

[Stock Code: 1217]

AGV Products Corporation
Parent Company Only Financial Report and
Independent Auditors' Report
2021 and 2020

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

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Company Tel.: (05)221-1521

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Independent Auditors' Report

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

(Please refer to the notes of the parent company only financial report)

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	

(Please refer to the notes of the parent company only financial report)

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	

(Please refer to the notes of the parent company only financial report)

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

(Please refer to the notes of the parent company only financial report)

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.
- 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.
 - 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.
 - 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	\$ 765	\$ 776

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

- (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	<u>\$ 150,225</u>	<u>\$ 97,119</u>

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	<u>\$ (10,264)</u>	<u>\$ 1,474</u>

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	<u>\$ 3,193,969</u>	<u>\$ 3,170,824</u>
Less: Accumulated depreciation	(2,245,953)	(2,211,440)
Total	<u>\$ 948,016</u>	<u>\$ 959,384</u>

	Land	Houses and buildings	Machinery and equipment	Other equipment	Equipment pending acceptance and construction in progress	Total
<u>Costs</u>						
Balance on January 1, 2021	\$ 548,166	\$ 873,562	\$ 1,181,550	\$ 556,175	\$ 11,371	\$ 3,170,824
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
<u>Accumulated depreciation</u>						
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

	Land	Houses and buildings	Machinery and equipment	Other equipment	Equipment pending acceptance and construction in progress	Total
<u>Costs</u>						
Balance on January 1, 2020	\$ 548,166	\$ 860,737	\$ 1,184,289	\$ 561,625	\$ 7,373	\$ 3,162,190
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
<u>Accumulated depreciation</u>						
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	<u>2.595%</u>	<u>2.095%</u>
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- 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	<u>\$ 397,570</u>	<u>\$ 398,484</u>

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 of the subsidiary	5,250	5,250

Total	<u>\$ 268,647</u>	<u>\$ 268,647</u>
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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	\$ (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)
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	\$ (87,460)	\$ 142,772	\$ 55,312

(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	\$ 4,357,936	\$ 4,338,838
Less: Sales return	(28,573)	(39,477)
Sales discount	(373,142)	(377,507)
Net operating revenue from customer contracts	\$ 3,956,221	\$ 3,921,854

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 outstanding shares (thousand shares)	\$	494,513	\$	494,513
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

<u>Name of the related party</u>	<u>Relationship with the Company</u>
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

<u>Item</u>	<u>Category/Name of the related party</u>	<u>2021</u>	<u>2020</u>
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	<u>\$ 1,080,873</u>	<u>\$ 1,077,047</u>

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

<u>Category/Name of the related party</u>	<u>2021</u>	<u>2020</u>
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	<u>\$ 1,477,075</u>	<u>\$ 1,442,458</u>

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	<u>\$ 13,251</u>	<u>\$ 19,154</u>
	Less: Allowance loss	(13)	(19)
	Net amount	<u>\$ 13,238</u>	<u>\$ 19,135</u>
Accounts receivable	Subsidiary	\$ 101,960	\$ 85,910
	Affiliated companies	4,658	2,100
	Other related parties	9,659	13,210
	Total	<u>\$ 116,277</u>	<u>\$ 101,220</u>
	Less: Allowance loss	(15)	(16)
	Net amount	<u>\$ 116,262</u>	<u>\$ 101,204</u>
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	<u>\$ 38,378</u>	<u>\$ 20,820</u>
	Less: Allowance loss	-	-
	Net amount	<u>\$ 38,378</u>	<u>\$ 20,820</u>
Refundable deposits	Subsidiary		
	Koya Biotech Corp.	\$ 45,000	\$ 40,000
	Yunlin Dairy Technology Corp.	3,000	3,000
Total	<u>\$ 48,000</u>	<u>\$ 43,000</u>	

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	<u>\$ 447,468</u>	<u>\$ 610,743</u>
Other payables	Subsidiary	\$ 1,153	\$ 1,151
	Affiliated companies	19,996	19,817
	Other related parties	26,669	22,851
	Total	<u>\$ 47,818</u>	<u>\$ 43,819</u>

5. Advance receipts

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

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	<u>\$ 43,864</u>	<u>\$ 32,965</u>

7. Guarantee deposits

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

8. Property transaction

(1) Acquisition of property, plant and equipment:

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

(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	\$ 40,950	\$ 30,610

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	\$ 388,539	\$ 415,905

- 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					
		Sensitivity analysis					
		Foreign currency	Exchange rate	Amount recognized (NTD)	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					
		Sensitivity analysis					
		Foreign currency	Exchange rate	Amount recognized (NTD)	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			Total
		Collateral	Overall agreement on net settlement	Other credit enhancement	
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	Amount of decrease in maximum credit risk exposure				
	Book amount	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	\$ -	\$ -	\$ -	\$ -

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:

	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years	Total undiscounted Total lease payment
Lease liabilities	\$ 7,656	\$ 5,667	\$ -	\$ -	\$ -	\$ -	\$ 13,323

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:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<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 or one operating cycle	261,584	533,124
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	<u>\$ 32,134</u>	<u>\$ -</u>	<u>\$ 1,976,420</u>	<u>\$ 2,008,554</u>

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 current profit or loss	7,175	11,825

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 Revenue capitalization rate of period-end value	2.595% 1.18%-1.58%	The higher the discount rate or revenue capitalization rate, the lower the fair value.
Land development approach	537,229	Land development analysis approach	Proper profit margin Overall capital interest rate	15%-18% 1.36%-1.50%	The higher the proper rate of return or overall capital interest rate, the lower the fair value.
Total	<u>\$ 1,050,799</u>				

	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 in 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.

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AGV Products Corporation
Statement of Cash and Cash Equivalents
December 31, 2021

Item	Summary	Amount	Remarks
Cash	Cash	\$ 86	
	Petty cash	685	
Cash sub-total		\$ 771	
Bank deposits	Savings deposit	\$ 288,381	
	Checking deposit	3	
	Foreign currency deposit	28,394	USD 1,026
Bank deposit subtotal		\$ 316,778	
Total		\$ 317,549	

USD exchange rate of 1:27.68 on December 31, 2021

AGV Products Corporation
Statement of Notes Receivable
December 31, 2021

Customer name	Summary	Amount	Unit: NTD thousand Remarks
Company A	Accounts receivable for goods	\$ 7,279	
Company B	Accounts receivable for goods	729	
Company C	Accounts receivable for goods	565	
Others	(Summarized total for parts less than 5%)	501	
Total		\$ 9,074	
Less: Allowance loss		(9)	
Net amount		\$ 9,065	

AGV Products Corporation
Statement of Notes Receivable – Related Parties
December 31, 2021

Customer name	Summary	Amount	Unit: NTD thousand Remarks
NICECO International Corp.	Accounts receivable for goods	\$ 13,251	
Others	(Summarized total for parts less than 5%)	-	
Total		\$ 13,251	
Less: Allowance loss		(13)	
Net amount		\$ 13,238	

AGV Products Corporation
Statement of Accounts Receivable
December 31, 2021

<u>Customer name</u>	<u>Summary</u>	<u>Amount</u>	<u>Remarks</u>
Company A	Accounts receivable for goods	\$ 86,418	
Company B	Accounts receivable for goods	81,971	
Company C	Accounts receivable for goods	52,835	
Company D	Accounts receivable for goods	29,914	
Others	(Summarized total for parts less than 5%)	218,858	
Total		<u>\$ 469,996</u>	
Less: Allowance loss		<u>(728)</u>	
Net amount		<u><u>\$ 469,268</u></u>	

Unit: NTD
thousand

AGV Products Corporation
Statement of Accounts Receivable – Related Parties
December 31, 2021

<u>Customer name</u>	<u>Summary</u>	<u>Amount</u>	<u>Unit: NTD thousand Remarks</u>
Hope Choice Distribution Corp.	Accounts receivable for goods	\$ 45,538	
Aco Distribution Corp.	Accounts receivable for goods	38,288	
NICECO International Corp.	Accounts receivable for goods	9,175	
Aiken Biotechnology International Co., Ltd.	Accounts receivable for goods	7,194	
Hopeland Distribution Corp.	Accounts receivable for goods	6,352	
Others	(Summarized total for parts less than 5%)	9,730	
Total		<u>\$ 116,277</u>	
Less: Allowance loss		<u>(15)</u>	
Net amount		<u><u>\$ 116,262</u></u>	

AGV Products Corporation
Statement of Other Accounts Receivable
December 31, 2021

Item	Summary	Amount	Unit: NTD thousand Remarks
Tax refund receivable from exports	Tax refund receivable from exports	\$ 4,794	
Service revenues receivable	Service revenues receivable	1,311	
Subsidy receivable	Subsidy receivable	2,100	
Other receivables	Others	2,386	
Total		\$ 10,591	

AGV Products Corporation
Statement of Other Accounts Receivable – Related Parties
December 31, 2021

Item	Summary	Amount	Unit: NTD thousand Remarks
Taiwan First Biotechnology Corp.	Other revenue receivable	\$ 5,609	
Nice Capital & Finance Corp.	Dividends receivable	13,645	
Sontenkan Resort Development Co., Ltd.	Preferred stock dividends receivable	4,742	
Kuo Cheng Investment Development Corp.	Dividends receivable	8,520	
Others	Service revenue receivable	5,862	
Total		<u>\$ 38,378</u>	

AGV Products Corporation
Statement of Inventory
December 31, 2021

Unit: NTD thousand

Item	Summary	Amount		Remarks
		Costs	Net realizable value	
Raw material	Food, spice	\$ 95,557	\$ 96,136	
Supplies	Cartons, caps, glass bottles	60,173	60,316	
Goods in process	Food in process	96,432	118,223	
Finished products	Canned foods, drinks	474,602	560,082	
Total		\$ 726,764	\$ 834,757	
Less: Allowance devaluation and obsolescence losses		(13,989)	-	
Net amount		<u>\$ 712,775</u>	<u>\$ 834,757</u>	

AGV Products Corporation
Statement of Prepayments
December 31, 2021

Item	Summary	Amount	Unit: NTD thousand Remarks
Prepayment for goods	Prepayment for material purchase and issuing	\$ 13,477	
Insurance prepayment	Insurance prepayment	1,256	
Bonus prepayment	Prepayment for gift certificates	34,661	
Other prepayments	Prepayments by others	6,477	
Total		\$ 55,871	

AGV Products Corporation
Statement of Other Current Assets
December 31, 2021

Item	Summary	Amount	Unit: NTD thousand Remarks
Attached right to return goods	Right of goods to be returned under sale with a right of return	\$ 2,805	
Total		\$ 2,805	

AGV Products Corporation
Statement of Changes in Financial Assets at Fair Value through other Comprehensive Income – Non-current
January 1 to December 31, 2021

Unit: Thousand shares; NTD thousand

Name	Balance – beginning		Increase in the current period		Decrease in the current period		Balance – ending		Collateral and mortgage	Remarks
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount		
TWSE/TPEX listed stocks:										
Common stock:										
Janfusun Fancyworld Corp.	10,332	29,448	-	2,686	-	-	10,332	32,134	None	
Subtotal of TWSE/TPEX listed stocks		29,448		2,686		-		32,134		
TWSE/TPEX unlisted stocks:										
Common stock:										
Kai Chieh International Investment Ltd.	2,413	60,287	-	31,576	-	27,136	2,413	64,727	None	Delisted from the emerging stock market in April 2021
Janfusun Fancyworld Corp. – private placement	8,074	22,285	-	484	-	-	8,074	22,769	None	
Eastern Taiwan Cultural & Creative Co., Ltd.	6,750	29,640	-	-	-	3,341	6,750	26,299	None	
Tangli Culture Media Co., Ltd.	2,200	22,688	-	2,033	-	-	2,200	24,721	None	
Pushi Venture Capital Co., Ltd.	114	515	-	622	114	1,137	-	-	None	
Nice Capital & Finance Corp.	6,950	91,416	-	24,348	-	-	6,950	115,764	None	
Aique International Co.	18	160	-	-	-	-	18	160	None	
B&B International Development Co., Ltd.	1,000	12,391	-	-	-	1,001	1,000	11,390	None	
Taiwan Aixianjia Biotech Corp.	540	4,749	-	-	-	593	540	4,156	None	
Subtotal of common stocks		244,131		59,063		33,208		269,986		
Preferred share										
Sontenkan Resort Development Co., Ltd. (Class C)	15,000	140,100	-	4,400	5,000	50,000	10,000	94,500	None	
Nice Capital & Finance Corp. – 2015	6,171	93,305	-	19,377	-	-	6,171	112,682	None	
Nice Capital & Finance Corp. – 2017	4,733	71,563	-	14,862	-	-	4,733	86,425	None	
NICECO International Corp.	3,000	23,070	-	1,830	-	-	3,000	24,900	None	
Tangli Culture Media Co., Ltd. – 2005	15,000	180,750	-	11,700	-	-	15,000	192,450	None	
Tangli Culture Media Co., Ltd. – 2015	5,500	62,810	-	5,500	-	-	5,500	68,310	None	
Kuo Cheng Investment Development Corp.	2,484	37,583	-	6,781	-	-	2,484	44,364	None	
Sontenkan Resort Development Co., Ltd. (Class D)	3,000	27,450	-	270	-	-	3,000	27,720	None	
Taiwan Aibaonuo Biotech Co., Ltd.	600	4,296	-	-	-	12	600	4,284	None	
Subtotal of preferred shares		640,927		64,720		50,012		655,635		
Subtotal of TWSE/TPEX unlisted stocks		885,058		123,783		83,220		925,621		
Unlisted foreign stocks:										
Common stock:										
Likeda Development Co., Ltd.	3,900	-	-	-	-	-	3,900	-	None	
Subtotal of foreign unlisted stocks		-		-		-		-		
Total		914,506		126,469		83,220		957,755		

Description:

- The current increase of NTD 126,469 thousand includes the unrealized gain from valuation of financial assets of NTD 126,227 thousand (including the effect on the consolidated entity, Sontenkan, NTD 4,670 thousand) and the written-off valuation on disposal of financial assets of NTD 242 thousand.
- The current decrease of NTD 83,220 thousand includes the unrealized loss from valuation of financial assets of NTD 4,947 thousand, the refund from decapitalization of NTD 77,989 thousand, and the written-off cost on disposal of financial assets of NTD 284 thousand.

AGV Products Corporation
Statement of Changes in Long-term Equity Investment under the Equity Method
January 1 to December 31, 2021

Name	Balance – beginning		Increase in the current period		Decrease in the current period		Balance – ending			Market price or net worth of equity		Collateral and mortgage	Remarks
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Shareholding ratio	Amount	Unit: Thousand shares; NTD thousand			
										Unit price	Total price		
Apoland Resource International (BVI) Corp.	11,510	99,305	-	513	-	4,317	11,510	100.00	95,501	8.30	95,501	None	
Taiwan First Biotechnology Corp.	54,757	1,130,310	-	143,497	-	55,411	54,757	41.28	1,218,396	22.44	1,228,721	Partial mortgage	
Sasaya Vitagreen Co., Ltd.	500	4,488	-	-	-	10	500	100.00	4,478	8.96	4,478	None	
Hope Choice Distribution Corp.	6,500	84,723	-	17,425	-	13,603	6,500	100.00	88,545	14.06	91,408	None	
AGV Biohealthy Food (BVI) Limited	783	18,596	-	-	-	456	783	29.75	18,140	23.17	18,140	None	
Mascot International (BVI) Corporation	9,413	60,448	-	7,608	-	9,675	9,413	96.91	58,381	6.20	58,381	None	
Aiken Biotechnology International Co., Ltd.	5,757	82,217	-	11,833	-	7,491	5,757	53.77	86,559	15.10	86,932	None	
Aco Distribution Corp.	5,472	103,115	-	16,331	-	10,230	5,472	100.00	109,216	20.01	109,486	None	
Hopeland Distribution Corp.	1,215	17,999	-	4,663	-	4,336	1,215	81.00	18,326	16.33	19,838	None	
Eastern Formosa Resource Development Corporation	5,880	33,807	-	1,426	-	4	5,880	32.94	35,229	5.99	35,229	None	
Apoland Development (Singapore) Pte Ltd.	54,322	260,334	176	3,602	-	52,847	54,498	93.10	211,089	3.86	210,325	None	
Hopeman Distribution Co., Ltd.	6,950	55,032	-	7,570	-	2,877	6,950	43.44	59,725	8.59	59,725	None	
Heding International Development Co., Ltd.	16,788	152,727	-	11,221	-	-	16,788	48.98	163,948	9.95	167,102	None	
NICE Enterprise Co., Ltd.	49,224	1,157,202	-	103,419	-	19,088	49,224	28.24	1,241,533	25.24	1,242,355	None	
Defender Private Security Inc.	4,000	52,996	-	5,746	-	2,020	4,000	100.00	56,722	14.18	56,722	None	
Sontekan Resort Development Co., Ltd.	138,889	1,435,590	25,500	262,715	-	60,821	164,389	100.00	1,637,484	9.96	1,637,484	None	
Koya Biotech Corp.	14,528	106,303	-	13,505	5,309	9,960	9,219	87.90	109,848	12.00	110,597	None	
Tai Fu International Corp.	8,615	116,397	-	11,115	-	-	8,615	24.83	127,512	14.80	127,512	None	
Yunlin Dairy Technology Corp.	4,755	103,650	-	28,483	-	22,052	4,755	75.83	110,081	23.17	110,188	None	
Yanjing AGV International Company Limited	2,500	14,807	-	-	-	10,264	2,500	50.00	4,543	1.82	4,543	None	
Kuo Cheng Investment Development Corp.	5,000	104,499	-	41,589	-	7,844	5,000	47.62	138,244	27.65	138,244	None	
Tongjitang Medicinal Biotech Corp.	5,000	49,338	-	415	-	49	5,000	26.27	49,704	9.94	49,704	None	
Alpha International Developments Limited	2,433	27,454	-	378	-	222	2,433	100.00	27,610	11.35	27,610	None	
Taiwan First Biotechnology (BVI) Corp.	25,613	132,657	2,200	61,710	-	31,642	27,813	100.00	162,725	5.85	162,725	None	
Nice Investment Development Ltd.	4,800	152,917	-	81,218	-	8,422	4,800	36.64	225,713	47.02	225,713	None	
AGV International (BVI) Limited	460	13,198	-	2	-	371	460	100.00	12,829	27.89	12,829	None	
Alpha Biotech Development (BVI) Limited	25	707	-	-	-	20	25	49.00	687	27.48	687	None	
Nicostar Capital Investment (BVI) Ltd.	1,764	26,038	-	-	-	2,071	1,764	36.21	23,967	13.59	23,967	None	
Total		<u>5,596,854</u>		<u>835,984</u>		<u>336,103</u>			<u>6,096,735</u>		<u>6,116,146</u>		

Description:

1. The market price and net equity worth of invested companies: the net worth of equity was calculated based on the 2021 financial statements audited and attested by the CPA.

2. The current increase of NTD 835,984 thousand is stated as follows:

Purchase increase	320,312
Investment gains recognized under the equity method	257,558
Exchange difference in the financial statement translation of foreign operations	792
Accumulated profit	7,916
Equity at fair value through other comprehensive income	241,095
Unrealized valuation profit or loss from instrument investment	
Realized profit or loss from sales	8,311
Total	<u>835,984</u>

3. The current decrease of NTD 336,103 thousand is stated as follows:

Investment losses recognized under the equity method	155,462
Cash dividends under the equity method	131,039
Exchange difference in the financial statement translation of foreign operations	18,856
Capital surplus	-
Accumulated profit	12,522
Actuarial income on defined benefit plan	7,474
Equity at fair value through other comprehensive income	4,329
Unrealized valuation profit or loss from instrument investment	
Unrealized profit or loss from sales	6,421
Total	<u>336,103</u>

AGV Products Corporation
Statement of refundable deposits
December 31, 2021

Item	Summary	Amount	Unit: NTD thousand Remarks
Refundable deposits	Performance bond	\$ 48,000	
	Gas consumption deposit of CPC Corporation	4,374	
	Lease guarantee fees	11	
	Others	1,170	
Total		\$ 53,555	

AGV Products Corporation
Statement of other financial assets – non-current
December 31, 2021

Item	Summary	Amount	Remarks
Bank of Taiwan – Chiayi Branch	Reserve account	\$ 20,000	Collateral for long-term loans
Total		\$ 20,000	

Unit: NTD thousand

AGV Products Corporation
Statement of Other Non-current Assets – others
December 31, 2021

Item	Summary	Amount	Unit: NTD thousand	Remarks
Long-term prepaid expenses	Advertisement production expenses	\$ 24,973		
	Total	\$ 24,973		

AGV Products Corporation
Statement of short-term loans
December 31, 2021

Unit: NTD thousand

Creditor	Summary	Balance – ending	Agreement Terms	Financing quota	Collateral and mortgage	Remarks
Taiwan Cooperative Bank	Mortgage loan	\$ 60,000	April 29, 2021-April 29, 2022	60,000	Mortgage	Land and buildings
First Commercial Bank	Credit loans	80,000	December 24, 2021- March 24, 2021	80,000	None	
Far Eastern International Bank	Credit loans	50,000	September 16, 2021-March 15, 2022	50,000	None	
Hua Nan Commercial Bank	Mortgage loan	60,000	October 22, 2021- January 13, 2022	60,000	Mortgage	Land and buildings
Taishin International Bank	Credit loans	120,000	October 28, 2021- January 26, 2022	150,000	None	
Bank of Taiwan	Credit loans	60,000	October 26, 2021- January 24, 2022	60,000	None	
Total		<u>\$ 430,000</u>				
Interest rate interval at the end		<u>1.69%-1.85%</u>				

AGV Products Corporation
Statement of Contract Liabilities – current
December 31, 2021

Customer name	Summary	Amount	Remarks
Company A	Advance sale receipts	\$ 2,226	
Total		\$ 2,226	

Unit: NTD
thousand

AGV Products Corporation
Statement of Notes Payable
December 31, 2021

Customer name	Summary	Amount	Unit: NTD thousand Remarks
Company A	Note of payment for goods	\$ 10,328	
Company B	Note of payment for goods	8,242	
Company C	Note of payment for goods	7,855	
Company D	Note of payment for goods	4,144	
Company E	Note of payment for goods	3,654	
Others	(Summarized total for parts less than 5%)	31,375	
Total		\$ 65,598	

AGV Products Corporation
Statement of Accounts Payable
December 31, 2021

Customer name	Summary	Amount	Remarks
Company A	Accounts payable for goods	\$ 7,929	
Company B	Accounts payable for goods	5,106	
Company C	Accounts payable for goods	4,091	
Company D	Accounts payable for goods	3,882	
Others	(Summarized total for parts less than 5%)	49,195	
Total		\$ 70,203	

Unit: NTD
thousand

AGV Products Corporation
Statement of accounts payable – related parties
December 31, 2021

Customer name	Summary	Amount	Unit: NTD thousand Remarks
Taiwan First Biotechnology Corp.	Accounts payable for goods	\$ 411,467	
Others	Accounts payable for goods	36,001	
Total		\$ 447,468	

AGV Products Corporation
Statement of other payables – related parties
December 31, 2021

Item	Summary	Amount	Unit: NTD thousand Remarks
Hopeman Distribution Co., Ltd.	Freight payable	\$ 16,206	
Tangli Culture Media Co., Ltd.	Advertisement expenses payable	24,607	
Taiwan First Biotechnology Corp.	Miscellaneous fee payable	3,756	
Others	Miscellaneous fee payable	3,249	
Total		\$ 47,818	

AGV Products Corporation
Statement of Other Current Liabilities
December 31, 2021

Item	Summary	Amount	Unit: NTD thousand Remarks
Refund liabilities	Right of goods to be returned under sale with a right of return	\$ 4,065	
Total		\$ 4,065	

AGV Products Corporation
Statement of Long-term Loans
December 31, 2021

Creditor	Summary	Loan balance	Agreement Terms	Unit: NTD thousand Collateral and mortgage	Remarks
10 syndicated loan banks such as Bank of Taiwan - Item A	Mortgage loan	\$ 900,000	December 28, 2021-December 28, 2026	Land and buildings, stocks and bank deposits	
10 syndicated loan banks such as Bank of Taiwan - Item B	Mortgage loan	1,260,000	December 28, 2021-December 28, 2026	Land and buildings, stocks and bank deposits	
Land Bank of Taiwan	Mortgage loan	82,666	December 26, 2019-December 26, 2022	Land and buildings	
Taiwan Cooperative Bank	Mortgage loan	355,000	July 26, 2021-July 26, 2026	Land and buildings	
Taiwan Cooperative Bank	Mortgage loan	330,000	August 20, 2020-August 20, 2025	Investment property, land and buildings	
Bank of Kaohsiung	Mortgage loan	40,000	December 30, 2020-December 30, 2025	Land	
Bank of Kaohsiung	Mortgage loan	200,000	December 30, 2020-December 30, 2025	Land	
Hua Nan Commercial Bank	Mortgage loan	80,000	August 15, 2019-August 15, 2025	Land and buildings	
Agricultural Bank of Taiwan	Mortgage loan	50,000	December 27, 2021-December 27, 2023	Land and buildings	
Taichung Commercial Bank	Credit loans	22,663	April 24, 2020-April 24, 2023	None	
Total		<u>\$ 3,320,329</u>			
Less: Unamortized discount		(7,560)			
Less: Long-term liabilities due within a year		(261,584)			
Long-term loans		<u>\$ 3,051,185</u>			
Interest rate interval at the end		<u>1.421%-2.38%</u>			

AGV Products Corporation
Statement of Guarantee Deposits
December 31, 2021

Item	Summary	Amount	Remarks
Guarantee fee for commissioned delivery of goods	Guarantee fee for commissioned delivery of goods	\$ 616	
Lease guarantee fees	Lease deposit	220	
Performance guarantee	Performance deposit	487	
Total		\$ 1,323	

Unit: NTD
thousand

AGV Products Corporation
Statement of Operating Income
2021

Unit: NTD thousand

Item	Quantity (thousand dozen)	Amount	Remarks
Drink series	8,789	\$ 1,403,311	
Tradition series	3,011	1,151,549	
Oat milk series	4,082	795,538	
Dessert series	3,143	781,863	
Other series	54	108,372	
Subtotal		\$ 4,240,633	
Revenue from processing		117,303	
Total		\$ 4,357,936	
Less: Sales return		(28,573)	
Sales discount		(373,142)	
Net amount		\$ 3,956,221	

AGV Products Corporation
Statement of Operating Costs
2021

Item	Unit: NTD thousand 2021
Material inventory, beginning	\$ 106,092
Plus: Purchase of materials in current period	482,156
Less: Material inventory at ending	95,557
Sales	357
Requisition transfer expenses	1,580
Other deductions – loss on scrapping	1,239
Material consumption	\$ 489,515
Material inventory, beginning	51,967
Plus: Purchase of materials in current period	456,831
Less: Material inventory at ending	60,173
Sales	302
Requisition transfer expenses	8,934
Other deductions – loss on scrapping	809
Consumption of supplies	\$ 438,580
Direct labor	112,006
Manufacturing expenses	198,120
Manufacturing costs	\$ 1,238,221
Plus: goods in process, beginning	70,607
Less: goods in process, ending	96,432
Processing cost transfer-out	107,655
Requisition transfer expenses	81
Other deductions – scrapped inventory	196
Cost of finished products	\$ 1,104,464
Plus: finished products, beginning	420,076
Finished products from external purchase	1,596,688
Other additions and deductions – sales return	1,499
Less: finished products, ending	474,602
Loss on inventory	22
Requisition transfer expenses	6,621
Other deductions – scrapped inventory	7,178
Cost of finished products sold	\$ 2,634,304
Cost adjustments	
Other additions and deductions – sales return	(8,211)
Production and marketing costs	\$ 2,626,093
Processing cost	107,655
Cost of sold material	357
Cost of sold inventory	302
Loss (gain) on inventory	22
Loss on inventory devaluation and obsolescence	10,042
Fixed manufacturing expenses not amortized	30,542
Loss on scrapped inventory	9,422
Revenue from sale of scraps	(2,627)
Operating costs	\$ 2,781,808

AGV Products Corporation
Statement of Manufacturing Expenses
January 1 to December 31, 2021

Item	Unit: NTD thousand 2021
Indirect labor	\$ 58,174
Rental expenses	181
Stationery	99
Traveling expenses	94
Postage and cable charges	53
Repair expenses	20,762
Water, electricity and gas bill	33,984
Insurance premium	5,577
Taxes	2,050
Depreciation	43,870
Various amortization	6
Meal allowance	2,331
Employee Benefits	886
Training expenses	210
Miscellaneous purchases	1,038
Pension	2,025
Other expenses	57,322
Fixed manufacturing expenses not amortized	(30,542)
Total	\$ 198,120

AGV Products Corporation
Statement of Selling Expenses
January 1 to December 31, 2021

Item	Unit: NTD thousand 2021
Salary expense	\$ 88,710
Rental expenses	3,460
Traveling expenses	3,187
Freight costs	133,462
Postage and cable charges	775
Repair expenses	522
Advertisement expenses	206,870
Water, electricity and gas bill	420
Insurance premium	7,052
Entertainment expense	326
Taxes	3,756
Depreciation	1,063
Various amortization	25
Meal allowance	2,753
Employee Benefits	1,134
Commission expenses	231,039
Labor services fee	667
Pension	2,996
Miscellaneous purchases	218
Travel allowance	2,696
Other expenses	16,556
Total	\$ 707,687

AGV Products Corporation
Statement of Management Expenses
January 1 to December 31, 2021

Item	Unit: NTD thousand 2021
Salary expense	\$ 139,974
Rental expenses	356
Traveling expenses	386
Postage and cable charges	924
Repair expenses	6,751
Water, electricity and gas bill	2,029
Insurance premium	11,599
Entertainment expense	1,268
Donation	750
Taxes	3,551
Depreciation	20,194
Various amortization	1,161
Meal allowance	3,625
Employee Benefits	1,558
Labor services fee	12,812
Pension	3,920
Miscellaneous purchases	821
Travel allowance	1,003
Other expenses	21,114
Total	\$ 233,796

AGV Products Corporation
Statement of R&D Expenses
January 1 to December 31, 2021

Item	Unit: NTD thousand 2021
Salary expense	\$ 22,933
Rental expenses	64
Repair expenses	118
Water, electricity and gas bill	1,505
Insurance premium	1,816
Entertainment expense	269
Depreciation	3,877
Various amortization	19
Meal allowance	663
Employee Benefits	278
Expenses of commissioned R&D	2,548
Labor services fee	873
Pension	638
Miscellaneous purchases	104
Other expenses	13,755
Total	\$ 49,460