policy also requires management to use their judgment during the process. For items involving high judgment or complexity or items involving important estimates and assumptions of the companies included consolidated financial report, please refer to the description in Note 5.

(III) Basis of consolidation

1. Principle for preparation of consolidated financial report:
 - (1) The Group included all of the subsidiaries into the consolidated financial report. Subsidiaries refer to the entities controlled by the Group (including structured entities). When the Group is exposed to the changes of remuneration participated in by the entities or is entitled to changes of remuneration, and is able to influence said remuneration by virtue of its power over the entities, the Group controls the entities. The subsidiaries are included into the consolidated financial statements on the date when the Group acquires the controlling power, and the consolidation shall be suspended as of the date when the Group forfeits the controlling power.
 - (2) Unrealized gains and losses on transactions between the Group and subsidiaries were written off. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - (3) Elements of the profit of loss and other comprehensive income shall be attributed to the owner of parent company and non-controlling equity. The total comprehensive income shall be attributed to the owner of parent company and non-controlling equity, even if the non-controlling equity suffers loss.
 - (4) When the change in the shareholdings on a subsidiary does not result in a loss of control (and transactions with non-controlling equity), it should be treated as an equity transaction with the shareholders. The price difference between the adjustment value of non-controlling equity and fair value of paid or collected considerations shall be stated into equity directly.
 - (5) When the Group forfeits control over its subsidiaries, its residual investment in its subsidiaries shall be re-measured based on fair value, and identified as the fair value of financial assets recognized initially or cost of the investment in affiliates or joint ventures recognized initially, as the price difference between the fair value and book value. Where the accounting treatment for all amounts related to the subsidiary as recognized in other comprehensive income previously is identical with the basis for the Group’s direct disposition of related assets or

liabilities, namely, when the related assets or liabilities are disposed of, the profit or loss recognized in other comprehensive income previously will be reclassified as profit or loss. When the Group loses control over the subsidiary, such profit or loss shall be reclassified into income from equity.

2. The subsidiaries included in the consolidated financial report are as follows:

Invested company/subsidiaries	Principal business	Shareholding or capital contribution ratio	
		December 31, 2021	December 31, 2020
(1) AGV Products Corporation (hereinafter referred to as the "Company")			
Apoland Resource International (BVI) Corp.	Re-investment business	100.00%	100.00%
Defender Private Security Inc.	Security business	100.00%	100.00%
Aco Distribution Corp.	Proprietary business	100.00%	100.00%
Sasaya Vitagreen Co., Ltd.	Proprietary business	100.00%	100.00%
Sontenkan Resort Development Co., Ltd.	Leisure and recreation business	100.00%	100.00%
AGV International (BVI) Limited	Re-investment business	100.00%	100.00%
Alpha International Developments Limited	Re-investment business	100.00%	100.00%
Koya Biotech Corp.	Gardening	87.90%	87.90%
Hope Choice Distribution Corp.	Proprietary business	100.00%	100.00%
Mascot International (BVI) Corporation	Re-investment business	96.91%	96.91%
Apoland Development (Singapore) Pte Ltd.	Re-investment business	93.10%	93.08%
Hopeland Distribution Corp.	Proprietary business	81.00%	81.00%
Yunlin Dairy Technology Corp.	Dairy manufacturing	75.83%	75.83%
AGV Biohealthy Food Limited	Re-investment business	29.75%	29.75%
Aiken Biotechnology International Co., Ltd.	Biotechnology service	53.77%	53.77%
AGV First Biotech Food (BVI) Limited.	Re-investment business	100.00%	100.00%
(2) Apoland Resource International (BVI) Corp.			
AGV & NICE (USA)	Marketing business	57.14%	57.14%
Mascot International (BVI) Corporation	Re-investment business	3.09%	3.09%
Apoland Development (Singapore) Pte Ltd.	Re-investment business	2.25%	2.26%
(3) Apoland Development (Singapore) Pte Ltd.			
Shanghai AGV Foods Co., Ltd.	Food	100.00%	100.00%
(4) Mascot International (BVI) Corporation			
Asia Pacific Product Development Co.	Planting, processing and export of vegetables	95.27%	95.27%
Apoland Development (Singapore) Pte Ltd.	Re-investment business	4.65%	4.66%
(5) Defender Private Security Inc.			
Yunlin Dairy Technology Corp.	Dairy manufacturing	0.70%	0.70%
(6) Koya Biotech Corp.			
Yunlin Dairy Technology Corp.	Dairy manufacturing	1.04%	1.04%
(7) Alpha International Developments Limited			

Xiamen Aijian Traders Co., Ltd.	Food	84.92%	84.92%
(8) AGV First Biotech Food (BVI) Limited.			
Shandong AGV Food Technology Co., Ltd.	Food	100.00%	100.00%
(9) Aiken Biotechnology International Co., Ltd.			
Rosahill Leisure Industry Co., Ltd.	Proprietary business	70.00%	70.00%
AGV Biohealthy Food Limited	Re-investment business	30.38%	30.38%
(10) Asia Pacific Product Development Co.			
Xingrong Limited	Gardening	100.00%	100.00%

A. Increase or decrease of merged subsidiaries: None.

B. Subsidiaries not included into the consolidated financial report: None.

C. Different adjustment and treatment by subsidiaries in the accounting period: None.

D. Important restrictions:

Cash and bank deposits of NTD 34,000 thousand saved in China are subject to the local foreign exchange control. The foreign exchange control restricts the outward remitting of funds to regions beyond the border of China (except via normal dividends).

E. Subsidiaries holding securities issued by the parent company: None.

F. Information on subsidiaries with important non-controlling equity:

		December 31, 2021	
		Profit or loss distributed to	
Name of subsidiary	Shareholding ratio	Non-controlling equity	non-controlling equity
AGV First Biotech Food (BVI) Limited. and its subsidiaries	(Note)	\$ 552,401	\$ -
Others		223,657	15,985
Total		<u>\$ 776,058</u>	<u>\$ 15,985</u>
		December 31, 2020	
		Profit or loss distributed to	
Name of subsidiary	Shareholding ratio	Non-controlling equity	non-controlling equity
AGV First Biotech Food (BVI) Limited. and its subsidiaries	(Note)	\$ 552,289	\$ -
Others		216,833	16,490
Total		<u>\$ 769,122</u>	<u>\$ 16,490</u>

Note: This does not belong to the preferred share equity of AGV First Biotech Food (BVI) Limited. held by the Group.

(1) For information on the subsidiaries' main business place and country in which the company registered, please refer to Table 8 and Table 9 in Note 13.

(2) The summarized financial information is as follows:

A. Balance sheet:

Item	AGV First Biotech Food (BVI) Limited. and its subsidiaries	
	December 31, 2021	December 31, 2020
Current assets	\$ 24,307	\$ 25,904
Non-current assets	775,807	796,532
Current liabilities	35,143	134,904
Non-current liabilities	47,370	-
Equity	\$ 717,601	\$ 687,532

B. Statement of comprehensive income:

	AGV First Biotech Food (BVI) Limited. and its subsidiaries	
	2021	2020
Revenue	\$ -	\$ -
Current net loss	\$ (26,755)	\$ (27,901)
Other comprehensive income (net amount after tax)	(4,886)	11,054
Total comprehensive income in the current period	\$ (31,641)	\$ (16,847)
Net profit attributable to non-controlling interests	\$ -	\$ -
Comprehensive income attributable to non-controlling Interests	\$ -	\$ -
Dividend paid for non-controlling equity	\$ -	\$ -

C. Cash flow statement:

	AGV First Biotech Food (BVI) Limited. and its subsidiaries	
	2021	2020
Net cash inflow (outflow) from operating activities	\$ (11,635)	\$ (14,815)
Net cash inflow (outflow) from investment activities	(47,799)	(2,514)
Net cash inflow (outflow) from financing activities	60,465	15,409
Exchange rate effect	(1,623)	(880)
Increase (decrease) in cash and cash equivalents in the current period	\$ (592)	\$ (2,800)
Balance of cash and cash equivalents, beginning	2,389	5,189
Balance of cash and cash equivalents, ending	\$ 1,797	\$ 2,389

(IV) Foreign currency translation

1. The item listed in the financial statements of the Group's entities shall be measured by the currency (i.e. functional currency) applicable in the main economic environment in which its business is situated. The consolidated financial report is expressed in "New Taiwan Dollars," the functional currency adopted by the Company.
2. When preparing the standalone financial reports for the respective entities, the transactions conducted in currencies other than the entities' functional currencies (foreign currencies) were converted based on the exchange rates quoted on the date of transactions. The monetary items in foreign currencies converted again at the spot exchange rate closed at the end date of the reporting period. The exchange differences are recognized in the current profit or loss. The non-monetary items in foreign currency at fair value were converted at the exchange rates quoted on the date on which the fair value was determined while the exchange differences generated were recognized in the current profit or loss. However, when the change in fair value was recognized in other comprehensive income, the exchange difference so incurred was recognized in other comprehensive income. The non-monetary items measured at historical costs were converted based on the exchange rate quoted on the date of transaction and were not converted anew.
3. Upon preparation of the consolidated financial report, the assets and liabilities of the foreign operating institutions were converted to NTD based on the spot exchange rate closed at the end of reporting period; the income and expenses were converted based on the average exchange rates while the resulting exchange differences were recognized under other comprehensive income and accumulated in the exchange difference in the financial statement translation of foreign operations under equity (and properly distributed to non-controlling equity).

(V) Standards in differentiating current and non-current assets and liabilities

1. Assets that match any of the following conditions shall be classified as current assets:
 - (1) Assets expected to be realized, intended to be sold or consumed over normal operating cycles.
 - (2) Those primarily for trading purposes.
 - (3) Those expected to be realized within 12 months after the balance sheet date.
 - (4) Cash or cash equivalents, except those that are intended to be swapped or settled against debt more than 12 months after the balance sheet date, and those with restricted uses.

The Group listed all assets that do not comply with the following conditions as non-current.

2. Liabilities that match any of the following conditions shall be classified as current liabilities:
 - (1) Liabilities expected to be settled in normal operating cycles.
 - (2) Those primarily for trading purposes.
 - (3) Liabilities expected to be settled within 12 months after the balance sheet date. (It is classified as current liability, even if it is later refinanced or rearranged into long-term liabilities at any time between the balance sheet date and the approval and announcement date of the financial report).
 - (4) Liabilities with due dates that cannot be unconditionally extended to more than 12 months after the balance sheet date. Liabilities under terms that give counterparties the option to repay in the form of equity instruments without an effect on their classification due to such terms.

The Group lists all liabilities that do not comply with the following conditions as non-current.

(VI) Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits and short-term investments (including time deposits with initial maturity dates within three months) with high liquidity that are readily convertible to specified amounts of cash with insignificant risk of changes in value.

(VII) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of such financial instruments.

The financial assets and liabilities are measured at fair value upon initial recognition. Upon initial recognition, the transaction costs which can be directly attributable to the acquired or issued financial assets or liabilities (excluding the financial assets and liabilities at fair value through profit or loss) shall be added or deducted from the financial assets or liabilities at fair value. The transaction costs which can be directly attributed to the financial assets or liabilities at fair value are immediately recognized as profit or loss.

1. Financial assets

(1) Measurement category

On a regular purchase or sale basis, financial assets were recognized using the trade date accounting.

The category of financial assets held by the Group are financial assets at fair value through profit or loss, financial assets measured at amortized cost, debt instrument investments at fair value through other comprehensive income and equity instrument investments at fair value through other comprehensive income.

A. Financial assets at fair value through profit or loss

The financial assets at fair value through profit or loss include financial assets measured compulsorily at fair value through profit or loss and designated to be at fair value through profit or loss. Financial assets measured compulsorily at fair value through profit or loss include the Group's unspecified equity instrument investments at fair value through other comprehensive income and those not meeting the classification of debt instrument investment measured at amortized cost or fair value through other comprehensive income.

The Group will specify the financial assets to be at fair value through profit or loss upon initial recognition if they meet any of the following conditions:

- a. The financial asset is a mixed (combined) contract; or
- b. The financial asset may eliminate or significantly reduce the measurement or recognition inconsistency; or

The financial asset is an investment that uses the fair value basis for its management and performance evaluation in accordance with a written risk management or investment strategy.

The financial assets at fair value through profit or loss are at fair value and the generated dividends are recognized as other revenue. Also, the interest revenue and profit or loss generated from re-measurement are recognized as other gains and losses.

B. Financial assets measured at amortized cost

Shall the financial assets invested by the Group meet the following two conditions at the same time, they are classified as financial assets measured at amortized cost:

- (a) Being held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (b) The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After the initial recognition, the financial assets measured at amortized cost are measured at the amortized cost after the total book amount decided by the effective interest method less any impairment loss. Any exchange gain or loss in foreign currency is recognized as income.

Except in the following two circumstances, the interest revenue is calculated at the effective interest rate multiplied by the total book amount of the financial assets:

- (a) For purchased or originated credit-impaired financial assets, the interest revenue is calculated at the effective interest rate multiplying by the amortized cost of the financial assets upon credit adjustment.
- (b) For those assets other than purchased or originated credit-impaired financial assets, which, however, became credit-impaired financial assets subsequently, the interest revenue is calculated at the effective interest rate multiplying by their amortized cost.

C. Debt instrument investments at fair value through other comprehensive income

Shall the debt instrument investment of the Group meet the following two conditions at the same time, they are classified as financial assets at fair value through other comprehensive income:

- (a) Being held within a business model in which the objective is achieve via collection of contractual cash flow and sale of financial assets; and
- (b) The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The debt financial assets at fair value through other comprehensive income is at fair value. The interest revenue, exchange gain or loss and impairment loss or reversal gain by the effective interest method in changes of book value is recognized as profit or loss while other changes are recognized as other comprehensive income and reclassified as profit or loss upon the investment disposition.

D. Equity instrument investments at fair value through other comprehensive income

The Group may, at initial recognition, irrevocably make a choice to measure the equity instrument investment held not for transaction and not recognized or having consideration by the merger acquiree at fair value through other comprehensive income.

Equity instrument investments at fair value through other comprehensive income are measured at fair value and the subsequent fair value changes are recognized as other comprehensive income and accumulated in other equity. During the disposal of investments, the profit or loss accumulated in other equity is directly transferred to the retained earnings without being reclassified as profit or loss.

The dividend of equity instrument investments at fair value through other comprehensive income is immediately recognized upon the

confirmation of the consolidated company's right of receiving, excluding dividend representing obvious recovery of partial investment cost.

(2) Impairment of financial assets

- A. On each balance sheet date, the Group evaluates the financial assets (including the accounts receivable) measured at amortized cost and the impairment loss of rentals receivable based on the expected credit loss.
- B. The allowance of losses on accounts receivable and rentals receivable are all recognized based on the lifetime expected credit losses. For other debt instrument investments, the credit risk is evaluated for whether there are any significant increases after the initial recognition. If not, the allowance loss is recognized based on the expected credit losses of 12 months; if there are any significant increases, the allowance loss is recognized based on the lifetime expected credit losses.
- C. Expected credit losses are the weighted average credit losses adopting the occurrence of a default risk as the weight. 12-month expected credit losses are expected credit losses that result from those default events on financial instruments that are possible within 12 months after the reporting date. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the life of the financial instruments.
- D. The book value of all impairment losses on financial assets is reduced via the allowance account. However, the loss allowance of debt instrument investments at fair value through other comprehensive income is recognized in other comprehensive income without reducing its book value.

(3) Derecognition of financial assets

The Group will derecognize financial assets when meeting one of the following conditions:

- A. The interests on a contract for financial assets-based cash flow ceased to be effective.
- B. The interests on a contract for collecting financial assets-based cash flow are transferred and almost all risks and returns of all ownership over the financial assets are transferred.
- C. Not all risks and returns of ownership over the financial assets are transferred or retained, but the control of financial assets is not retained.

Where the entire financial asset measured at amortized cost is derecognized, the difference between the book amount and collected consideration is recognized as profit or loss. Where the entire debt instrument investment at fair value through other comprehensive income is derecognized, the difference between the book value and collected considerations plus any accumulated profit or loss recognized as other comprehensive income is recognized as profit or loss. Where the entire equity instrument investment at fair value through other comprehensive income is derecognized, the accumulated profit or loss is directly transferred to the retained earnings without being reclassified as profit or loss.

2. Equity instruments

The liabilities and equity instruments issued by the Group are categorized as financial liabilities or equity based on the substance of the contract agreement and the definition of financial liabilities and equity instruments.

Equity instruments are the contracts commending the enterprise's residual equity of assets net of liabilities. The equity instruments issued by the Group should be recognized based on the payment of acquisition less the direct issuing cost.

3. Financial liabilities

(1) Subsequent measurement

Financial liabilities that are not held for the purpose of sale and are not designated to be measured at fair value through profit or loss are measured at amortized cost on the closing date of the subsequent accounting period.

(2) Derecognition of financial liabilities

The Group will derecognize financial liabilities when the obligation is rescinded, discharged, or expired. During the derecognition of a financial liability, the difference between the book value of the financial liability and the total consideration amount paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized as profit or loss.

(VIII) Inventory

Inventory is measured at the lower of cost or net realizable value adopting the perpetual inventory system while the cost is determined by weighted average method. The cost of finished products and works in process includes material, direct labor, other direct costs and manufacturing expenses related to production (amortized based on normal productivity) without loan cost. The item-by-item comparison method is adopted when comparing the cost or net realizable value, whichever is lower. Net realizable value is the balance of the estimated selling price deducting the estimated cost needed to complete the work and related variable selling expenses.

(IX) Investment/affiliates under the equity method

1. The affiliates refer to an entity upon which the Group has significant impact without any control and often holds more than 20% of voting shares directly or indirectly. The investment of the Group in affiliates adopts the equity method and is recognized based on cost upon acquisition.
2. The shares of profit or loss acquired from affiliates by the Group were recognized as current profit or loss and shares of other comprehensive income were recognized as other comprehensive income. In the event that the Group's share of loss in an affiliate equals or exceeds its equity in the affiliate (including any unsecured accounts receivable), the Group will recognize extra losses only in the event of legal obligations, presumed obligations or payment made by the Group on behalf of the affiliate.
3. The unrealized profit or loss generated from the transactions between the Group and affiliates were written off based on the Group's equity ratio of the affiliates; the unrealized loss was written off unless the evidence displayed the impairment of transferred assets in such transaction. The accounting policies of the affiliates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
4. When the Group forfeits control over the affiliates, its residual investment in the affiliates shall be re-measured based on fair value. The price difference between the fair value and book value is stated into current income.
5. In case the Group loses its significant impact on an affiliate upon the disposal of the affiliate, the accounting treatment for all amounts related to the affiliate as previously recognized in other

comprehensive income is identical with the basis for the Group's direct disposition of related assets or liabilities, namely, when the related assets or liabilities are disposed of, the profit or loss previously recognized in other comprehensive income will be reclassified as profit or loss. When the Group loses control over the affiliate, such profit or loss shall be reclassified as income from equity. Provided that, where it still has material influence over the affiliated companies, the amount previously recognized in other comprehensive income is transferred according to the method stated above based on proportion.

6. Where the Group forfeits its material influence over an affiliate when the Group disposes of the affiliate, the capital surplus related to the affiliate will be stated as income, provided that where it still has material influence over the affiliate, the capital surplus shall be stated as income based on the proportion of disposition.

(X) Property, plant and equipment

1. Property, plant and equipment is accounted based on the acquisition cost and the relevant interest is capitalized during the purchase and construction period.
2. The subsequent cost is included in the book value of assets or recognized as single asset only when future economic benefits related to such an item will result in probable inflow to the Group and the cost of such item can be measured reliably. The book value of the replaced part shall be derecognized. All other maintenance expenses are recognized as current profit or loss upon occurring.
3. No depreciation of land is required. Other property, plants, and equipment adopts the cost model and the depreciation is calculated based on the estimated useful years under the straight-line method. The Group reviews the residual value, estimated useful years and depreciation method of each asset at the end of each fiscal year. If the expected values of the residual value and useful years are different from the previous estimate or the expected consumption pattern used in future economic benefits of such asset has significant changes, it is conducted based on the changes in accounting estimate specified in IFRS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" since the date of the change. The useful years of each asset are as follows:

Houses and buildings	3-60 years
Machinery and equipment	3-32 years
Other equipment	2-36 years

4. The property, plant and equipment is derecognized upon disposition or expectation that future economic benefits cannot be generated due to usage or disposal of the property, plant and equipment. The amount of profit or loss generated from the derecognition of the property, plant, and equipment refers to the difference between the disposal proceeds and the book amount of the asset and is recognized in current profit or loss.

(XI) Lease

The Group assess whether the contract contains a lease upon on the formation date of the contract. If the contract includes a lease component and one or various additional lease or non-lease components, the Group uses the relative single price of each lease component and aggregated single price of non-lease components as the basis to allocate the consideration of the contract to individual lease components.

1. The Group was the Lessee

For all other leases of the Group, the right-of-use assets and lease liabilities are recognized from the starting date of leases, except the leases of low-value underlying assets and short-term leases are recognized as expenses on the straight-line basis.

Right-of-use assets

The right-of-use assets are originally measured at cost (including the original measured amount of lease liability, the lease payment paid before the lease starts

deducting received lease incentives, original direct cost and the estimated costs for the restoration of the underlying assets); subsequently, they are measured at cost deducting the accumulated depreciation and accumulated impairment loss while the re-measurement of the lease liabilities is also adjusted.

The right-of-use assets on the straight-line basis provide depreciation from the start date of lease up to the expiration of useful years or when the lease period expires, the earlier prevailing. However, the depreciation is made from the start date of lease to expiration of useful years if the ownership of the underlying asset can be acquired upon the expiry date of the lease or the cost of right-of-use asset reflects the exercise of purchase options.

Lease liabilities

Lease liabilities are measured based on the present value of the lease payment (including the fixed payment, substantive fixed payment and variable lease payments depending on the index or rate). If the implied interest rate of a lease is easy to confirm, the rate is applied to discount the lease payment. If the rate is not easy to confirm, the lessee incremental loan interest rate will be applied.

Subsequently, the lease liabilities are measured at the amortized cost under the effective interest method, and interest expenses are allocated during the lease periods. If there is any change in lease period, assessment relating the purchase options of underlying assets, residual guarantee amount of the expected payment or the indices or fares determining the lease payments will result in changes of future lease payment, the Group re-measures the lease liabilities, and relatively adjusts the right-of-use assets; provided the book value of the right-of-use asset has decreased to zero, the remaining re-measured amount is recognized in the income/loss. The lease liabilities are recognized in the balance sheet by line item.

2. The Group was the Lessor

Upon the sublease of right-of-use assets, the Group uses the use-of-right assets (instead of underlying assets) to determine the sublease classification. However, if the main lease is applicable to the Group's waived short-term lease, such sublease is classified as operating lease.

In case the lease transfers most risks and returns attached to the underlying assets, it is classified as a finance lease; otherwise it is classified as an operating lease.

The lease payments under finance lease include the fixed payment, substantive fixed payment, variable lease payments depending on the index or rate, guaranteed residual value, exercise price when exercising the purchase termination options and penalty due to lease termination reflected in the lease period deducting received lease incentives payable. The net lease investment is based on the total present value of lease payment receivable and unsecured residual value and is expressed as finance lease receivable. The Group amortizes the finance income in the lease period adopting systematic and reasonable basis to reflect the fixed rate of return of unexpired net lease investment received by the Group during each period.

Under the operating lease, the lease payment less the lease incentives is recognized as lease income based on the straight-line method. The original direct cost generated from acquisition of the operating lease is the book amount added to the underlying asset and is recognized as expense during the duration of leasehold on the recognition basis which is the same as the lease income.

(XII) Investment property

The investment property is the property held to earn lease payment or capital increment or for both purposes (including property under construction due to such purpose). The investment property also includes lands held without deciding any future purposes yet.

The investment property is initially measured at cost (including transaction cost). Besides a few investment properties unable to be measured at cost because the fair value cannot be determined reliably resulting from the parameters under the income approach or under the land development approach cannot be acquired reliably, the profit or loss generated from changes in fair value is subsequently recognized in current profit or loss by the fair value model.

The investment property is reclassified as property, plant and equipment based on the fair value on the start date of private use.

When the property of property, plant and equipment is reclassified as investment property on the end date of private use, the difference in the original book value and fair value is recognized in other comprehensive income.

The amount of profit or loss generated from the disposal of investment property refers to the difference between the disposal proceeds and the book amount of the asset and is recognized in the profit or loss.

(XIII) Intangible assets

Intangible assets with limited useful life individually acquired are measured at cost less accumulated amortization and impairment. The amount of amortization is calculated based on the following useful years under a straight-line method: the cost of computer software is 2 to 10 years. The patent and trademark is based on the economic benefits or contract term. The estimated useful life and amortization method is reviewed at the end of the reporting period and any impact of changes in estimates is deferred.

Intangible assets are derecognized upon the disposal or expectation of those unable to generate future economic benefits due to usage or disposal. The amount of profit or loss generated from the derecognition of intangible assets refers to the difference between the disposal proceeds and the book amount of the asset and is recognized in the profit or loss.

Intangible assets are derecognized upon the disposal or expectation of those unable to generate future economic benefits due to usage or disposal. The amount of profit or loss generated from the derecognition of intangible assets refers to the difference between the disposal proceeds and the book amount of the asset and is recognized in the profit or loss.

(XIV) Impairment of non-financial assets

The Group will estimate the recoverable amount of the assets which show signs of impairment on the balance sheet date, and impairment loss will be recognized if the recoverable amount is lower than the book value. The recoverable amount is the fair value of an asset less the selling cost or the use value, whichever is higher. If the impairment loss of assets recognized in previous years no longer existed, it is reversed within the scope of loss amount recognized in the previous year.

(XV) Liability reserve

The liability reserve is recognized when the Company has a present statutory or presumed obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The liability reserve is measured by best estimated present value paid to settle the obligation on the balance

sheet date. The discount rate adopts the pre-tax discount rate that reflects the specific risk assessment of the current market toward the time value of money and the liabilities. The discounted amortization is then recognized as interest expenses. The future operating loss shall not be recognized in the liability reserve.

(XVI) Employee benefit

1. Short-term employee benefit

Short-term employee benefit is measured at an undiscounted amount expected to be paid and is recognized as expense when the related services are provided.

2. Pension

(1) Defined contribution plan

Under the defined contribution plan, every contribution made to the pension fund is recognized as pension cost in the period occurred using the accrual basis. Prepaid contributions may be stated as assets, insofar as it may be refunded in cash or the future payment is reduced.

(2) Defined benefit plan

A. The obligation of the defined benefit plan is converted to the present value based on the future benefit earned from the services provided by the employees in the current period or in the past and is presented by the present value of defined benefit obligation on the balance sheet date deducting the fair value of the plan assets. An actuary uses the Projected Unit Credit Method to estimate the defined benefit obligations each year. The discount rate is based on the market yield rate of government bonds (on the balance sheet date) that have the same currency and period on the end of the fiscal year and the defined benefit plan.

B. The re-measurement generated from the defined benefit plan is stated as other comprehensive income in the period when it is incurred, and presented in the retained earnings.

C. Expenses related to the service cost in the previous period are immediately recognized as profit or loss.

3. Remuneration to employees and directors

The remuneration to employees and directors is recognized as expenses and liabilities only when legal or presumed obligation is constituted and the value thereof may be estimated reasonably. Subsequently, if the actual distributed amount resolved is different from the estimate, the difference shall be treated as a change in accounting estimate.

4. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group will not state the benefits as expenses until the offer of benefits be withdrawn or the related reorganization cost is stated, whichever earlier. It is not expected that benefits falling due more than 12 months at the end date of the reporting period are discounted to their present value.

(XVII) Capital stock

Common stock is classified as equity. The classification of preferred shares is based on the substance of the contract agreement and the definition of financial liabilities and equity instruments, and is assessed based on specific rights of the preferred shares. When presenting the basic characteristics of financial liabilities, these are classified as liabilities, otherwise they are classified as equity. The additional cost

directly attributable to issuing new shares or stock options is recognized as deductions of proceeds in the equity.

(XVIII) Income tax

1. The income tax consists of current income tax and deferred income tax. The income tax is recognized in the profit or loss except the income taxes relevant to the items which are recognized under other comprehensive income or directly counted into the items of equity, is recognized under other comprehensive income or directly counted into equity respectively.
2. The Group calculates the income tax related to the current period based on the statutory tax rate or tax rate substantially enacted in the countries where the Group is operating and generating taxable income on the balance sheet date. Management shall evaluate the status of income tax returns within the statutory period defined by the related income tax laws, and shall be responsible for the income tax expected to be paid to the tax collection authority. The income tax levied on the undistributed earnings based on the Income Tax Act will be recognized based on actual distribution of earnings in the year after the year when the earnings are generated, upon approval of the motion for allocation of earnings at a shareholders' meeting.
3. The deferred income tax is recognized based on the temporary difference generated from the taxation basis for assets and liabilities and the book value thereof on the balance sheet using the balance sheet approach. The deferred income tax liabilities resulting from the initial recognition of goodwill shall not be recognized. The deferred income tax resulting from the initial recognition of assets or liabilities in a transaction (exclusive of business mergers) shall not be recognized, insofar as the accounting profit or taxable income (taxable loss) is not affected by the transaction. All taxable provisional differences relevant to the investment in subsidiaries and affiliated companies were recognized as deferred income tax liabilities, except an event while the Group could control the time point of recovery of the control over the provisional difference or while said provisional difference would be very likely not recoverable in the foreseeable future. The deferred income tax is based on the tax rate expected to be applicable when the assets are expected to be realized or liabilities to be repaid. The tax rate shall be the tax rate (tax laws) which had been enacted or had been substantially enacted on the balance sheet date.
4. The temporary difference, unused tax losses and unused tax credits within the range of probable future taxable income available for use are recognized as deferred income tax assets and the deferred income tax assets which are recognized and unrecognized shall be re-evaluated on the end date of each reporting period.
5. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
6. The tax benefit generated from the purchase of equipment or technology, R&D expenses, HR training expenses and equity investment adopts income tax credits for accounting.

(XIX) Recognition of revenue

The Group's recognition principle of revenue from contracts with customers is recognized as revenue according to the following steps:

- (1) Identify the customer's contract;
- (2) Identify the performance obligation in the contract;
- (3) Decide the transaction price;
- (4) Amortize the transaction price to the performance obligation in the contract;
- (5) Recognize the revenue upon the fulfillment of performance obligation.

For contracts in which the interval between product transfer or labor services and consideration collection is within 1 year, the transaction price of its material financial parts cannot be adjusted.

1. Revenue from the sale of products and processing

The sales revenue of products is generated from the sale of drinks and canned foods. Upon arrival or shipment of the product to the destination designated by customers, the customers have already owned the right to set the price and use the same, and taken the responsibility for resale along with the obsolescence risk of the products. Thus, the Group recognized the revenue and accounts receivable at that moment; it is presented by net amount deducting sales return, quantity discount and discount.

Upon contract processing, the control of ownership over the processing product has not been transferred. Thus, the revenue is not recognized upon material intake.

2. Management service revenue

The security service provided by the Group is a service which shall be priced or negotiated alone and the service is provided based on contract period. Because the Group provides service during the contract period, the customer will acquire the service benefit during the contract period. This belongs to gradual fulfillment of performance obligation over time and therefore it is recognized as revenue under the straight-line method over time.

(XX) Costs of loans

The loan cost of the assets that meet the essential requirement and are directly attributable to the acquisition, construction, or production of assets is deemed part of the asset cost until all of the necessary activities completed for the asset to reach its intended use or sale state.

The income of a temporary investment with a specific loan that has not yet met the essential requirement of capital expenditure is deducted from the loan cost that meets the essential requirement of capitalization.

In addition to the transaction stated in the preceding paragraph, all other loan costs are recognized as profit or loss upon occurring.

V. Major Sources of Uncertainty to Significant Accounting Judgments, Estimates and Assumptions

The Group includes the economic impact due to the epidemic situation of COVID-19 in the consideration of significant accounting estimates and will continue to review the basic estimates and assumptions. If the amendment to estimates will only affect the current period, it will be recognized in the period in which the amendment is made; if the amendment of the accounting estimates will simultaneously affect both current and future periods, it will be recognized in the period of the amendment and future periods.

When preparing the consolidated financial report, the important judgments, accounting estimates and assumptions adopted by the Group for accounting policies are as follows:

(I) Significant judgments adopted by the accounting policy

1. Business model judgment of financial asset classification

The Group assess the business model of financial assets based on the joint management level reflecting the financial asset group to achieve certain operation purpose. The estimate shall consider all relevant evidence, including performance measurement methods for assets, risks affecting performance and determination method of remuneration to relevant managers. The application of judgment is also

required. The Group continues to assess the appropriateness of its business model and monitors financial assets measured at amortized cost derecognized before expiration and debt instrument investment at fair value through other comprehensive income to understand its reason for disposition and assess whether the disposition complies with the objective of business model. If the business model has changed, the Group will reclassify financial assets and defer the application since the date of reclassification based on the regulations of IFRS 9.

2. Recognition of revenue

The Group determines to serve as the principal or agent of such transaction according to whether the control of such product or labor service has been acquired before transferring specific product or labor service to the customer based on IFRS 15. When determined as the agent of transaction, the net transaction amount will be recognized as revenue.

The Group will be the principal when meeting one of the following conditions:

- (1) The Group acquires the control of such product or asset from the counterparty before transferring the product or other assets to the customer; or
- (2) The Group controls the right of labor services provided by the counterparty and therefore has the capability to guide the counterparty as the substitute to provide labor services to the customer; or
- (3) The Group acquires the control of product or labor services from the counterparty to combine with other products or labor services and provide specific product or labor service for the customer.

The indicators used to assist the Group in determining whether to acquire the control of such product or asset before transferring specific products or labor services to the customer include (but are not limited to):

- (1) The Group takes the main responsibility to complete the commitment of specific product or labor service.
- (2) The Group bears the inventory risk before transferring specific products or labor services to the customer or bears the inventory risk after transferring the control to the customer (e.g. The customer has the right to return goods).
- (3) The Group has the discretionary power to set the price.

3. Lease period

When determining the lease period, the Group considers all relevant facts and circumstances regarding the economic inducement generated to exercise (or not exercise) the option, including expected changes in all facts and circumstances since the start date to the date of option exercising. The considered factors include the contractual terms and conditions in the option period, significant leasehold improvements conducted (or expected to be conducted) during the contract period and the importance of underlying assets to the operation of the Group. When material matters or significant changes in circumstances occur within the Group's scope of control, the lease period will be re-evaluated.

4. Judgments with significant impact on affiliates

As stated in Note 6(9) "Investments under the equity method", the Group's shareholding ratio in NICE Enterprise Co., Ltd., Zhuqi Lionhead Mountain Leisure Development Co., Ltd. and Kuo Cheng Investment Development Corp. was 28.24%, 40% and 47.62%, respectively, and the Group is the largest shareholder. Other shareholding is not extremely separated after considering the number of voting shares held by other shareholders and its distribution. Therefore, the Group does not have control over said companies since it cannot guide their relevant activities. The

management of the Group considers the Group to only have significant impact on said companies and therefore listed those as the affiliates of the Group.

As stated in Note 6(9) “Investments under the equity method,” the Group’s held 43.83% of the voting shares of Taiwan First Biotechnology Corp. and the Group is the only largest shareholder. After consideration, the shareholders agreed that the decision-making unit regarding activities related to Taiwan First Biotechnology Corp. is the board of directors and no shareholder can assign a sufficient number of seats that determine the resolution of the board of directors. Therefore, the Group does not have control over Taiwan First Biotechnology Corp. since it cannot guide their relevant activities. The management of the Group considers the Group only has significant impact on Taiwan First Biotechnology Corp. and therefore listed those as affiliates of the Group.

(II) Important accounting estimates and assumptions

1. Recognition of revenue

Sales revenue shall be recognized when transferring the control of product or labor service to the customer to meet the performance obligation, deducting relevant sales return, discount and other similar discounts estimated. The sales return and discounts are estimated based on historical experience and other known causes and the Group periodically reviews the reasonableness of estimates.

2. Estimated impairment of financial assets

The estimated impairment of the accounts receivable is based on the default rate and expected loss ratio assumed by the Group. The Group takes historical experience, current market conditions, and forward-looking information into consideration to make assumptions and selects the input value of impairment assessment. If the actual cash flow in the future is less than estimated, significant impairment losses may occur.

3. Fair value measurement and valuation process

In cases where the assets and liabilities at fair value have no open quotation in active market, the Group decides whether to commission external appraisal and determine appropriate fair value evaluation technology according to relevant regulations or judgment. If the fair value estimate cannot acquire Level 1 input, the investment of unlisted stocks by the Group refers to information regarding the invested company’s financial status and operating result analysis, recent transaction price, quotation of same equity instrument in a not active market, quotation of similar instrument in active market and comparable company valuation multiples; for derivatives, the input is determined by reference of market price or interest rate and characteristics of derivatives. If the actual changes in input in the future is different from expectation, there might be changes in fair value. The Group regularly updates various inputs based on the market conditions to monitor the appropriateness of fair value measurement.

4. Impairment evaluation of tangible and intangible assets

During the process of asset impairment assessment, the Group shall rely on subjective judgment to determine the useful life of the independent cash flow assets and possible income and expenses in the future for certain asset groups based on the operating model of assets and industrial characteristics. Any change in the estimation due to the changes of economic situation or the Group’s strategies may result in significant impairment in the future.

5. Assessment of impairment on equity-accounted investments

When there are signs of impairment loss suggesting certain investments under the equity method might be impaired causing the book amount to be unable to be recovered, the Group will immediately evaluate the impairment of such investments. The Group evaluates the recoverable amount based on the held discount value of estimated expected cash flow or discount value of expected receivable cash dividends and future cash flow generated from disposal of investment by the invested companies, and analyzes the reasonableness of relevant assumptions.

6. Realizability of deferred income tax assets

Deferred tax assets are recognized when there are likely to have sufficient taxable income available for the deductible temporary difference. To evaluate the realizability of deferred income tax assets, management has to exert judgment and estimation, including the hypotheses about expectations toward growth and profit rate of future sale revenue, tax-free period, applicable income tax credit and taxation planning. The transformation of global economic environments and industrial environments and changes in laws and regulations, if any, might result in material adjustment on deferred income tax assets.

7. Valuation of inventory

Inventory shall be evaluated on the basis of lowering the cost and net realizable value. As such, the Group must make judgments and estimates to determine the net realizable value of the inventory at the end of the reporting period. The Group assesses the amount of normal wearing out and phasing out of inventory or inventory with no market price and writes off the cost of inventory from net realizable value at the end of reporting period.

8. Calculation of net defined benefit liabilities

In the calculation of the defined benefit obligation, the Group shall make use of judgments and estimates to determine relevant actuarial assumption on the end date of the reporting period, including the discount rate and rate of future salary increase. Any change in the actuarial assumptions may have significant impact on the defined benefit obligation amount of the Group.

9. Incremental loan rate of interest of the lessee

When deciding the incremental loan rate of interest of the lessee for the lease payment discount, the same currency and interest rate without risk in relevant periods are used as the reference rate, and the estimated credit risk premium of the lessee and certain lease adjustments (e.g. factors such as certain and attached collateral of assets) are also taken into consideration.

VI. Description of Significant Accounting Items

(I) Cash and cash equivalents

Item	December 31, 2021	December 31, 2020
Cash	\$ 2,568	\$ 3,709
Checking deposit	32	685
Savings deposit	595,201	641,453
Cash equivalents		
Time deposits with initial maturity date within three months	89,786	23,672
Total	\$ 687,587	\$ 669,519

1. The financial institutions trading with the Group are those of excellent credit standing and the Group trades with various financial institutions to spread the credit risk. Thus, the possibility of expected default is low.
2. The cash and cash equivalents of the Group have not been pledged.

(II) Financial assets at fair value through profit or loss – current

Item	December 31, 2021	December 31, 2020
Measured compulsorily at fair value through profit or loss		
TWSE/TPEX listed stocks	\$ 45,757	\$ 35,658

1. The Group's net profit (loss) recognized were NTD 10,123 thousand and NTD 4,672 thousand in 2021 and 2020, respectively.
2. The Group does not pledge any financial assets at fair value through profit or loss.
3. For relevant credit risk management and evaluation methods, please refer to Note 12.

(III) Net notes receivable

Item	December 31, 2021	December 31, 2020
Carried at amortized cost		
Total book amount	\$ 47,656	\$ 41,630
Less: Allowance loss	(53)	(50)
Net notes receivable	\$ 47,603	\$ 41,580

1. The notes receivables of the Group have not been pledged.
2. For disclosures related to the allowance loss of notes receivable, please refer to description in Note 6(4).

(IV) Net accounts receivable

Item	December 31, 2021	December 31, 2020
Carried at amortized cost		
Total book amount	\$ 589,245	\$ 516,315
Less: Allowance loss	(4,713)	(4,709)
Net accounts receivable	\$ 584,532	\$ 511,606

1. For the Group's accounts receivable generated from sale of products. The average credit period is O/A 30-90 days. The credit standard is established according to the industrial characteristics, business scale and profit condition of the trading counterparty.
2. The accounts receivables of the Group have not been pledged.
3. The Group adopts the simplified approach of IFRS 9 to recognize the allowance losses on accounts receivable based on the lifetime expected credit losses. The expected credit losses throughout the duration are calculated based on the provision matrix and take the past default record of the customer, the present financial status and the economic situation of the industry into consideration. According to the Group's historical experience of credit losses, the loss types of different customer groups have no significant difference. Thus, the provision matrix does not further classify the group of customers, and the rate of expected credit losses is established based on the overdue days of accounts receivable.
4. The loss allowance for notes and accounts receivable (including related parties) of the Group based on the provision matrix is as follows:

December 31, 2021	Expected credit loss	Total book amount	Loss allowance (lifetime expected credit loss)	Amortized cost
Undue	0%~1%	\$ 653,248	\$ (672)	\$ 652,576
Overdue 0-30 days	0%~1%	10,730	(17)	10,713
Overdue 31-90 days	0%~20%	1,690	(232)	1,458
Overdue 91-180 days	0%~30%	39	-	39
Overdue 181-365 days	0%~50%	-	-	-
Trading counterparties with signs of default	0%~100%	3,873	(3,873)	-
Total		<u>\$ 669,580</u>	<u>\$ (4,794)</u>	<u>\$ 664,786</u>

December 31, 2020	Expected credit loss	Total book amount	Loss allowance (lifetime expected credit loss)	Amortized cost
Undue	0%~1%	\$ 587,994	\$ (621)	\$ 587,373
Overdue 0-30 days	0%~1%	2,856	(9)	2,847
Overdue 31-90 days	0%~20%	1,920	(221)	1,699
Overdue 91-180 days	0%~30%	-	-	-
Overdue 181-365 days	0%~50%	-	-	-
Trading counterparties with signs of default	0%~100%	3,943	(3,943)	-
Total		<u>\$ 596,713</u>	<u>\$ (4,794)</u>	<u>\$ 591,919</u>

5. The statement of changes in the loss allowance for the notes and accounts receivable (including related parties) is as follows:

Item	2021	2020
Balance – beginning	\$ 4,794	\$ 5,551
Plus: Impairment loss appropriated	8	-
Less: Impairment loss reversed	-	(781)
Less: Irrecoverable amounts written off	-	-
Less: Difference in foreign currency translation	(8)	24
Balance – ending	\$ 4,794	\$ 4,794

Other credit enhancements held by above accounts receivable: None.

When there is objective evidence showing that the trading counterparty is facing serious financial difficulty and the recoverable amount cannot be reasonably expected, the Group shall directly write off relevant accounts receivable. However, the Group will continue to pursue recourse, and the recovered amount from recourse is recognized as profit or loss. The Group's accounts receivable of the contract amount written off in 2021 and 2020 were NTD 0.

6. For relevant credit risk management and evaluation methods, please refer to Note 12.

(V) Other accounts receivable

Item	December 31, 2021	December 31, 2020
Investment refunds receivable	\$ 93,696	\$ 96,404
Dividend receivable	4,980	-
Compensation receivable	-	3,777
Other receivables	14,993	15,951
Total	\$ 113,669	\$ 116,132
Less: Allowance loss	(95,567)	(98,275)
Net amount	\$ 18,102	\$ 17,857

1. Regarding the investment refunds receivable, the description related to the transaction, lawsuit and reconciliation of both parties is as follows:
 - (1) The Group invested HKD 26,240 thousand in MAS Media Group Limited (hereinafter referred to as "MAS Media") in March 2011 and expected to improve product advertising in Mainland China, Hong Kong and Macao by holding the equity of Macau Asia Satellite Television Company, Limited. According to the stock agreement signed by both parties, MAS Media should have been listed on the Hong Kong stock market before the end of 2011. However, the listing plan changed.
 - (2) The Group later requested MAS Media to return the investment amount listed above according to the contract, but MAS Media defaulted and did not refund the investment amount. The Group submitted the arbitration to the Hong Kong International Arbitration Centre in April 2013 and won the arbitration. Therefore, the Group reclassified the amount originally recognized as financial assets measured at cost to other accounts receivable.
 - (3) The Hong Kong International Arbitration Centre inquired the latest situation of the arbitration by letter in May 2016. We also requested the counterparty to execute the reconciliation to maintain the Company's rights in various manners.

- (4) In September 2016, the counterparty proposed the arbitration agreement via email, the contents of which were as follows: (1) the counterparty shall repay HKD 20,000,000 invested (in which the Group accounted for 65.6%) within 30 days after the signing of the arbitration agreement; (2) transfer HKD 20,000,000 of MAS Media's equity within 60 days after the signing of the arbitration agreement (in which the Group accounted for 65.6%); however, the Group expressed dissent with said content and communicated with the counterparty regarding the repayment promise and hypothecation agreement such as the interest, lawsuit expenses and equity transfer via the attorney in December 2016.
- (5) The Group submitted the letter of criminal complaint to the Taipei District Prosecutors Office accusing the three persons including the responsible person surnamed Lin of MAS Media, who intended to solicit for investment in Taiwan, of fraud in July 2018. After that, the Taipei District Prosecutors Office rendered the ruling not to prosecute on January 14, 2022, holding that the case was only a dispute over investment, and based on the related evidence presented by Lin Nan, et al., they did engage in the IPO; therefore, it would be hard to determine that Lin Nan, et al. committed fraud intentionally and no fraud should be constituted. In disagreement with the ruling, the Company petitioned for a reconsideration on January 13, 2022. The Taiwan High Prosecutors Office revoked the petition for reconsideration on February 18, 2022. Then, the Company petitioned with the Taiwan Taipei District Court for a trial on February 25, 2022. Now, the Company is waiting for any further notice from the Taipei District Court.
- (6) For the refund matters communicated by the Hong Kong attorney assigned by the counterparty in May 2020, the main contents were as follows:
- A. 50% shall be paid in cash within 3 months after the signing of a settlement agreement.
 - B. 50% shall be offset by stocks with value equivalent to a Growth Enterprise Market listed company and shall be completed within 4 months after the signing of a settlement agreement.
 - C. The interest of investment amount shall be paid within 9 months after the settlement agreement becomes effective.
 - D. A precondition to settlement agreement is the acquisition of application withdrawal granted by the court.
- (7) Currently, the attorneys of both parties are negotiating for said settlement contents proposed by the counterparty, because we claimed that the refund should be paid in cash before withdrawing the lawsuit, and Lin Nan, et al. requested the negotiation again in February 2022.
- (8) For the investment refunds as of December 31, 2021 and 2020, the recognized accumulated impairment amount was NTD 93,696 thousand and NTD 96,404 thousand, respectively.
2. The Group's expected credit losses of other accounts receivable recognized (reversed) were NTD 0 thousand and NTD 33,319 thousand in 2021 and 2020, respectively.

(VI) Cost of inventory and sales

Item	December 31, 2021	December 31, 2020
Raw material	\$ 111,638	\$ 131,732
Supplies	82,759	67,883
Goods in process	98,189	70,372
Finished goods and products	511,159	472,173
Total	\$ 803,745	\$ 742,160

1. Losses related to inventory recognized as sales cost in the current period are as follows:

Item	2021	2020
Cost of sold inventory	\$ 3,160,467	\$ 3,014,485
Manufacturing expenses not amortized	66,893	67,770
Loss (revaluation gain) on inventory devaluation	10,127	(6,546)
Loss on scrapped inventory	10,175	23,137
Loss (gain) on inventory and revenue from scraps	(2,891)	(3,392)
Exchange rate effect	6,721	28
Total operating costs	\$ 3,251,492	\$ 3,095,482

2. Because the Group offset the inventory to net realizable value in 2021 and 2020 and the rebound on net realizable value of inventory due to the price increase of partial products and consumption of partial inventory, the recognized loss (revaluation gain) on inventory devaluation was NTD 10,127 thousand and NTD (6,546) thousand, respectively.
3. The inventory of the Group has not been pledged.

(VII) Prepayments

Item	December 31, 2021	December 31, 2020
Refundable tax	\$ 41,961	\$ 65,067
Prepayment for goods	35,050	18,656
Other prepayments	64,322	41,274
Total	\$ 141,333	\$ 124,997

For related party transactions, please refer to Note 7(3)6.

(VIII) Financial assets at fair value through other comprehensive income

Item	December 31, 2021	December 31, 2020
Non-current		
Debt instruments		
TWSE/TPEX unlisted preferred stocks	\$ 50,000	\$ 50,000
Valuation adjustment	(19,450)	(23,350)
Subtotal	\$ 30,550	\$ 26,650
Equity instruments		
TWSE/TPEX listed stocks	\$ 103,280	\$ 282,049
TWSE/TPEX unlisted stocks	1,009,597	904,251
Unlisted foreign stocks	82,741	23,699
Valuation adjustment	67,780	(80,196)
Subtotal	\$ 1,263,398	\$ 1,129,803
Total	\$ 1,293,948	\$ 1,156,453

1. The Group chose to invest in TWSE/TPEX unlisted preferred shares with stable dividend collection and for selling to achieve targets and these are classified as financial assets at fair value through other comprehensive income. The fair value of such investment as of December 31, 2021 and 2020 was NTD 30,550 thousand and NTD 26,650 thousand, respectively.
2. The Group invested in TWSE/TPEX and foreign listed and unlisted stocks in accordance with mid and long-term investment goals and expects to gain profit from long-term investment. The management of the Group considers that if the changes in short-term fair value of such investment is recognized as profit or loss, it is not consistent with the previous long-term investment planning. Thus, management chose to specify that such investment to be at fair value through other comprehensive income.
3. The Group adjusted its investment positions to diversify risks and sold part of the stocks based on fair value in 2021 and 2020. The relevant other equity – unrealized profit or loss of financial assets at fair value through other comprehensive income of NTD 7,474 thousand and NTD 0 thousand, respectively, was re-stated as retained earnings.
4. TWSE/TPEX listed stocks – The investment in Kai Chieh International Investment Ltd. was based on the principal guarantee agreement. As of December 31, 2021 and 2020, the counterparty provided 7,327 thousand shares of Kai Chieh as the pledge of the Company. Please refer to Table 3 of Note 13.
5. The Group pledged part of financial assets at fair value through other comprehensive income as collateral for the loans of the Company in December 31, 2021 and 2020. Please refer to Note 8.
6. For relevant credit risk management and evaluation methods, please refer to Note 12.

(IX) Investment under the equity method

Invested company	December 31, 2021	December 31, 2020
Affiliated companies:		
Important affiliates:		
NICE Enterprise Co., Ltd.	\$ 1,241,533	\$ 1,157,202
Taiwan First Biotechnology Corp.	1,299,041	1,205,458
Individual unimportant affiliates	1,576,775	1,460,400
Subtotal	\$ 4,117,349	\$ 3,823,060
Joint ventures:		
Individual unimportant joint ventures	\$ 4,543	\$ 14,807
Total	\$ 4,121,892	\$ 3,837,867

1. Affiliated companies:

(1) The basic information of affiliates important to the Group is as follows:

Company name	Shareholding ratio	
	December 31, 2021	December 31, 2020
NICE Enterprise Co., Ltd.	28.24%	28.24%
Taiwan First Biotechnology Corp.	43.83%	43.83%

For information such as the nature, main place of business and country where the company is registered for the above affiliates, please refer to Table 8 and Table 9 in Note 13.

(2) The financial information of the Group's affiliated companies is summarized as follows:

A. Balance sheet

	NICE Enterprise Co., Ltd.	
	December 31, 2021	December 31, 2020
Current assets	\$ 3,292,746	\$ 3,148,017
Non-current assets	4,456,432	4,343,713
Current liabilities	1,822,639	1,999,277
Non-current liabilities	1,667,603	1,555,080
Equity	\$ 4,258,936	\$ 3,937,373
Shares of the affiliates' net assets	\$ 1,202,699	\$ 1,111,892
Internal profit or loss	(12,470)	(7,247)
Deferred credits	28,331	29,584
Goodwill	22,973	22,973
Book value of affiliates	\$ 1,241,533	\$ 1,157,202

	Taiwan First Biotechnology Corp.	
	December 31, 2021	December 31, 2020
Current assets	\$ 1,253,307	\$ 1,274,818
Non-current assets	3,412,733	3,380,376
Current liabilities	1,104,236	993,569
Non-current liabilities	1,018,263	1,340,195
Equity	\$ 2,543,541	\$ 2,321,430
Shares of the affiliates' net assets	\$ 1,114,632	\$ 1,017,298
Internal profit or loss	(13,882)	(12,794)

Deferred credits	29,741	32,404
Goodwill	168,550	168,550
Book value of affiliates	<u>\$ 1,299,041</u>	<u>\$ 1,205,458</u>

B. Statement of comprehensive income

	NICE Enterprise Co., Ltd.	
	2021	2020
Operating revenue	<u>\$ 3,006,697</u>	<u>\$ 2,980,785</u>
Current net profit	<u>\$ 285,524</u>	<u>\$ 255,365</u>
Other comprehensive income (net amount after tax)	88,331	149,397
Total comprehensive income in the current period	<u>\$ 373,855</u>	<u>\$ 404,762</u>
Dividend acquired from affiliates	<u>\$ 14,767</u>	<u>\$ 7,384</u>

	Taiwan First Biotechnology Corp.	
	2021	2020
Operating revenue	<u>\$ 2,065,054</u>	<u>\$ 2,018,267</u>
Current net profit	<u>\$ 236,406</u>	<u>\$ 240,873</u>
Other comprehensive income (net amount after tax)	118,356	124,573
Total comprehensive income in the current period	<u>\$ 354,762</u>	<u>\$ 365,446</u>
Dividend acquired from affiliates	<u>\$ 58,130</u>	<u>\$ 34,878</u>

(3) The Group's total shares of individual unimportant affiliates is summarized as follows:

	2021	2020
Shares held:		
Current net profit (loss)	\$ (3,804)	\$ 6,415
Other comprehensive income (net amount after tax)	135,626	79,582
Total comprehensive income in the current period	<u>\$ 131,822</u>	<u>\$ 85,997</u>

2. Joint ventures:

The Group's total shares of individual unimportant joint ventures is summarized as follows:

	2021	2020
Shares held:		
Current net profit (loss)	\$ (10,264)	\$ 1,474
Other comprehensive income (net amount after tax)	-	-
Total comprehensive income in the current period	<u>\$ (10,264)</u>	<u>\$ 1,474</u>

3. For investment under the equity method, share of profit or loss and other comprehensive income held by the Group, besides Zhuqi Lionhead Mountain Leisure Development Co., Ltd., Acts Bioscience Inc., New Zealand Cosmetic Laboratories Limited and Bioken Laboratories Inc. not

having been calculated based on the financial report audited by the CPA in 2021 and 2020, the remaining ones were calculated based on the financial report audited by the CPA; however, the management of the Group considered the financial reports of said companies not audited by the CPA to have no significant impact.

4. The Group pledged part of investments under the equity method as collateral for the loans of the Company on December 31, 2021 and 2020. Please refer to Note 8.

(X) Property, plant and equipment

Item	December 31, 2021	December 31, 2020
Land	\$ 1,384,215	\$ 1,382,211
Houses and buildings	1,568,501	1,560,610
Machinery and equipment	1,959,705	1,959,830
Other equipment	713,709	714,200
Equipment pending acceptance and construction in progress	633,100	623,899
Total cost	\$ 6,259,230	\$ 6,240,750
Less: Accumulated depreciation	(3,322,544)	(3,256,069)
Accumulated impairment	(30,905)	(22,033)
Total	\$ 2,905,781	\$ 2,962,648

Costs	Land	Houses and buildings	Machinery and equipment	Other equipment	Equipment pending acceptance and construction in progress	Total
	Balance on January 1, 2021	\$ 1,382,211	\$ 1,560,610	\$ 1,959,830	\$ 714,200	\$ 623,899
Increase	-	2,971	3,063	6,141	61,054	73,229
Disposal	-	(3,191)	(19,131)	(21,697)	-	(44,019)
Reclassification	2,004	12,374	19,341	14,571	(48,290)	-
Inventory transfer-in	-	-	-	577	-	577
Impact of exchange difference	-	(4,263)	(3,398)	(83)	(3,563)	(11,307)
Balance on December 31, 2021	\$ 1,384,215	\$ 1,568,501	\$ 1,959,705	\$ 713,709	\$ 633,100	\$ 6,259,230
Accumulated depreciation and impairment						
Balance on January 1, 2021	\$ -	\$ 1,015,020	\$ 1,612,381	\$ 641,723	\$ 8,978	\$ 3,278,102
Depreciation expenses	-	38,094	53,638	23,071	-	114,803
Disposal	-	(2,907)	(18,877)	(21,453)	-	(43,237)
Reclassification	-	-	-	-	-	-
Impairment loss provided (reversed)	-	-	-	-	8,928	8,928
Impact of exchange difference	-	(2,990)	(2,076)	(25)	(56)	(5,147)
Balance on December 31, 2021	\$ -	\$ 1,047,217	\$ 1,645,066	\$ 643,316	\$ 17,850	\$ 3,353,449

	Land	Houses and buildings	Machinery and equipment	Other equipment	Equipment pending acceptance and construction in progress	Total
Costs						
Balance on January 1, 2020	\$ 1,382,211	\$ 1,541,319	\$ 1,956,902	\$ 719,967	\$ 567,231	\$ 6,167,630
Increase	-	914	-	653	85,794	87,361
Disposal	-	(546)	(12,971)	(18,417)	(93)	(32,027)
Reclassified as right-of-use assets	-	-	-	-	(5,500)	(5,500)
Reclassification	-	14,671	6,398	11,481	(32,550)	-
Impact of exchange difference	-	4,252	9,501	516	9,017	23,286
Balance on December 31, 2020	\$ 1,382,211	\$ 1,560,610	\$ 1,959,830	\$ 714,200	\$ 623,899	\$ 6,240,750
Accumulated depreciation and impairment						
Balance on January 1, 2020	\$ -	\$ 976,993	\$ 1,566,060	\$ 636,865	\$ -	\$ 3,179,918
Depreciation expenses	-	38,022	53,419	22,690	-	114,131
Disposal	-	(427)	(12,971)	(18,196)	-	(31,594)
Reclassification	-	-	-	-	-	-
Impairment loss provided (reversed)	-	-	-	-	8,805	8,805
Impact of exchange difference	-	432	5,873	364	173	6,842
Balance on December 31, 2020	\$ -	\$ 1,015,020	\$ 1,612,381	\$ 641,723	\$ 8,978	\$ 3,278,102

1. Current increases and adjustments of the cash flow statement due to the acquisition of property, plant, and equipment are as follows:

Item	2021	2020
Increase of property, plant and equipment	\$ 73,229	\$ 87,361
Increase/decrease of payables on equipment	50,428	(37,153)
Paid cash amount for purchase of property, plant and equipment	\$ 123,657	\$ 50,208

- For the capitalized interest amount, please see Note 6(31).
- For more information about property, plant and equipment provided as collateral, please refer to Note 8.
- As of December 31, 2021 and 2020, due to restrictions of relevant laws, the land temporarily registered in the name of others which cannot be registered in the name of Company was NTD 16,632 thousand. However, the mortgage registration was conducted as a security measure to secure the right of the Company.
- The book balance regarding the uncompleted construction of the subsidiary of the Group, Shandong AGV Food Technology Co., Ltd. was NTD 582,437 thousand as of December 31, 2021. Please refer to Note 9(6) for the relevant lawsuit and suspension of construction.

6. The impairment losses recognized by the Group as of December 31, 2021 and 2020 were NTD 30,905 thousand and NTD 22,033, respectively. Because the expected recoverable amount from part of the production equipment was less than the book amount, the book value of related equipment cannot be recovered by usage or sale. Therefore, the impairment losses recognized in 2021 and 2020 were NTD 8,928 thousand and NTD 8,805 thousand, respectively. Said residual value of disposition is classified as Level 3 fair value.

(XI) Lease agreement

1. Right-of-use assets

Item	December 31, 2021	December 31, 2020
Right of land use	\$ 129,108	\$ 129,875
Land and buildings	21,162	17,870
Machine and equipment	51,511	51,511
Other equipment	9,306	7,565
Total cost	\$ 211,087	\$ 206,821
Less: Accumulated depreciation	(33,352)	(30,949)
Net amount	\$ 177,735	\$ 175,872

Costs	Right of land use	Land and buildings	Machinery and equipment	Other equipment	Total
Balance on January 1, 2021	\$ 129,875	\$ 17,870	\$ 51,511	\$ 7,565	\$ 206,821
Increase in the current period	-	14,805	-	6,248	21,053
Decrease in the current period	-	(119)	-	-	(119)
Derecognition in the current period	-	(11,394)	-	(4,507)	(15,901)
Exchange rate effect	(767)	-	-	-	(767)
Balance on December 31, 2021	\$ 129,108	\$ 21,162	\$ 51,511	\$ 9,306	\$ 211,087
Accumulated depreciation and impairment					
Balance on January 1, 2021	\$ 6,504	\$ 9,867	\$ 9,714	\$ 4,864	\$ 30,949
Depreciation expenses	3,233	4,419	8,132	2,538	18,322
Derecognition in the current period	-	(11,394)	-	(4,507)	(15,901)
Exchange rate effect	(39)	-	21	-	(18)
Balance on December 31, 2021	\$ 9,698	\$ 2,892	\$ 17,867	\$ 2,895	\$ 33,352

Costs	Right of land use	Land and buildings	Machinery and equipment	Other equipment	Total
Balance on January 1, 2020	\$ 127,796	\$ 15,081	\$ 16,694	\$ 9,202	\$ 168,773
Increase in the current period	-	3,539	29,317	-	32,856
Re-stated property, plant and equipment	-	-	5,500	-	5,500
Decrease in the current period	-	(750)	-	-	(750)
Derecognition in the current period	-	-	-	(1,637)	(1,637)
Exchange rate effect	2,079	-	-	-	2,079
Balance on December 31, 2020	\$ 129,875	\$ 17,870	\$ 51,511	\$ 7,565	\$ 206,821
Accumulated depreciation and impairment					
Balance on January 1, 2020	\$ 3,200	\$ 4,868	\$ 3,780	\$ 3,716	\$ 15,564

Depreciation expenses	3,190	4,999	5,934	2,785	16,908
Derecognition in the current period	-	-	-	(1,637)	(1,637)
Exchange rate effect	114	-	-	-	114
Balance on December 31, 2020	\$ 6,504	\$ 9,867	\$ 9,714	\$ 4,864	\$ 30,949

Besides the addition and depreciation expenses listed above, the use-of-right assets of the Group had no significant sublease or impairment in 2021 and 2020.

2. Lease liabilities

	December 31, 2021	December 31, 2020
Book amount of lease liabilities		
Current	\$ 15,657	\$ 16,036
Non-current	\$ 42,549	\$ 33,566

The range of discount rates for lease liabilities is stated as follows:

	December 31, 2021	December 31, 2020
Land and buildings	1.04%-2.54%	1.04%-2.54%
Machine and equipment	2.54%	2.2%-2.54%
Other equipment	1.97%-2.54%	1.04%-2.54%

For maturity analysis on lease liabilities, please refer to Note 12(2).

3. Important lease activities and terms

The Group leases lands and buildings, machines and other equipment for operational use. The lease period is 3-50 years and the Group included the right of renewal of those with expired lease periods in the lease liabilities. According to the contract agreement, the Group shall not sublease assets of a leased item to others without the approval of the lessor. As of December 31, 2021 and 2020, there was no sign of impairment regarding the right-of-use assets, therefore the impairment evaluation was not conducted.

4. Sublease: None.

5. Other information about the lease

(1) For the Group's agreement of investment property leased as operating lease, please refer to Note 6(12).

(2) The information on expensed related current leases is as follows:

Item	2021	2020
Short-term lease expenses	\$ 7,272	\$ 5,838
Expenses of lease of low-price assets	\$ 1,035	\$ 669
Variable lease payment not included in measurement of lease liabilities Paid expenses	\$ -	\$ -
Total cash outflow of lease (Note)	\$ 20,611	\$ 17,937

(Note): This includes the principal payment of current lease liabilities.

The Group chose to exempt those meeting short-term lease and lease of low-price assets from recognition and not recognize related right-of-use assets and lease liabilities of such leases.

(XII) Net investment property

Item	December 31, 2021	December 31, 2020
At fair value – commissioned appraisal	\$ 2,602,263	\$ 2,596,327
Measured at cost	50,952	50,952
Total	\$ 2,653,215	\$ 2,647,279

1. Investment property at fair value

Item	2021	2020
Balance – beginning	\$ 2,596,327	\$ 2,566,192
Gains from valuation	5,936	30,135
Balance – ending	\$ 2,602,263	\$ 2,596,327

- (1) The fair values of investment property as of December 31, 2020 and 2019, were appraised by Tien-Ching Hsieh, a certified real estate appraiser of CPAC, Hsiu-Ying Chan, a certified real estate appraiser of Colliers International, and Wen-Hsiang Chen, a certified real estate appraiser of Chen Wen-Hsiang Real Estate Appraisers Firm in Taiwan on January 5, 2022, January 6, 2022, December 31, 2021, December 29, 2021, January 5, 2021, December 31, 2020, and December 20, 2020.
- (2) Besides the undeveloped land referred to in Item (3), the fair value of the other investment assets is appraised based on the income approach. The fair value will increase when the increase of future net cash inflow or decrease of discount rate is estimated. The important assumptions are as follows:

Item	December 31, 2021	December 31, 2020
Estimated future cash inflow	\$ 2,667,589	\$ 2,175,191
Estimated future cash outflow	128,589	37,345
Estimated future net cash inflow	\$ 2,539,000	\$ 2,137,846
Discount rate	2.595%-3.195%	2.095%-2.27%

- A. The monthly market rental of regions in which the investment property is located is NTD 320 to NTD 2,290 per Taiwanese ping. The similar comparable item in the market is NTD 284 to NTD 2,154 per Taiwanese ping.
- B. The future cash inflow estimated to be generated from investment property includes rent revenue, deposit interest revenue and disposition value at ending. The rent revenue is based on the Company's current lease contracts and market rental conditions and is estimated in consideration of the annual growth rate of future rental. The revenue analysis period is estimated by 10 years; the deposit interest revenue is estimated based on the interest rate of a one-year timed deposit; the disposition value at ending is estimated based on the direct capitalization under the income approach. The future cash outflow estimated to be generated from investment property includes expenses of land tax, house tax, insurance premium and maintenance fee. The expenses are estimated based on current expense standard and takes the adjustment of land value announced in the future and the tax rate specified in the House Tax Act.

C. The discount rate is calculated based on the floating interest rate on a 2-year time deposit of a small amount, as posted by Chunghwa Post Co., Ltd., plus 0.75 % as the minimum, and plus 1%~1.75% as the presumed discount rate.

(3) Because the land at Jianguo Section in Dounan Township, Yunlin County, Zhuweizi Section in Chiayi City, Wujiancuo Section in Zhuqi Township and Datan Section in Xingang Township held by the Company is not developed, the fair value is appraised based on the land development analysis method. The important assumptions are as follows. The fair value will increase when the estimated total sales amount increases, the profit margin increases, or the overall capital interest rate decreases. The relevant information is as follows:

Item	December 31, 2021	December 31, 2020
Estimated total sales amount	\$ 2,009,561	\$ 1,836,189
Profit margin	15% ~ 18%	15% ~ 18%
Overall capital interest rate	0.69% ~ 1.50%	0.71% ~ 1.53%

After the Company considers relevant regulations, an optimistic domestic overall economic forecast, local land use conditions and market conditions, the land or building area available for sale regarding the land after development is estimated in the most effective manner to estimate the total sales amount.

2. Investment property measured at cost

Item	2021	2020
Balance – beginning	\$ 50,952	\$ 50,952
Increase	-	-
Balance – ending	\$ 50,952	\$ 50,952

The investment property of the Group locates in the land at Wujiancuo Section in Zhuqi Township, Datan Section and Houdihu Subsection in Xingang Township. Because such land is categorized as farming and grazing lands, the Group cannot reliably acquire parameters under the income approach or under the land development approach. Therefore, the fair value of such land cannot be determined reliably.

3. The lease period of the investment property is 1 year without the option of lease extension. The lessee does not have a bargain purchase option for such asset after the end of the lease period.

4. Rent revenue and direct operating expenses from investment property:

Item	2021	2020
Rent revenue from investment property	\$ 6,520	\$ 5,234
Direct operating expenses incurred from investment property generating rental revenue in the current period	\$ 2,865	\$ 2,359
Direct operating expenses incurred from investment property not generating rental revenue in the current period	\$ 724	\$ 1,224

5. The total lease payment receivable in the future regarding investment property leased as operating leases in 2021 and 2020 is as follows:

	December 31, 2021	December 31, 2020
1st year	\$ 6,925	\$ 5,246
2nd to 5th years	-	-
More than 5 years	-	-
Total	<u>\$ 6,925</u>	<u>\$ 5,246</u>

6. The fair value of the Group's investment property as of December 31, 2021 and 2020, was NTD 2,602,263 thousand and NTD 2,596,327 thousand, respectively, which was based on the valuation result of an independent appraiser. The valuation adopting the income approach and land development approach is classified as Level 3 fair value. Please refer to Note 12.
7. For information of investment property provided as collateral, please refer to Note 8.
8. As of December 31, 2021 and 2020, due to restrictions of relevant laws, the land temporary registered in the name of others which cannot be registered in the name of Company was NTD 50,952 thousand. However, the mortgage registration was conducted as a security measure to secure the rights of the Company.

(XIII) Intangible assets

Item	December 31, 2021	December 31, 2020
Patent	\$ 5,000	\$ 5,000
Computer software cost	37,990	36,619
Trademark	21,733	21,733
Total cost	<u>\$ 64,723</u>	<u>\$ 63,352</u>
Less: Accumulated amortization	(56,404)	(54,250)
Net amount	<u>\$ 8,319</u>	<u>\$ 9,102</u>

Costs	Patent	Computer software cost	Trademark	Total
Balance on January 1, 2021	\$ 5,000	\$ 36,619	\$ 21,733	\$ 63,352
Increase	-	1,283	-	1,283
Impact of exchange difference	-	88	-	88
Balance on December 31, 2021	<u>\$ 5,000</u>	<u>\$ 37,990</u>	<u>\$ 21,733</u>	<u>\$ 64,723</u>
Accumulated amortization				
Balance on January 1, 2021	\$ 5,000	\$ 32,950	\$ 16,300	\$ 54,250
Amortization expenses	-	1,626	435	2,061
Derecognition	-	-	-	-
Impact of exchange difference	-	93	-	93
Balance on December 31, 2021	<u>\$ 5,000</u>	<u>\$ 34,669</u>	<u>\$ 16,735</u>	<u>\$ 56,404</u>

	Patent	Computer software cost	Trademark	Total
<u>Costs</u>				
Balance on January 1, 2020	\$ 5,000	\$ 35,058	\$ 21,733	\$ 61,791
Increase	-	1,636	-	1,636
Reclassified as expenses	-	(44)	-	(44)
Impact of exchange difference	-	(31)	-	(31)
Balance on December 31, 2020	\$ 5,000	\$ 36,619	\$ 21,733	\$ 63,352
<u>Accumulated amortization</u>				
Balance on January 1, 2020	\$ 4,547	\$ 31,850	\$ 14,125	\$ 50,522
Amortization expenses	453	1,446	2,175	4,074
Impact of exchange difference	-	(346)	-	(346)
Balance on December 31, 2020	\$ 5,000	\$ 32,950	\$ 16,300	\$ 54,250

(XIV) Other financial assets

Item	December 31, 2021	December 31, 2020
Pledged bank deposits	\$ 27,567	\$ 57,799
Current	-	\$ 30,278
Non-current	\$ 27,567	\$ 27,521

(XV) Other non-current assets – others

Item	December 31, 2021	December 31, 2020
Long-term prepaid expenses	\$ 31,443	\$ 17,326

(XVI) Short-term loans

Item	December 31, 2021	December 31, 2020
Credit loans	\$ 375,203	\$ 388,278
Mortgage loan	555,630	540,314
Total	\$ 930,833	\$ 928,592
Interest rate interval	1.38%-5.74%	1.50%-5.66%

For short-term loans, part of bank deposits and investment property are provided as collateral by the Group, please refer to Note 8.

(XVII) Other payables

Item	December 31, 2021	December 31, 2020
Commission payable	\$ 133,830	\$ 108,400
Remuneration and bonus payable	164,609	160,978
Payables on equipment	2,380	52,808
Advertisement expenses payable	28,569	25,221
Insurance payable	8,702	9,204
Freight payable	19,829	16,408
Accounts payable for shares	-	81,874
Accounts payable for financing	26,573	22,784
Other payables	79,918	100,595
Total	\$ 464,410	\$ 578,272

(XVIII) Liability reserve – current

Item	Employee benefit	Item	Employee benefit
January 1, 2021	\$ 23,440	January 1, 2020	\$ 23,102
Current increase of liability reserve	19,458	Current increase of liability reserve	19,589
Liability reserve used currently	(12,916)	Liability reserve used currently	(13,506)
Unused amount reversed currently	(5,104)	Unused amount reversed currently	(5,745)
December 31, 2021	\$ 24,878	December 31, 2020	\$ 23,440

The employee benefit liability reserve refers to the recognition regarding the vested right of short-term service leave for employees.

(XIX) Other current liabilities

Item	December 31, 2021	December 31, 2020
Refund liabilities	\$ 5,105	\$ 5,076

(XX) Long-term loans and liabilities due within one year or one operating cycle

Lending institution	December 31, 2021	December 31, 2020
Bank syndicated loans – Parent company	\$ 2,160,000	\$ 1,676,900
Secured bank loans	1,880,666	1,927,333
Unsecured bank loans	22,663	239,195
Total	\$ 4,063,329	\$ 3,843,428
Less: Unamortized discount	(12,398)	(15,747)
Less: Long-term liabilities due within a year	(611,996)	(1,133,137)
Long-term loans	\$ 3,438,935	\$ 2,694,544
Interest rate interval	1.421%-2.5%	1.421%-3.467%

1. For long-term loans, the Group provides part of property, plant and equipment, investment property, investment under the equity method and bank deposit as collateral, please refer to Note 8.
2. Among the other things, the loan of NTD 270,000 thousand borrowed by the subsidiary Koya Corp. was supposed to expire on December 31, 2020. Notwithstanding, it has acquired the reply form from the bank on January 28, 2022, and February 19, 2021, to extend the duration until December 31, 2022 and 2021, respectively. Also, there were other important conditions, e.g. payment of deposit bond, acquisition of the county government's written approval for change and extension of the period and notification of the same to the bank. As a result, upon review, by March 25, 2022, the subsidiary was held satisfying the related conditions.
3. According to the provisions of the syndicated loan contract, the consolidated financial report audited and attested by the CPA shall be used to calculate and maintain financial ratios such as the specific current ratio, liability ratio, interest earned ratio and tangible net worth during the loan period; after review, the relevant financial ratios in the 2021 and 2020 financial report all complied with the provisions of the loan contract.

(XXI) Pension

1. Defined contribution plan

- (1) The Company and its subsidiaries located in the territory of the Republic of China applied the pension system under the "Labor Pension Act," which was identified as a defined contribution plan managed by the government. Under the plan, the Company contributed 6% of each employee's salary to the personal account maintained at the Bureau of Labor Insurance on a monthly basis; subsidiaries beyond the borders of the Republic of China participated in the defined contribution plan conducted by the local government and contributed pension to the local government on a monthly basis.
- (2) The total expense amount recognized by the Group in the consolidated statement of comprehensive income based on contribution ratios specified in the defined contribution plan in 2021 and 2020 was NTD 22,382 thousand and NTD 19,088 thousand, respectively.

2. Defined benefit plan

- (1) The employee pension system established by the Group is a defined benefit plan based on the "Labor Standards Act." The payment of the employee pension is calculated based on their years of service and the average salary for six months prior to the approval date of retirement. The Company has an amount equivalent to 2%–13% of the total monthly salary of employees appropriated and deposited in the specific account with Bank of Taiwan in the name of the Labor Pension Reserve Committee. Before the end of the fiscal year, if the pension account balance is insufficient to pay for the employees expecting to meet the retirement conditions in the following year, the spread amount shall be deposited by the Company in a lump sum in the following year. The account is managed by the Bureau of Labor Funds, Ministry of Labor. The Group has no right to affect the investment management strategies.
- (2) The amount of defined benefit plan recognized in the consolidated balance sheet by the Group is shown below:

Item	December 31, 2021	December 31, 2020
Current values of the ascertained fringe benefit obligations	\$ 255,883	\$ 264,461
Fair values of the planned assets	(173,213)	(166,351)
Defined benefit liabilities (assets)	\$ 82,670	\$ 98,110
Net assets recognized in the balance sheet	\$ (772)	\$ (958)
Net liabilities recognized in the balance sheet	\$ 83,442	\$ 99,068

(3) The changes in the defined benefit liabilities are listed as follows:

Item	2021		
	Current values of the ascertained fringe benefit obligations	Fair values of the planned assets	Defined benefit liabilities
Balance on January 1	\$ 264,461	\$ (166,351)	\$ 98,110
Service cost			
Service cost in the current period	1,092	-	1,092
Interest expenses (revenue)	1,951	(1,248)	703
Recognized as profit and/or loss	\$ 3,043	\$ (1,248)	\$ 1,795
Re-measurement amount			
Return on plan assets (excluding amount included in the net interest)	\$ -	\$ (1,729)	\$ (1,729)
Actuarial losses (gains) –			
Effects of changes in financial assumptions	2,522	-	2,522
Adjustment through experience	4,819	-	4,819
Recognized under other comprehensive income	\$ 7,341	\$ (1,729)	\$ 5,612
Appropriated by employer	1,019	(12,157)	(11,138)
Benefit payment	(18,962)	8,272	(10,690)
Transfer-in (out) from affiliates	(1,019)	-	(1,019)
Balance on December 31	\$ 255,883	\$ (173,213)	\$ 82,670

Item	2020		
	Current values of the ascertained fringe benefit obligations	Fair values of the planned assets	Defined benefit liabilities
Balance on January 1	\$ 271,924	\$ (168,365)	\$ 103,559
Service cost			
Service cost in the current period	1,500	-	1,500
Interest expenses (revenue)	2,629	(1,699)	930
Recognized as profit and/or loss	\$ 4,129	\$ (1,699)	\$ 2,430
Re-measurement amount			
Return on plan assets (excluding amount included in the net interest)	\$ -	\$ (5,139)	\$ (5,139)
Actuarial losses (gains) –			
Effects of changes in financial assumptions	3,529	-	3,529
Adjustment through experience	9,284	-	9,284
Recognized under other comprehensive income	\$ 12,813	\$ (5,139)	\$ 7,674
Appropriated by employer	(2,086)	(11,761)	(13,847)
Benefit payment	(23,097)	20,613	(2,484)
Transfer-in (out) from affiliates	778	-	778
Balance on December 31	\$ 264,461	\$ (166,351)	\$ 98,110

(4) The Group is exposed to the following risks due to the employee pension system based on the “Labor Standards Act”:

A. Investment risk

The Bureau of Labor Funds, Ministry of Labor will utilize the pension fund for investment in domestic (foreign) equity securities, debt securities bank deposits in self utilization and mandated management manner. However, the distributed amount for the Group's plan assets shall not be less than the revenue calculated by 2-year time deposit rate of the local bank.

B. Interest rate risk

The decrease in interest rate of government bonds will increase the present value of the defined benefit obligation. However, the return on investment of plan assets will also increases. Both can partially offset the impact on defined benefit liabilities.

C. Salary risk

The present value of defined benefit obligation is calculated based on the future salary of the members of the plan. Thus, the salary increase in members of the plan will increase the present value of defined benefit obligation.

- (5) The Group's present value of the defined benefit obligation is calculated by qualified actuaries. The important assumptions on the measurement date are as follows:

Item	Measurement date	
	December 31, 2021	December 31, 2020
Discount rate	0.55%-0.6%	0.75%
Anticipated raise ratio of salaries	1.00%	1.00%
Average maturity of defined benefit obligation	9.1-12.1 years	9.6-12.6 years

- A. The assumption of future mortality rate adopts Terms Life Chart of Annuity for estimation.

- B. In case the principal actuarial assumptions have reasonable and potential changes, when all other assumptions remain unchanged, the increase (decrease) amount in present value of defined benefit obligation is as follows:

Item	December 31, 2021	December 31, 2020
Discount rate		
Increase by 0.25%	\$ (3,161)	\$ (3,529)
Decrease by 0.25%	\$ 3,264	\$ 3,648
Anticipated raise ratio of salaries		
Increase by 1%	\$ 13,612	\$ 15,258
Decrease by 1%	\$ (12,232)	\$ (13,664)

Because actuarial assumptions might be relevant to each other, changes in one single actuarial assumption is not exactly possible. Therefore, the sensitivity analysis may not reflect the actual changes in the present value of the defined benefit obligation.

- (6) The Group plans to contribute NTD 12,364 thousand for the pension plan in 2022.

(XXII) Common stock

1. The Company's outstanding common stock and amount at beginning and ending is adjusted as follows:

Item	2021		2020	
	Shares (thousand shares)	Amount	Shares (thousand shares)	Amount
January 1	494,513	\$ 4,945,134	494,513	\$ 4,945,134
Cash capital increase	-	-	-	-
December 31	<u>494,513</u>	<u>\$ 4,945,134</u>	<u>494,513</u>	<u>\$ 4,945,134</u>

2. As of December 31, 2021, the Company's authorized capital was NTD 8,800,000 thousand, divided into 880,000 thousand shares. The paid-in capital was NTD 4,945,134 thousand.

(XXIII) Capital surplus

Item	December 31, 2021	December 31, 2020
Stock premium	\$ 28,973	\$ 28,973
Difference between actual price for acquisition or disposal of subsidiaries' equity and book value	144,001	144,001
Changes of affiliates and joint ventures recognized under the equity method	83,069	83,069
Treasury stock trading	7,354	7,354
Recognized changes in the ownership equity of the subsidiary	5,250	5,250
Total	<u>\$ 268,647</u>	<u>\$ 268,647</u>

According to the Company Act, for the capital reserve including shares issued at premium exceeding the par value and gains in the form of gifts, besides covering losses, the Company shall distribute capital reserve by issuing new shares or in cash, in proportion to the original shareholding ratio of the shareholders when the Company incurs no loss. In addition, according to relevant regulations of the Securities and Exchange Act, the capital surplus mentioned above that can be capitalized annually shall not exceed 10% of the total paid-in capital. When the reserve is insufficient to cover the capital losses, the Company shall not use capital reserves to offset it. The capital reserve generated due to the investment adopting the equity method shall not be used for any purpose.

(XXIV) Retained earnings and dividend policy

1. If the Company has earnings at the year's final accounting, it shall first be used to pay income tax and make up any cumulative losses in accordance with laws, and 10% of the balance shall be appropriated as legal reserve, unless the existing legal reserve reaches the amount of the Company's paid-in capital. The rest of the balance shall be used for provision or reversal of special reserves pursuant to laws. The residual balance, if any, shall be added to cumulative undistributed earnings. The Board of Directors shall preserve part of the earnings and then draft a proposal for allocation of the remaining earnings based on business conditions and submit the same to the shareholders' meeting for the approval of the dividend and bonus distribution to the shareholders.

The food industry is in a changing environment and the Company is at the stage of stable growth. To meet the demand for operating funds as the business grows and to develop long-term financial planning for sustainable development, dividends are distributed, in principle, based on the appropriation rate of more than 50% (included) from the distributable surplus. The Company distributes dividends in the form of

stocks and cash, and the former is preferred in consideration of the growth rate and capital expenditure of Company. The remaining dividends are distributed in cash at a rate not less than 10% (included) than the total distributable dividends in the current year. Dividends in cash will not be distributed if the amount of the dividends distributable per share is less than NTD 0.1 and dividends in stock will be distributed as a replacement.

2. The legal reserve shall not be used unless for covering losses or issuing new shares or in cash in proportion to the original shareholding ratio of the shareholders. The new shares or cash allocated shall be no more than 25% of the paid-in capital.
3. Special reserve

Item	December 31, 2021	December 31, 2020
Appropriation of other equity debit balance	\$ -	\$ 60,792
Appropriation of initial application of IFRSs	93,685	93,685
Appropriation of investment property at fair value	661,692	408,327
Total	<u>\$ 755,377</u>	<u>\$ 562,804</u>

- (1) Pursuant to laws, when allocating earnings, the Company shall provide the special reserve from the credit balance under other equities on the balance sheet date in current year and then may allocate the earnings. Where the credit balance under other equity is reversed, the reversed amount may be included into the allocatable earnings.
- (2) Appropriation of initial application of IFRSs

When first adopting the IFRSs, the Company re-stated NTD 158,125 thousand of the accumulative translation adjustment and unrealized revaluation increase to the retained earnings. However, the retained earnings increase generated from the first-time adoption of IFRSs was insufficient for recognition. Therefore, NTD 93,685 thousand of retained earnings increase generated from the first-time adoption of IFRSs was recognized as special reserve.

- (3) Appropriation of investment property at fair value

Item	Amount
Appropriation of investment property first at fair value	\$ 393,347
Appropriation of investment property at fair value	268,345
Total	<u>\$ 661,692</u>

As of December 31, 2021, the special reserve was classified as accumulated net fair value increase of investment property, and the amount not provided due to the insufficient undistributed earnings in the previous period totaled NTD 512,947 thousand.

4. The proposals for appropriation of earnings in 2020 and 2019 approved by the shareholders' meeting of the Company in August 2021 and June 2020 are as follows:

Item	Earnings distribution	
	2020	2019
Legal reserve	\$ 21,397	\$ 4,805
Special reserve	192,573	50,423
Total	\$ 213,970	\$ 55,228

5. The following is the proposal for appropriation of earnings in 2021 approved by the shareholders' meeting of the Company on March 25, 2022:

Item	Earnings distribution	Dividends per share
Legal reserve	\$ 19,002	
Special reserve	8,328	
Cash dividends	148,354	0.3

- (1) The proposal for distribution of earnings 2021 is pending resolution by the annual general meeting to be convened in 2022.
- (2) Where, before the record date for distribution of cash dividends, the number of outstanding shares is changed due to factors such as repurchase of the Company's shares, transfer of treasury stocks to employees, or other changes in shares and thereby it is necessary to amend the payout ratio, it is proposed to have a shareholders' meeting authorize the Chairman of the Board to adjust the payout ratio with full power, subject to the circumstances.
6. For implementation of the earnings distribution proposed by the Board of Directors and resolved by the shareholders' meetings, please visit the "Market Observation Post System" of the TWSE for inquiry.

(XXV) Other equity items

Item	Exchange difference in the financial statement translation of foreign operations	Unrealized valuation profit (loss) of financial assets at fair value through other comprehensive income	Total
Balance on January 1, 2021	\$ (87,460)	\$ 142,772	\$ 55,312
Exchange difference in the financial statement translation of foreign operations	(15,789)	-	(15,789)
Unrealized valuation profit (loss) of financial assets at fair value through other comprehensive income	-	151,327	151,327
Share of affiliates and joint ventures under the equity method	(563)	214,435	213,872
Disposal of equity instruments measured at fair value through other comprehensive income	-	(7,474)	(7,474)

Balance on December 31, 2021	\$ (103,812)	\$ 501,060	\$ 397,248
Item	Exchange difference in the financial statement translation of foreign operations	Unrealized valuation profit (loss) of financial assets at fair value through other comprehensive income	Total
Balance on January 1, 2020	\$ (77,923)	\$ (58,900)	\$ (136,823)
Exchange difference in the financial statement translation of foreign operations	(9,837)	-	(9,837)
Unrealized valuation profit (loss) of financial assets at fair value through other comprehensive income	-	37,234	37,234
Share of affiliates and joint ventures under the equity method	300	164,438	164,738
Balance on December 31, 2020	\$ (87,460)	\$ 142,772	\$ 55,312

(XXVI) Non-controlling equity

Item	2021	2020
Balance – beginning	\$ 769,122	\$ 758,344
Share attributable to non-controlling equity:		
Current net profit (loss)	15,985	16,490
Other comprehensive income in current period	7,737	2,503
Cash capital increase of subsidiary	-	10,000
Changes of affiliates and joint ventures under the equity method	-	(2,132)
Cash dividends distributed to non-controlling equity	(16,786)	(16,083)
Balance – ending	\$ 776,058	\$ 769,122

(XXVII) Operating revenue

Item	2021	2020
Revenue from customer contracts		
Sales revenue	\$ 4,815,340	\$ 4,801,694
Revenue from processing	248,308	165,569
Management service revenue	37,973	57,422
Total operating revenue from customer contracts	\$ 5,101,621	\$ 5,024,685
Less: Sales return	(22,517)	(39,677)
Sales discount	(371,350)	(372,362)
Net operating revenue from customer contracts	\$ 4,707,754	\$ 4,612,646
Other operating income	3,126	1,840

Net operating revenue	\$ 4,710,880	\$ 4,614,486
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1. Details of customer contracts

(1) Sales revenue

The Group mainly engages in the selling of drinks and canned foods to wholesalers and retailers. According to general commercial practices, the Group accepts returns of goods and provides full refunds. If the contract has specified related rights for the return of goods, the contents of the contract shall prevail. Considering experience accumulated in the past, the Group estimates the refund rate at the highest possible amount to recognize the refund liabilities (as other current liabilities). Other products are sold according to the fixed price agreed to and the agreed promotional price in the contract.

(2) Revenue from processing

This mainly refers to the revenue generated from the processing provided according to the contract and is recognized based on the completion progress of the contract. However, if one certain task is more important than other tasks in the labor services provided, the recognition of revenue shall defer to the completion of those certain tasks.

(3) Management service revenue

This mainly refers to the revenue generated from the security service provided according to the contract. The personnel is sent to provide service based on the contract and completes the performance obligation over time. Also, the service revenue is collected based on the fixed price agreed in the contract.

2. Details of revenue from customer contracts

The revenue of the Group can be classified by the following main product lines and geographical areas:

2021:

	Drinks and canned foods	Processing	Management service	Total
<u>Main area and market</u>				
Taiwan	\$ 4,326,429	\$ 203,318	\$ 37,973	\$ 4,567,720
Mainland China	95,044	44,990	-	140,034
Total	<u>\$ 4,421,473</u>	<u>\$ 248,308</u>	<u>\$ 37,973</u>	<u>\$ 4,707,754</u>
<u>Product line</u>				
Tradition series	\$ 1,109,439	\$ 44,990	\$ -	\$ 1,154,429
Dessert series	738,720	13,646	-	752,366
Drink series	1,348,011	105,490	-	1,453,501
Oat milk series	962,919	84,106	-	1,047,025
Oil series	91,639	76	-	91,715
Health series	21,583	-	-	21,583
Others	149,162	-	37,973	187,135
Total	<u>\$ 4,421,473</u>	<u>\$ 248,308</u>	<u>\$ 37,973</u>	<u>\$ 4,707,754</u>
<u>Timing of revenue recognition</u>				
Fulfillment of performance obligation at certain timing	\$ 4,421,473	\$ 248,308	\$ -	\$ 4,669,781
Gradual fulfillment of performance obligation	-	-	37,973	37,973

over time				
Total	\$ 4,421,473	\$ 248,308	\$ 37,973	\$ 4,707,754
2020:				
	Drinks and canned foods	Processing	Management service	Total
<u>Main area and market</u>				
Taiwan	\$ 4,296,974	\$ 138,518	\$ 57,422	\$ 4,492,914
Mainland China	92,681	27,051	-	119,732
Total	\$ 4,389,655	\$ 165,569	\$ 57,422	\$ 4,612,646
<u>Product line</u>				
Tradition series	\$ 1,074,960	\$ -	\$ -	\$ 1,074,960
Dessert series	728,892	8,382	-	737,274
Drink series	1,415,463	103,345	-	1,518,808
Oat milk series	898,123	53,842	-	951,965
Oil series	86,666	-	-	86,666
Health series	22,063	-	-	22,063
Others	163,488	-	57,422	220,910
Total	\$ 4,389,655	\$ 165,569	\$ 57,422	\$ 4,612,646
<u>Timing of revenue recognition</u>				
Fulfillment of performance obligation at certain timing	\$ 4,389,655	\$ 165,569	\$ -	\$ 4,555,224
Gradual fulfillment of performance obligation over time	-	-	57,422	57,422
Total	\$ 4,389,655	\$ 165,569	\$ 57,422	\$ 4,612,646

3. Contract balance

The accounts receivable, contract assets and liabilities related to revenue from customer contracts recognized by the Group are as follows:

	December 31, 2021	December 31, 2020
Receivable	\$ 664,786	\$ 591,919
Contract assets	-	-
Total	\$ 664,786	\$ 591,919
Contract liabilities – current	\$ 12,959	\$ 11,761

(1) Significant changes in contract assets and liabilities

The changes in contract assets and liabilities are mainly due to the difference between the timing of performance obligation fulfillment and the timing of customer payment. There are no other significant changes.

(2) The following is the amount of the contract liabilities from the beginning of the period and fulfilled performance obligation in previous period recognized as current revenue:

Amount recognized as current revenue	2021	2020
Contract liabilities from the beginning of the period	\$ 10,543	\$ 8,369
Fulfilled performance obligation	\$ -	\$ -

from the previous period

(XXVIII) Employee benefits, depreciation, depletion and amortization expenses

By nature	2021		
	As operating costs	As operating expenses	Total
Employee benefit expenses			
Salary expenses	\$ 201,184	\$ 361,149	\$ 562,333
Expenses for labor and health insurance	21,349	27,581	48,930
Pension expenses	10,572	13,605	24,177
Other employee benefit expenses	31,258	20,908	52,166
Depreciation expenses (Note 1)	89,682	38,710	128,392
Amortization expenses	17	2,044	2,061
Total	\$ 354,062	\$ 463,997	\$ 818,059

By nature	2020		
	As operating costs	As operating expenses	Total
Employee benefit expenses			
Salary expenses	\$ 195,999	\$ 371,697	\$ 567,696
Expenses for labor and health insurance	19,864	25,531	45,395
Pension expenses	9,422	12,096	21,518
Other employee benefit expenses	31,130	20,396	51,526
Depreciation expenses (Note 2)	85,856	43,824	129,680
Amortization expenses	30	4,044	4,074
Total	\$ 342,301	\$ 477,588	\$ 819,889

(Note 1): This does not include the leased asset depreciation expenses of NTD 4,733 thousand stated in non-operating expenses.

(Note 2): This does not include the leased asset depreciation expenses of NTD 1,359 thousand stated in non-operating expenses.

1. The Company shall allocate no less than 1% of the current pre-tax profit before deducting the remuneration distributed to employees and the directors as the remuneration to employees and no more than 1% thereof as the remuneration to directors. Should there be any change to the annual consolidated financial report after the reporting date, the accounting treatment shall be applied, and the adjustment accounted for in the next year.

2. The Company's board of directors resolved to pass the 2021 and 2020 compensation to employees and remuneration to directors on March 25, 2022, and March 23, 2021, respectively. The relevant amounts recognized in the financial report are as follows:

	2021		2020	
	Remuneration to employees	Remuneration to directors	Remuneration to employees	Remuneration to directors
Distributed amount resolved	\$ 5,204	\$ 2,601	\$ 5,970	\$ 2,984
Amount recognized in annual financial statements	2,602	2,601	2,985	2,984
Difference	<u>\$ 2,602</u>	<u>\$ -</u>	<u>\$ 2,985</u>	<u>\$ -</u>

The difference between the 2021 and 2020 remuneration distributed to employees resolved by the Board of Directors and the amount in the financial report was mainly due to the changes in accounting estimates and will be recognized as profit or loss for adjustment in 2022 and 2021; in addition, the remuneration to employees was distributed in cash.

3. For information related to the remuneration to employees, directors, and supervisors approved by the Company, please visit the "Market Observation Post System" of TWSE for further inquiry.

(XXIX) Other revenue

Item	2021	2020
Rental revenue	\$ 9,271	\$ 8,618
Dividend revenue	32,631	15,669
Revenue from relief packages	980	5,146
Others	29,428	29,914
Total	<u>\$ 72,310</u>	<u>\$ 59,347</u>

(XXX) Other gains and losses

Item	2021	2020
Net loss (gain) from financial assets and liabilities at fair value through profit or loss	\$ 10,123	\$ 4,672
Gain (loss) of foreign exchange, net	13,606	33,150
Gain (loss) on disposal of property, plant and equipment	(325)	(254)
Lease cost	(7,358)	(4,236)
Gain (loss) from fair value adjustment	5,936	30,135
Impairment loss of property, plant and equipment	(8,928)	(8,805)
Others	(13,579)	(30,041)
Total	<u>\$ (525)</u>	<u>\$ 24,621</u>

(XXXI) Finance costs

Item	2021	2020
Interest from bank loans	\$ 103,522	\$ 109,110
Other finance costs	18,977	13,999
Lease liabilities	963	922
Subtotal	\$ 123,462	\$ 124,031
Less: Capitalized amount of qualifying assets	(434)	(336)
Finance costs	\$ 123,028	\$ 123,695
Interest rate interval	1.38%~5.74%	1.421%~5.66%

(XXXII) Income tax

1. Income tax expenses

(1) The components of income tax expenses are as follows:

Item	2021	2020
<u>Income tax in the current period</u>		
Income tax generated in the current period	\$ 10,084	\$ 6,848
Overestimated/underestimated income tax in previous year	4	159
Additional tax levied on undistributed earnings	138	156
Total income tax in the current period	\$ 10,226	\$ 7,163
<u>Deferred income tax</u>		
Initial occurrence and reversal of temporary difference	\$ 57,851	\$ 53,753
Deferred income tax expenses	\$ 57,851	\$ 53,753
Income tax expenses (gains)	\$ 68,077	\$ 60,916

(2) Income tax expenses (gains) related to other comprehensive income:

Item	2021	2020
Exchange difference in the financial statement translation of foreign operations	\$ (1,754)	\$ (980)
Re-measurement of defined benefit pension plan	(1,122)	(1,535)
Total	\$ (2,876)	\$ (2,515)

2. The adjustments of current accounting income and income tax expenses recognized as profit or loss are as follows:

Item	2021	2020
Net profit before tax	\$ 285,244	\$ 310,310
Tax calculated based on net profit before tax at the statutory tax rate	\$ 43,234	\$ 55,511
Tax effects of adjustments		
Effects not included in the calculation of		

taxable income		
Losses (gains) from adjustment of unrealized fair value	(1,187)	(6,027)
Other adjustments	(36,021)	(27,626)
Deduction of losses	4,058	(15,010)
Overestimated/underestimated income tax in previous year	4	159
Additional tax levied on undistributed earnings	138	156
Net change in deferred income tax	57,851	53,753
Income tax expenses recognized as profit or loss	\$ 68,077	\$ 60,916

The entity tax rate specified in the Income Tax Act of Republic of China applicable to the Group is 20% and the applicable tax rate for undistributed earnings is 5%; the tax generated from other jurisdictions is calculated based on the applicable tax rate of each relevant jurisdiction.

3. Deferred income tax assets or liabilities generated due to temporary difference, deduction of losses and investment credit:

Item	2021				
	Balance – beginning	Recognized as profit (loss)	Recognized under other comprehensive income	Exchange rate effect	Balance – ending
Deferred income tax assets:					
Temporary difference					
Investment losses (gains) under the equity method	\$ 206,148	\$ (36,639)	\$ -	\$ -	\$ 169,509
Re-measurement of defined benefit	20,407	(4,209)	1,000	-	17,198
Unused deduction of losses	22,988	(18,321)	-	-	4,667
Others	7,672	1,661	1,750	-	11,083
Subtotal	\$ 257,215	\$ (57,508)	\$ 2,750	\$ -	\$ 202,457
Deferred income tax liabilities					
Temporary difference					
Increment tax on land value	\$ (134,332)	\$ 567	\$ -	\$ -	\$ (133,765)
Others	(7,126)	(910)	126	-	(7,910)
Subtotal	\$ (141,458)	\$ (343)	\$ 126	\$ -	\$ (141,675)
Total	\$ 115,757	\$ (57,851)	\$ 2,876	\$ -	\$ 60,782

Item	2020				
	Balance – beginning	Recognized as profit (loss)	Recognized under other comprehensive income	Exchange rate effect	Balance – ending
Deferred income tax assets:					
Temporary difference					
Investment losses (gains) under the equity method	\$ 231,247	\$ (25,099)	\$ -	\$ -	\$ 206,148
Re-measurement of defined benefit	21,287	(2,616)	1,736	-	20,407

Unused deduction of losses	60,410	(37,422)	-	-	22,988
Others	8,089	(1,476)	1,059	-	7,672
Subtotal	<u>\$ 321,033</u>	<u>\$ (66,613)</u>	<u>\$ 2,795</u>	<u>\$ -</u>	<u>\$ 257,215</u>
Deferred income tax liabilities					
Temporary difference					
Increment tax on land value	\$ (134,477)	\$ 145	\$ -	\$ -	\$ (134,332)
Others	(19,759)	12,715	(280)	198	(7,126)
Subtotal	<u>\$ (154,236)</u>	<u>\$ 12,860</u>	<u>\$ (280)</u>	<u>\$ 198</u>	<u>\$ (141,458)</u>
Total	<u>\$ 166,797</u>	<u>\$ (53,753)</u>	<u>\$ 2,515</u>	<u>\$ 198</u>	<u>\$ 115,757</u>

4. Items not recognized as deferred tax assets

Item	December 31, 2021	December 31, 2020
Temporary difference	\$ 320,013	\$ 291,327
Unused deduction of losses	177,908	206,011
Total	<u>\$ 497,921</u>	<u>\$ 497,338</u>

5. The tax collection authorities have authorized the income tax of profit-seeking enterprises reported by the Company as of 2019.

(XXXIII) Other comprehensive income

Item	2021		
	Before tax	Income tax (expenses) gains	Net amount after tax
Items not reclassified to profit or loss:			
Re-measurement of defined benefit plan	\$ (5,612)	\$ 1,122	\$ (4,490)
Unrealized valuation profit or loss from equity instrument investments at fair value through other comprehensive income	155,615	-	155,615
Share of affiliates and joint ventures under the equity method	207,782	-	207,782
Subtotal	<u>\$ 357,785</u>	<u>\$ 1,122</u>	<u>\$ 358,907</u>
Items may be subsequently reclassified as profit or loss:			
Share of affiliates and joint ventures under the equity method			
Exchange difference in the financial statement translation of foreign operations	\$ (17,899)	\$ 1,749	\$ (16,150)
Unrealized valuation profit or loss of debt financial assets at fair value through other comprehensive income	3,900	-	3,900
Share of affiliates and joint ventures under the equity method	(568)	5	(563)
Subtotal	<u>\$ (14,567)</u>	<u>\$ 1,754</u>	<u>\$ (12,813)</u>
Recognized under other comprehensive income	<u>\$ 343,218</u>	<u>\$ 2,876</u>	<u>\$ 346,094</u>

Item	2020		
	Before tax	Income tax (expenses) gains	Net amount after tax
Items not reclassified to profit or loss:			
Re-measurement of defined benefit plan	\$ (7,674)	\$ 1,535	\$ (6,139)
Unrealized valuation profit or loss from equity instrument investments at fair value through other comprehensive income	40,604	-	40,604
Share of affiliates and joint ventures under the equity method	157,301	-	157,301
Subtotal	<u>\$ 190,231</u>	<u>\$ 1,535</u>	<u>\$ 191,766</u>
Items may be subsequently reclassified as profit or loss:			
Share of affiliates and joint ventures under the equity method			
Exchange difference in the financial statement translation of foreign operations	\$ (11,991)	\$ 2,211	\$ (9,780)
Unrealized valuation profit or loss of debt financial assets at fair value through other comprehensive income	(850)	-	(850)
Share of affiliates and joint ventures under the equity method	1,531	(1,231)	300
Subtotal	<u>\$ (11,310)</u>	<u>\$ 980</u>	<u>\$ (10,330)</u>
Recognized under other comprehensive income	<u>\$ 178,921</u>	<u>\$ 2,515</u>	<u>\$ 181,436</u>

(XXXIV) Earnings per common stock

Item	2021	2020
A. Basic EPS:		
Current net profit	\$ 201,182	\$ 232,904
Weighted average number of current outstanding shares (thousand shares)	494,513	494,513
Basic EPS (after tax) (NTD)	<u>\$ 0.41</u>	<u>\$ 0.47</u>
B. Diluted EPS:		
Current net profit	\$ 201,182	\$ 232,904
Effect of dilutive potential common stocks	-	-
Current net profit to be used to calculate diluted EPS	<u>\$ 201,182</u>	<u>\$ 232,904</u>
Weighted average number of current outstanding shares (thousand shares)	\$ 494,513	\$ 494,513
Effects of remuneration to employees (Note)	321	316
Weighted average number of outstanding common stock to be used to calculate diluted EPS (thousand shares)	<u>\$ 494,834</u>	<u>\$ 494,829</u>
Diluted EPS (after tax) (NTD)	<u>\$ 0.41</u>	<u>\$ 0.47</u>

(Note) When the Company chooses to distribute remuneration to employees in the form of shares or cash, the diluted EPS is calculated in case the remuneration

to employees is distributed in shares and the weighted average outstanding shares is included in the dilutive potential common stocks. When calculating the diluted EPS before distributing the resolved shares as remuneration to employees in the following year, the dilutive effect of potential common stocks shall also be considered.

VII. Transactions of the related party

(I) Parent company and ultimate controller:

The Company is the ultimate controller of the Group.

(II) Name of the related party and relationship

Name of the related party	Relationship with the Company
Taiwan First Biotechnology Corp.	Affiliated companies
Nicostar Capital Investment (BVI) Ltd.	Affiliated companies
Tongjitang Medicinal Biotech Corp.	Affiliated companies
Gangjing Co., Ltd.	Affiliated companies
Tai Fu International Corp.	Affiliated companies
Hopeman Distribution Co., Ltd.	Affiliated companies
Yanjing AGV International Company Limited	Affiliated companies
NICE Enterprise Co., Ltd.	Affiliated companies
Heding International Development Co., Ltd.	Affiliated companies
Nice Plaza Co., Ltd.	Affiliated companies
Dongruntang Biotech Corp.	Affiliated companies
Zhuqi Lionhead Mountain Leisure Development Co., Ltd.	Affiliated companies
Songshan Village Co., Ltd.	Affiliated companies
Acts Bioscience Inc.	Affiliated companies
Kuo Cheng Investment Development Corp.	Affiliated companies
Nice Investment Development Ltd.	Affiliated companies
Taiwan NJC Corporation	Other related parties
NICECO International Corp.	Other related parties
Janfusun Fancyworld Corp.	Other related parties
Tangsheng International Co., Ltd.	Other related parties
Tangli Culture Media Co., Ltd.	Other related parties
Jinan AGV Products Corporation	Other related parties
Eastern Taiwan Cultural & Creative Co., Ltd.	Other related parties
Koyaka Biotech Co., Ltd.	Other related parties
Chen Ten-Tao Cultural and Education Foundation	Other related parties
Yueshan Investment Co., Ltd.	Other related parties
Lujing Landscape Co., Ltd.	Other related parties
Shinekeep International Corp.	Other related parties
Taiwan Cosmetics Co., Ltd.	Other related parties
Zhengda Fenghuang Shanzhuang Co., Ltd.	Other related parties
Thunder Tiger Corporation	Other related parties
Prize Products Corporation	Other related parties
Baige Biotech Inc.	Other related parties
Ho Yuan Investment Co., Ltd.	Other related parties
IBF VC	Other related parties

Gelan Co., Ltd.	Other related parties
Yue Guan International Development Co., Ltd.	Other related parties
Jinzhou Development Co., Ltd.	Other related parties
Goldbank Investment Development Corp.	Other related parties
All Pass Bio-Tec Co., Ltd.	Other related parties
Taiwan Mineral Water Corp.	Other related parties
Jinan Ponpon Co., Ltd.	Other related parties
Apoland International Corp.	Other related parties
Nice Capital & Finance Corp.	Other related parties
Taiwan Sanyejia Co., Ltd.	Other related parties
Kuludrink Kombucha Ltd.	Other related parties
Pi-Hsia Ma	Other related parties
Taiwan Daily Chemical Biotechnology Inc.	Other related parties
Shui Niu Cuo Co., Ltd.	Other related parties

(III) Major transactions with the related party:

The balance and transaction between the Group and its subsidiaries (as related parties of the Company) have been written off from the consolidated financial statements and were not disclosed accordingly. The details about transactions between the Group and other related parties are disclosed as follows:

1. Operating revenue

Item	Category/Name of the related party	2021	2020
Sales revenue	Affiliated companies	\$ 75,994	\$ 67,022
	Other related parties		
	NICECO International Corp.	91,163	112,807
	Others	18,732	18,228
	Total	<u>\$ 185,889</u>	<u>\$ 198,057</u>
Rental income	Affiliated companies	\$ 1,804	\$ 1,804
	Other related parties	36	36
	Total	<u>\$ 1,840</u>	<u>\$ 1,840</u>

(1) Sales revenue:

Said terms of sale have no significant difference from those of the general distributors. The collection period is O/A 30-90 days based on the distribution channels. However, the collection can be extended with interest accrued upon the agreement of both parties.

(2) Rental revenue:

For the lease of the Group to said companies, the lease price is based on contract agreements and the rental is collected on a monthly or quarterly basis.

2. Purchase

Type of the related party	2021	2020
Affiliated companies		
Taiwan First Biotechnology Corp.	\$ 1,068,327	\$ 1,104,606
Others	33,913	32,941
Other related parties		
NICECO International Corp.	320,104	247,239
Others	25,908	36,427
Total	<u>\$ 1,448,252</u>	<u>\$ 1,421,213</u>

Said purchase price has no significant difference from those of the general suppliers. Regarding payment method, besides commissioning other related parties to import goods, the Company follows the example of export practice to prepay part of the payment for goods. The balance was paid in full in the following month upon the receipt of goods while others adopts O/A 45–90 days for payment. The grace period is 1–5 months. However, the grace period can be extended upon the agreement of both parties.

3. Accounts receivable from the related party (excluding funds loaned to the related party)

Item	Category/Name of the related party	December 31, 2021	December 31, 2020
Notes receivable	Affiliated companies	\$ 79	\$ 64
	Other related parties		
	NICECO	13,252	19,151
	International Corp.		
	Others	158	198
	Total	\$ 13,489	\$ 19,413
	Less: Allowance loss	(13)	(19)
Net amount	<u>\$ 13,476</u>	<u>\$ 19,394</u>	
Accounts receivable	Affiliated companies	\$ 6,780	\$ 4,412
	Other related parties	12,410	14,943
	Total	\$ 19,190	\$ 19,355
	Less: Allowance loss	(15)	(16)
	Net amount	<u>\$ 19,175</u>	<u>\$ 19,339</u>
	Other accounts receivable	Affiliated companies	
Nice Investment	\$ 7,136	\$ 3,860	
Kuo Cheng Investment	13,392	-	
Others	5,694	10,175	
Other related parties	Nice Capital & Finance Corp.	11,931	8,793
Others	3,768	18,775	
Total	\$ 41,921	\$ 41,603	
Less: Allowance loss	(3,064)	(18,169)	
Net amount	<u>\$ 38,857</u>	<u>\$ 23,434</u>	

(Note) The Group's expected credit losses of other accounts receivable recognized (reversed) were NTD 661 thousand and NTD 8,907 thousand in 2021 and 2020, respectively.

4. Accounts payable to the related party (excluding loans from the related party)

Item	Type of the related party	December 31, 2021	December 31, 2020
Notes payable	Affiliated companies	\$ 5,550	\$ 2,945
	Other related parties	3,299	9,265
	Total	\$ 8,849	\$ 12,210
Accounts payable	Affiliated companies		
	Taiwan First Biotechnology Corp.	\$ 411,897	\$ 587,284
	Others	3,540	5,196
	Other related parties	36,990	25,402
	Total	\$ 452,427	\$ 617,882
Other payables	Affiliated companies	\$ 22,123	\$ 22,038
	Other related parties	26,707	22,859
	Total	\$ 48,830	\$ 44,897

5. Advance receipts

Category/Name of the related party	December 31, 2021	December 31, 2020
Other related parties	\$ 3	\$ -

6. Prepayments

Category/Name of the related party	December 31, 2021	December 31, 2020
Affiliated companies		
Nice Plaza Co., Ltd.	\$ 4,477	\$ 21,417
Other related parties		
NICECO International Corp.	9,204	11,855
Janfusun Fancyworld Corp.	30,423	23
Others	478	902
Total	\$ 44,582	\$ 34,197

7. Guarantee deposits

Category/Name of the related party	December 31, 2021	December 31, 2020
Affiliated companies	\$ 151	\$ 348
Other related parties		
Jinan AGV Products Corporation	826	831
Total	\$ 977	\$ 1,179

8. Property transaction

(1) Acquisition of property, plant and equipment:

Category/Name of the related party	2021	2020
Other related parties	\$ 150	\$ -

(2) Disposal of property, plant and equipment:

2021:

Category/Name of the related party	Proceeds from disposal	Gain or loss from disposal
Affiliated companies	\$ 300	\$ 300

2020: None.

(3) Acquisition of financial assets:

2021:

Category/Name of the related party	Transaction item	Transaction amount
Affiliated companies		
Nice Plaza Co., Ltd.	1,100 thousand preferred shares of Nice Capital & Finance Corp.	\$ 19,910
Other related parties		
Janfusun Fancyworld Corp.	4,000 thousand shares of Nice Plaza Co., Ltd.	(Note)

Said share transaction price refers to the net worth per share of the invested company and is determined after price negotiation between both parties. As of December 31, 2021, all of the transaction prices have been paid in full.

(Note) Since the counterparty failed to perform its obligation to register the transfer within the prescribed time limit, the contract agreed by both parties has been canceled in December 2021, and the prepayment for the stock price was refunded accordingly.

2020:

Category/Name of the related party	Transaction item	Transaction amount
Affiliated companies		
NICE Enterprise Co., Ltd.	1,500 thousand shares of Qixing Resort Co., Ltd.	\$ 15,000

Said share transaction price refers to the net worth per share of the invested company and is determined after price negotiation between both parties. As of December 31, 2020, all of the transaction prices have been paid in full.

(4) Disposal of financial assets: None.

9. Lease agreement

(1) Right-of-use assets acquired from lease

<u>Category/Name of the related party</u>	<u>Lease item</u>	<u>2021</u>	<u>2020</u>
Acquisition of right-of-use assets	Institute of Health Science		
Affiliated companies		\$ 10,865	\$ -
<hr/>			
<u>Category/Name of the related party</u>		<u>December 31, 2021</u>	<u>December 31, 2020</u>
Lease liabilities			
Affiliated companies		\$ 11,527	\$ 3,303
<hr/>			
<u>Category/Name of the related party</u>		<u>2021</u>	<u>2020</u>
Interest expenses			
Affiliated companies		\$ 29	\$ 96

(2) Lease expenses

<u>Category/Name of the related party</u>	<u>2021</u>	<u>2020</u>
Affiliated companies	\$ 374	\$ 356

Said lease conditions are based on contract agreements and the rental is paid on a monthly or quarterly basis.

10. Lease agreement: Please refer to Note 7(3)14.

11. Loaning of funds to the related party: None.

12. Loans from related parties (stated as other payables and long-term notes and accounts payable):

(1) Balance – ending

<u>Type of the related party</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other related parties	\$ 32,109	\$ 22,784
Current	\$ 26,573	\$ 22,784
Non-current	\$ 5,536	\$ -

(2) Interest expense: None.

13. Endorsement and guarantee: None.

14. Others

(1) Various revenues

Category/Name of the related party	2021	2020
Affiliated companies		
Taiwan First Biotechnology Corp.	\$ 4,169	\$ 4,742
Nice Investment	2,763	3,860
Kuo Cheng Investment Development Corp.	5,720	-
Others	877	555
Other related parties		
Tangli Culture Media Co., Ltd.	3,371	3,371
Nice Capital & Finance Corp.	11,091	7,436
Others	823	1,055
Total	<u>\$ 28,814</u>	<u>\$ 21,019</u>

This mainly refers to rent revenue and other revenues. Said lease prices are based on contract agreements and the rental is collected on a monthly or quarterly basis.

(2) Various expenditures

Category/Name of the related party	2021	2020
Affiliated companies		
Hopeman Distribution Co., Ltd.	\$ 138,376	\$ 136,209
Others (Note)	11,829	11,721
Other related parties		
Tangli Culture Media Co., Ltd.	191,751	221,109
Others	24,071	22,567
Total	<u>\$ 366,027</u>	<u>\$ 391,606</u>

(Note): This excludes the collection/payment of warehousing fees.

- a. To promote the sale of products, the Group commissioned Tangli Culture Media to provide advertisement planning services, which is responsible for product market surveys as well as product and advertisement planning. The payment is based on the contract agreement and settled on a monthly basis. The amount is paid within 30 days after the settlement.
 - b. Hopeman Distribution is commissioned to deliver products manufactured and sold by the Group, and the product delivery expenses is calculated based on a certain ratio of net sales.
 - c. Other expenses such as management consultation services are paid according to the contract agreement.
- (3) The Group's participation in the cash capital increase, claims converted into capital increases and increases in amounts invested in related parties is as follows: None.

(4) Part of the Group's land is registered in the name of related parties and the details are as follows:

Type of the related party	Land number
Pi-Hsia Ma	Land Nos. 183 and 184, Datan Subsection, Datan Section, Xingang Township, Land No. 378, Houdihu Subsection, Houdihu Section, Xingang Township, Land No. 175, Kantoucuo Section, Gukeng Township, Yunlin County, Land Nos. 160-7, 165-3 and 160-30, Songzijiao Section, Minxiong Township, and Land Nos. 600 and 601, Wujiancuo Section, Zhuqi Township.

(IV) Information about remuneration to key management

Category/Name of the related party	2021	2020
Salary and other short-term employee benefits	\$ 23,468	\$ 25,759
Benefits after severance/retirement	743	731
Other long-term employee benefits	1,097	1,046
Total	\$ 25,308	\$ 27,536

VIII. Pledged assets

The following assets were pledged for various loans and performance guarantees:

Item	December 31, 2021	December 31, 2020
Pledged demand deposits	\$ 27,567	\$ 57,799
Investment under the equity method	905,376	894,833
Property, plant and equipment (net amount)	1,625,780	1,643,316
Investment property	2,582,222	2,636,500
Total	\$ 5,140,945	\$ 5,232,448

IX. Major Contingent Liabilities and Commitments Made Under Unrecognized Contracts

(I) As of December 31, 2021 and 2020, the guarantee notes issued for loan limit guarantees by the Group amounted to NTD 3,920,000 thousand and NTD 3,743,200 thousand, respectively, which was recognized as guarantee notes paid and guarantee notes payable.

(II) As of December 31, 2021 and 2020, the guarantee notes and accounts received by the Group for performance guarantees of construction and assuring claims of payment for goods amounted to NTD 60,373 thousand and NTD 61,724 thousand, respectively, which was recognized as guarantee notes and accounts received and guarantee notes and accounts receivable.

(III) As of December 31, 2021 and 2020, the details regarding unused letters of credit issued by the Group are as follows:

Item	Unit: NTD thousand	
	December 31, 2021	December 31, 2020
Amount of letter of credit	USD 2,306	USD 2,186
Guarantee amount	-	-

(IV) As of December 31, 2021 and 2020, for the endorsements/guarantees for others by the Group, please refer to Table 2 of Note 13.

(V) Significant capital expenses signed but not incurred:

Item	December 31, 2021	December 31, 2020
Property, plant, and equipment (Note)	\$165,045	\$160,559

(Note) For the lawsuit and suspension of construction related to the subsidiary of the Group, Shandong AGV Food Technology Co., Ltd., please refer to Note 9(6).

(VI) The lawsuit and construction suspension regarding the plant construction of Shandong AGV Food Technology Co., Ltd.:

1. Shandong AGV Food Technology Co., Ltd. (hereinafter referred to as the Shandong AGV) constructed the Jiyang plant of Shandong AGV in 2014 and commissioned Shandong Taian Construction Group Co., Ltd. (hereinafter referred to as Shandong Taian) as the turnkey solutions provider for the construction of Shandong AGV Jiyang plant. The construction contract was a framework contract for the construction of the entire plant area. After Shandong AGV signed A1, A3 and A12 contract construction with Shandong Taian: (1) Due to construction delays in 2018, it filed a civil action against Shandong AGV regarding unsigned construction contracts and part of the construction amount and related interest for construction in progress without reaching an acceptable level, and the claimed amount was RMB 19,985 thousand in May 25, 2020; (2) It also filed a provisional seizure for part of Shandong AGV's property to the court on April 16, 2020; (3) Shandong AGV received the court verdict from Jiyang District People's Court on July 8, 2020, stating that Shandong Taian should pay RMB 12,769 thousand as the construction amount and related interest; (4) Shandong AGV disagreed with the verdict and appealed to a higher court in July 2020, and received the final judgment from Shandong, Jinan Intermediate People's Court in October 2020, stating that Shandong AGV should pay RMB 11,454 thousand of the remaining construction amount and related interest to Shandong Taian. In addition, RMB 359 thousand in trial expenses was recognized by Shandong AGV in 2020; (5) Shandong AGV paid the construction amount, interest and trial expenses totalizing RMB 11,898 thousand to Jiyang District People's Court on January 20, 2021. Shandong AGV also applied with Shandong, Jinan Intermediate People's Court for preserving the claim of construction amount made by Shandong Taian against Shandong AGV based on the preceding judgment. Taiping General Insurance Co., Ltd. served as the guarantor of Shandong AGV and issued the letter of guarantee to secure the deposit payable on December 17, 2020, which was approved by Shandong, Jinan Intermediate People's Court (stated as the refundable deposits). Jiyang District People's Court confirmed receiving the judgment of Shandong, Jinan Intermediate People's Court on January 22, 2021, and temporarily refrained from distributing said RMB 11,898 thousand paid by Shandong AGV to Shandong Taian.
2. Shandong AGV filed a suit against Shandong Taian for damages compensation due to default and claimed compensation of RMB 41,055 thousand to Jinan Intermediate People's Court on June 19, 2020. The court session commenced for exchange of evidence in September and October, 2020. The court session commenced on January 29, 2021. Both parties made an appraisal concerning the devaluation loss of Tetra Pak equipment claimed by Shandong AGV. The report provided by the appraisal company specified that this part of Shandong AGV did not exist in tangible, economic and functional impairment. However, the interest loss generated during the idle period was RMB 9,560 thousand. Shandong Taian agreed to proceed with the negotiation. However, both parties failed to reach an agreement later. Jinan Intermediate People's Court rendered its judgment revoking all claims made by Shandong AGV on April 16, 2021. Upon receipt of the first-instance judgment on April 21, 2021, Shandong AGV filed an appeal immediately. Notwithstanding, Shandong Province Higher People's Court rendered the second-instance judgment (final and irrevocable judgment) under (2021)-Lu-Min-Zhong No. 1259 on July 29, 2021, which held that the original judgment should sustain and revoked the

appeal filed by Shandong AGV accordingly. According to Remark 1, the refundable deposit of RMB 11,898 thousand, already furnished to Jiyang District People's Court has been disbursed by the Court and paid to Shandong Taian. Notwithstanding, Shandong AGV filed the petition for a reconsideration pursuant to laws on January 15, 2022, for disagreement to the second-instance judgment. Now, it is waiting for any further notice from the court.

3. The construction base of Shandong AGV changed from industrial land to comprehensive residential land. The base in which the new uncompleted construction is located may be expropriated by Jinan City Government and Land and Resources Bureau in the future due to the change in land use. According to the Regulation on the Expropriation of Buildings on State-owned Land and Compensation of Mainland China, the people's government at the city or county level shall provide subsidy and reward for landowners; thus, in case of future expropriation, the Land and Resources Bureau shall provide compensation for expropriation based on the appraisal amount of the authenticating institution. For compensation given by the Land and Resources Bureau to Shandong AGV according to the relevant laws, the appraised construction cost used as the basis of compensation may not be the same as the contract construction cost appraised in the court verdict. It is considered that the construction cost of the construction contract signed by Shandong AGV may be recovered based on the expropriation compensation procedure, which may not result in loss for Shandong AGV.

X. Losses Due to Major Disasters: None.

XI. Significant Subsequent Events: None.

XII. Others

(I) Management over capital risks

The Group must retain sufficient capital to meet the needs of extensions as well as plant and equipment improvements. Thus, the capital management of the Group is to ensure the necessary financial resources and business plans to meet the needs of working capital, capital expenses, R&D expenses and repayment of debts required within the following 12 months.

(II) Financial instruments

1. Financial risk of financial instruments

Financial risk management policy

Various types of financial risks have an impact on the daily operation of the Group, including the market risk (including the exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. To reduce relevant financial risks, the Group is devoted to identifying, assessing and hedging the uncertainty of the market to minimize the adverse impact of changes in the market on the Company's financial performance.

The board of directors audited the Group's major financial activities in accordance with the relevant norms and internal control systems. Upon implementation of the financial plan, the Group must faithfully comply with the relevant financial operation procedures regarding financial risk management and the division of authority and responsibility.

Nature and degree of important financial risk

(1) Market risk

A. Exchange rate risk

(A) The Group is exposed to exchange rate risk resulting from the sale, procurement and loan transactions and net investment in the foreign operation measured with a currency other than the functional currency of the Group. New Taiwan Dollar is the main functional currency of the Group, while RMB and USD is also included. These transactions are denominated in the major currency of USD and RMB. To avoid the decrease in the foreign asset value and fluctuation of the future cash flow due to changes in the exchange rate, the Group uses foreign currency loans to hedge the risk of exchange rates. The net investment in the foreign operation was for strategic investment, therefore the Group did not adopt any hedging policy against it.

(B) Foreign exchange exposure and sensitivity analysis (before consolidated write-off):

		December 31, 2021					
		Foreign currency	Exchange rate	Amount recognized (NTD)	Sensitivity analysis		
					Extent of change	Impact on profit or loss	Impact on equity
(Foreign currency: Functional currency)							
<u>Financial assets</u>							
<u>Monetary items</u>							
USD : NTD	3,817	27.68	105,645	1% appreciation	1,056	-	
USD : RMB	5	6.3757	148	1% appreciation	1	-	
HKD : USD	1,053	0.1282	3,739	1% appreciation	37	-	
<u>Non-monetary items</u>							
<u>Investment under the equity method</u>							
USD : NTD	22,740	27.68	629,454	1% appreciation	-	6,295	
NZD : USD	74	0.6824	1,402	1% appreciation	-	14	
RMB : USD	163,663	0.1568	710,334	1% appreciation	-	7,103	
VND : USD	3,368,480	0.000043172	4,025	1% appreciation	-	40	
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD : RMB	21,798	6.3757	603,382	1% appreciation	(6,034)	-	
USD : NTD	1,100	27.68	30,462	1% appreciation	(305)	-	

		December 31, 2020				
	Foreign currency	Exchange rate	Amount recognized (NTD)	Sensitivity analysis		
				Extent of change	Impact on profit or loss	Impact on equity
(Foreign currency: Functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	873	28.48	24,851	1% appreciation	249	-
USD : RMB	5	6.5249	154	1% appreciation	2	-
HKD : USD	904	0.1290	3,320	1% appreciation	33	-
<u>Non-monetary items</u>						
<u>Investment under the equity method</u>						
USD : NTD	23,094	28.48	657,729	1% appreciation	-	6,577
NZD : USD	74	0.7226	1,527	1% appreciation	-	15
RMB : USD	180,848	0.1533	789,370	1% appreciation	-	7,894
VND : USD	4,805,773	0.000038975	5,334	1% appreciation	-	53
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : RMB	5,239	6.5249	149,201	1% appreciation	(1,492)	-
USD : NTD	628	28.48	17,898	1% appreciation	(179)	-

If all other variable factors remain unchanged, if the currency value of NTD relatively increases against said currency, there may have equivalent but adverse impact on the amount reflecting said currency on December 31, 2021 and 2020.

(C) The Group's total amount of all exchange gains (losses) (including realized and unrealized) from monetary items due to significant impacts of exchange rate fluctuation was NTD 13,606 thousand and NTD 33,150 thousand in 2021 and 2020, respectively.

B. Price risk

Due to the fact that the equity instrument investment held by the Group indicated in the consolidated balance sheet were classified as financial assets at fair value through profit and loss and financial assets at fair value through other comprehensive income, the Group suffers the price risk of financial instruments.

The Group mainly invested in TWSE/TPEX and foreign listed and unlisted stocks, beneficiary certificates and debt instruments, and the price of such equity and debt instrument is affected by the uncertainty of the investment's future value.

If the prices of equity and debt instruments increase or decrease by 1%, the profit or loss after tax will increase or (decrease) NTD 458 thousand and NTD 357 thousand in 2021 and 2020, respectively, due to the increase or decrease in the fair value of financial assets at fair value through profit or loss. The comprehensive income after tax will increase or (decrease) NTD 12,939 thousand and NTD 11,565 thousand in 2021 and 2020, respectively,

due to the increase or decrease in the fair value of financial assets at fair value through other comprehensive income.

C. Interest rate risk

The book amount of the Group's financial assets and financial liabilities exposed to interest rate exposure on the reporting date is as follows:

Item	Book amount	
	December 31, 2021	December 31, 2020
Interest rate risk with fair value:		
Financial assets	\$ 14,942	\$ 25,222
Financial liabilities	(58,206)	(49,602)
Net amount	<u>\$ (43,264)</u>	<u>\$ (24,380)</u>
Interest rate risk with cash flow:		
Financial assets	\$ 699,174	\$ 699,252
Financial liabilities	(4,981,764)	(4,756,273)
Net amount	<u>\$ (4,282,590)</u>	<u>\$ (4,057,021)</u>

(A) Sensitivity analysis of interest rate risk with fair value

The Group invested in preferred shares that are not able to be transferred to common stocks, and the annual percentage rate of annual dividends is 3.5% based on the issuing method, which is classified as fixed interest rate. Thus, it is not exposed to the risk of changes in future market interest rates. In addition to those mentioned above, the Group does not classify any financial assets or liabilities with fixed interest rate as financial assets at fair value through profit or loss or at fair value through other comprehensive income, and does not specify derivatives (interest rate exchange) as hedging instruments in the hedge account model of fair value. Therefore, the changes in interest rate on the reporting date will not impact profit or loss and other comprehensive net profits.

(B) Sensitivity analysis of interest rate risks with cash flow

The Group's financial instrument of the variable interest rate are assets (liabilities) with variable interest rates. The changes in market interest rates will result in changes in the effective rate and cause changes in future cash flow. The net profit in 2021 and 2020 will increase (decrease) NTD (42,826) thousand and NTD (40,570) thousand, respectively, for every 1% decrease (increase) in the market interest rate.

(2) Credit risk

The Group's credit risk is the risk of financial loss that would be incurred by the Group if its customers or financial instrument trading counterparty fail to perform their contracts. This is mainly due to the trading counterparty being unable to pay the accounts payable based on the payment conditions and the contractual cash flows of debt instrument investment classified as measured at amortized cost and fair value through profit or loss.

Credit risk related to the operation

To maintain the quality of the accounts receivable, the Group has established a procedure to manage the credit risk related to the operation. The risk analysis of individual customers shall consider various factors which may impact the solvency of the customer, including the financial status, credit rating,

internal credit rating of the Group, historical transaction record and current economic situation of the customer.

Financial credit risk

The credit risk of bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Finance Department of the Group. Since the transaction counterparties and the contract performance parties of the Group are banks of excellent credit standing and financial institutions or corporate entities with investment levels, there are no non-compliance issues; therefore, there is no significant credit risk. In addition, for indicators and level information on impairment of financial credit risks regarding debt financial assets at fair value through other comprehensive income, please refer to the description in C., D. and E.

A. Concentration of credit risk

As of December 31, 2021 and 2020, the balance of receivables of the top 10 customers accounted for 58.36% and 57.26% of the Group's balance of receivables, respectively. The concentration of the credit risk for other accounts receivable was relatively insignificant.

B. Measurement of expected credit impairment loss

- a. Accounts receivable: For the simplified approach adopted, please refer to Note 6(4).
- b. Judgment basis of significant increase in credit risk: Please refer to the description (D) in the following.

C. The indicators to determine the debt instrument investment as credit impairment used by the Group is as follows:

- (A) The issuer has significant financial difficulty or faces possible bankruptcy or other financial reorganization;
- (B) The active market of financial assets extinguishes due to financial difficulties of the issuer;
- (C) The dividend or principal payments delay or non-performance by the issuer;
- (D) National or regional adverse economic changes related to the default of the issuer.

D. The credit risk rating information on debt instrument investment at fair value through other comprehensive income recognized by the Group is as follows:

a. Credit risk rating:

Credit rating	Definition	Recognition basis of expected credit loss
Normal	Debtors with low credit risk and sufficient capability to pay off contractual cash flow within the overdue period less than 30 days	12-month expected credit loss
Abnormal	Credit risk increases significantly for overdue more than 30 days or since initial recognition	Expected credit loss throughout the duration (without credit impairment)
Default	Overdue more than 90 days or has evidence of credit impairment	Expected credit loss throughout the duration (with credit impairment)
Written off	There is evidence showing that the debtor is facing serious financial difficulty and the recoverable amount cannot be reasonably expected by the Group, e.g. overdue more than 180 days	Direct written off

- b. The total book amount of debt instrument investments disclosed according to credit risk rating and the applicable rate of expected credit loss is as follows:

Credit rating	Expected credit loss	December 31, 2021	December 31, 2020
Normal	0%-1%	\$ 30,550	\$ 26,650
Abnormal	20%	-	-
Default	30%-50%	-	-
Written off	100%	-	-

- E. The collateral and other credit enhancements held to hedge the credit risk of financial assets:

The information related to the financial impact on the amount of maximum credit risk exposure regarding the financial assets recognized in the consolidated balance sheet and collateral held by the Group, overall agreement on net settlement and other credit enhancements is shown in the following table:

December 31, 2021	Book amount	Amount of decrease in maximum credit risk exposure			Total
		Collateral	Overall agreement on net settlement	Other credit enhancement	
Financial instruments for which the impairment regulation of IFRS 9 is applicable:					
Debt instrument investments at fair value through other comprehensive income	\$ 30,550	\$ -	\$ -	\$ -	\$ -
Financial instruments for which the impairment regulation of IFRS 9 is not applicable:					
Financial assets at fair value through profit or loss	45,757	-	-	-	-
Financial assets at fair value through other comprehensive income	1,263,398	48,694	-	-	48,694
Total	\$ 1,339,705	\$ 48,694	\$ -	\$ -	\$ 48,694

December 31, 2020	Book amount	Amount of decrease in maximum credit risk exposure			Total
		Collateral	Overall agreement on net settlement	Other credit enhancement	
Financial instruments for which the impairment regulation of IFRS 9 is applicable:					
Debt instrument investments at fair value through other comprehensive income	\$ 26,650	\$ -	\$ -	\$ -	\$ -
Financial instruments for which the impairment regulation of IFRS 9 is not applicable:					
Financial assets at fair value through profit or loss	35,658	-	-	-	-
Financial assets at fair value through other comprehensive income	1,129,803	45,354	-	-	45,354
Total	\$ 1,192,111	\$ 45,354	\$ -	\$ -	\$ 45,354

(3) Liquidity risk

A. Liquidity risk management

The purpose of the Group's liquidity risk management is to maintain the cash and cash equivalents required for operation and sufficient bank financing credit line to ensure adequate financial flexibility of the Group.

B. Maturity analysis on asset liabilities

The following table is the summarized analysis of the Group's financial liability with agreed repayment period based on the expiry date and undiscounted amount due:

Non-derivative financial liabilities	December 31, 2021						Contractual cash flow	Book amount
	Within 6 months	7-12 months	1-2 years	2-5 years	More than 5 years			
Short-term loans	\$ 757,857	\$ 172,976	\$ -	\$ -	\$ -	\$ -	\$ 930,833	\$ 930,833
Notes payable	100,883	-	-	-	-	-	100,883	100,883
Accounts payable	542,249	-	-	-	-	-	542,249	542,249
Other payables	429,331	35,079	-	-	-	-	464,410	464,410
Long-term loans (including those due within one year)	152,748	464,348	396,733	3,049,500	-	-	4,063,329	4,050,931
Lease liabilities	7,335	7,269	19,379	21,461	167	-	55,611	58,206
Long-term notes and accounts payable	-	-	-	5,536	-	-	5,536	5,536
Guarantee deposits	2,427	4,615	868	-	-	-	7,910	7,910
Total	\$ 1,992,830	\$ 684,287	\$ 416,980	\$ 3,076,497	\$ 167	\$ -	\$ 6,170,761	\$ 6,160,958

Further information of maturity analysis on lease liabilities is as follows:

Lease liabilities	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years	Total undiscounted lease payment paid
		\$ 14,604	\$ 40,840	\$ 167	\$ -	\$ -	\$ -

Non-derivative financial liabilities	December 31, 2020						Contractual cash flow	Book amount
	Within 6 months	7-12 months	1-2 years	2-5 years	More than 5 years			
Short-term loans	\$ 898,656	\$ 29,936	\$ -	\$ -	\$ -	\$ -	\$ 928,592	\$ 928,592
Notes payable	91,775	-	-	-	-	-	91,775	91,775
Accounts payable	710,405	-	-	-	-	-	710,405	710,405
Other payables	499,276	55,976	-	23,020	-	-	578,272	578,272
Long-term loans (including those due within one year)	572,150	572,849	937,481	1,760,948	-	-	3,843,428	3,827,681
Lease liabilities	8,367	8,367	15,994	13,635	6,000	-	52,363	49,602
Guarantee deposits	3,732	4,065	-	-	-	-	7,797	7,797
Total	\$ 2,784,361	\$ 671,193	\$ 953,475	\$ 1,797,603	\$ 6,000	\$ -	\$ 6,212,632	\$ 6,194,124

Further information of maturity analysis on lease liabilities is as follows:

Lease liabilities	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years	Total undiscounted lease payment paid
		\$ 16,734	\$ 29,629	\$ 6,000	\$ -	\$ -	\$ -

The Group does not expect the maturity analysis of cash flows will be significantly pre-matured or that the actual amount will be significantly different.

2. Categories of financial instruments

The book amount of the Group's various financial assets and financial liabilities as of December 31, 2021 and 2020, is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial assets measured at amortized cost		
Cash and cash equivalents	\$ 687,587	\$ 669,519
Notes and accounts receivable (including the related party)	664,786	591,919
Other accounts receivable (including related parties)	56,959	41,291
Other financial assets – current	-	30,278
Refundable deposits	10,267	9,963
Other financial assets – non-current	27,567	27,521
Financial assets at fair value through profit or loss	45,757	35,658
Financial assets at fair value through other comprehensive profit or loss – non-current	1,293,948	1,156,453
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost		
Short-term loans	930,833	928,592
Notes and accounts payable (including the related party)	643,132	802,180
Other payables	464,410	578,272
Long-term loans due within one year or one operating cycle	611,996	1,133,137
Long-term loans	3,438,935	2,694,544
Guarantee deposits	7,910	7,797
Lease liabilities (including current and non-current)	58,206	49,602
Notes and accounts payable – related party	5,536	-

(III) Fair value information:

- For information on the fair value of the Group's financial assets and liabilities not at fair value, please refer to Note 12(3)3. Description. For information on the fair value of the Group's investment property at fair value, please refer to Note 6(12).
- Definition of three fair value levels

Level 1:

The input of this level refers to open quotations of similar instruments traded in an active market. The active market refers to markets meeting all of the conditions below: there is homogeneity in all products traded in the market; potential buyers and sellers can be found in the market at any time and price information is accessible by the public. The value of beneficiary certificates with quoted active market price invested by the Company all belongs to this level.

Level 2:

The input of this level refers to the observable price other than open active market quotations, including direct (such as price) and indirect (information inferred from prices) input values that can be obtained from an active market.

Level 3:

The input of this level refers to input parameters for fair value measurement which are not based on the observable input parameters which are available in the market. The Group's equity instrument investments not in an active market and the investments of convertible preferred shares all belong to this level.

3. Financial assets not at fair value:

The Group's financial instruments not at fair value, such as cash and cash equivalents, accounts receivable, other financial assets, refundable deposit, short-term loans, accounts payable, lease liabilities (including current and non-current), long-term loans (including those due within a year) and book amount of guarantee deposits, are close to the reasonable amount of the fair value.

4. Fair value level information:

The Group's financial assets and investment property at fair value is based on repetition and at fair value. The information of the Group's fair value levels is shown in the following table:

Item	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets:				
<u>Fair value with repetition</u>				
Financial assets at fair value through profit or loss				
TWSE/TPEX listed stocks	\$ 45,757	\$ -	\$ -	\$ 45,757
Financial assets at fair value through other comprehensive income				
TWSE/TPEX listed stocks	33,179	-	-	33,179
TWSE/TPEX unlisted stocks	-	-	246,405	246,405
Unlisted foreign stocks	-	-	64,728	64,728
TWSE/TPEX unlisted preferred stocks	-	-	949,636	949,636
Investment property (Note)	-	-	2,602,263	2,602,263
Total	\$ 78,936	\$ -	\$ 3,863,032	\$ 3,941,968

Item	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Assets:				
<u>Fair value with repetition</u>				
Financial assets at fair value through profit or loss				
TWSE/TPEX listed stocks	\$ 35,658	\$ -	\$ -	\$ 35,658
Financial assets at fair value through other comprehensive income				
TWSE/TPEX listed stocks	114,760	-	-	114,760
TWSE/TPEX unlisted stocks	-	-	205,075	205,075
Unlisted foreign stocks	-	-	10,303	10,303
TWSE/TPEX unlisted preferred stocks	-	-	826,315	826,315
Investment property (Note)	-	-	2,596,327	2,596,327

Total	\$ 150,418	\$ -	\$ 3,638,020	\$ 3,788,438
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(Note): This is the investment property adopting the fair value model.

5. Valuation technique for instruments at fair value:

(1) Financial instruments:

- A. If a financial instrument has a quoted price in the active market, the quoted price will be the fair value. The market price announced by the Taiwan Stock Exchange Corporation and exchange with CGBs which was determined as popular securities is the basis for the fair value of the listed (OTC) equity instrument and debt instrument with open quotation of the active market.

If the open quotation of the financial instrument can be timely and frequently acquired from exchanges, brokers, underwriters, industrial unions, pricing service institutions or competent authorities, and the price represents actual and fair market transactions which occur frequently, then the financial instrument has an open quotation of the active market. If the conditions mentioned above are not fulfilled, the market is not viewed as an active one. Generally, great bid-ask spread, significant increase in bid-ask spread or less trading volume are indices of an inactive market.

If the financial instrument possessed by the Group is in the active market, its fair value is listed by category and attribute below:

(A) TWSE/TPEX listed stocks: closing price.

- B. Except for financial instruments in the active market, the fair value of other financial instruments is based on the valuation technique or the quotation of the counterparty. The fair value acquired through the valuation technique can take reference from other substantial conditions and present fair value, cash flow discount methods and other valuation techniques used on similar financial instruments, including market information that can be acquired on the balance sheet date. The information is then used on a calculation model.

The TWSE/TPEX unlisted stocks held by the Group without an active market adopt the market approach to estimate fair value. The determination is evaluated based on reference to the evaluations of similar types of companies, third-party quotations, net worth of the Company, and operational status. In addition, the major unobservable input mainly refers to the current discount. However, the possible changes in current discounts may not cause significant possible financial impact, therefore the quantitative information is not disclosed.

(2) Investment property

- A. The fair value valuation technique adopted by the Group for the investment property at fair value is based on the Regulations Governing the Preparation of Financial Reports by Securities Issuers and commissioned external appraisal for calculation based on income approach and land development approach. The information on relevant parameter assumptions and input is as follows:

- (a) Cash flow: Cash flow shall be valued on the basis of existing lease contracts, rent at local market rates, or current market rents for similar comparable properties in the same location and condition, and overvalued and undervalued comparable properties shall be excluded. If there is a period-end value, the discounted present period-end value may be added.
- (b) Analysis period: When there is no specified period for the income, the analysis period in principle shall not be longer than 10 years; when there is a specified period for the income, the income shall be estimated for the remainder of the specified period.

- (c) Discount rate: The discount rate shall be determined using the risk premium approach only, with the calculation based on a certain interest rate, plus the estimate for the individual characteristics of the investment property. "Based on a certain interest rate" means that the interest rate may not be lower than the floating interest rate on a 2-year time deposit of a small amount, as posted by the Chunghwa Post Co., Ltd., plus 0.75 % as the minimum, and plus 1%~1.75% as the presumed discount rate.
- B. The output of the valuation model is the rough estimate of the estimate and the valuation technique may not reflect all relevant factors regarding the non-financial instruments held by the Group. Therefore, the estimate of the valuation model will be properly adjusted based on external parameters, such as the model risk or current risk. According to the management policy of fair value evaluation model and related controlling procedure of the Group, management believes that the adjustment of valuation is appropriate and necessary to appropriately present the fair value of non-financial instruments in the balance sheet. The price information and parameters used during valuation have been carefully assessed and adjusted based on current market conditions.
6. Transfer between Level 1 and Level 2: None.
7. Statement of changes in Level 3:
- (1) Financial instruments:

Item	Financial assets at fair value through other comprehensive income – equity instrument	Financial assets at fair value through other comprehensive income – debt instrument	Total
January 1, 2021	\$ 1,015,043	\$ 26,650	\$ 1,041,693
Level 1 transferred into Level 3 (Note)	84,355	-	84,355
Current acquisition	19,910	-	19,910
Refund of share price	(27,989)	-	(27,989)
Current disposition	(13,672)	-	(13,672)
Recognized under other comprehensive income	152,742	3,900	156,642
Foreign currency translation	(170)	-	(170)
December 31, 2021	<u>\$ 1,230,219</u>	<u>\$ 30,550</u>	<u>\$ 1,260,769</u>

(Note 3) This refers to the investment in Kai Chieh International Investment Ltd., etc., which was delisted from the emerging stock market as of April 16, 2021, and, therefore, transferred into Level 3.

Item	Financial assets at fair value through other comprehensive income – equity instrument	Financial assets at fair value through other comprehensive income – debt instrument	Total
January 1, 2020	\$ 955,211	\$ 27,500	\$ 982,711
Current acquisition	3,800	-	3,800
Current disposition	-	-	-
Recognized under other comprehensive income	56,574	(850)	55,724
Foreign currency translation	(542)	-	(542)
December 31, 2020	<u>\$ 1,015,043</u>	<u>\$ 26,650</u>	<u>\$ 1,041,693</u>

(2) Investment property:

Item	2021	2020
January 1	\$ 2,596,327	\$ 2,566,192
Fair value adjustment	5,936	30,135
December 31	<u>\$ 2,602,263</u>	<u>\$ 2,596,327</u>

8. Quantitative information used on measuring the fair value of major unobservable input (Level 3):

(1) Financial instruments:

The TWSE/TPEX unlisted stocks and preferred shares held by the Group without an active market adopt the market approach to estimate fair value. The determination is evaluated based on reference to evaluation of same type of companies, third-party quotations, net worth of the Company, and operational status. Unobservable major input at fair value is stated as following:

	Valuation technique	Unobservable major input	Interval	Relation between inputs and fair value
Financial assets at fair value through other comprehensive income – stocks	Asset-based approach	Discount for lack of marketability	10.52%~24.02%	The higher the discount of the controlling equity, the lower the estimated fair value.
		Discount for lack of control	13.34%	The higher the discount of the marketability, the lower the estimated fair value.
Financial assets at fair value through other comprehensive income – stocks, preferred shares	Income approach	Discount rate	21.90%~29.83%	The higher the discount rate, the lower the estimate fair value.
Financial assets at fair value through other comprehensive income – stocks	Market approach	Discount for lack of marketability	15.61%~32.28%	The higher the discount of the marketability, the lower the estimated fair value.

(2) Investment property:

	December 31, 2021 Fair value	Valuation technique	Unobservable major input	Interval (weighted average)	Relation between inputs and fair value
Investment property:					
Income approach	\$ 521,630	Discounted cash flow method	Discount rate Revenue capitalization rate of period-end value	2.595%-3.195% 0.37%-4.00%	The higher the discount rate or revenue capitalization rate, the lower the fair value.
Land development approach	2,080,633	Land development analysis approach	Proper profit margin Overall capital interest rate	15%-18% 0.69%-1.50%	The higher the proper rate of return or overall capital interest rate, the lower the fair value.
Total	<u>\$ 2,602,263</u>				

	December 31, 2020 Fair value	Valuation technique	Unobservable major input	Interval (weighted average)	Relation between inputs and fair value
Investment property:					
Income approach	\$ 1,887,501	Discounted cash flow method	Discount rate Revenue capitalization rate of period-end value	2.095%-2.27% 0.50%-2.27%	The higher the discount rate or revenue capitalization rate, the lower the fair value.
Land development approach	708,826	Land development analysis approach	Proper profit margin Overall capital interest rate	15%-18% 0.71%-1.53%	The higher the proper rate of return or overall capital interest rate, the lower the fair value.
Total	<u>\$ 2,596,327</u>				

9. Valuation process of fair value classified as Level 3:

For the Group's evaluation process for fair value classified as Level 3, the finance department is responsible for conducting independent fair value validation for the relevant financial instruments. The department confirms the reasonableness of the evaluation result by making the evaluation result closer to the market status with information from independent sources, confirming the information sources are independent, reliable and consistent with other resources and represent executable prices, regularly calibrating the evaluation model, conducting roll-back testing, updating required input values and data as well as other necessary fair value adjustments for the evaluation model. The investment property is appraised by a commissioned external appraiser.

10. Fair value measurement of financial assets and liabilities classified as Level 3 and the sensitivity analysis of reasonably possible alternative regarding the fair value: None.

(IV) Transfer of financial assets: None.

(V) Offsetting of financial assets and liabilities: None.

XIII. Noted Disclosures

(I) Information Related to Major Transactions (before consolidated write-off):

1. Loaning funds to others: Table 1.
2. Endorsements and guarantees for others: Table 2.
3. Marketable securities held at ending: Table 3.
4. Accumulated amount of the same marketable security purchased or sold reaching NTD 300 million or more than 20% of the paid-in capital: None.
5. Amount on acquisition of property reaching NTD 300 million or more than 20% of the paid-in capital: Table 4.
6. Amount on disposal of real estate reaching NTD 300 million or more than 20% of the Paid-in capital: None.
7. Purchase/sale amount of transactions with the related party reaching NTD 100 million or more than 20% of the paid-in capital: Table 5.
8. Accounts receivable from the related party reaching NTD 100 million or more than 20% of the paid-in capital: Table 6.
9. Transactions of derivatives: None.
10. Business relationships and important transactions between parent company and subsidiaries: Table 7.

(II) Information Related to Reinvested Enterprises: Table 8.

(III) Information on Investments in Mainland China: Table 9.

(IV) Major Shareholders Information: Table 10.

Table 1

AGV Products Corporation and its Subsidiaries
Loaning funds to others
December 31, 2021

Unit: NTD and foreign currency thousand

No.	Lending company	Debtor	Trading item	Whether a related party or not	Maximum balance in the current period	Balance – ending	Amount actually disbursed	Interest rate interval	Nature of loans to others (Note 3)	Amount of business transactions	Reasons for short-term financing	Allowance for bad debt	Collateral		Limit of loans to particular borrower (Note 1)	Maximum limit of loans (Note 2)
													Name	Value		
1	Apoland Resource International (BVI) Corp.	Apoland Development (Singapore) Pte Ltd.	Other accounts receivable	Yes	69,200 (USD2,500)	69,200 (USD2,500)	59,900 (USD2,164)	-	2	-	Working capital	-	-	-	477,508 (USD17,251)	477,508
		AGV First Biotech Food (BVI) Limited	Other accounts receivable	Yes	16,608 (USD600)	16,608 (USD600)	16,608 (USD600)	-	2	-	Working capital	-	-	-	477,508 (USD17,251)	(USD17,251)
2	Mascot International (BVI) Corporation	Apoland Development (Singapore) Pte Ltd.	Other accounts receivable	Yes	13,840 (USD500)	13,840 (USD500)	13,840 (USD500)	-	2	-	Working capital	-	-	-	328,312 (USD11,861)	328,312
		AGV First Biotech Food (BVI) Limited	Other accounts receivable	Yes	19,099 (USD690)	19,099 (USD690)	19,099 (USD690)	-	2	-	Working capital	-	-	-	328,312 (USD11,861)	(USD11,861)
3	Apoland Development (Singapore) Pte Ltd.	Shanghai AGV Foods Co., Ltd.	Other accounts receivable	Yes	350,429 (USD12,660)	350,429 (USD12,660)	336,035 (USD12,140)	-	2	-	Working capital	-	-	-	1,352,915 (USD48,877)	1,352,915 (USD48,877)
4	AGV First Biotech Food (BVI) Limited	Shandong AGV Food Technology Co., Ltd.	Other accounts receivable	Yes	142,552 (USD5,150)	142,552 (USD5,150)	136,545 (USD4,933)	-	2	-	Working capital	-	-	-	3,587,992 (USD129,624)	3,587,992 (USD129,624)
5	AGV International (BVI) Limited	AGV First Biotech Food (BVI) Limited	Other accounts receivable	Yes	10,795 (USD390)	10,795 (USD390)	10,795 (USD390)	-	2	-	Working capital	-	-	-	64,135 (USD2,317)	64,135 (USD2,317)
6	AGV Biohealthy Food Limited	AGV First Biotech Food (BVI) Limited	Other accounts receivable	Yes	8,027 (USD290)	-	-	-	2	-	Working capital	-	-	-	24,386 (USD881)	24,386 (USD881)

Note 1. Limit of loans to individual borrowers:

1. The Company:

- (1) The accumulated amount of loans to each company that is in business with the Company may not exceed the amount of business transactions conducted in the most recent year. The business transaction amount refers to the purchasing or selling amount between both parties, whichever is higher.
- (2) For companies that need short-term financing, the loan amount to each company shall not exceed 20% of the net value of the Company.

2. Subsidiaries:

(1) The accumulated amount of loans to each company that is in business with the Company may not exceed the amount of business transactions conducted in the most recent year. The business transaction amount refers to the purchasing or selling amount between both parties, whichever is higher.

(2) Companies needing short-term financing:

Foreign subsidiaries – Apoland Development (Singapore) Pte Ltd., Mascot International (BVI) Corporation, Apoland Resource International (BVI) Corp., Taiwan First Biotechnology Corp. and AGV International (BVI) Limited: the loan amount of each company shall not exceed 20% of the net value of the company in the financial report certified by the independent auditor in the most recent period. For financing amounts between overseas companies with 100% voting shares held by the parent company directly and indirectly, these shall not exceed 5 times of the net value of such company in the financial report certified by the independent auditor in the most recent period; AGV Biohealthy Food Limited: the individual loan amount shall not exceed 40% of the net value of the company in the financial report certified by the independent auditor in the most recent period.

Note 2. Limit of total loans:

1. The Company: It shall not exceed 50% of the Company's net value; it shall not exceed 20% of the Company's net value for the same counterparty. The accumulated balance of short-term financing shall not exceed 40% of the Company's net value.
2. Subsidiaries: Overseas subsidiaries – Apoland Development (Singapore) Pte Ltd., Mascot International (BVI) Corporation, Apoland Resource International (BVI) Corp., Taiwan First Biotechnology Corp. and AGV International (BVI) Limited: the amount shall not exceed 40% of the net value of the Company in the financial report certified by the independent auditor in the most recent period. For financing amounts between overseas companies with 100% voting shares held by the parent company directly and indirectly, these shall not exceed 5 times of the net value of such company in the financial report certified by the independent auditor in the most recent period.

Note 3. Loaning of funds is completed in the following ways:

1. Please fill in 1 for those in business with the Company.
2. Please fill in 2 for in those needing short-term financing.

Note 4: Said transactions between the parent company and the subsidiaries have been written off in the consolidated statements.

Table 2

AGV Products Corporation and its Subsidiaries
Endorsement and guarantee made for others
December 31, 2021

Unit: NTD thousand

No. (Note 1)	Name of endorsing/ guaranteeing company	Counterparty of endorsement/guarantee		Limit of endorsement/ guarantee on particular enterprise (Note 2)	Maximum balance of endorsement/ guarantee made during the current period	Balance of endorsement/ guarantee at end of the period	Amount actually disbursed	Endorsement/ guarantee secured by company assets	Ratio of the accumulated endorsement/ guarantee amount to the net worth in the most recent financial statement	Maximum limit of endorsement/ guarantee (Note 3)	As the parent company's endorsements/ guarantees toward subsidiary(ies)	As a subsidiary's endorsements/ guarantees toward its parent company	As the endorsements/ guarantees toward the mainland China area
		Company name	Relationship (Note 1)										
0	AGV Products Corporation	Sontenkan Resort Development Co., Ltd.	2	2,648,524	800,000	800,000	733,000	-	12.08%	5,959,180	Yes	No	No
		Yunlin Dairy Technology Corp.	2	2,648,524	230,000	230,000	155,228	-	3.47%	5,959,180	Yes	No	No
		Koya Biotech Corp.	2	2,648,524	270,000	270,000	-	-	4.08%	5,959,180	Yes	No	No

Note 1: The relationship between the endorsing/guaranteeing subject and the endorsed/guaranteed subject is classified into 7 categories as follows.
Please specify the type:

- (1) A company with which it does business.
- (2) A company in which the Company directly or indirectly holds more than 50% of voting shares.
- (3) A company directly or indirectly holds more than 50% of the Company's voting shares.
- (4) A company in which the Company directly or indirectly holds more than 90% of voting shares.
- (5) Companies in the same industry or joint builders for which the public company fulfills its contractual obligations by providing mutual endorsements/guarantees, for the purposes of undertaking a construction project.
- (6) Companies for which all capital contributing shareholders make endorsements/guarantees due to their jointly invested company in proportion to their shareholding percentages.
- (7) Companies in the same industry which provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-sale homes pursuant to the Consumer Protection Act for each other.

Note 2: The endorsement and guarantee amount made by the Company and its subsidiaries (for a single enterprise): it shall not exceed 40% of the Company's net value in the most recent financial statements.

Note 3: The total endorsement and guarantee amount made by the Company and its subsidiaries for other companies: it shall not exceed 90% of the Company's net value in the most recent financial statements.

Table 3

AGV Products Corporation and its Subsidiaries
Marketable securities held at end of year
December 31, 2021

Unit: Thousand shares; NTD and foreign currency thousand

No.	Holder	Type and name	Relationship with the security issuer	Account title	End of year				Remarks
					Shares (unit)	Book amount	Shareholding ratio	Fair value	
0	AGV Products Corporation	Share / Janfusun Fancyworld Corp.	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	10,332	32,134	4.07%	32,134	
		Share / Kai Chieh International Investment Ltd.	—	Financial assets at fair value through other comprehensive profit or loss – non-current	2,413	64,727	2.31%	64,727	(Note 1)
		Share / Nice Capital & Finance Corp.	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	6,950	115,764	10.81%	115,764	
		Share / Eastern Taiwan Cultural & Creative Co., Ltd.	The director of the company is the first-degree relative of the Company's Chairman	Financial assets at fair value through other comprehensive profit or loss – non-current	6,750	26,299	15.00%	26,299	
		Share / Likeda Development Co., Ltd.	The director of the company is the second-degree relative of the Company's Vice Chairman	Financial assets at fair value through other comprehensive profit or loss – non-current	3,900	-	5.20%	-	
		Share / Tangli Culture Media Co., Ltd.	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	2,200	24,721	18.97%	24,721	
		Share / Aique International Co., Ltd.	The chairman of the company is the Chairman of the Company given above	Financial assets at fair value through other comprehensive profit or loss – non-current	18	160	18.00%	160	
		Common stocks from private placement / Janfusun Fancyworld Corp.	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	8,074	22,769	3.18%	22,769	
		Share / B&B International Development Co., Ltd.	—	Financial assets at fair value through other comprehensive profit or loss – non-current	1,000	11,390	0.69%	11,390	
		Share / Taiwan Aixianjia Biotech Corp.	The director of the company is the second-degree relative of the Company's Chairman	Financial assets at fair value through other comprehensive profit or loss – non-current	540	4,156	18.95%	4,156	
		Preferred share / Sontenkan Resort Development Co., Ltd. – 2016	Subsidiary of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	10,000	94,500	-	94,500	
		Preferred share / Nice Capital & Finance Corp. – 2015	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	6,171	112,682	-	112,682	

No.	Holder	Type and name	Relationship with the security issuer	Account title	End of year				Remarks
					Shares (unit)	Book amount	Shareholding ratio	Fair value	
		Preferred share / Nice Capital & Finance Corp. – 2017	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	4,733	86,425	-	86,425	
		Preferred shares / Tangli Culture Media Co., Ltd. – Class A	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	15,000	192,450	-	192,450	
		Preferred shares / Tangli Culture Media Co., Ltd. – Class C	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	5,500	68,310	-	68,310	
		Preferred share / NICECO International Corp.	The chairman of the company is the second-degree relative of the Company's Chairman	Financial assets at fair value through other comprehensive profit or loss – non-current	3,000	24,900	-	24,900	
		Preferred share / Kuo Cheng Investment Development Corp.	Affiliated companies	Financial assets at fair value through other comprehensive profit or loss – non-current	2,484	44,364	-	44,364	
		Preferred share / Sontenkan Resort Development Co., Ltd. – Class D	Subsidiary of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	3,000	27,720	-	27,720	
		Preferred share / Taiwan Aibaonuo Biotech Co., Ltd.	–	Financial assets at fair value through other comprehensive profit or loss – non-current	600	4,284	-	4,284	
		Total				957,755		957,755	
1	Mascot International (BVI) Corporation	Share / Four Seas Efood Holdings Ltd.	–	Financial assets at fair value through profit or loss – current	350	807 (USD29)	-	807 (USD29)	
2	Aco Distribution Corp.	Share / IBF Financial Holdings Co., Ltd.	The director of the company is the second-degree relative of the Company's Chairman	Financial assets at fair value through profit or loss – current	426	6,835	0.01%	6,835	
3	Koya Biotech Corp.	Common stocks from private placement / Janfusun Fancyworld Corp.	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	646	1,822	0.25%	1,822	
		Common stock / Leadgau Organic Co., Ltd.	–	Financial assets at fair value through other comprehensive profit or loss – non-current	240	2,333	2.40%	2,333	
		Common stock / Koyaka Biotech Co., Ltd.	The chairman of the juristic person director of the company is the president of the Company given above.	Financial assets at fair value through other comprehensive profit or loss – non-current	39	-	10.00%	-	
		Preferred share / Nice Investment Development Ltd.	Affiliated companies	Financial assets at fair value through other comprehensive profit or loss – non-current	3,000	66,780	-	66,780	
4	Hope Choice Distribution Corp.	Share / IBF Financial Holdings Co., Ltd.	The director of the company is the second-degree relative of the Company's Chairman	Financial assets at fair value through profit or loss – current	872	13,991	0.03%	13,991	
		Preferred share / Nice Capital & Finance Corp. – 2019	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	1,000	18,260	-	18,260	

No.	Holder	Type and name	Relationship with the security issuer	Account title	End of year				Remarks
					Shares (unit)	Book amount	Shareholding ratio	Fair value	
5	Sontenkan Resort Development Co., Ltd.	Share / Goldbank Investment Development Corp.	—	Financial assets at fair value through other comprehensive profit or loss – non-current	40	290	0.22%	290	
		Share / Lijing Entertainment Co., Ltd.	—	Financial assets at fair value through other comprehensive profit or loss – non-current	650	36	2.41%	36	
		Preferred share / Eastern Taiwan Cultural & Creative Co., Ltd.	The director of the company is the first-degree relative of the Company's Chairman	Financial assets at fair value through other comprehensive profit or loss – non-current	3,000	14,850	-	14,850	
		Preferred share / Tangli Culture Media Co., Ltd.	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	4,000	51,240	-	51,240	
		Preferred share / Kuo Cheng Investment Development Corp.	Affiliated companies	Financial assets at fair value through other comprehensive profit or loss – non-current	2,116	37,792	-	37,792	
		Preferred share / NICECO International Corp.	The chairman of the company is the second-degree relative of the Company's Chairman	Financial assets at fair value through other comprehensive profit or loss – non-current	2,000	16,600	-	16,600	
		Preferred share / Zitong International Corp.	—	Financial assets at fair value through other comprehensive profit or loss – non-current	7,200	59,688	-	59,688	
		Preferred share / Liantong Developments, Co., Ltd.	The director of the company is the Director of the Company given above	Financial assets at fair value through other comprehensive profit or loss – non-current	5,000	30,550	-	30,550	
		Share / New Takayama Leisure and Entertainment Co., Ltd	—	Financial assets at fair value through other comprehensive profit or loss – non-current	380	1,965	19.00%	1,965	
7	Aiken Biotechnology International Co., Ltd.	Share / IBF Financial Holdings Co., Ltd.	The director of the company is the second-degree relative of the Company's Chairman	Financial assets at fair value through profit or loss – current	719	11,534	0.02%	11,534	
		Share / B&B International Development Co., Ltd.	—	Financial assets at fair value through other comprehensive profit or loss – non-current	3,000	34,172	2.06%	34,172	
		Share / Zhengda Fenghuang Shanzhuang Co., Ltd.	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	54	528	18.00%	528	
		Preferred share / AGV First Biotech Food (BVI) Limited.	Subsidiary of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	100	1,868	-	1,868	
		Share / Janfusun Fancyworld Corp.	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	336	1,045	0.13%	1,045	
		Preferred share / Nice Capital & Finance Corp. – 2017	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	1,617	29,527	-	29,527	
		Preferred share / Nice Capital & Finance Corp. – 2019	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	500	9,130	-	9,130	

No.	Holder	Type and name	Relationship with the security issuer	Account title	End of year				Remarks
					Shares (unit)	Book amount	Shareholding ratio	Fair value	
8	Hopeland Distribution Corp.	Share / IBF Financial Holdings Co., Ltd.	The director of the company is the second-degree relative of the Company's Chairman	Financial assets at fair value through profit or loss – current	253	4,058	0.01%	4,058	
		Preferred share / Nice Capital & Finance Corp. – 2019	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	300	5,478	-	5,478	
9	Shandong AGV Food Technology Co., Ltd.	Share / Jinan AGV Products Corporation	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	902	-	18.00%	-	
10	Rosahill Leisure Industry Co., Ltd.	Share / IBF Financial Holdings Co., Ltd.	The director of the company is the second-degree relative of the Company's Chairman	Financial assets at fair value through profit or loss – current	532	8,532	0.02%	8,532	
		Preferred share / Nice Capital & Finance Corp. – 2017	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	80	1,461	-	1,461	
		Preferred share / Nice Capital & Finance Corp. – 2019	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	1,800	32,868	-	32,868	
11	Yunlin Dairy Technology Corp.	Preferred share / Nice Capital & Finance Corp. – 2019	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	1,000	18,260	-	18,260	
		Preferred share / Nice Capital & Finance Corp. – 2017	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	1,100	20,086	-	20,086	
12	Defender Private Security Inc.	Preferred share / Nice Capital & Finance Corp. – 2019	De facto related party of the Company	Financial assets at fair value through other comprehensive profit or loss – non-current	200	3,652	-	3,652	

(Note 1): The shares held in the name of the Company number 2,413 thousand shares, with a market price of NTD 16,033 thousand. Because the counterparty of the investment item has pledged 7,327 thousand shares of Kai Chieh to the Company as principal guarantee, the market price adding the pledged shares was NTD 64,727 thousand.

(Note 2): Said transactions between the parent company and the subsidiaries have been written off in the consolidated statements.

Table 4

AGV Products Corporation and its Subsidiaries
Amount on acquisition of property reaching NTD 300 million or more than 20% of the paid-in capital
January 1 to December 31, 2021

Unit: RMB thousand

Company disposing property	A s s e t n a m e	Date of occurrence	Transaction amount	Payment of proceeds	Counterparty	Relationship	Information about the previous transfer, if the trading counterpart is a related party.				Reference for price determination	Purpose and status	Other covenants
							Owner	Relationship with the issuer	Date of transfer	Amount			
Shandong AGV Food Technology Co., Ltd.	Plant	During December 2012	RMB188,514	RMB153,174	Shandong Taian Construction Group Co., Ltd. and Fujian Liantai Construction Co., Ltd.	—	—	—	—	—	Contract made after price comparison	For operation and production / construction suspended	(Note)

Note: For a description of said suspended construction and unpaid amounts, please refer to the consolidated Note 9(6).

Table 5

AGV Products Corporation and its Subsidiaries
Purchase/sale amount of transactions with the related party reaching NTD 100 million or more than 20% of the paid-in capital
January 1 to December 31, 2021

Unit: NTD thousand

Purchasing (selling) company	Counterparty	Relationship	Transaction status				Distinctive terms and conditions of trade and the reasons		Notes/accounts receivable (payable)		Remarks	
			Purchase (sale)	Amount	Percentage in purchase (sales) amount	Duration	Unit price	Duration	Balance	Percentage in total accounts/notes receivable (payable)		
AGV Products Corporation	Taiwan First Biotechnology Corp.	Invested company evaluated under the equity method	Purchase	1,064,460	41.98%	O/A 60 days	Equivalent	The grace period was extended for 1-5 months after the agreement of both parties	Accounts payable	411,467	79.48%	
	NICECO International Corp.	The chairman of the company is the second-degree relative of the Company's Chairman	Purchase	288,873	11.39%	Partial payment for goods was made in advance, balance paid in full in the following month upon the receipt of goods	Equivalent	Equivalent	Accounts payable	31,087	6.01%	
			Sale	120,595	3.05%	O/A 90 days	Equivalent	Equivalent	Notes receivable	13,251	59.41%	
									Accounts receivable	9,175	1.57%	
	Hope Choice Distribution Corp.	Subsidiary of the Company	Sale	609,402	15.40%	O/A 45-60 days	Equivalent	Equivalent	Accounts receivable	45,538	7.78%	
	Aco Distribution Corp.	Subsidiary of the Company	Sale	189,477	4.79%	O/A 45-60 days	Equivalent	Equivalent	Accounts receivable	38,288	6.54%	

Note: Said transactions between the parent company and the subsidiaries had been written off in the consolidated statements.

Table 6

AGV Products Corporation and its Subsidiaries
Accounts receivable from the related party reaching NTD 100 million or more than 20% of the paid-in capital
December 31, 2021

Unit: NTD thousand

Stated company of account receivable	Name of the counterparty	Relationship	Balance of receivable accounts from the related party	Turnover rate	Overdue accounts receivable of the related party		Subsequent recovered amount of receivable accounts from the related party	Allowance for bad debt
					Amount	Treatment		
AGV First Biotech Food (BVI) Limited	Shandong AGV Food Technology Co., Ltd.	Subsidiary of the Company	136,545	(Note 3)	-	(Note 1)	(Note 4)	-
Apoland Development (Singapore) Pte Ltd.	Shanghai AGV Foods Co., Ltd.	Subsidiary of the Company	362,632 (Note 2)	(Note 3)	-	(Note 1)	(Note 4)	-

(Note 1): The collections of the Company made from the related party follow the example of the collection policy of similar transactions made with the non-related party in principle. However, in case said policy cannot be executed due to insufficient funds or losses of the related party, the Company may defer the collection because the full support of subsidiaries by the Company to achieve the global business target of the Company is a more important consideration.

(Note 2): This includes NTD 336,035 thousand in financing receivables, NTD 14,409 thousand in machine and equipment accounts receivable, and NTD 12,188 thousand in other receivables.

(Note 3): This mainly refers to other accounts receivable and therefore the turnover rate calculation does not apply.

(Note 4): Amount recovered as of March 25, 2022.

(Note 5): Said transactions between the parent company and the subsidiaries have been written off in the consolidated statements.

Table 7

AGV Products Corporation and its Subsidiaries
Business relationship and important transactions between parent company and subsidiaries
December 31, 2021

Individual transactions with amounts less than NTD 100 million (inclusive) are not disclosed; they are disclosed in the aspect of assets and revenue while the corresponding transactions are not disclosed.

Unit: NTD thousand

No. (Note 1)	Name of trader	Trading counterparty	Relationship with the counterparty (Note 2)	Transaction			
				Title	Amount	Trading conditions	Percentage in total consolidated revenue or assets (Note 3)
0	AGV Products Corporation	Hope Choice Distribution Corp.	1	Sales revenue	609,402	Equivalent to the price of the distributor, the collection period is O/A 45-60 days	12.93%
		Aco Distribution Corp.	1	Sales revenue	189,477	Equivalent to the price of the distributor, the collection period is O/A 45-60 days	4.02%
1	AGV First Biotech Food (BVI) Limited	Shandong AGV Food Technology Co., Ltd.	1	Other accounts receivable	13,840	N/A	0.10%
				Long-term receivables	122,705	N/A	0.89%
2	Apoland Development (Singapore) Pte Ltd.	Shanghai AGV Foods Co., Ltd.	1	Other accounts receivable	362,632	N/A	2.62%

Note 1: Transactions between parent company and its subsidiaries are numbered as follows:

1. 0 for the parent company.
2. The subsidiaries are numbered in sequential order from 1 and so on.

Note 2: Related-party transactions are divided into the three categories as follows:

1. Parent company to subsidiaries.
2. Subsidiaries to parent company.
3. Subsidiaries to subsidiaries.

Note 3: For computing the ratio of trade amount to total sales revenue or total assets, if it is for the asset and liability account, the computation is based on the ratio of the ending balance to the total consolidated assets; however, if it is for the income and expense account, the computation is based on the ratio of the interim cumulative amount to the total consolidated revenue.

Note 4: Said transactions between the parent company and the subsidiaries have been written off in the consolidated statements.

Table 8

AGV Products Corporation and its Subsidiaries
Information Related to Reinvested Enterprises
December 31, 2021

Unit: Thousand shares; NTD thousand

Name of investor	Name of invested company	Address	Principal business	Original investment cost		Holdings at end of year			Net income of investee	Recognized investment gain or loss	Remarks
				End of the current period	The last year end	Shares	Ratio %	Book amount			
AGV Products Corporation	Apoland Resource International (BVI) Corp.	British Virgin Islands	Re-investment business	377,745	377,745	11,510	100.00	95,501	(1,219)	(1,219)	
	Defender Private Security Inc.	Chiayi City	Security business	45,409	45,409	4,000	100.00	56,722	3,336	3,336	
	Koya Biotech Corp.	Yunlin County	Gardening	91,949	196,452	9,219	87.90	109,848	(11,140)	(9,958)	
	Aco Distribution Corp.	Chiayi City	Proprietary business	40,023	40,023	5,472	100.00	109,216	10,560	10,557	
	Sasaya Vitagreen Co., Ltd.	Chiayi City	Proprietary business	5,000	5,000	500	100.00	4,478	(10)	(10)	
	AGV International (BVI) Limited	British Virgin Islands	Re-investment business	13,397	13,397	460	100.00	12,829	2	2	
	Sontenkan Resort Development Co., Ltd.	Chiayi City	Leisure and recreation business	1,406,952	1,151,951	164,389	100.00	1,637,484	(57,592)	(57,592)	
	Alpha International Developments Limited	British Virgin Islands	Re-investment business	73,885	73,885	2,433	100.00	27,610	378	378	
	Hope Choice Distribution Corp.	Chiayi City	Proprietary business	66,948	66,948	6,500	100.00	88,545	9,805	9,504	
	Mascot International (BVI) Corporation	British Virgin Islands	Re-investment business	295,682	295,682	9,413	96.91	58,381	(4,269)	(4,137)	
	Apoland Development (Singapore) Pte Ltd.	Singapore	Re-investment business	1,331,805	1,328,203	54,498	93.10	211,089	(48,330)	(44,827)	
	Hopeland Distribution Corp.	Taipei City	Proprietary business	12,665	12,665	1,215	81.00	18,326	2,346	1,778	
	Yunlin Dairy Technology Corp.	Yunlin County	Dairy manufacturing	35,597	35,597	4,755	75.83	110,081	34,329	25,968	
	Taiwan First Biotechnology Corp.	Chiayi County	Food manufacturing	974,348	974,348	54,757	41.28	1,218,396	236,406	93,987	(Note 1)
	AGV Biohealthy Food Limited	British Virgin Islands	Re-investment business	23,311	23,311	783	29.75	18,140	(845)	(251)	
Aiken Biotechnology International Co., Ltd.	Chiayi City	Biotechnology service	48,000	48,000	5,757	53.77	86,559	13,558	7,352		

Name of investor	Name of invested company	Address	Principal business	Original investment cost		Holdings at end of year			Net income of investee	Recognized investment gain or loss	Remarks
				End of the current period	The last year end	Shares	Ratio %	Book amount			
	AGV First Biotech Food (BVI) Limited.	British Virgin Islands	Re-investment business	715,085	653,375	27,813	100.00	162,725	(26,755)	(26,755)	
	Yanjing AGV International Company Limited	Taipei City	Proprietary business	25,000	25,000	2,500	50.00	4,543	(20,528)	(10,264)	
	Heding International Development Co., Ltd.	Chiayi City	Re-investment business	201,836	201,836	16,788	48.98	163,948	2,439	1,195	
	Alpha Biotech Development (BVI) Limited	British Virgin Islands	Re-investment business	797	797	25	49.00	687	-	-	
	Kuo Cheng Investment Development Corp.	Taipei City	Investment business	50,000	50,000	5,000	47.62	138,244	14,413	6,863	
	Hopeman Distribution Co., Ltd.	Taipei City	Logistics business	69,518	69,518	6,950	43.44	59,725	12,698	5,515	
	Nice Investment Development Ltd.	Taipei City	Investment business	48,000	48,000	4,800	36.64	225,713	23,704	8,685	
	Nicostar Capital Investment (BVI) Ltd.	British Virgin Islands	Re-investment business	51,095	51,095	1,764	36.21	23,967	(4,787)	(1,733)	
	Eastern Formosa Resource Development Corporation	Taipei City	Entertainment business	58,800	58,800	5,880	32.94	35,229	1,830	602	
	Tongjitang Medicinal Biotech Corp.	Taipei City	Medical biotechnology	50,000	50,000	5,000	26.27	49,704	1,579	415	
	NICE Enterprise Co., Ltd.	Chiayi County	Household chemicals	625,910	625,910	49,224	28.24	1,241,533	285,524	79,377	
	Tai Fu International Corp.	New Taipei City	Food manufacturing	72,970	72,970	8,615	24.83	127,512	13,400	3,328	
Apoland Resource International (BVI) Corp.	AGV & NICE(USA)	U.S.	Marketing business	1,107 (USD40)	1,107 (USD40)	40	57.14	-	-	-	
	Apoland Development (Singapore) Pte Ltd.	Singapore	Re-investment business	13,231 (USD478)	13,231 (USD478)	1,320	2.25	5,198 (USD188)	(48,330) (USD-1,726)	(1,092) (USD-39)	
	Mascot International (BVI) Corporation	British Virgin Islands	Re-investment business	5,176 (USD187)	5,176 (USD187)	300	3.09	1,868 (USD68)	(4,269) (USD-152)	(132) (USD-5)	
Mascot International (BVI) Corporation	Asia Pacific Product Development Co.	Vietnam	Processing and export of vegetables	50,184 (USD1,813)	50,184 (USD1,813)	1,813	95.27	4,025 (USD145)	(1,737) (USD-62)	(1,655) (USD-58)	
	New Zealand Cosmetic Laboratories Limited	New Zealand	Cosmetics	11,238 (USD406)	11,238 (USD406)	639	28.71	1,402 (USD51)	-	-	

Name of investor	Name of invested company	Address	Principal business	Original investment cost		Holdings at end of year			Net income of investee	Recognized investment gain or loss	Remarks
				End of the current period	The last year end	Shares	Ratio %	Book amount			
	Bioken Laboratories Inc.	U.S.	Biotechnology	1,107 (USD40)	1,107 (USD40)	40	26.67	-	-	-	
	Apoland Development (Singapore) Pte Ltd.	Singapore	Re-investment business	33,105 (USD1,196)	33,105 (USD1,196)	2,721	4.65	10,715 (USD387)	(48,330) (USD-1,726)	(2,251) (USD-81)	
Asia Pacific Product Development Co.	Xingrong Limited	Vietnam	Gardening	2,759	2,447	-	100.00	-	(111)	(111)	
AGV Biohealthy Food (BVI) Limited	Dongruntang Biotech Corp.	China	Food	58,931 (USD2,129)	58,931 (USD2,129)	13,971	29.53	46,930 (USD1,695)	(2,866) (USD-102)	(846) (USD-30)	
Aco Distribution Corp.	Tai Fu International Corp.	New Taipei City	Food manufacturing	15,000	15,000	4,956	14.29	73,994	13,400	1,914	
	Taiwan First Biotechnology Corp.	Chiayi County	Drink manufacturing	20,600	20,600	969	0.73	25,106	236,406	1,683	
Koya Biotech Corp.	Yunlin Dairy Technology Corp.	Yunlin County	Dairy manufacturing	513	513	65	1.04	1,510	34,329	357	
Hope Choice Distribution Corp.	Taiwan First Biotechnology Corp.	Chiayi County	Drink manufacturing	10,350	10,350	459	0.35	12,470	236,406	794	
Defender Private Security Inc.	Taiwan First Biotechnology Corp.	Chiayi County	Drink manufacturing	35,340	35,340	1,945	1.47	43,069	236,406	3,384	
	Yunlin Dairy Technology Corp.	Yunlin County	Dairy manufacturing	314	314	44	0.70	1,016	34,329	240	
Sontenkan Resort Development Co., Ltd.	Zhuqi Lionhead Mountain Leisure Development Co., Ltd.	Chiayi County	Landscape and interior design	400	400	40	40.00	238	(12)	(5)	
	Liantong Developments, Co., Ltd.	Chiayi City	Housing construction and building rental and sales	32,663	32,663	5,188	30.52	35,835	257	78	
	Bravo Bakery Corp.	Taipei City	Food manufacturing and sales	20,943	20,943	2,400	24.00	-	-	-	
	Eastern Formosa Resource Development Corporation	Taipei City	Entertainment business	5,971	5,971	930	5.21	5,572	1,830	96	

Name of investor	Name of invested company	Address	Principal business	Original investment cost		Holdings at end of year			Net income of investee	Recognized investment gain or loss	Remarks
				End of the current period	The last year end	Shares	Ratio %	Book amount			
	Qixing Resort Co., Ltd.	Yunlin County	Tourism and recreation	90,000	90,000	9,000	34.68	89,697	(154)	(53)	
	Nice Plaza Co., Ltd.	Chiayi City	Department store, hotel	581,874	581,874	56,700	32.81	496,815	(90,046)	(29,812)	(Note 2)
Aiken Biotechnology International Co., Ltd.	Acts Bioscience Inc.	Chiayi City	Health food and sales	121	121	13	21.00	155	(17)	(4)	
	Rosahill Leisure Industry Co., Ltd.	Chiayi City	Proprietary business	17,500	17,500	1,750	70.00	42,143	11,021	7,715	
	Songshan Village Co., Ltd.	Chiayi City	Floriculture	2,921	2,921	292	22.45	411	(187)	(42)	
	AGV Biohealthy Food Limited	British Virgin Islands	Re-investment business	25,856	25,856	800	30.38	18,526	(845)	(257)	
	Qixing Resort Co., Ltd.	Yunlin County	Tourism and recreation	1,000	1,000	100	0.39	997	(154)	-	

(Note 1): The Company pledged 21,000 thousand shares of Taiwan First Biotechnology to the Bank of Taiwan as collateral for a syndicated loan.

(Note 2): The subsidiary of the Company – Sontenkan Resort Development Co., Ltd. pledged 50,000 thousand shares of Nice Plaza as collateral for a long-term loan.

(Note 3): Said transactions between the parent company and the subsidiaries have been written off in the consolidated statements.

Table 9

AGV Products Corporation and its Subsidiaries
Information on Investments in Mainland China
December 31, 2021

(1) Information on Investments in Mainland China

Unit: Foreign currency thousand; NTD thousand

Name of investor	Name of invested company in Mainland China	Principal business	Paid-in capital	Investment method (Note 1)	Cumulative outward investment amount remitted from Taiwan – beginning of the period	Proportion of direct or indirect holdings		Cumulative outward investment amount remitted from Taiwan – ending of the period	Net income of investee	Shareholdings of the Company's direct or indirect investment	Recognized investment Income (Note 2)	Book value of investment at ending	Investment revenue received in Taiwan in the current period
						Remitted outward	Repatriated						
AGV Products Corporation	Shanghai AGV Foods Co., Ltd.	Food	1,130,926	(2)	779,814 (USD 28,172)	-	-	779,814 (USD 28,172)	(47,392) (USD-1,692)	100.00%	(47,392) (USD-1,692) (2).2	(17,299) (USD-625)	None
	Xiamen Aijian Traders Co., Ltd.	Food	55,083 (USD 1,990)	(2)	46,779 (USD 1,690)	-	-	46,779 (USD 1,690)	462 (USD17)	84.92%	393 (USD 14) (2).2	25,000 (USD 903)	None
	Shandong AGV Food Technology Co., Ltd.	Food	1,152,872 (USD 41,650)	(2)	472,818 (USD 17,082)	-	-	472,818 (USD 17,082)	(26,742) (USD-955)	100.00%	(26,742) (USD-955) (2).2	154,694 (USD 5,589) (Note 4)	None
	Zhangzhou Pientzhuang AGV Biohealthy Food Limited	Food	224,042 (USD 8,094)	(2)	40,560 (USD 1,466)	-	-	40,560 (USD 1,466)	(8,861) (USD-136)	18.11%	(1,604) (USD-57) (2).2	15,922 (USD 575)	None
	Dongruntang Biotech Corp.	Food	200,739 (USD 7,252)	(2)	24,769 (USD 895)	-	-	24,769 (USD 895)	(2,866) (USD-102)	16.64%	(477) (USD-17) (2).3	46,930 (USD 1,695)	None

Name of investor	Name of invested company in Mainland China	Accumulated outward investments remitted from Taiwan to China at ending	Investment amount approved by Investment Commission, MOEA	Ceiling on investment in Mainland China imposed by the Investment Commission, Ministry of Economic Affairs
AGV Products Corporation	Shanghai AGV Foods Co., Ltd.	779,814 (USD 28,172)	1,081,931 (USD 39,087)	3,972,787
	Xiamen Aijian Traders Co., Ltd.	46,779 (USD 1,690)	46,779 (USD 1,690)	
	Shandong AGV Food Technology Co., Ltd.	472,818 (USD 17,082)	553,528 (USD 19,997)	
	Zhangzhou Pientzhuang AGV Biohealthy Food Limited	40,560 (USD 1,466)	40,560 (USD 1,466)	
	Dongruntang Biotech Corp.	24,769 (USD 895)	74,776 (USD 2,701)	

Note 1: The investment method can be classified into three categories. Please specify the type:

(I) Engaged in direct investment in Mainland China.

(II) Investment in Mainland China through a third region.

Shanghai AGV Foods Co., Ltd.: This is a reinvestment in Shanghai AGV Foods Co., Ltd. by the Company and subsidiaries Mascot International (BVI) Corporation and Apoland International Corp. through reinvestment in Apoland Development (Singapore) Pte Ltd.

Xiamen Aijian Traders Co., Ltd.: This is a reinvestment in Xiamen Aijian Traders Co., Ltd. by the Company through reinvestment in Alpha International Developments Limited

Shandong AGV Food Technology Co., Ltd.: This is a reinvestment in Shandong AGV Food Technology Co., Ltd. by the Company through reinvestment in AGV First Biotech Food (BVI) Limited.

Zhangzhou Pientzhuang AGV Biohealthy Food Limited: This is a reinvestment in Zhangzhou Pientzhuang AGV Biohealthy Food Limited by the Company through reinvestment in Nicostar Capital Investment (BVI) Ltd.

Dongruntang Biotech Corp.: This is a reinvestment in Dongruntang Biotech Corp. by the Company through reinvestment in AGV Biohealthy Food Limited.

(III) Other methods.

Note 2: In the column of the investment income recognized in the current period:

(I) It shall be specified if the investment is in preparation without any investment income.

(II) The base for the recognition of investment income can be classified into three categories, and shall be specified.

1. The financial statements audited and attested by the international accounting firm associated with the ROC CPA firms;
2. Financial statements audited and attested by the CPA firm of the parent company in Taiwan

3. Others.

Note 3: This does not include the reinvestment in Shandong AGV Food Technology Co., Ltd. by Taiwan First Biotechnology Corp. through reinvestment of USD 18,100 thousand preferred shares of AGV First Biotech Food (BVI) Limited.

Note 4: Said transactions between the parent company and the subsidiaries have been written off in the consolidated statements.

(2) Major transactions with the invested companies in Mainland China occurring directly or indirectly via third regions in 2021:

1. Major transactions with the invested companies in Mainland China: Please refer to Table 6 in Note 13.
2. Financing with the invested companies in Mainland China: Please refer to Table 1 in Note 13.
3. Guarantees and endorsements made for invested companies in Mainland China: None.

Table 10

AGV Products Corporation
Major Shareholders Information
December 31, 2021

Major shareholder name	Shares held	Shareholding ratio
Ho Yuan Investment Co., Ltd.	31,168,258	6.30%

Note: The major shareholders information in the Table is the information of the Company's total common stocks and preferred shares with completion of non-physical delivery (including treasury stock) reaching above 5% held by the shareholders. The information is calculated by the Taiwan Depository & Clearing Corporation on the last business day at the end of each quarter. The capital stock recorded in the Company's financial report and the non-physical share delivery actually completed by the Company may vary due to different calculation basis for preparation.

XIV. Segment Information

(I) General information:

The management of the Group has identified the segment to be reported based on reporting information used by the decision-makers upon establishing a decision. The decision-makers of the Group carry on the business by product type or labor service type and classify the main reportable segments as a room temperature segment, low temperature segment, international trade segment, health segment and OEM segment. Information related to the operation of partial subsidiaries is not included in the operating decision report due to their small scale of operation. Therefore, the subsidiaries are not included in the reportable segment but their business results are combined into the “Other operating segment.”

(II) Measurement of segment information:

The decision-makers of the Group evaluate the performance of business segment by net income before tax excluding the impact regarding share of profit or loss of affiliates and joint ventures under the equity method, dividend revenue, disposition of investment profit or loss, net profit (loss) of financial assets and liabilities at fair value through profit or loss which are at fair value and profit from repurchased corporate bond. Relevant share of profit or loss of affiliates and joint ventures under the equity method, dividend revenue, disposition of investment profit or loss, net profit (loss) of financial assets and liabilities at fair value through profit or loss which are at fair value and profit from repurchased corporate bond are managed based on the Group without being amortized to the business segment.

(III) Financial information of segment:

2021:

Item	Room temperature segment	Low temperature segment	International trade segment	Health segment	Other operating segments	Adjustment and elimination	Total
Revenue							
Income from external customers	\$ 3,631,060	\$ 710,633	\$ 147,243	\$ 97,433	\$ 124,511	\$ -	\$ 4,710,880
Inter-segment income	966,187	70,591	29,567	27,742	88,821	(1,182,908)	-
Total revenues	<u>\$ 4,597,247</u>	<u>\$ 781,224</u>	<u>\$ 176,810</u>	<u>\$ 125,175</u>	<u>\$ 213,332</u>	<u>\$(1,182,908)</u>	<u>\$ 4,710,880</u>
Segment profit and loss	<u>\$ 96,020</u>	<u>\$ 41,648</u>	<u>\$ 8,921</u>	<u>\$ 9,281</u>	<u>\$ (77,325)</u>	<u>\$ 1,780</u>	<u>\$ 80,325</u>

2020:

Item	Room temperature segment	Low temperature segment	International trade segment	Health segment	Other operating segments	Adjustment and elimination	Total
Revenue							
Income from external customers	\$ 3,568,678	\$ 660,570	\$ 165,635	\$ 121,174	\$ 98,429	\$ -	\$ 4,614,486
Inter-segment income	938,523	96,736	29,890	31,377	79,253	(1,175,779)	-
Total revenues	<u>\$ 4,507,201</u>	<u>\$ 757,306</u>	<u>\$ 195,525</u>	<u>\$ 152,551</u>	<u>\$ 177,682</u>	<u>\$(1,175,779)</u>	<u>\$ 4,614,486</u>
Segment profit and loss	<u>\$ 106,242</u>	<u>\$ 49,415</u>	<u>\$ 18,759</u>	<u>\$ 18,059</u>	<u>\$ (101,108)</u>	<u>\$ 1,696</u>	<u>\$ 93,063</u>

(IV) Adjustment information on segment profit or loss, assets and liabilities:

The external revenue reported to the main decision-makers adopts the same measurement method as the revenue in the statement of profit and loss.

The adjustment of segment net profit and loss and pre-tax profit from continuing operational units is as follows:

Item	2021	2020
Net profit or loss from reportable segment	\$ 80,325	\$ 93,063
Dividend revenue	32,631	15,669
Share of profit or loss of affiliates and joint ventures under the equity method	165,157	175,576
Net loss (gain) from financial assets and liabilities at fair value through profit or loss	10,123	4,672
Impairment loss of property, plant and equipment	(8,928)	(8,805)
Gain (loss) from fair value adjustment	5,936	30,135
Profit or loss before tax	<u>\$ 285,244</u>	<u>\$ 310,310</u>

(V) Information by product type and labor service type:

The information on the Group's revenue from external customers is as follows:

Product name	2021	2020
Tradition series	\$ 1,154,429	\$ 1,074,960
Dessert series	752,366	737,274
Drink series	1,453,501	1,518,808
Oat milk series	1,047,025	951,965
Oil series	91,715	86,666
Health series	21,583	22,063
Others	190,261	222,750
Total	<u>\$ 4,710,880</u>	<u>\$ 4,614,486</u>

(VI) Information by regions:

1. Revenue from external customers (classified by the customers' countries):

Region	2021	2020
Taiwan	\$ 4,570,846	\$ 4,494,754
Mainland China	140,034	119,732
Total	<u>\$ 4,710,880</u>	<u>\$ 4,614,486</u>

2. Non-current assets:

Region	December 31, 2021	December 31, 2020
Taiwan	\$ 8,684,928	\$ 8,852,885
Mainland China	1,158,559	771,750
Others	54,898	25,459
Total	<u>\$ 9,898,385</u>	<u>\$ 9,650,094</u>

VI. If the Company or its affiliate has encountered any financial difficulties in the most recent years and up to the publication date of the annual report, the impact on the Company's financial condition shall be specified: None.

Seven. Review and Analysis of Financial Status and Financial Performance and Risk Management

I. Financial status

The main reasons for, and impact of, any material change in the Company's assets, liabilities, or equity during the most recent two years, and description of future countermeasure:

Unit: NTD thousand

Item \ Year	2021	2020	Difference	
			Amount	%
Current assets	2,404,150	2,239,613	164,537	7.35%
Fund and investment (Note 1)	5,415,840	4,994,320	421,520	8.44%
Property, plant and equipment (Note 2)	5,736,731	5,785,799	-49,068	-0.85%
Other assets	280,053	321,127	-41,074	-12.79%
Total assets	13,836,774	13,340,859	495,915	3.72%
Current liabilities	2,719,358	3,505,952	-786,594	-22.44%
Long-term liabilities	3,720,047	2,976,433	743,614	24.98%
Total liabilities	6,439,405	6,482,385	-42,980	-0.66%
Capital stock	4,945,134	4,945,134	-	-
Capital surplus	268,647	268,647	-	0.87%
Retained earnings	1,010,282	820,259	190,023	23.17%
Other equity	397,248	55,312	341,936	618.19%
Treasury stock	-	-	-	-
Total equity of owners of the parent	6,621,311	6,089,352	531,959	8.74%

Note 1: fund and investment refers to the total of financial assets measured at fair value through other comprehensive income – non-current and investment under the equity method.

Note 2: the property, plant and equipment refers to the total of the property, plant and equipment, right-of-use assets and investment property.

(I) Main reasons for material changes (changes exceeding 20%):

1. Decrease in current liabilities by 22.44%: This is mainly due to the decrease in the long-term liabilities due within a year or operating cycle due to the restructuring of syndicated loans in 2021.
2. Increase in long-term liabilities by 24.98%: This is mainly due to the increase in long-term loans due to the restructuring of syndicated loans in 2021.
3. Increase in retained earnings by 23.17%: This is mainly due to the increase in current net profit.

4. Increase in other equity by 618.19%: This is mainly due to the increase in unrealized valuation gains on financial assets measured at fair value through other comprehensive income.

(II) Impact: No significant impact.

(III) Future countermeasures: N/A.

II. Financial Performance

Main reasons for any material change in operating revenues, operating income, or income before tax in the most recent two years, sales volume forecast and the basis therefor, and the impact on the Company's future financial operations and countermeasure:

Unit: NTD thousand

Item \ Year	2021	2020	Difference	
			Amount	%
Operating revenue	4,710,880	4,614,486	96,394	2.09%
Operating costs	3,251,492	3,095,482	156,010	5.04%
Gross profit	1,459,388	1,519,004	-59,616	-3.92%
Operating expenses	1,287,853	1,302,903	-15,050	-1.16%
Operating profit (loss)	171,535	216,101	-44,566	-20.62%
Non-operating income and expenses	113,709	94,209	19,500	20.70%
Net profit (loss) before tax	285,244	310,310	-25,066	8.08%
Income tax expenses (gains)	68,077	60,916	7,161	11.76%
Current net profit (loss)	217,167	249,394	-32,227	12.92%

(I) Main reasons for material changes (changes exceeding 20%):

1. Reduce in the operating profit by 20.62%: This is due to the growth of costs and reduce in gross profit.
2. Increase in non-operating income and expense by 20.70%: This is due to the decrease in expected credit impairment loss.

(II) Sales volume forecast and the basis:

The Company is a downstream brand owner of the food industry and we mainly engage in the production and sales of traditional pickles, desserts, drinks, juices, grains milk and other kinds of products. The sales volume of the Company's products is subject to the changes in population, weather and economic environment. Combining factors such as the actual sales volume of products in the past, new product launching plan in current period as well as the changes in internal and external economic environments in the future, we estimate that the sales volume of the Company's products will have reasonable growth this year.

(III) Impact on the Company's future financial operations: No significant impact.

(IV) Countermeasures: N/A.

III. Analysis of Cash flow

Description and analysis of cash flow changes in the most recent year, improvement plans for illiquidity, and liquidity analysis for the coming year

(I) Description and analysis of cash flow changes in 2021:

Item	Year		Increase (decrease) ratio %
	2021	2020	
Cash flow ratio	4.38%	14.16%	-69.07%
Cash flow sufficiency ratio	73.49%	73.18%	0.42%
Cash reinvestment ratio	0.87%	4.03%	-78.41%

The analysis and description of change is as follows:

Reduce of the cash flow ratio by 69.07%: This is mainly due to an reduce of net cash inflow from operating activities.

Reduce of the cash reinvestment ratio by 78.41%: This is mainly due to an r of net cash inflow from operating activities.

(II) Improvement plans for illiquidity: None.

(III) Cash liquidity analysis for the next year:

Unit: NTD thousand

Cash balance at beginning of period	Expected annual net cash flow from operating activities	Expected annual cash outflow	Expected cash surplus (deficit) amount	Expected cash deficiency amount remedies	
				Investment plan	Fundraising plan
687,587	409,194	531,904	564,877	—	—

1. Operating activities: The expected growth of operating revenue and increase in profits from main business will generate the net cash inflow from operating activities.

2. Investment activities: The expected increase in the long-term and short-term investments and capital expenditure will generate net cash outflow.

3. Financing activities: The expected payment of the long-term and short-term loans will generate net cash outflow.

IV. Material capital expenditure in the most recent years and impacts on business performance

The capital expenditure plan of the Company is planned according to the business strategies of the Company. The main items include long-term investment and purchase of fixed assets.

The long-term investment is planned in accordance with the long-term business strategies and mainly includes the re-investment conducted in response to the demand of future business expansion and future development trend of the industry. There was no material capital expenditure in 2021. For fixed assets, the repair of plant equipment, purchase of machine and equipment as well as the upgrading and replacement of equipment parts totaled NTD60,997,000 in 2021.

V. The re-investment policy in the most recent year, the main reasons for the profits/losses generated thereby, improvement plan, and investment plans for the coming year

The Company's re-investment policy is to invest in the upstream and downstream industries along with the peripheral industry relevant to our main business, or focus on the investment in the leisure industry supporting the main business. We expect to diversify the operating risk in the industry by vertical or horizontal integration and diversified operations to improve the Company's profits and return on shareholder's equity. The recognized profit or loss of the Company's re-investment in 2021, and the main reason and improvement plan thereof is as follows:

Unit: NTD thousand

Item/Description	Scope of business	Investment profit or loss recognized in 2021	Main cause of profit or loss	Rectification
Apoland Resource International (BVI) Corp.	Re-investment business	(1,219)	The business performance of reinvested company is not yet revealed	Active management
Defender Private Security Inc.	Security business	3,336	Proper cost control	None
Aco Distribution Corp.	Proprietary business	10,557	Successful market development	None
Sasaya Vitagreen Co., Ltd.	Proprietary business	(10)	The business performance of reinvested company is not yet revealed in the transformation stage	None
Sontenkan Resort Development Co., Ltd.	Leisure and recreation business	(57,592)	The business performance of reinvested company is not yet revealed in the development stage	Active management
Koya Biotech Corp.	Gardening business and oil production	(9,958)	The business performance of reinvested company is not yet revealed in the transformation stage	Active development of new business
AGV International (BVI) Limited	Re-investment business	2	The company is in the preparation stage	None
Alpha International Developments Limited	Re-investment business	378	Re-investment profit	None
Hope Choice Distribution Corp.	Proprietary business	9,504	Successful market development	None
Mascot International (BVI) Corporation	Re-investment business	(4,137)	The business performance of reinvested company is not yet revealed	Active management

Item/Description	Scope of business	Investment profit or loss recognized in 2021	Main cause of profit or loss	Rectification
Apoland Development (Singapore) Pte Ltd.	Re-investment business	(44,827)	The business performance of reinvested company is not yet revealed	Active management
Hopeland Distribution Corp.	Proprietary business	1,778	Successful market development	None
Yunlin Dairy Technology Corp.	Dairy manufacturing	25,968	Successful market development	None
Taiwan First Biotechnology Corp.	Food manufacturing	93,987	Successful market development	None
AGV Biohealthy Food Limited	Re-investment business	(251)	The re-investment is in the development stage	Active management
Aiken Biotechnology International Co., Ltd.	Biotechnology service	7,352	Successful market development	None
AGV First Biotech Food (BVI) Limited.	Re-investment business	(26,755)	The business performance of reinvested company is not yet revealed	Active management
YANJING AGV INTERNATIONAL COMPANY LIMITED	Proprietary business	(10,264)	In the transformation stage	None
Heding International Development Co., Ltd.	Re-investment business	1,195	Re-investment profit	None
ALPHA BIOTECH DEVELOPMENT (BVI) LIMITED	Re-investment business	-	The company is in the preparation stage	None
Kuo Cheng Investment Development Corp.	Re-investment business	6,863	Re-investment profit	None
HOPEMAN DISTRIBUTION CO., LTD.	Logistics business	5,515	Successful market development	None
Nice Investment Development Ltd.	Re-investment business	8,685	Re-investment profit	None
Nicostar Capital Investment (BVI) Ltd.	Re-investment business	(1,733)	The re-investment is in the development stage	None
Eastern Formosa Resource Development Corporation	Recreation business	602	The re-investment is in the development stage	None
Tongjitang Medicinal Biotech Corp.	Medical biotechnology	415	The re-investment is in the development stage	None
NICE Enterprise Co., Ltd.	Household chemicals	79,377	Successful market development	None
TAI FU INTERNATIONAL CORP.	Food manufacturing	3,328	Re-investment profit	None

The Company's investment plans for the coming year will focus on the food industry and related leisure industry in the hope of expanding the business scale. We will also improve the completeness and competitive advantage of the Company's future product lines based on the principles of vertical integration and technology development. We will only evaluate and consider industries irrelevant to food or leisure industry if it is beneficial to the subsequent operation development for the entire Company.

VI. Risk analysis and assessment made in the most recent year and up to the printing date of the annual report

(I) Impact of changes to interest and exchange rates as well as inflation on the Company's earnings, and responsive measures

1. Changes in interest rate

The interest rate interval of the Company's short-term bank loans in 2021 was about 1.59%–1.85%. The low market interest in recent years is beneficial to the interest rate negotiation of the Company's bank loans. Due to the impact of COVID-19 and the Russia–Ukraine War in the world, in consideration of the unclear status of international environment and domestic economy, the Central Bank is expected to follow the Fed's step to escalate the interest rate progressively for the short-term interest rate, in order to suppress the inflation. Therefore, the designated personnel of the Company's Financial Department conducts regular or irregular evaluation on the interest rate of bank loans and pays attention to the changes in financial markets at home and abroad at all times while maintaining close connection with the bank to acquire privileged interest rate and sufficient limits.

2. Changes in exchange rate

The Company has no foreign currency collection regarding the sales of products. However, we still have demand for foreign currency because part of the finished products are processed overseas. In this regard, the designated personnel of the Company's Financial Department pays attention to changes in exchange rate market at all times and fully grasps exchange rate trend and remittance timeliness based on the information of changes in exchange rate provided by the correspondent bank. We also open foreign currency account to purchase foreign currency at the right timing in response to the demand of foreign currency generated from import of finished products and to reduce risks caused by exchange rate fluctuation.

3. Inflation

For the global environment in recent years, the imbalance output of agricultural products caused by abnormal climate results in increase of staple price such as the raw materials used for food production and secret concerns of inflation.

However, the domestic inflation is still within certain levels thanks to the government that strove to stabilize the financial order and maintain stable prices. Also, the Company continues to devote to the reduction of production cost and the control of marketing, management and R&D expenses in recent years. Therefore, the inflation has no impact on the operation and profitability of the Company. In the future, in addition to the increase in added value of products by strategies such as product innovation and differentiation, the Company will strive to reduce cost constantly and reduce the negative impact of inflation on the operation of the Company.

(II) Policy on high-risk, high-leverage investments, loaning of funds to others, endorsements and guarantees as well as derivatives transactions, main reason for profits or losses and future countermeasures

Item	Policy	Main cause of profit or loss	Future countermeasures
High-risk, high-leverage investments	The Company does not engage in high-risk, high-leverage investments	None	None
Loaning funds to others	Implemented based on the Company's "Regulations on Loaning of Funds to Others"	None	None
Endorsement/guarantee	Implemented based on the Company's "Regulations on Endorsements and Guarantees"	None	None
Derivatives transactions	The Company does not engage in "derivatives transactions"	None	None

(III) Future research and development projects, and expenditures expected in connection therewith

1. Our design meets the food and health regulations while giving consideration to the idea of ecological conservation and economic benefits. We also research and develop functional products meeting natural, healthy, nutritious, safe and hygienic needs.
2. We promote marketing-oriented product research and development to create a sense of belonging for the consumer. By controlling the consumer and market trends, channel information and after-sales service, we provide products that fully satisfy the customer.
3. According to the idea of similar origins between food and medicine as well as

preventive medicine, we use biopharmacy technology to develop health food with “antioxidant effect and prevention of modern illness.”

4. We establish a R&D environment with creative and innovative learning to cultivate R&D talents with comprehensive international perspective in aspects of health, technique, intelligent and manner.
5. Being dedicated to the “material extract biotechnology” and core technology of “cold aseptic filling” for manufacturing, we develop new products with concepts meeting the contemporary trends of “germ-free, no pollution, natural flavor preserved, nutritious, healthy and eco-friendly.”
6. Taiwan has become an aging society with aging population structure in Taiwan society. In the future, we actively develop commodities for the senior and comprehensive products with nutrient formula through industry-government-academia collaborations.
7. By introducing foreign technology, seeking for international strategic alliances, establishing globalized operation mechanism for R&D of the Group and developing intelligent network, we accelerate the integration of entire R&D technology to create global competitive advantage for the Group.
8. Engage in deployment in response to the home economy in the post-epidemic era, and proactively invest capital in innovation and R&D of new products including plant protein drinks, traditional cuisine series, appetizer series, and prepared foods series.
9. By investing in comprehensive food and drink plant and new product lines, we integrate R&D and new equipment to actively develop functional grain drinks managed by AGV for many years, such as oats milk, peanut milk and almond milk.
10. The expected expenditures for future research and development by the Company is about NTD58,000 thousand in 2022.

(IV) Impact on the Company’s financial operations of important policy and legal developments at home and abroad, and responsive measures

None.

(V) Impact on the Company’s business and finance due to technological or industrial changes (including cyber security risk), and responsive measures: As the diet habits of the consumer gradually change to aspects of high added value foods, convenience foods and diversified food types, the market demand begins to grow for all kinds of frozen prepared foods, prepared foods suitable for the aging population and current needs, health foods and foods convenient to prepare in response to the aging society and current consumption demand. Recently, food businesses have begun to make efforts in refinement of food processing, nano-grinding technology and extracting technology.

Nevertheless, the price increase of raw materials in the post-epidemic era results in the pressure of food businesses due to the increase of production cost; on the other hand, because of the rising health consciousness of the public, the consumer demand transforms from the pursuit of enlarged quantity in the past into the requirement for quality. Encountering the changes in technology and industry, the Company provides the following responsive measures:

1. Production innovation: Use the production advantage of cold aseptic filling to develop products which other competitors are unable to produce and plan to invest in production line for prepared foods to produce prepared foods and foods for the elderly.
2. Sales innovation: Expand domestic and foreign markets by innovating quality product and integrating strategic partners.
3. Manpower innovation: Strengthen creativity, improve execution and enhance teamwork of specialists in each department.
4. R&D innovation: In response to the rise of health awareness in the nation, the Company develops prepared foods, drinks or health foods. For example, food series with the pursuit of health to meet the demand of the public, including the pure dense oats series, appetizer series, compound fermented milk, capsules, caplets, prepared foods and supplements for the senior.

(VI) Impact of changes in the Company's image upon its crisis management, and countermeasures

None.

(VII) Expected benefits and potential risks of any merger or acquisition, and measures to be adopted in response

The Company has no plan for merger or acquisition up to the present day.

(VIII) Expected benefits and potential risks of any plant expansion, and measures to be adopted in response

None.

(IX) Risks associated with any consolidation of purchasing or sales operations, and measures to be adopted in response

The main production/sales items of the Company include room temperature and low temperature processed foods and drinks with various types of products. According to the sales of top 10 customers in the most recent three years, because Hope Choice Distribution Corp. is designated by the Company for the sales and delivery of room temperature products in domestic traditional channels and CHUAN LIAN Enterprise Co., Ltd. is the largest franchises supermarket in the nation, the two companies accounted higher weight for the sales of the Company in recent years while the sales amount of other individual

customer was less than 10% of the current net sales amount. In addition, the Company has control over Hope Choice Distribution Corp. since it is a 100% owned subsidiary of the Company. Hope Choice Distribution Corp. has a wide scope of product types and the downstream customers are traditional grocery stores, small shops as well as small and medium supermarkets with decentralized customer groups. In conclusion, the Company has no risk of sales concentration.

In addition, the Company commissioned AGV First Biotech Food (BVI) Limited. to produce bottled drinks since 2006 with weight of purchase respectively accounted for 38.72% and 36.06% in 2020 and 2021, which was the largest supplier of the Company. However, AGV First Biotech Food (BVI) Limited. is the affiliate of the Company with 41.28% of shareholding. The supply quality and delivery over the years is good without any supply shortage or interruption. Overall, the Company has no risk of concentrated purchases.

- (X) Impact and risk associated with large share transfers or changes in shareholdings of directors, supervisors, or shareholders who hold more than 10% of the Company's shares, and countermeasures: None.
- (XI) Impact on and risk to the Company of change in management rights and countermeasures: None.
- (XII) (For litigation or non-litigation cases indicating the Company and directors, supervisors, President, substantial responsible person, major shareholder with shareholding exceeding 10% of the Company and affiliates that are involved in major lawsuits with affirmative judgment or is pending in the court proceeding, non-litigation or administrative dispute cases with results capable of causing material impacts on the interests of Shareholder or stock price, the dispute fact, claim amount, litigation starting date, primary litigation parties and handling status up to the printing date of the annual report shall be disclosed: None.
- (XIII) Other significant risks and countermeasure:
None.

VII. Other Important matters:

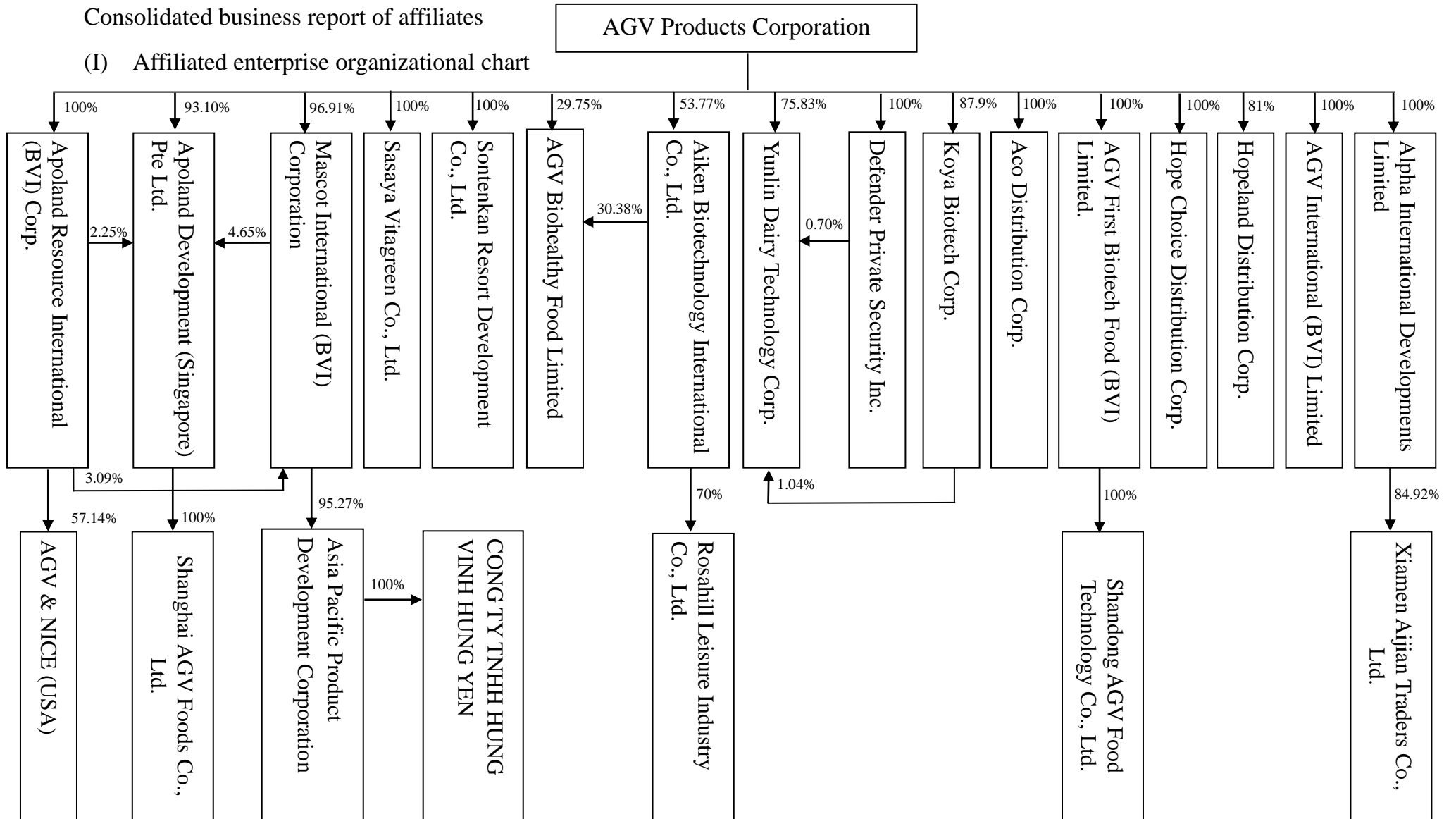
None.

Eight. Special Items to be Included

I. Affiliated Enterprise Information

Consolidated business report of affiliates

(I) Affiliated enterprise organizational chart



(II) Basic information and business of affiliates

December 31, 2021 Unit: NTD thousand

Enterprise name	Establishment date	Address	Paid-in capital	Primary business or production item
Hope Choice Distribution Corp.	2001.05.22	No. 81, Jiangwen St., West Dist., Chiayi City	NTD65,000	Proprietary business
Hopeland Distribution Corp.	1989.10.13	17F., No. 97, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City	NTD15,000	Proprietary business
Aco Distribution Corp.	1986.08.04	13F., No. 515, Zhongxiao Rd., Zhongzhuang Vil., East Dist., Chiayi City	NTD54,720	Proprietary business
Aiken Biotechnology International Co., Ltd.	2004.10.19	No. 1, Fuquan, Fuquan Vil., Minxiong Township, Chiayi County	NTD107,066	Biotechnology service
Rosahill Leisure Industry Co., Ltd.	2013.11.19	1F., No. 77, Jiangwen St., West Dist., Chiayi City	NTD25,000	Proprietary business
Sasaya Vitagreen Co., Ltd.	2005.03.11	No. 81, Jiangwen St., West Dist., Chiayi City	NTD5,000	Proprietary business
Sontenkan Resort Development Co., Ltd.	1999.03.16	12F.-2, No. 515, Zhongxiao Rd., Chiayi City	NTD1,773,889	Leisure and recreation business
Defender Private Security Inc.	1990.07.03	3F.-2, No. 515, Zhongxiao Rd., East Dist., Chiayi City	NTD40,000	Security business
Koya Biotech Corp.	1991.04.13	No. 152, Sec. 2, Yunlin Rd., Douliu City, Yunlin County	NTD104,887	Gardening business and oil production
Yunlin Dairy Technology Corp.	2002.09.12	No. 78, Gongye Rd., Liuzhong Vil., Douliu City, Yunlin County	NTD62,700	Dairy manufacturing and sales
Mascot International (BVI) Corporation	1993.09.24	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	USD9,900	Re-investment business
Apoland Resource International (BVI) Corp.	1997.07.22	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	USD11,510	Re-investment business
Apoland Development (Singapore) Pte Ltd.	1993.09.14	8 Wilkie Edge, #03-01 Wilkie Edge, Singapore 228095	USD45,634	Re-investment business
Asia Pacific Product Development Corporation	1995.11.18	Aiguoshe, Nance County, Hai Duong Province, Vietnam	VND26,032,702	Planting, processing and export of vegetables
Shanghai AGV Foods Co., Ltd.	1994.03.02	No. 5268, Bei Song Highway, Chedun, Songjiang District, Shanghai	CNY311,721	Food manufacturing and sales
AGV & NICE (USA), INC.	2002.04.12	44370 OLD WARM SPRINGS BLVD. FREMONT, CA94538	USD70	Marketing business
Xiamen Aijian Traders Co., Ltd.	2009.09.30	18 F., Building 2, No. 625, Sishui Road, Wuyuan Bay, Huli District, Xiamen City	CNY12,545	Food

Enterprise name	Establishment date	Address	Paid-in capital	Primary business or production item
Alpha International Developments Limited	2004.08.30	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	USD2,433	Re-investment business
AGV International (BVI) Limited	2011.08.30	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	USD460	Re-investment business
AGV First Biotech Food (BVI) Limited.	2011.10.12	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	USD46,013	Re-investment business
SHANDONG AGV FOOD TECHNOLOGY CO., LTD	2012.09.14	Room 512-513, Development Area Building 3, Kaiyuan Rd., Jiyang District, Jinan	CNY259,186	Food
AGV Biohealthy Food Limited	2013.05.25	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	USD2,633	Food
CONG TY TNHH HUNG VINH HUNG YEN	2015.03.12	Liangping Township, Jindong County, Hung Yen Province, Vietnam	VND2,308,647	Planting, processing and export of vegetables

(III) Director and president information of affiliates

December 31, 2021 Unit: shares;%

Enterprise name	Title	Name or representative	Shareholdings	
			Shares/capital amount	Shares/capital amount
Hope Choice Distribution Corp.	Chairman	Representative of AGV Products Corporation: Wang Yuan-Chun	6,500,000	100.00%
	Director	Representative of AGV Products Corporation: Kuan-Han Chen		
	Director	Representative of AGV Products Corporation: Chih-Chan Chen		
	Director	Representative of AGV Products Corporation: Chien-Hua Chen		
	Director	Representative of AGV Products Corporation: Nai-Pin Lin		
	Supervisor	Representative of AGV Products Corporation: Hsien-Chueh Hsieh		
	Supervisor	Representative of AGV Products Corporation: Kuan-Hua Chen		
Hopeland Distribution Corp.	Supervisor	Representative of AGV Products Corporation: Chih-Cheng Yang	1,215,000	81.00%
	Chairman	Representative of AGV Products Corporation: Jui-Hsu Wu		
	Director	Representative of AGV Products Corporation: Chih-Chan Chen		
	Director	Representative of AGV Products Corporation: Chien-Hua Chen		
	Director	Representative of AGV Products Corporation: Chin-Huang Chen		
	Director	Representative of AGV Products Corporation: Ching-Chih Chang		
Aco Distribution Corp.	Supervisor	Representative of NICE Enterprise Co., Ltd.: Hsien-Chueh Hsieh	5,472,000	100.00%
	Supervisor	Representative of NICE Enterprise Co., Ltd.: Ming-Cheng Hung		
	Chairman	Representative of AGV Products Corporation: Jui-Hsu Wu		
	Director	Representative of AGV Products Corporation: Hsien-Chueh Hsieh		
Aco Distribution Corp.	Director	Representative of AGV Products Corporation: Chih-Chan Chen	5,472,000	100.00%
	Director	Representative of AGV Products Corporation: Chien-Hua Chen		
	Director	Representative of AGV Products Corporation: Yueh-Chu Tsai		
	Supervisor	Representative of AGV Products Corporation: Chih-Cheng Yang		
	Supervisor	Representative of AGV Products Corporation: Chen-Jung Chang		

Enterprise name	Title	Name or representative	Shareholdings	
			Shares/capital amount	Shares/capital amount
Sontenkan Resort Development Co., Ltd.	Chairman	Representative of AGV Products Corporation: Nai-Pin Lin	common stock: 164,388,869 referred stock: 13,000,000	100.00%
	Director	Representative of AGV Products Corporation: Michael Chen		
	Director	Representative of AGV Products Corporation: Ching-Jen Chen		
	Director	Representative of AGV Products Corporation: Chih-Chan Chen		
	Director	Representative of AGV Products Corporation: Chung-Sung Chen		
	Director	Representative of AGV Products Corporation: Kuan-Te He		
	Director	Representative of AGV Products Corporation: Ming-Fa Lai		
	Supervisor	Representative of AGV Products Corporation: Ching-Liang Chen		
	Supervisor	Representative of AGV Products Corporation: Tzu-Chiang Wang		
	Supervisor	Representative of AGV Products Corporation: Kwan-Ju Chen		
Asia Pacific Product Development Corporation	Shareholder	Mascot International (BVI) Corporation	1,813,000	95.27%
	Shareholder	Chin-Chih Chuang	90,100	4.73%
Aiken Biotechnology International Co., Ltd.	Chairman	Representative of AGV Products Corporation: Chih-Yu Chang	5,756,900	53.77%
	Director	Representative of AGV Products Corporation: Kuan-Han Chen		
	Director	Representative of AGV Products Corporation: Chih-Chan Chen		
	Director	Representative of AGV Products Corporation: Chang-Fa Wang		
	Director	Representative of AGV Products Corporation: Kuan-Te He		
	Supervisor	Representative of Taiwan First Biotechnology Corp.: Michael Chen	4,680,678	43.71%
	Supervisor	Representative of Taiwan First Biotechnology Corp.: Ching-Jen Chen		
Supervisor	Representative of Taiwan First Biotechnology Corp.: Hsien-Chueh Hsieh			

Enterprise name	Title	Name or representative	Shareholdings	
			Shares/capital amount	Shares/capital amount
Rosahill Leisure Industry Co., Ltd.	Chairman	Representative of Aiken Biotechnology International Co., Ltd.: Kuan-Te He	1,750,000	70.00%
	Director	Representative of Aiken Biotechnology International Co., Ltd.: Michael Chen		
	Director	Representative of Aiken Biotechnology International Co., Ltd.: Ching-Jen Chen		
	Director	Representative of Aiken Biotechnology International Co., Ltd.: Ching-Liang Chen		
	Director	Representative of Aiken Biotechnology International Co., Ltd.: Chih-Yu Chang		
	Director	Representative of Aiken Biotechnology International Co., Ltd.: Hsien-Chueh Hsieh		
	Director	Representative of Aiken Biotechnology International Co., Ltd.: Chih-Cheng Yang		
	Supervisor	Representative of Ho Yuan Investment Co., Ltd.: Kuan-Han Chen	500,000	20.00%
	Supervisor	Representative of Ho Yuan Investment Co., Ltd.: Chih-Chan Chen		
Supervisor	Representative of Ho Yuan Investment Co., Ltd.: Kuan-Ju Chen			
Sasaya Vitagreen Co., Ltd.	Chairman	Representative of AGV Products Corporation: Jui-Hsu Wu	500,000	100.00%
	Director	Representative of AGV Products Corporation: Hsien-Chueh Hsieh		
	Director	Representative of AGV Products Corporation: Chih-Chan Chen		
	Director	Representative of AGV Products Corporation: Chien-Hua Chen		
	Director	Representative of AGV Products Corporation: Wang Yuan-Chun		
	Supervisor	Representative of AGV Products Corporation: Nai-Pin Lin		
Defender Private Security Inc.	Chairman	Representative of AGV Products Corporation: Ching-Jen Chen	4,000,000	100.00%
	Director	Representative of AGV Products Corporation: Kuan-Han Chen		
	Director	Representative of AGV Products Corporation: Ching-Liang Chen		
	Director	Representative of AGV Products Corporation: Chih-Hung Chen		
	Director	Representative of AGV Products Corporation: Hsien-Chueh Hsieh		
	Director	Representative of AGV Products Corporation: Yueh-Chu Tsai		
	Director	Representative of AGV Products Corporation: Ming-Fa Lai		
	Supervisor	Representative of AGV Products Corporation: Michael Chen		
	Supervisor	Representative of AGV Products Corporation: Chih-Chan Chen		

Enterprise name	Title	Name or representative	Shareholdings	
			Shares/capital amount	Shares/capital amount
Yunlin Dairy Technology Corp.	Chairman	Representative of Koya Biotech Corp.: Hsien-Chueh Hsieh	65,161	1.04%
	Director	Representative of Koya Biotech Corp.: Pai-Fang Hsu		
	Director	Representative of Koya Biotech Corp.: Yueh-Chu Tsai		
	Director	Representative of Defender Private Security Inc.: Michael Chen	43,860	0.70%
	Director	Representative of Taiwan First Biotechnology Corp.: Ching-Jen Chen	126,322	2.01%
	Director	Representative of Taiwan First Biotechnology Corp.: Chang-Fa Wang		
	Director	Representative of Taiwan First Biotechnology Corp.: Shih-Pei Yang		
	Supervisor	Representative of AGV Products Corporation: Chih-Chan Chen	4,754,551	75.83%
Supervisor	Representative of AGV Products Corporation: Chih-Cheng Yang			
AGV & NICE (USA), INC.	Shareholder	Apoland Resource International (BVI) Corp.	40,000	57.14%
	Shareholder	Niceco Holdings Limited	30,000	42.86%
Koya Biotech Corp.	Chairman	Representative of AGV Products Corporation: Tse-Min Pao	9,219,489	87.90%
	Director	Representative of AGV Products Corporation: Michael Chen		
	Director	Representative of AGV Products Corporation: Kuan-Han Chen		
	Director	Representative of AGV Products Corporation: Ching-Jen Chen		
	Director	Representative of AGV Products Corporation: Hsien-Chueh Hsieh		
	Director	Representative of AGV Products Corporation: Chih-Chan Chen		
	Director	Representative of AGV Products Corporation: Nai-Pin Lin		
	Supervisor	Representative of Taiwan First Biotechnology Corp.: Ching-Liang Chen	1,269,211	12.10%
Supervisor	Representative of Taiwan First Biotechnology Corp.: Chang-Fa Wang			
Supervisor	Representative of Taiwan First Biotechnology Corp.: Hung-Chi Hsiao			
Apoland Resource International (BVI) Corp.	Shareholder	AGV Products Corporation	11,510,000	100.00%
Mascot International (BVI) Corporation	Shareholder	AGV Products Corporation	common stock: 9,413,000	96.91%
	Shareholder	Apoland Resource International (BVI) Corp.	common stock: 300,000	3.09%
	Shareholder	Tongjitang Medicinal Biotech Corp.	preferred stock: 288,000	96.00%

Enterprise name	Title	Name or representative	Shareholdings	
			Shares/capital amount	Shares/capital amount
	Shareholder	Kun-Chin Chang	preferred stock: 8,000	2.67%
	Shareholder	Ching-Yao Chen	preferred stock: 4,000	1.33%
Apoland Development (Singapore) Pte Ltd.	Shareholder	AGV Products Corporation	common stock: 54,321,621	93.08%
	Shareholder	Mascot International (BVI) Corporation	common stock: 2,721,424	4.66%
	Shareholder	Apoland Resource International (BVI) Corp.	common stock: 1,320,116	2.26%
	Shareholder	Taiwan First Biotechnology Corp.	preferred stock: 1,300,000	72.53%
	Shareholder	Tongjitang Medicinal Biotech Corp.	preferred stock: 478,110	26.67%
	Shareholder	Yu-Ying Chen Hung	preferred stock: 14,352	0.80%
Shanghai AGV Foods Co., Ltd.	Shareholder	Apoland Development (Singapore) Pte Ltd.	43,800,000	100.00%
Xiamen Aijian Traders Co., Ltd.	Shareholder	Alpha International Developments Limited	1,690,000	84.92%
	Shareholder	Likeda Development Co., Ltd.	300,000	15.08%
Alpha International Developments Limited	Shareholder	AGV Products Corporation	2,433,455	100.00%
AGV International (BVI) Limited	Shareholder	AGV Products Corporation	460,000	100.00%
AGV First Biotech Food (BVI) Limited.	Shareholder	AGV Products Corporation	common stock: 27,813,400	100.00%
	Shareholder	Taiwan First Biotechnology Corp.	preferred stock: 18,100,000	99.45%
	Shareholder	Aiken Biotechnology International Co., Ltd.	preferred stock: 100,000	0.55%
Shandong AGV Food Technology Co., Ltd.	Shareholder	AGV First Biotech Food (BVI) Limited.	259,186,235	100.00%
AGV Biohealthy Food Limited	Shareholder	AGV Products Corporation	783,300	29.75%
	Shareholder	Aiken Biotechnology International Co., Ltd.	800,000	30.38%
	Shareholder	Taiwan First Biotechnology Corp.	1,050,000	39.87%
CONG TY TNHH HUNG VINH HUNG YEN	Shareholder	Asia Pacific Product Development Corporation	2,308,646,544	100.00%

(IV) Operation overview of affiliates

Unit: NTD thousand

Enterprise name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit	Current profit or loss after tax	EPS after tax
AGV Products Corporation	4,945,134	11,511,813	4,890,503	6,621,310	3,956,221	185,371	201,182	0.41
Hope Choice Distribution Corp.	65,000	181,821	90,413	91,408	779,740	3,998	9,805	1.51
Hopeland Distribution Corp.	15,000	59,407	34,916	24,491	127,839	1,555	2346	1.56
Aco Distribution Corp.	54,720	162,670	53,184	109,486	226,493	5,691	10,560	1.93
Aiken Biotechnology International Co., Ltd.	107,066	176,183	15,635	160,548	48,273	2,748	13,558	1.27
Sasaya Vitagreen Co., Ltd.	5,000	4,521	43	4,478	0	-12	-10	-0.02
Sontenkan Resort Development Co., Ltd.	1,773,889	2,511,814	752,110	1,759,704	3,126	-5,847	-57,592	-0.39
Defender Private Security Inc.	40,000	73,607	16,885	56,722	50,974	-194	3,336	0.83
Koya Biotech Corp. (original Koya Agriculture Biotech Corp.)	104,887	490,242	364,420	125,822	74,460	-7,993	-11,140	-1.06
Yunlin Dairy Technology Corp.	62,700	389,147	243,838	145,309	433,237	45,931	34,329	5.48
Mascot International (BVI) Corporation	274,021	65,661	0	65,661	0	-309	-4,269	-0.44
Asia Pacific Product Development Corporation	52,678	5,277	1,052	4,225	0	-1,606	-1,737	-0.91
Apoland Resource International (BVI) Corp.	318,597	95,501	0	95,501	0	0	-1,219	-0.11
AGV & NICE (USA), INC. NICE Enterprise Co., Ltd.	1,938	0	0	0	0	0	0	-
Apoland Development (Singapore) Pte Ltd.	1,266,740	477,323	206,737	270,586	95,708	-53,098	-48,330	-0.83
Shanghai AGV Foods Co., Ltd.	1,352,941	472,795	490,094	-17,299	95,708	-52,160	-47,392	-
Xiamen Aijian Traders Co., Ltd.	54,449	33,174	3,736	29,438	49,126	125	462	-
Alpha International Developments Limited	67,358	27,610	0	27,610	0	0	378	0.16

Enterprise name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit	Current profit or loss after tax	EPS after tax
AGV International (BVI) Limited	12,733	12,829	0	12,829	0	0	2	-
AGV First Biotech Food (BVI) Limited.	1,273,651	792,721	75,120	717,601	0	-13	-26,755	-1.05
Shandong AGV Food Technology Co., Ltd.	1,124,926	799,654	143,952	655,702	0	-19,944	-26,742	-
Rosahill Leisure Industry Co., Ltd.	25,000	73,996	13,792	60,204	48,643	9,979	11,021	4.41
AGV Biohealthy Food Limited	72,890	60,980	0	60,980	0	-2	-845	-0.32
CONG TY TNHH HUNG VINH HUNG YEN	2,759	28	167	-139	0	-111	-111	0.00

Note: The paid-in capital with common stocks of Sontenkan Resort Development Co., Ltd. was NTD1,563,888,690, the preferred stock was NTD130,000,000 and the capital collected in advance was NTD80,000,000.

The paid-in capital with common stocks of Mascot International (BVI) Corporation was NTD268,856,000 and the preferred stock was NTD5,165,000.

The paid-in capital with common stocks of Apoland Development (Singapore) Pte Ltd. was NTD1,223,041,000 and the preferred stock was NTD40,101,000 and the capital collected in advance was NTD3,598,000.

II. Any private placement of securities in the most recent year up to the publication date of the annual report.:

1. The proposal for common stock issued in private placement for cash capital increase no more than 100,000,000 shares was approved at 13th meeting of 17th Board of Directors on May 11, 2021, and was submitted to the 2021 Annual General Meeting for review pursuant to laws, and already approved unanimously.
Implementation status: Said private placement has not been carried out so far. The 20th meeting of 17th Board of Directors resolved on May 9, 2022 to approve that it should not be continued within the residual period, but should be reported to the 2022 annual general meeting.
2. The proposal for common stock issued in private placement for cash capital increase no more than 100,000,000 shares was approved at 20th meeting of 17th Board of Directors on May 9, 2022, and was submitted to the 2022 Annual General Meeting for review pursuant to laws.

III. Holding or disposal of the Company's shares by subsidiaries in the most recent year and up to the publication date of the annual report

None.

IV. Events having material impact on shareholders' equity or securities prices listed in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act in the most recent year and up to the publication date of the annual report

None.

V. Additional information required to be disclosed:None.

AGV Products Corporation

Chairman: Kuan-Han Chen

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