

Stock Code: 1217

# AGV Products Corporation



## 2020 Annual Report

AGV PRODUCTS CORPORATION 2020 ANNUAL REPORT

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AGV Products Corporation website: <http://www.agv.com.tw>

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**VII. Exchange information on offshore transactions of the company's securities: None.****VIII. Official website: <http://www.agv.com.tw/>**

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# One. Letter to Shareholders

## I. Letter to Shareholders from the Chairman

Dear shareholders, honorable guests, chiefs and the management team from the Company,

I would like to thank you all for taking the time to join our 2021 shareholders' meeting. On behalf of the board of directors and the management team, I want to extend our dearest welcome and gratitude to you.

In 2020, with your support and encouragement as well as the efforts of our team, AGV reached great business performance, and for that our gross margin, operating margin and profit margin all grew. The earnings per share (EPS) of AZ rose from 0.1 to 0.47, growing by an impressive 370%. Various financial indicators also showed significant growth compared with the previous period. Total consolidated assets for the year were NTD13.34 billion (showing an increase of NTD 440 million), the consolidated revenue was NTD4.614 billion (an increase of 146 million yuan), and the gross profit was NTD1.519 billion (an increase of NTD108 million). The operating profit was NTD216 million (an increase of NTD 84 million), the consolidated net profit was NTD249 million (an increase of NTD184 million), and the total comprehensive profit and loss was NTD430 million (an increase of NTD253 million).

The Company's operations were not affected by the pandemic in 2020; instead, our business moved against the tide and experienced growing sales. The reason for that was the loyalty and trust of our customers. With the integration of research and development, production, and marketing, our team got to continue exploring consumers' needs and market trends. AGV launched products that were in line with customers' requirements and led market trends with the most efficient and effective process. AGV has received lots of awards, certifications, patents and other intellectual and intangible assets. With the accumulation of the above power, research and development as well as innovation have become a strong motivation for our performance growth and market expansion. In terms of our soft power, AGV won plenty of domestic and international awards along with certifications in 2020. That repeatedly strengthened our business quality and enhanced AGV's competitiveness in the industry.

It is the 50th anniversary of the establishment of AGV. We will not be satisfied with these achievements alone. AGV promises that in the next 50 years, we will achieve better performance in return for the support and care of shareholders. AGV's core business philosophy, to "Make Tomorrow Healthier," will not be changed. Our corporate social responsibility to the country and the general public will stay the same. What's more, AGV's promise, which is stable operation and consistent growth for shareholders will stay in line. For the Company's operation strategy in 2021, AGV will especially focus on cost efficiency, innovative development cross-field integration and the international market. Therefore, the brand value, profitability and market status of AGV can be further strengthened and we can thus reach shareholders' expectations.

Again, I would like to thank all shareholders, guests and chiefs for joining our shareholders' meeting today. And I wish everyone to be healthy and to have a good day.

Sincerely, Chairman Kuan-Han Chen  
June 22, 2021

## II. Business report

### (I) 2020 Business Report

Unit: NTD thousand

Item	2020	%	2019	%	+/-%
Operating Revenue	4,614,486	100.0	4,468,238	100.0	3.3
Gross Margin	1,519,004	32.9	1,410,511	31.6	7.7
Operating Expenses	1,302,903	28.2	1,278,477	28.6	1.9
Operating Profit	216,101	4.7	132,034	3.0	63.7
Profit before Tax	310,310	6.7	70,091	1.6	342.7
Net Profit	249,394	5.4	65,333	1.5	281.7

The Company's consolidated operating revenue in 2020 was NTD4,614,490 thousand, which increased NTD146,250 thousand compared to the previous year by 3.3%. The gross profit margin increased by 1.3% compared to the same period last year, resulting in an increase of gross profit of NTD108,490 thousand. The operating net profit was NTD216,100 thousand, which increased NTD84,070 thousand compared to the same period last year. Due to factors such as increased profit from reinvestment, non-operating income and expenditure increased NTD156,150 thousand compared to the same period last year. The pre-tax profit was NTD310,310 thousand, which increased NTD240,220 thousand compared to the same period last year. The net profit after deducting the income tax expense was NTD249,390 thousand.

### (II) Summary of the 2021 Business Plan

The Company has realized the 3 main strategic operation policies in 2020:

- (1) Strengthening of existing markets and expansion of our leading advantage
  - We maintain the quality of our pickle products to keep customers loyal and remain in our leading position.
  - We preserve the stability of dessert products and pursue consistent growth to earn the leading status in the market.
  - Our tea and beverage products have caught up in the end and the Oil Breakdown Tea is now in the lead.
- (2) Satisfaction of consumers' new needs and doubling our business performance.
  - Our healthy plant-based beverages are the hit, and our oatmeal drink stays in first place.
  - We control our budget and cost precisely and the profitability of our products is outstanding.
  - We work with other companies in different fields to improve deficiencies and become more competitive in various channels.
- (3) Coexistence with the pandemic and reversing of consumer trends.
  - Improvement of our immune system and care for our digestive system. The technology to manufacture oatmeal products has become a hit.
  - The new concept of epidemic prevention starts from water. Probiotic beverages give you comprehensive protection at all times.
  - The Oil Breakdown Tea allows you to lose blood lipids and body fat healthily. It has acquired national certification.

Following the political and financial trends, competition in the market, consumer trends and other factors, the strategic business plan in 2021 can be established in the following 4 fields:

- (1) Improvement of "Cost Efficiency":
  - Optimization of product costs. Through the Product Optimization Center, we can perform research regarding the optimization of raw material costs.
  - Optimization of manufacturing costs. Through the Manufacturing Management

- Center, we can promote the prevention of cost lost during the process.
- Optimization of administrative costs. Through an e-platform on the Internet, we can effectively control the administrative and management costs.
  - Optimization of operating costs. Through channel and project management, we can plan and calculate relative sales costs precisely.
- (2) Continuous “Innovative Development”:
- Promotion for the innovative development of technology. The Biotechnology Center has acquired patents, certifications, awards to accumulate intellectual property.
  - Promotion for the innovative development of new products. The Product Development Center develops new product formula with new materials and effects.
  - Promotion for the innovative development of research process. The Business Strategic Center uses social media to create a platform for the new era.
  - Promotion for the innovative development of new projects. The Project Management Department performs brainstorming for the new trend in the market.
- (3) Establishment of “Cross-field Integration”:
- Cross-field integration with businesses in the same industry. Provision of social responsibility integration and industry-academia cooperation.
  - Cross-field integration with businesses in different industries. Provision of joint brand platform and cross-field sales in the market.
  - Cross-field integration with other brands. Provision of international brand agency and channel market agency services.
  - Cross-field integration with channel business. Provision of brand-name product manufacturing services and raw material supply services.
- (4) Creation of an “International Market”:
- Seeking business opportunities in the Taiwan market. We make use of the existing research, manufacturing and marketing platform to expand our agency business.
  - Seeking business opportunities in the China market. We make use of existing plant equipment to perform our contracted business.
  - Seeking business opportunities in the Japan & Korea markets. We make use of the existing customers in the international channel to connect to the Japanese and Korean markets.
  - Seeking business opportunities in the European & American market. We make use of the existing customers in the international channel to connect enter the European and American markets.

The summary of AGV’s 2021 Business Plan is as follows:

1. AGV’s New Product Development:

(1) Traditional Cuisine:

Although modern people do not have the problem of insufficient nutrition like they did in the past, people now have too many choices. As a result, modern people do not pay so much attention on supplementing the basic five important categories of nutrients. Moreover, people tend to neglect the intake of protein more easily. Protein constructs human tissue and it is responsible for the growth, circulation, metabolism, immunity of human bodies. The new product we are launching this time is a tofu rich in protein, which is healthy and delicious at the same time. Moreover, spice and chili are added to the tofu product. AGV has used an exclusive process to develop a full-open canned traditional cuisine with an edible period of 2 years. Just open the can and you can enjoy the quality of food of a five-star hotel.

Another important role to daily cooking at home is the edible oil. And it is also a

key product at this time. In terms of diet habits in Taiwan, oil is not only something you use to cook, but a source of nutrition. As a result, oil is highly related to the taste of food and our health. We use oil when we pan-fry, cook, saute and deep-fry food. The materials, formulas and manufacturing of oil are key to the health of the body. AGV launched the first healthy oil with a certificate on the market. This healthy oil allows consumers to enjoy the taste of delicious food and at the same time, consumers get the benefit of lowering their Triglycerides. The new products this time focus more on the material that produces the oil. Unlike the common bases, such as soybeans, peanuts or animal fats, used in the oils on the market, AGV chose a material that has high temperature resistance, a high smoke point, and which does not oxidize and discolor easily. Moreover, we use material that does not accumulate oil stains easily, and that is combined with precise formula rich in polyunsaturated fatty acids ( $\omega 9$ ,  $\omega 6$ ,  $\omega 3$ ). Our new oil product provides consumers with the best source of fat intake and a healthy cooking option.

AGV has always been at the lead when it comes to the tuna can. After the successful launch of the sandwich tuna can, AGV has prepared to launch a tuna can product featuring the material that helps supplement EPA, DHA, and POA. Moreover, the product can help prevent cardiovascular and the Three-Hypers Series. AGV's new tuna can product can help balance the metabolism and immune systems. The product will soon be in customers' hands.

(2) Dessert cans:

Dessert cans are not only delicious snacks between meals, but can be served to replace meals. Moreover, we can bring cans while we travel, go hiking or camping. Cans are practical during disasters and epidemics. People also use cans to serve gods during festivals or send cans as gifts to their family and friends. Our new and innovative product combines the idea of ancient delicacy with modern health. AGV had developed a light dessert that allows customers to enjoy the taste as well as the idea of health. AGV's exclusive whole soybean milk along with traditional tofu pudding is a soybean milk tofu pudding that is rich in protein, fiber and nutrition. Moreover, the pure hot grass jelly made with ancient method, which only appeared in the hometown that is well-known for its food, will be launched this time.

(3) The healthy beverage series gives what they offer in the name. Most of the competing beverages on the market feature thirst quenching and taste. While AGV's new product will continue to put the idea of health first, we also add other features to create a special flavor. On one hand, we can attract more customers. On the other hand, we get to consolidate our old and loyal consumer group. Bottle water is an important and indispensable product in the beverage market. AGV uses deep ocean water from Kumejima, Okinawa, sea salt from Miyakojima, Okinawa along with the added probiotics, which are hits in the healthy food field to create this advantageous brand featuring healthy drinking water with special local qualities.

Tea is an important product in the beverage market. AGV has an exclusive cold filling technology featuring the ability of filling neutral and low-acid sterile tea into the container. For barley tea rich in plant-based protein, this technology offers good preservation results. The new product we are launching focus on our popular Barley Tea. Yet we further stretch the exclusive advantage of thirst quenching without hurting our stomach.

AGV's Oatmeal Drink has the leading position in the market. Last year, we worked with chain coffee shops, Louisa Coffee and 85°C Bakery Cafe, to launch

the oat milk for coffee to catch up with the new oat milk latte trend. The launch on one hand is to respond to global warming and environmental protection issues. Moreover, the oat milk itself has a mellow and strong oat aroma, which is as good as cow milk. AGV has helped our partners seize the market share in Taiwan and foresee the trend and opportunity of the global market.

2. New Brand Strategy - New Product Development with AGV's Partner (Nestlé):  
AGV has been cooperating with the world's largest food company, Nestlé, for 5 years. In addition to helping Nestlé's Lemon Tea get back to its leading position on the market, our new strategy is marching toward the niche market, which focuses more on health and taste. The new product directions this time include the following:

#### Direction I: Fruit Tea Series

We distinguish ourselves from other common fruit tea on the market by using real fruit juice in our new product. As a result, we can acquire market share in the target market fast. AGV will be launching the Nestlé Pear Tea.

#### Direction II: Health Certificate Series

AGV's Health Certificate Series have an irreplaceable position in the beverage market. Our famous classic beverages include the Oil Breakdown Tea, Barley Drink, Oatmeal Drink, Red Bean Water and Freshly Picked Tomatoes Drink. These products are widely adored by customers who love the idea of being healthy because of their health certificates. The world's largest food company, Nestlé, shares the same idea of health, innovative R&D and product quality with AGV. New products this time will focus on the Health Certificate Series and combine with local tea flavors to acquire market share in the high-end and functional tea market.

#### Direction III: Other Series

AGV is the first strategic partner authorized by Nestlé in Asia and the fifth brand authorized by it in the world. The scope of work ranges from R&D, production, marketing and advertising to sales. AGV also uses the professional foundry ability as well as the global planning and management ability of its biotechnology company, Taiwan First Biotechnology Corp., to help Nestlé manufacture tea products that are sold outside of the Taiwan market. Currently, AGV is seeking cooperation and brand authorization with Nestlé outside its tea products. With Nestlé's brand status and value, we believe our cooperation can become the driving force of our business performance and profitability in 2021.

### (III) Prospect for the Future:

In response to changes in the political and economic environment and market trends, the Company completed its "consumer loyalty" work, insisted on being "healthy and delicious" and achieved our "social responsibility" to lay the foundation for the three sustainable conditions for business operation.

In recent years, to be in line with the global management trends and government policies, AGV actively realizes our corporate social responsibility (CSR) as a social corporate citizen in addition to our focus on business performance. When looking into the future, the AGV team promises to continue to provide healthy and delicious products. What's more, we will try our best to achieve the goals of corporate social responsibility in the fields of social charity, corporate governance, industrial innovation and promotion, and environmental protection and welfare. Nowadays, enterprises are

pursuing sustainable development for their business. The non-financial performance and the financial performance are actually equally important in the practical aspect and they complement each other. Good performance can give companies more resources and conditions to improve their non-financial performance, and good non-financial performance can further enhance the company's durable competitiveness advantage to achieve qualitative improvement. After that, the actual improvement and upgrading of competitiveness will optimize financial performance in the mid-to-long term. As a result, companies can march toward the goal of sustainable operation.

Therefore, the development strategies of the Company in 2021 is established and are as follows:

- (1)Improvement of “Management Performance”: Optimization of product cost, manufacturing cost, administrative cost and operation cost.
- (2)Continuing of “Innovative Development”: Promotion of technology and innovative development, innovative new product development, innovative development of research, and innovative investigation and R&D development.
- (3)Seeking of “Cross-field Integration”: Cross-field integration with business in the same industry, cross-field integration with business in the different industry, cross-field integration with other brands and cross-field integration with other channel business.
- (4)Establishment in the “International Market”: Creation of business opportunities in the Taiwan market, China market, Japan and Korea market as well as the Europe and America market.

Chairman: Kuan-Han Chen

President: Chih-Chan Chen

Accounting Manager: He-Shun Chang

## Two. Company Profile

### I. Company Profile

Establishment Date: June 26, 1971

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

canned vegetarian foods such as vegetarian braised mushroom, vegetarian braised pork and vegetarian mapo tofu. Introduction of canned drinks such as nectar black tea, rhinacanthus nasutus tea, starfruit juice, V21 mixed juice, plum juice and Xiao Xian-Zhu.

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



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

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

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

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

CAN340g, AGV peanut tofu pudding CAN340G, Neo Neo Ten Huba (Okinawa brown sugar flavor) CAN340g, AGV multi-fibre wheat tea (sugar-free) PET590ml, AGV Hua-dun apple soda PET600ml, Nestea lemon tea TBA330ML, OKINA Okinawa deep water PET850ML, Nestea organic chamomile tea PET550ml, Nestea Okinawa brown sugar milk tea PET530ml, Nestea double rich Assam milk tea PET530ml, AGV golden ratio pure canola oil PET1.0L, AGV golden ratio pure canola oil PET2.6L, AGV golden ratio pure canola oil PET3.0L, AGV organic pure dense oats (natural flavor) PET340ML, fresh milk tea TR400ml, fresh milk tea TR900ml, wheat tea (sugar-free) TR900ml, wheat tea (quarter sugar) TR900ml, strawberry oats PET290ml, strawberry oats PET880ml and Sasaya coconut milk TR400ml.

36. 2020: Kobe BBQ sauce (glass) 200g, Dongdaemun famous BBQ sauce (glass) 200g, Unforgettable walnut oats CAN340g, Nestea double rich chocolate milk tea PET550ml, Nestea honey flavor oolong PET590ml, OKINA probiotic water PET500ml, pure dense oats (double effect glucosamine) PET290ml, pure dense oats (oat milk for barista) PET990ML, natto kinase compound capsule 60 capsules/pack, kakorot health caplet 220 caplets/box, double effect glucosamine PET290ml, AGV oat latte TPA200ml, AGV milk peanut soup TP oat latte TPA200ml, AGV peanut milk latte TP400ml and AGV Sasaya coconut milk (original flavor) TR400ml.
37. 2021: Nestea pear tea PET530ml, 2021 pure dense oats with dual-action PET290ml, new Univita royal jelly lactobacillus 30 individual packs per bag (expect introduction in February).

## II. Company History

- (I) Merger and reorganization of the Company in the most recent year up to the publication date of the annual report:  
None.
- (II) Any investments in affiliates in the most recent year up to the publication date of the annual report:  
For the investments in affiliates, please refer to Page 82 of the Annual Report.
- (III) Major quantity of shares belonging to a director, supervisor, or shareholder holding more than 10% of shares has been transferred or changed hands, and changes of management control in the most recent year up to the publication date of the annual report:  
Please refer to Page 79 of the annual report for transfer of shares; there are no changes in management control.
- (IV) Material change in operating methods or type of business in the most recent year up to the publication date of the annual report:  
None.
- (V) Other matters of material significance that could affect shareholders' equity and its impact on the Company in the most recent year up to the publication date of the annual report:  
None.

## Three. Corporate Governance Report

### I. Organization System

#### (I) Responsibilities of Main Departments

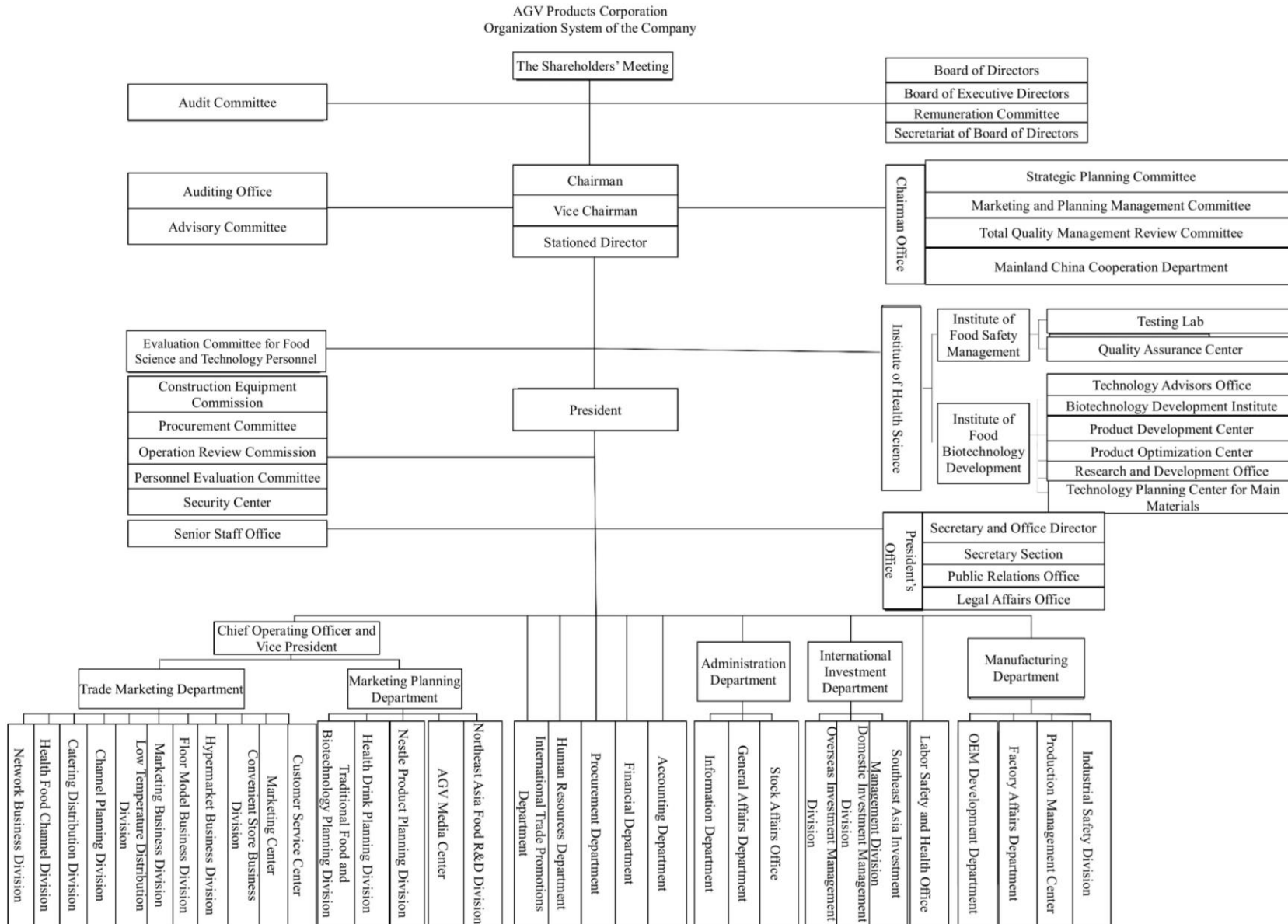
Department Name	Responsibilities
Chairman Office	Planning, promoting, coordinating, maintaining and managing corporate operation and management according to the resolutions of the shareholders' meeting and the board of directors.
Institute of Health Science	<p>*Institute of Food Biotechnology Development: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

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

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



## (II) Organizational System of the Company



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

### (I) Director information

March 31, 2021

Title	Nationality/place of registration	Name	Gender	Date of Election (Appointment)	Term (years)	First elected date	Shareholdings when elected		Current shareholdings		Current shareholdings by spouse and minor children		Shareholdings under the names of others		Education and work experience	Concurrent positions in the Company and in other companies	Other managers, directors or supervisors who are spouses or within two degrees of kinship			Remarks (Note)
							Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relationship	
Director	R.O.C.	Taiwan First Biotechnology Corp.	—	2019.06.27	3 years	2016.06.28	3,030,000	0.62	3,075,450	0.62	0	0.00	0	0.00	—	—	—	—	—	None
	R.O.C.	Representative: Kuan-Han Chen	Male	—	—	—	—	—	3,058,180	0.62	0	0.00	1,223,000	0.25	Post-Doctoral Program of Food Science Graduate School, Cornell University President of Taiwan Canners Association (T.C.A) Chairman of Taiwan First Biotechnology Corp.	Chairman of the Company President of Institute of Health Science	Director	Je-Fang Chen	Father and son	None
Director	R.O.C.	Chen Ten-Tao Cultural and Education Foundation	—	2019.06.27	3 years	2001.05.29	2,177,328	0.45	2,209,987	0.45	0	0.00	0	0.00	—	—	—	—	—	None
	R.O.C.	Representative: Je-Fang Chen	Male	—	—	—	—	—	4,058,602	0.82	2,616,573	0.53	0	0.00	Honorary doctorate of National Chiayi University College of Life Sciences	Founder and Honorary Chairman of the Company	Chairman Director	Kuan-Han Chen Ching-Jen Chen	Father and son Brothers	None
Director	R.O.C.	NICE Enterprise Co., Ltd.	—	2019.06.27	3 years	2004.06.01	20,473,394	4.20	20,780,494	4.20	0	0.00	0	0.00	—	—	—	—	—	None

	R.O.C.	Representative: Ching-Jen Chen	Male	—	—	—	—	—	1,673,563	0.34	901,873	0.18	0	0.00	MBA of Department of Business Administration, National Cheng Kung University President of AGV Products Corporation	Vice Chairman of the Company	Director-general Senior Assistant V.P.	Je-Fang Chen Kuan-Hua Chen Hsuan-Hui Chen	Brothers Father and son Father and daughter	None
Director	R.O.C.	Yin-Ji-Li International Consulting Corp.	—	2019.06.27	3 years	2010.06.17	3,006,904	0.62	3,122,007	0.63	0	0.00	0	0.00	—	—	—	—	—	None
	R.O.C.	Representative: Hsien-Chueh Hsieh	Male	—	—	—	—	—	1,718	—	0	0.00	0	0.00	Bachelor of Department of Electronic Engineering, Chung Yuan Christian University Chief Auditor of AGV Products Corporation	Director of the Company	None	None	None	None
Director	R.O.C.	Cunyuan Heye Co., Ltd.	—	2019.06.27	3 years	2010.06.17	2,938,125	0.60	2,982,196	0.60	0	0.00	0	0.00	—	—	—	—	—	None
	R.O.C.	Representative: Chih-Chan Chen	Male	—	—	—	—	—	2,556,324	0.52	193,865	0.04	0	0.00	MBA of University of Nottingham Vice President of AGV Products Corporation	President of the Company	None	None	None	None
Director	R.O.C.	Kuo Cheng Investment Development Corp.	—	2019.06.27	3 years	2005.12.23	2,122,635	0.43	2,122,635	0.43	0	0.00	0	0.00	—	—	—	—	—	None
	R.O.C.	Representative: Huai-Hsin Liang	Male	—	—	—	—	—	0	0.00	0	0.00	0	0.00	Master of Law, Fu Jen Catholic University Director of Chang Hwa Bank	Licensed Attorney	None	None	None	None
Independent Director	R.O.C.	Yung-Fu Tseng	Male	2019.06.27	3 years	2016.06.28	0	0.00	0	0.00	0	0.00	0	0.00	Bachelor of Laws, National Taiwan University Minister of Ministry Of Justice	Independent Director of Chun Yuan Steel Industry Co., Ltd	None	None	None	None

Independent Director	R.O.C.	Yung-Chien Wu	Male	2019.06.27	3 years	2016.06.28	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	Doctor of Laws, University of Washington President of Shih Hsin University	—	None	None	None	None
Independent Director	R.O.C.	Wei-Lung Chen	Male	2019.06.27	3 years	2019.06.27	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	MBA, National Taiwan University Deputy Director-General, Securities and Futures Bureau, FSC	Independent Director of IBF Financial Holdings Co. ,Ltd., Independent Director of Janfusun Fancyworld Corp.	None	None	None	None

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

1. Directors being a corporate shareholder among top 10 shareholders

March 31, 2021

Name of corporate shareholder	Major shareholders of corporate shareholders
Taiwan First Biotechnology Corp.	AGV Products Corporation 41.28%, Paolyta Co., Ltd. 8%, BHL Taipei Limited 8%, NICE Enterprise Co., Ltd. 6.1%, DA TAI INVESTMENT CO., LTD 4%, Ho Yuan Investment Co., Ltd. 3.62%, Nice Capital & Finance Corp. 1.69%, Yun Ku 1.57%, Defender Private Security Inc. 1.47%, Teng-Fei Lin 1.28%
Chen Ten-Tao Cultural and Education Foundation	Not applicable
NICE Enterprise Co., Ltd.	AGV Products Corporation 28.24%, Ho Yuan Investment Co., Ltd. 20.45%, Taiwan First Biotechnology Corp. 10.83%, Taiwan NJC Corporation 6.41%, Heding International Development Co., Ltd. 4.21%, Yueshan Investment Development Corp. 3.09%, Yu-Ying Hung 3.06%, Chih-Hung Chen 2.70%, Cunyuan Heye Co., Ltd. 2.45%, Yin-Ji-Li International Consulting Corp. 2.38%
Yin-Ji-Li International Consulting Corp.	Yu-Ying Hung 31.60%, Kuan-Ju Chen 24.00%, Kuan-Han Chen 24.00%, Kuan-Chou Chen 19.60%, Yu-Nu Hung 0.40%, Chiu-Wen Li 0.40%
Cunyuan Heye Co., Ltd.	Chih-Hung Chen 28.00%, Chang-Chiao Hu 20.00%, Chih-Chan Chen 15.00%, Chih-Lun Chen 15.00%, Yuan-Hui Wang 13.50%, Hsiao-Tzu Chen 2.84%, Hsiao-He Chen 2.83%, Hsiao-Wei Chen 2.83%
Kuo Cheng Investment Development Corp.	AGV Products Corporation 47.62%, Paotung International Investment Corp. 33.33%, Yue Guan International Development Co., Ltd. 19.05%

## 2. Top 10 shareholders as a corporate shareholder (corporate shareholder in the right column of the above table)

March 31, 2021

Name of Juristic Person	Names and shareholding ratios of corporate shareholders (top 10 shareholders)
Ho Yuan Investment Co., Ltd.	Chih-Hung Chen 23.03%, Yin-Ji-Li International Consulting Corp. 19.00%, Su-Mei Yuan 15.63%, Yu-Ying Hung 11.83%, Chih-Chan Chen 5.71%, Chih-Lun Chen 5.71%, Chang-Chiao Hu 4.45%, Wen-Na Yang 2.22%, Ching-Tan Chen 2.10%, Chih-Yu Chang 1.75%
Taiwan NJC Corporation	New Japan Chemical Co., Ltd. 43.72%, Taiwan First Biotechnology Corp. 19.86%, NICE Enterprise Co., Ltd. 15.78%, TAIWAN FOOD INDUSTRY CO., LTD. 7.67%, I-Yen Chen 3.45%, Shan-Zhi Music Production Co., Ltd. 0.70%, Ho Yuan Investment Co., Ltd. 0.58%, Yueshan Investment Development Corp. 0.40%, Cunyuan Heye Co., Ltd. 0.40%, Chia-En Chang 0.37%
Heding International Development Co., Ltd.	NICE Enterprise Co., Ltd. 49.07%, AGV Products Corporation 48.98%, He-Tian International Development Corp. 0.53%, Chih-Hung Chen 0.29%, Chang-Chiao Hu 0.29%, Yu-Ying Hung 0.29%, Su-Mei Yuan 0.29%, Global Investment Development Corp. 0.26%
Yueshan Investment Co., Ltd.	Ya-Hsin Cheng 24.00%, Hsuan-Hui Chen 24.00%, Lan-Hsin Yeh 16.00%, Kuan-Hao Chen 8.00%, Su-Mei Yuan 4.00%, Kuan-Hua Chen 4.00%
BHL Taipei Limited	Beijing Holdings Limited 100%
DA TAI INVESTMENT CO., LTD	UNITECH PRINTED CIRCUIT BOARD CORP. 100%
Nice Capital & Finance Corp.	World Capital & Finance Corp. 51.24%, Paotung International Investment Corp. 34.16%, AGV Products Corporation 10.81%, Taiwan First Biotechnology Corp. 3.79%
Defender Private Security Inc.	AGV Products Corporation 100%
Paotung International Investment Corp.	Taiwan Miao Nong Dairy Product Development Corp. 26.83%, Louis Leisure Development Inc. 49.88%, Tangsheng International Co., Ltd. 23.29%
Yue Guan International Development Co., Ltd.	Goldbank Investment Development Corp. 30%, Tangsheng International Co., Ltd. 18.81%, Liantong Developments, Co., Ltd. 23.94%, Sontenkan Resort Development Co., Ltd. 8.73%, Janfusun Fancyworld Corp. 18.52%

### 3. Independence of the Directors

March 31, 2021

Criteria		Compliance of independence														Number of public listed companies with independent directors concurrently served by directors		
		Having more than five years of work experience and following professional qualifications	Lecturer or above of commerce, law, finance, accounting or any subject relevant to the Company's operations in a public or private colleges or universities	Judge, public prosecutor, attorney, accountant or other professional or technical specialists who have passed a national examination and received a certificate in a profession necessary for the Company's business	Commerce, law, finance, accounting or other work experience required by the Company	Not an employee of the Company or any of the affiliates	Not a director, supervisor of the Company or any of its affiliates (the same does not apply, however, in cases where the person is an independent director of the Company, its parent company, or any subsidiary of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent company or subsidiary).	Not a natural-person shareholder holding 1% or more of the total shares issued by the Company, together with the person's spouse, minor children or under others' names or ranking in the top 10 in shareholdings.	Not a spouse, relative of second degree, or direct kin of third degree or closer to persons described in the three preceding criteria.	Not a director, supervisor, or employee holding 5% or more of the total number of shares issued by the Company, ranking in the top 5 in shareholdings or being the director, supervisor or employee of corporate shareholders who designate their representatives as the Company's directors or supervisors in accordance with Paragraph 1 or 2, Article 27 of the Company Act. (The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, any subsidiary, or a subsidiary of the same parent company, any subsidiary, or a subsidiary of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)	Not a director, supervisor or employee of another company in which the number of directors or more than half of the voting shares is under the control of the same person (The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, any subsidiary, or a subsidiary of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)	Not a director (managing director), supervisor or employee of another company or institution in which the Chairman, President or personnel with equivalent position are the same person or have spouse relationship (The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, any subsidiary, or a subsidiary of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)	Not a director (managing director), supervisor (managing supervisor), manager or shareholder holding more than 5% of the shares of a specific company or institution that has a financial or business relationship with the Company (The same does not apply, however, in case the specific company or institution holds more than 20% and less than 50% of the Company's total issued shares, and the person is an independent director of the Company, its parent company, any subsidiary or a subsidiary of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary).	Not a professional who provides audits or commercial, legal, financial, accounting or consulting services accumulating more than NTD500,000 of remuneration obtained in recent two years to the Company or its affiliates nor is an owner, partner, director (managing director), supervisor, or manager or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the Company or its affiliates. However, this shall not apply to the members of the Remuneration Committee, Review Committee for Public Acquisitions or Special Committee for Mergers executing their duties in accordance with the Securities and Exchange Act or Business Mergers and Acquisitions Act.	Not the spouse or a relative within the second degree of kinship of any other directors		Does not meet any of the conditions specified in Article 30 of the Company Act	No government agency, juristic person or their representatives are elected under Article 27 of the Company Act
Name																		
Chairman	Taiwan First Biotechnology Corp. Representative: Kuan-Han Chen			✓			✓			✓	✓					✓		0
Director	Chen Ten-Tao Cultural and Education Foundation Representative: Je-Fang Chen			✓						✓	✓					✓		0
Vice Chairman	NICE Enterprise Co., Ltd. Representative: Ching-Jen Chen			✓			✓			✓	✓					✓		0
Director	Representative of Yin-Ji-Li International Consulting Corp.: Hsien-Chueh Hsieh			✓			✓	✓		✓	✓				✓	✓		0
Director	Cunyuan Heye Co., Ltd. Representative: Chih-Chan Chen			✓			✓	✓		✓	✓				✓	✓		0
Director	Kuo Cheng Investment Development Corp. Representative: Huai-Hsin Liang		✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	1
Independent Director	Yung-Chien Wu	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Independent Director	Yung-Fu Tseng		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Independent Director	Wei-Lung Chen		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2

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

March 31, 2021

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



Title	Nationality	Name	Gender	Date of Election (Appointment)	Shareholdings		Shareholdings of Spouse and Minor children		Shareholdings under the names of others		Education and work experience	Concurrent positions in other companies	Managers who are spouses or relatives within the second degree of kinship			Remarks (Note)
					Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relationship	
Director-general	R.O.C.	Kuan-Hua Chen	Male	2006.07.01	1,833,592	0.37	0	0.00	0	0.00	Manager of AGV Products Corporation Department of Commerce, University of Massachusetts	Taiwan First Biotechnology Corp. Supervisor Supervisor of Hope Choice Distribution Corp.	Senior Assistant V.P.	Hsuan-Hui Chen	Brother and sister	None
Director-general	R.O.C.	He-Shun Chang	Female	2015.07.23	0	0.00	0	0.00	0	0.00	Manager of AGV Products Corporation Department of Accounting, Aletheia University	None	None	None	None	None
Director-general	R.O.C.	Yueh-Chu Tsai	Female	2015.07.23	124,224	0.03	0	0.00	0	0.00	Manager of AGV Products Corporation Master of Business Administration, Chiayi University	Director of Aco Distribution Corp. Director of Yunlin Dairy Technology Corp.	None	None	None	None
Director-general	R.O.C.	Hai-Feng Chang	Male	2018.02.08	10,150	—	0	0.00	0	0.00	Director of AGV Products Corporation Firm Master of Food Science Division, Department of Food Science, Tunghai University	None	None	None	None	None
Director-general	R.O.C.	Li-Chueh Huang	Female	2018.02.08	65,213	0.01	0	0.00	0	0.00	Director of AGV Products Corporation Firm Department of Aquaculture, National Kaohsiung University of Science and Technology	None	None	None	None	None
Director-general	R.O.C.	Hung-Chih Huang	Male	2018.06.14	0	0.00	0	0.00	0	0.00	Senior Specialist of AGV Products Corporation Organize MBA, Asia Pacific International University	President of Koya Biotech Corp.	None	None	None	None
Director-general	R.O.C.	Mei-Hua Tsai	Female	2019.11.12	1015	—	1,269	—	0	0.00	Director of AGV Products Corporation Firm Department of Food and Nutrition, Providence University	None	None	None	None	None

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

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

(III) Remuneration to directors (including independent directors), presidents and vice presidents in 2020

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

Unit: NTD thousand

Title	Name	Remuneration to directors								Sum of A, B, C and D as percentage of net income		Remuneration received as a staff								Sum of A, B, C, D, E, F and G as percentage of net income	Remuneration from investees beyond subsidiaries or the parent company				
		Remuneration (A)		Pension (B)		Remuneration to directors (C)		Business execution expenses (D)				Salary, Bonuses and special allowances (E)		Pension (F)		Employee Compensation (G)									
		The Company	Companies included into the financial report	The Company	Companies included into the financial report	The Company	Companies included into the financial report	The Company	Companies included into the financial report	The Company	Companies included into the financial report	The Company	Companies included into the financial report	The Company	Companies included into the financial report	The Company	Companies included into the financial report	The Company	Companies included into the financial report			The Company	Companies included into the financial report		
Director	Chairman	Taiwan First Biotechnology Corp. Representative: Kuan-Han Chen																							
	Director	Chen Ten-Tao Cultural and Education Foundation Representative: Je-Fang Chen																							
	Vice Chairman	NICE Enterprise Co., Ltd. Representative: Ching-Jen Chen																							
	Director	Yin-Ji-Li International Consulting Corp. Representative: Hsien-Chueh Hsieh	3,960	3,960	0	0	2,984	2,984	800	1,904	3.32	3.80	35,159	35,159	405	405	116	0	116	0	18.64	19.12	9,705		
	Director	Cunyuan Heye Co., Ltd. Representative: Chih-Chan Chen																							
	Director	Kuo Cheng Investment Development Corp. Representative: Huai-Hsin Liang																							
Independent Director		Yung-Fu Tseng																							
		Yung-Chien Wu																							
		Wei-Lung Chen																							

1. Please describe the policy, system, standard and structure of remuneration payment for independent directors and the association with the remuneration payment amount by factors such as function of the director, risk involvement duration:  
According to Article 26 of the Company's Articles of Incorporation: the monthly transportation allowance for the Directors shall be paid with reference to the level of the peers in the practice without regard to profit and loss. The remuneration to the Chairman and Directors for their execution of duties for the Company shall be paid without regard to profit and loss. The Board of Directors is authorized to determine the remuneration based on their individual level of participation in and the value of contribution to the operation of the Company with reference to the level of peers in practice. The independent directors have devoted and provided generous support for each business promotion in the Company. The remuneration shall be paid with reference to the business performance with the level of the peers in the practice and suggestion shall be proposed to the Board of Directors for resolution.
2. In addition to what are disclosed in the above table, the remuneration of the Company's directors for providing services (such as assuming a non-employee advising post) for the companies included in the financial statements the most recent years: None.

Range of remuneration to the Company's directors	Name of Directors			
	Total of the first 4 items (A + B + C + D)		Total of the first 7 items (A + B + C + D + E + F + G)	
	The Company	Companies included into the financial report (H)	The Company	Companies included into the financial report (I)
Under NTD1,000,000	Kuan-Han Chen, Je-Fang Chen, Ching-Jen Chen, Hsien-Chueh Hsieh, Chih-Chan Chen, Huai-Hsin Liang, Yung-Fu Tseng, Yung-Chien Wu, Wei-Lung Chen	Kuan-Han Chen, Je-Fang Chen, Ching-Jen Chen, Hsien-Chueh Hsieh, Chih-Chan Chen, Huai-Hsin Liang, Yung-Fu Tseng, Yung-Chien Wu, Wei-Lung Chen	Huai-Hsin Liang	Huai-Hsin Liang
NTD1,000,000 (inclusive) – NTD2,000,000 (exclusive)	None	None	Yung-Fu Tseng, Yung-Chien Wu, Wei-Lung Chen	Yung-Fu Tseng, Yung-Chien Wu, Wei-Lung Chen
NTD2,000,000 (inclusive) – NTD3,500,000 (exclusive)	None	None	None	None
NTD3,500,000 (inclusive) – NTD5,000,000 (exclusive)	None	None	Hsien-Chueh Hsieh	Hsien-Chueh Hsieh
NTD5,000,000 (inclusive) – NTD10,000,000 (exclusive)	None	None	Je-Fang Chen, Ching-Jen Chen, Chih-Chan Chen	Je-Fang Chen, Ching-Jen Chen, Chih-Chan Chen
NTD10,000,000 (inclusive) – NTD15,000,000 (exclusive)	None	None	Kuan-Han Chen	Kuan-Han Chen
NTD15,000,000 (inclusive) – NTD30,000,000 (exclusive)	None	None	None	None
NTD30,000,000 (inclusive) – NTD50,000,000 (exclusive)	None	None	None	None
NTD50,000,000 (inclusive) – NTD100,000,000 (exclusive)	None	None	None	None
Over NTD100,000,000	None	None	None	None
Total	9	9	9	9

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

Title	Name	Salary (A)		Pension (B)		Bonus and special allowances (C)		Employee Compensation (D)				Sum of A, B, C and D as percentage of net income (%)		Remuneration from investees beyond subsidiaries or the parent company
		The Company	Companies included into the financial report	The Company	Companies included into the financial report	The Company	Companies included into the financial report	The Company		Companies included into the financial report		The Company	Companies included into the financial report	
								Amount paid in cash	Amount paid in stock	Amount paid in cash	Amount paid in stock			
President	Chih-Chan Chen	12,659	12,839	696	696	12,904	13,211	380	0	380	0	11.44	11.65	6,058
Chief Operating Officer	Chien-hua Chen													
Executive Vice President	Nai-Pin Lin													
Director-general	Kuan-Hua Chen													
Vice President	Chien-Teng Fan													
Deputy Director	I-Chen Liao													
Deputy Director	Hung-Chi Hsiao													
Director-general	Hsiao-Chen Lin													
Director-general	Fu-Hui Wen													

Range of remuneration to presidents and vice presidents	Name of presidents and vice presidents	
	The Company	Companies included into the financial report (E)
Under NTD1,000,000	None	None
NTD1,000,000 (inclusive) – NTD2,000,000 (exclusive)	Chien-Teng Fan, Hsiao-Chen Lin	Chien-Teng Fan, Hsiao-Chen Lin
NTD2,000,000 (inclusive) – NTD3,500,000 (exclusive)	Nai-Pin Lin, Kuan-Hua Chen, Hung-Chi Hsiao, I-Chen Liao, Fu-Hui Wen	Nai-Pin Lin, Kuan-Hua Chen, Hung-Chi Hsiao, I-Chen Liao, Fu-Hui Wen
NTD3,500,000 (inclusive) – NTD5,000,000 (exclusive)	Chien-Hua Chen	Chien-Hua Chen
NTD5,000,000 (inclusive) – NTD10,000,000 (exclusive)	Chih-Chan Chen	Chih-Chan Chen
NTD10,000,000 (inclusive) – NTD15,000,000 (exclusive)	None	None
NTD15,000,000 (inclusive) – NTD30,000,000 (exclusive)	None	None
NTD30,000,000 (inclusive) – NTD50,000,000 (exclusive)	None	None
NTD50,000,000 (inclusive) – NTD100,000,000 (exclusive)	None	None
Over NTD100,000,000	None	None
Total	9	9

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

1. December 31, 2020

	Title	Name	Amount paid in stock	Amount paid in cash	Total	Ratio of total amount to profit after tax (%)
Manager	President	Chih-Chan Chen	0	745	745	0.32
	Chief Operating Officer	Chien-Hua Chen				
	Executive Vice President	Nai-Pin Lin				
	Deputy Director	Hung-Chi Hsiao				
	Deputy Director	I-Chen Liao				
	Vice President	Chien-Teng Fan				
	Chief Auditor	Chih-Cheng Yang				
	Director-general	Kuan-Hua Chen				
	Director-general	He-Shun Chang				
	Director-general	Yueh-Chu Tsai				
	Director-general	Hai-Feng Chang				
	Director-general	Li-Chueh Huang				
	Director-general	Mei-Hua Tsai				
	Director-general	Hung-Chih Huang				
	Director-general	Hsiao-Chen Lin				
	Director-general	Fu-Hui Wen				
	Director-general	Chun-Liang Chou				
	Senior Assistant V.P.	Hsuan-Hui Chen				
	Assistant Vice President	Chi-Mu Chen				
	Assistant Vice President	Tsung-Hsun He				
Assistant Vice President	Wei-En Wu					

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

Year/Item	2020		2019	
	Total remuneration	Ratio of total remuneration to profit after tax (%)	Total remuneration	Ratio of total remuneration to profit after tax (%)
Director	8,848	3.80	5,390	11.21
Supervisor	-	-	466	0.97
Presidents and Vice Presidents	27,126	11.65	18,992	39.51

1. The remuneration to directors in the most recent two years include two categories of remuneration and business execution expenses. According to the Company's Articles of Incorporation, the remuneration to directors for their execution of duties for the Company shall be paid without regard to profit and loss. The Board of Directors is authorized to determine the remuneration based on their individual level of participation in and the value of contribution to the operation of the Company with reference to the level of peers in practice; business execution expenses include travel, special allowances, various subsidies, accommodation, corporate vehicle and other in-kind benefits, which are paid with reference to the level of the peers in the practice. In addition, the remuneration to managers paid by the Company is conducted based on the performance evaluation and relevant personnel regulations of the Company with the consideration of the time spent by the individual and their responsibilities and performance as well as the reasonableness of the correlation between the Company's business performance and future risk.
2. The total remuneration to directors in proportion to the net income after tax paid by the Company in 2020 was less than the proportion in 2019. This was due to the significant increase in profit after tax in 2020 compared to the previous year; there was no remuneration to supervisors recognized in 2020 due to the dismissal of supervisor on June 27, 2019; the total remuneration to presidents and vice presidents in proportion to the net income after tax in 2020 was less than the proportion in 2019. This was due mainly to the significant increase in profit after tax in 2020 compared to the previous year.
3. In view of the above, the remuneration to directors, presidents and vice presidents paid by the Company is conducted in accordance with relevant regulations.



### III. Status of corporate governance

#### (I) Operation status of the Board of Directors

1. The Board of Directors convened 6 meetings in 2020. The attendance of directors is as follows:

Title	Name	Actual attendance	Attendance by proxy	Actual attendance rate (%)	Remarks
Chairman	Taiwan First Biotechnology Corp. Representative: Kuan-Han Chen	6	0	100	
Director	Chen Ten-Tao Cultural and Education Foundation Representative: Je-Fang Chen	5	1	83	
Director	Kuo Cheng Investment Development Corp. Representative: Huai-Hsin Liang	2	4	33	
Vice Chairman	NICE Enterprise Co., Ltd. Representative: Ching-Jen Chen	6	0	100	
Director	Yin-Ji-Li International Consulting Corp. Representative: Hsien-Chueh Hsieh	6	0	100	
Director	Cunyuan Heye Co., Ltd. Representative: Chih-Chan Chen	6	0	100	
Independent Director	Yung-Fu Tseng	6	0	100	
Independent Director	Yung-Chien Wu	5	1	83	
Independent Director	Wei-Lung Chen	6	0	100	

Other items to be stated:

- I. If the operations of the Board of Directors meets any of the following circumstances, the meeting date, term, contents of proposals, opinions of all independent directors and the Company's handling of said opinions shall be specified:
  - (I) Matters specified in Article 14-3 of the Securities and Exchange Act:  
The Company held 6 board meetings in 2020 and the resolutions are specified in Page 74-76 of the annual report. Matters specified in Article 14-3 of the Securities and Exchange Act were approved unanimously by all independent directors.
  - (II) Any other resolution(s) passed but with independent directors voicing opposing or qualified opinions on the record or in writing: None.
- II. Directors' avoidance of proposals involving any conflict of interest; the names of directors, details of the proposals, causes of recusal, and participation in voting shall be disclosed:

1. The continuing contract of advisors was reviewed at the 6th meeting of the 17th Board of Directors on March 26, 2020. Director Ching-Jen Chen withdrew from the discussion and voting of this proposal due to the conflict of interest.

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

(I) According to the rules for performance evaluation of the Company, an annual internal performance evaluation for the board of directors is conducted every year and the evaluation result is submitted to the Board of Directors before Q1 of the following year. The cycle, period, scope, method, items and results related to the evaluation in 2020 is as follows:

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

Performance Evaluation of the Board of Directors				
Cycle	Period	Scope	Method	Item
Once a year	January 1 to December 31, 2020	Performance evaluation for the whole Board of Directors	Internal self-evaluation of the Board of Directors	一、 Participation in the Company's operation 二、 Improvement of the of the Board of Directors' decision quality 三、 Formation and structure of the Board of Directors 四、 Election and continuing education of the directors 五、 Internal control

Performance evaluation of board members				
Cycle	Period	Scope	Method	Item
Once a year	January 1 to December 31, 2020	Performance evaluation of individual director	Self-evaluation of the board members	I. Understanding of the Company's goals and tasks II. Awareness of duties as a director III. Participation in the Company's operation IV. Management and communication of internal relationship V. Directors' professionalism and continuing education VI. Internal control

2. The evaluation is conducted in the form of internal questionnaires based on the operation of the Board of Directors and self-participation evaluated by the director. The secretariat of the board will then collect and summarize the statistic results to submit to the Board of Directors.

3. The Company completed the performance evaluation of the Board of Directors and

board members in February, 2021. The outstanding scoring in the evaluation result was submitted to the 12th meeting of the 17th Board of Directors in March 23, 2021.

4. The Company fully discloses the performance evaluation regulations and results on the Market Observation Post System, the annual report and the Company's website.

IV. Goals of strengthening board functions (e.g. setting up an audit committee or improving information transparency) in the current or most recent year and the implementation status:

- (I) The Company has established the Audit Committee composed of three independent directors to enhance the corporate governance and board functions of the Company.
- (II) According to matters specified in Article 14-3 of the Company Act and Article 14-5 of the Securities and Exchange Act, proposals which shall be submitted to the Review Committee for approval before the resolution of the Board of Directors were approved by the Audit Committee and executed according to the resolution of the Board of Directors as of the publication date of the Company's annual report in 2020.
- (III) In March 26, 2020, the Company adopted the resolutions of the 17th Board of Directors at the 6th meeting to amend the internal control system, including the operating procedures and focuses in the "Management for the Operation of the Board of Directors" and "Management of the Prevention of Insider Trading," and amend the operating procedures and audit focuses in the "Management for the Operation of the Board of Directors" of the internal audit implementation rules. The Company also amended the "Rules of Procedure for Shareholders' Meeting", "Rules of Procedure for Board of Directors Meetings," "Audit Committee Charter" and "Remuneration Committee Charter."
- (IV) To enhance the listed company's financial statement preparation capabilities, the Company reported the self-evaluation items, countermeasures and schedule to the 8th meeting of the 17th Board of Directors on August 11, 2020.
- (V) In November 12, 2020, the Company adopted the resolutions of the 17th Board of Directors at the 10th meeting to amend the internal control system and internal audit implementation rules of the "Operating Procedures for Financial Statements Preparation Process" and "Management of Financial Statements Preparation Process," and amend the "Rules for Performance Evaluation of Board Directors," "Self-evaluation Questionnaire of Performance Evaluation for the Board of Directors," "Self-evaluation Questionnaire of Performance Evaluation for Board Members," "Code of Ethical Conduct," "Operating Procedures for Handling Material Insider Information" and "Remuneration Committee Charter."
- (VI) The secretariat of the board handles the matters required by the directors according to the "Standard Operating Procedure for Handling of Requests from Directors" of the Company.
- (VII) The Company forwards relevant laws and regulations or information on continuing education to directors on a regular or irregular basis to enhance the understanding of the laws.
- (VIII) Besides conducting regular self-examination by the Company on the operation of the Board of Directors to enhance the board functions, the internal auditors also prepare the audit report concerning the operation of the Board of Directors to meet the regulations of the competent authority for securities.

(II) Information on the operation of the Audit Committee

1. Power and annual focuses of the Audit Committee

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

2. The Audit Committee convened 4 meetings in 2020. The attendance of independent directors is as follows:

Title	Name	Actual attendance	Attendance by proxy	Actual attendance rate (%)	Remarks
Independent Director	Yung-Chien Wu	4	0	100	
Independent Director	Yung-Fu Tseng	4	0	100	
Independent Director	Wei-Lung Chen	4	0	100	

Other items to be stated:

- I. If the operations of the Audit Committee meets any of the following circumstances, the meeting date of the Board of Directors, term, contents of proposals, resolutions of the Audit Committee and the Company's handling of said opinions shall be specified.
  - (I) Matters specified in Article 14-5 of the Securities and Exchange Act:  
In 2020, the Audit Committee of the Company held 4 meetings and matters specified in Article 14-5 of the Securities and Exchange Act were approved unanimously by the Audit Committee.
  - (II) Other than those described above, any resolutions unapproved by the Audit Committee but passed by more than two-thirds of directors: None.
- II. Independent directors' avoidance of proposals involving any conflict of interest; the names of independent directors, details of the proposals, causes of recusal, and participation in voting shall be disclosed: None.
- III. Communication between independent directors, internal audit officer and CPAs (e.g. the major matters, methods and results of communication with regard to the financial and business statuses of the Company):
  - 1. The audit report and the follow-up of the audit report (copy) shall be submitted to each committee member for review at least once a month.

2. The audit officer shall attend the Audit Committee every quarter and communicate with the independent directors through the Audit Committee.
3. In case of questions or instructions by the Audit Committee members after reviewing the copy of audit report, they will call the chief auditor to ask or communicate the instructions for implementation.
4. The improvement of irregularities or internal deficiencies specified in the audit report shall be followed and the follow-up report shall be prepared and submitted to each Audit Committee members.
5. The CPAs regularly report the audit or review results of financial statements and matters to be communicated required in relevant laws and regulations at the meeting of the Audit Committee. The communication between members of the Company's Audit Committee and CPAs is good.
6. The independent director can understand the status of the Company's operation and audit through the audit report provided by the Audit Committee, the Board of Directors and the audit unit, and have good communication with the CPAs through various reports and channels (e.g. video conference, e-mail, telephone and fax).

3. The contents of proposals and resolutions of the Audit Committee and the Company's handling of the Audit Committee's opinions in 2020 is as follows:

Audit Committee	Proposal and follow-up actions	Resolution Results	Company's response to Audit Committee's opinions
March 26, 2020 3rd meeting of the 1st Audit Committee	<p>Matters to be reported: Communication between CPAs and governance unit.</p> <p>Matters to be discussed:</p> <ol style="list-style-type: none"> <li>1. Review of the proposal for amendments to the operating procedures and focuses in the "Management for the Operation of the Board of Directors" and "Management of the Prevention of Insider Trading" of the internal control system.</li> <li>2. Review of the proposal for amendments to the operating procedures and audit focuses in the "Management for the Operation of the Board of Directors" of the internal audit implementation rules.</li> <li>3. Review of the proposal for 2019 financial statements (including the consolidated financial statements).</li> <li>4. Review of the proposal for 2019 appropriation of earnings.</li> <li>5. Discussion on the proposal for "Effectiveness Evaluation of the Company's Internal Control System" and "Statement on Internal Control</li> </ol>	<p>Acknowledged</p> <p>Approved as proposed and submitted to the Board of Directors for review</p>	<p>Acknowledged</p> <p>Approved as proposed by the Board of Directors</p>

	System” in 2019. 6. Review of the proposal for the commission and independence evaluation of CPAs.		
May 12, 2020 4th meeting of the 1st Audit Committee	The 2020 Q1 consolidated financial statements audited by the CPAs.	Acknowledged	Acknowledged
August 11, 2020 5th meeting of the 1st Audit Committee	1. The 2020 Q2 consolidated financial statements audited by the CPAs. 2. The progress of the legal proceedings regarding the Company’ subsidiary Shandong AGV Food Technology Co., Ltd. is reported by the Audit Committee. 3. Report of the implementation status of 2020 Q2 internal audit plan.	Acknowledged	Acknowledged
November 12, 2020 6th meeting of the 1st Audit Committee	Matters to be reported: 1. The completion of the 2020 Q3 consolidated financial statements of the Company. 2. The report for the progress of the legal proceedings regarding the Company’ subsidiary Shandong AGV Food Technology Co., Ltd. 3. Report on the implementation status of internal audit plan. Matters to be discussed: 4. Review of the proposal for the “2021 Audit Plan.” 5. Review of the proposal for amendments to the internal control system and internal audit implementation rules of the “Operating Procedures for Financial Statements Preparation Process” and “Management of Financial Statements Preparation Process.”	Acknowledged  Approved as proposed and submitted to the Board of Directors for review	Acknowledged  Approved as proposed by the Board of Directors

(III) Status of corporate governance, departures from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such departures

Evaluation item	Status			Any variance from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	Summary	
I. Has the Company established and disclosed the governance practice principles according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company has established its “Corporate Governance Best-Practice Principles” with reference to the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and disclosed the same on the Company’s website (website: www.agv.com.tw) and MOPS. The Company has implemented accordingly based on the essence of the Corporate Governance Best Practice Principles.	In compliance with the Best Practice Principles.
II. Equity structure and shareholders’ equity of the Company				
(I) Has the Company defined some internal operating procedure to deal with suggestions, questions, disputes and legal actions from shareholders and implemented the procedure?	✓		Besides commissioning the shareholders’ services agent for management, the Company has delegated the spokesperson, shareholder service personnel and legal affairs unit to handle related affairs such as shareholders’ suggestions, questions, disputes and legal actions.	In compliance with the Best Practice Principles.
(II) Does the Company have a list of major shareholders who actually	✓		The Company has the shareholders roster provided by the shareholder services agent, Capital Securities Corporation, and reports any change in equity of the directors and insiders on a monthly basis.	In compliance with the Best Practice Principles.

Evaluation item	Status		Summary	Any variance from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No		
control the Company and the persons who are their ultimate controllers?				
(III) Has the Company established or implemented some risk control and firewall mechanisms between the Company and its affiliates?	✓		The operation of the Company and its affiliates is independent from each other and the operation of Company is conducted based on the internal control system. We has established the “Operating Procedures for the Monitoring of Subsidiaries,” participated in important meetings of the affiliates and established the international investment department to implement the risk control mechanism of the Company.	In compliance with the Best Practice Principles.
(IV) Has the Company established internal regulations to prohibit Company insiders from using information not available to the market to trade securities?	✓		Article 4 of the “Ethical Corporate Management Best Practice Principles” established by the Company specified that: the Company shall comply with related regulations such as the Company Law, the Securities and Exchange Act, and Business Accounting Law etc. as the underlying foundation to facilitate ethical corporate management. The Company’s directors, managers, employees, mandataries and substantial controllers of the Company are required to comply with relevant regulations.	In compliance with the Best Practice Principles.
III. Composition and responsibilities of Board of Directors				
(I) Has the Company formulated a policy of diversity for	✓		The Company has established the “Corporate Governance Best Practice Principles” and an appropriate policy on diversity has been formulated in Chapter 3 Enhancement of the Board Functions, which shall include, without being limited to, the	In compliance with the Best Practice Principles.



Evaluation item	Status		Summary	Any variance from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No		
the formation of the Board of Directors and implemented it thoroughly?			<p>following two general standards:</p> <p>I. Basic requirements and values: Gender, age, nationality and culture.</p> <p>II. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills and industry experience.</p> <p>All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities:</p> <p>I. Ability to make operational judgments.</p> <p>II. Ability to perform accounting and financial analysis.</p> <p>III. Ability to conduct management administration.</p> <p>IV. Ability to conduct crisis management.</p> <p>V. Knowledge of the industry.</p> <p>VI. An international market perspective.</p> <p>VII. Ability to lead.</p> <p>VIII. Ability to make policy decisions.</p> <p>The achievement of objective formulated regarding the diversified capabilities of the Board of Directors is described as follows:</p> <p>The Company pays attention to the diversified capabilities of the members consisting of the Board of Directors. The goal of achievement is set to be above 80% for each capability. The achievement rate of board members with diversified capabilities is as follows:</p> <ol style="list-style-type: none"> <li>1. Ability to make operational judgments reached 100%</li> <li>2. Ability to perform accounting and financial analysis reached 89%</li> <li>3. Ability to conduct management administration reached 89%</li> <li>4. Ability to conduct crisis management reached 100%</li> <li>5. Knowledge of the industry reached 100%</li> <li>6. Vision towards the global market reached 89%</li> <li>7. Ability to lead 100%</li> <li>8. Ability to make policy decisions 100%</li> </ol> <p>The Company’s directors include those with specialized backgrounds such as CPA and attorney</p>	

Evaluation item	Status		Summary	Any variance from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No		
(II) Is the Company, in addition to establishing the remuneration committee and audit committee, pursuant to laws, willing to voluntarily establish any other functional committees?	✓		<p>and professional operators. All members with professional competence, independence and diversification comply with the structure of the Board of Directors specified in the Corporate Governance Best Practice Principles.</p> <p>For the policy of diversity for the formation of the Board of Directors and its implementation status, please refer to the Investor Section -Status of Corporate Governance on the Company website (website: www.agv.com.tw).</p> <p>The Company has established the Audit Committee and Remuneration Committee pursuant to laws. We also has established the Management Strategy Committee, Marketing Management Committee, Total Quality Management Review Committee, Evaluation Committee For Food Science and Technology Personnel, Procurement Committee, Operation Review Commission, Personnel Evaluation Committee and Security Center to promote the sustainable development of the Company; the operation and system related to the Board of Directors is conducted based on relevant regulations.</p>	In compliance with the Best Practice Principles.
(III) Does the Company establish policies and methods for evaluating the performance of the Board of Directors, conduct regular performance evaluations every year and report the results to	✓		<p>The Company has established the Rules for Performance Evaluation of Board Directors and conducts the internal performance evaluation of the Board of Directors once every year based on the Rules for Performance Evaluation. The evaluation result is submitted to the Board of Directors before Q1 of the following year. The performance evaluation of the Board of Directors and board members in 2020 has been completed in February, 2021. The outstanding scoring in the evaluation result was submitted to the 12th meeting of the 17th Board of Directors in March 23, 2021; all conducted based on relevant regulations.</p>	In compliance with the Best Practice Principles.

Evaluation item	Status		Summary	Any variance from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No		
<p>the Board of Directors? Does the Company utilize the results as the reference for the individual remuneration and reelection nomination of directors?</p> <p>(IV) Does the Company assess the CPAs for their independence on a regular basis?</p>	✓		<p>With reference to Article 47 of the Certified Public Accountant Act and evaluation items listed in the Norm of Professional Ethics for Certified Public Accountant of the Republic of China No.10 “Integrity, Objectivity and Independence,” the CPAs all complies with the independence according to the result of evaluation performed by the Company’s accounting unit. Also, the commissioned CPA Shu-Man Tsai and Ching-Lin Li of Crowe (TW) CPAs has provided the 2021 CPA independence assessment report and Declaration of Independence and were approved at the Board of Directors’ meeting on March 23, 2021, meeting the Company’s evaluation standards of independence.</p>	In compliance with the Best Practice Principles.
<p>IV. Does TWSE/GTSM Listed Company set up designated (concurrent) corporate governance units or personnel responsible for related matters (including but not limited to providing information required for directors and</p>	✓		<p>The 12th meeting of the 17th Board of Directors on March 23, 2021 resolved to hire the current HR department Director-general Yueh-Chu Tsai to concurrently serve as the Corporate Governance Officer. As a MBA of National Chiayi University with years of experience in compliance and stock affairs, Director-general Yueh-Chu Tsai meets the regulations of the Best Practice Principles; the main duties include handling matters related to Board of Directors’ and shareholders’ meetings, making minutes of the Board of Directors’ and shareholders’ meetings, assisting assumption of office and continuing education of directors, providing information required for directors to perform their duties and assisting the legal compliance of the directors.</p>	In compliance with the Best Practice Principles.

Evaluation item	Status		Summary	Any variance from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No		
supervisors to perform their duties, assisting the legal compliance of the directors and supervisors, handling matters related to Board of Directors’ and shareholders’ meetings, and making minutes of the Board of Directors’ and shareholders’ meetings, etc.)?			<p>The focus of business implementation and status of continuing education in 2020 is as follows:</p> <ol style="list-style-type: none"> <li>1. Handling matters related to Board of Directors’ and shareholders’ meetings, informing all directors to attend the meeting at least seven days in advance with provision of sufficient meeting information and preparing minutes of the Board of Directors’ meetings.</li> <li>2. Provision of information required for performance of duties by the directors and latest development of laws and regulations related to company management.</li> <li>3. Provision of information related to continuing education for directors to assist them in legal compliance.</li> <li>4. Registration of the meeting date of the Board of Directors within the period specified by the laws, preparation and filing of the meeting notices, handbooks, meeting minutes and annual reports before the deadline.</li> <li>5. Dealing with company registration and change of registration.</li> <li>6. Matters related to investor relations.</li> <li>7. Review of the corporate governance evaluation indicators published every year and review of the achievements completed by the Company item by item.</li> <li>8. Other matters described or established in the articles of incorporation or under contract.</li> <li>9. The annual total hours of continuing education were 18 hours and the details was registered in the employee training system of the Company’s HR Department.</li> </ol>	

Evaluation item	Status		Summary	Any variance from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No		
V. Does the Company establish channels for communication with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), design special web pages for the stakeholders on the website and appropriately respond to important CSR issues of interest to the stakeholders?	✓		<ol style="list-style-type: none"> <li>1. For the sustainable operation and development, the Company strives to understand the viewpoints of the stakeholders as an important basis of sustainable development. Besides maintaining the interaction with the stakeholders in various forms, we also established the external website for communication on the Company website: <a href="http://www.agv.com.tw/2011/interested-person.php">http://www.agv.com.tw/2011/interested-person.php</a>.</li> <li>2. The Company has established an investor relations section on the Company website. The mail boxes for communication have designated personnel for management and each responsible unit responds properly to important issues of corporate social responsibility that are of concern to stakeholders.</li> <li>3. Communication channels: Employee Relationship – Ms. Tsai, HR Department Email: yuehchu@mail.agv.com.tw Stock Affairs Office – Ms. Tsai Email: yuehchu@mail.agv.com.tw Investor Relations – Ms. Chang, Accounting Department Email: j77888@mail.agv.com.tw Customer Service Center -Ms. Chang, Customer Service Center Email: greenbar@mail.agv.com.tw</li> <li>4. We maintain good communication with employees, investors, consumers, distributors and suppliers.</li> </ol>	In compliance with the Best Practice Principles.
VI. Does the Company commission a professional registrar to deal with the affairs of shareholders’ meetings?	✓		The Company has appointed the professional Registrar Department of Capital Securities Corporation to handle affairs of the shareholders’ meeting.	In compliance with the Best Practice Principles.
VII. Information Disclosure (I) Has the Company built a website to	✓		The Company website has fully disclosed information related to financial and corporate governance of the Company (website: <a href="http://www.agv.com.tw">www.agv.com.tw</a> ) and disclosed information	In compliance with the Best Practice

Evaluation item	Status		Summary	Any variance from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No		
disclose the financial and corporate governance information of the Company?			related to corporate governance items and finance in the Investor Section.	Principles.
(II) Does the Company use other information disclosure methods (e.g., establishment of an English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system and the broadcasting of investor conferences via the Company website)?	✓		<ol style="list-style-type: none"> <li>1. Dedicated personnel is designated to collect and disclose Company information based on the functions.</li> <li>2. Spokesperson: Mr. Kuan-Han Chen, deputy spokesperson: Mr. Chih-Chan Chen, Mr. Chien-Hua Chen and Mr. Hung-Chi Hsiao.</li> <li>3. The investor can refer to the MOPS for the information related to the Company’s finance, business, corporate governance and corporate social responsibility.</li> <li>4. The video file of the investor conference has been disclosed on the Company website <a href="http://www.agv.com.tw">www.agv.com.tw</a>.</li> </ol>	In compliance with the Best Practice Principles.
(III) Does the Company publicly announce and file the annual financial	✓		The 2020 financial report, Q1, Q2 and Q3 financial reports and turnover information of previous month reported each month has been announced and filed within the period specified in the Taiwan Stock Exchange Corporation Rules Governing Information Filing by Companies with TWSE Listed Securities and Offshore Fund Institutions	In compliance with the Best Practice Principles.

Evaluation item	Status		Summary	Any variance from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No		
report within two months after the close of fiscal year and announce and file the financial reports of the first, second and third quarters and the monthly operation status prior to the regulated deadline?			with TWSE Listed Offshore Exchange-Traded Funds of TWSE.	
VIII. Does the Company have additional important information that is helpful to understand the operations of the corporate governance (including but not limited to the interests and care of employees, investor relationships, supplier relationships, rights of stakeholders, further education of directors and supervisors, implementation of risk management policies and risk assessment	✓		<ol style="list-style-type: none"> <li>1. The interests and care of employees: We pay attention to the interests and care of employees and emphasize harmonious labor relations. In addition to comprehensive personnel and promotion systems, we also have emergency aid, cultural and educational entertainment, work environment, on-the-job training, scholarships for children and group activities so that employees and their families may view the Company as their home and take the Company as a honor. AGV strives to manage and emphasize the care of employees and their families.</li> <li>2. Investor relations with the Company: The Company convenes the shareholders’ meeting based on relevant laws and regulations to provide sufficient opportunities for the shareholders to raise questions or give proposals and establishes a spokesperson and a deputy spokesperson to address matters related to the Company and the investor. In addition, the Company conducts announcements and filing matters of information to be disclosed in accordance with relevant regulations issued by the competent authority to timely provide information that may have impact on the investor’s decisions. Also, we have established communication channels:</li> </ol>	In compliance with the Best Practice Principles.

Evaluation item	Status		Summary	Any variance from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No		
standards, implementation of customer policies and liability insurance coverage for directors and supervisors)?			<p>Communication channels:  Employee Relationship – Ms. Tsai, HR Department  Email: yuehchu@mail.agv.com.tw  Stock Affairs Office – Ms. Tsai  Email: yuehchu@mail.agv.com.tw  Investor Relations – Ms. Chang, Accounting Department  Email: j77888@mail.agv.com.tw  Customer Service Center -Ms. Chang, Customer Service Center  Email: greenbar@mail.agv.com.tw</p> <p>3. The Company maintains good relationship and stable transaction with its principal suppliers and clients, please refer to Page 102 of the annual report.</p> <p>4. In-service training of the Company’s Directors in 2020:  A. Independent Director Yung-Chien Wu: Participation in the “Planning of the shareholders’ meeting and case analysis” and “Operation and decision-making effectiveness of the Board of Directors.”  B. Director Wei-Lung Chen: Participation in the “Impact of IFRS 17 on the business strategies of the insurance industry” and “Corporate governance regulations of business mergers, transparency of juristic person and new trends of money laundering control regulations.”  C. Director Huai-Hsin Liang: Participation in “Analysis of regulations and development trends for contractor payment” and “Impact of latest changes in the tax act on business operation and countermeasures.”  D. Director Chih-Chan Chen: Participation in “Seeing through key messages hidden in the financial statements” and “Regulations and operation practices related to the audit committee.”</p> <p>5. Implementation of risk management policies and risk assessment standards: The Company does not engage in investments with high risk and leverage.</p> <p>6. Implementation of consumer or customer protection policies: The Company has a consumer service hotline to actively handle the</p>	



Evaluation item	Status			Any variance from the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	Summary	
			<p>suggestions or complaints of the consumer and maintain the rights of the consumer.</p> <p>7. According to Article 26-1 of the Articles stating that the Company may obtain liability insurance for the directors, the Company has ensured a one-year liability insurance provided by the Fubon Insurance Co., Ltd. with insured amount of USD2,000,000 to strengthen the corporate governance and reduce the risks of the directors, managers and Company. The insurance was approved by the 8th meeting of the 17th Board of Directors on August 11, 2020.</p>	

IX. Please specify the status of the improvement made, based on the corporate governance assessment report released by the Corporate Governance Center of TWSE in the most recent year, and the priority corrective actions and measures for any issues that are yet to be rectified:

(I) Improvement made based on the result of corporate governance assessment:

1. Over half of the Company’s directors (including at least one independent director) and the Audit Committee convener participate in the general shareholders’ meeting in person and the attendance list is disclosed in the meeting minutes.
2. The Company provide the annual report 16 days before the day of the general shareholders’ meeting.
3. There are at least two independent directors of the Company participate in the meeting of the Board of Directors in person.
4. The Company has established the Rules for Performance Evaluation of Board Directors approved by the Board of Directors. The 2020 annual evaluation result was reported to the Board of Directors on March 23, 2021 and disclosed on the Company website and in the annual report.
5. The Company has established a unit dedicated to (concurrently engaged in) the promotion of CSRs and implement the risk assessment of environmental, social and corporate governance issues related to corporate operation and establish relevant risk management policies or strategies based on the principle of materiality.
6. The Company has established policy to protect human rights and specific management program in accordance with international human rights conventions.
7. The Company appropriately reflects the business performance or outcome in the employees’ remuneration and also disclosed the adjustment of average employee salary.

(II) Priority corrective actions and measures for any issues that are yet to be rectified:

1. The Company will enhance the disclosure of English information in 2021, such as English meeting notices, handbooks, supplementary materials, annual reports and annual financial reports and disclose material information in English in 2022.
2. The Company has established the Corporate Governance Officer at the 12th meeting of the 17th Board of Directors to be responsible for matters related to corporate governance. The scope of duty, current focus of business implementation and status of continuing education will be disclosed on the Company website and in the annual report.
3. The Company discloses the detailed connection between performance evaluation of directors and managers and their remuneration in the annual report.

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

1. Information on the Remuneration Committee members

Position title	Criteria	Compliance of independence													Number of public listed companies where the member also serves as a remuneration committee member	Remarks	
		Having more than five years of work experience and following professional qualifications	Lecturer or above of commerce, law, finance, accounting or any subject relevant to the Company's operations in a public or private colleges or universities	Judge, public prosecutor, attorney, accountant or other professional or technical specialists who have passed a national examination and received a certificate in a profession necessary for the Company's business	Commercial, public prosecutor, attorney, accountant or other work experience required by the Company	Not an employee of the Company or any of the affiliates	Not a director, supervisor of the Company any of its affiliates (the same does not apply, however, in cases where the person is an independent director of the Company, its parent company, or any subsidiary of the same parent company, as appointed in accordance with the Act or with the laws of the country of the parent company or subsidiary).	Not a natural-person shareholder holding 1% or more of the total shares issued by the Company, together with the person's spouse, minor children or under others' names or ranking in the top 10 in shareholdings.	Not a spouse, relative of second degree, or direct kin of third degree or closer to persons described in the three preceding criteria.	Not a director, supervisor, or employee holding 5% or more of the total number of shares issued by the Company, ranking among the top 5 in shareholdings or being the director, supervisor or employee of corporate shareholders who designate their representatives as the Company's directors or supervisors in accordance with Paragraph 1 or 2, Article 27 of the Company Act	Not a director, supervisor or employee of another company in which the number of directors or more than half of the voting shares is under the control of the same person	Not a director, supervisor or employee of another company or institution in which the Chairman, President or personnel with equivalent position are the same person or have spouse relationship	Is neither a director, supervisor, manager, nor a shareholder holding more than 5% of the outstanding shares, of a certain company or organization that has a financial or business relationship with the Company	Not a professional who provides audits or commercial, legal, financial, accounting or consulting services accumulating more than NTD500,000 of remuneration obtained in recent two years to the Company or its affiliates nor is an owner, partner, director (managing director), supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the Company or its affiliates			Does not meet any of the conditions specified in Article 30 of the Company Act
Independent Director	Yung-Chien Wu	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	None
Independent Director	Yung-Fu Tseng		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	None
Independent Director	Wei-Lung Chen		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	None

2. Scope of duties of the Remuneration Committee:

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

3. Information concerning the operation of the Remuneration Committee

- (1) The Company's Remuneration Committee consists of 3 members.
- (2) The term of office: From June 27, 2019 to June 26, 2022. The Remuneration Committee held 2 meetings in 2020. The qualifications and attendance of the Committee members are stated as follows:

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

Other items to be stated:

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

4. The contents of proposals and resolutions of the Remuneration Committee and the Company's handling of the Remuneration Committee's opinions in 2020 is as follows:

Remuneration Committee	Proposal and follow-up actions	Resolution results	Company's handling of the Remuneration Committee's opinions
March 26, 2020 2nd Meeting of 4th Remuneration Committee	Review of the proposal for the distribution of remuneration to directors and employees in 2019	Approved as proposed and submitted to the Board of Directors for review	Approved as proposed by the Board of Directors
October 8, 2020 3rd Meeting of 4th Remuneration Committee	Review of the 2020 salary adjustment plan for monthly paid personnel (including managers)	Approved as proposed and submitted to the Board of Directors for review	Approved as proposed by the Board of Directors

(V) Implementation of corporate social responsibility and deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies

Evaluation item	Status			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
I. Does the Company implement the risk assessment of environmental, social, and corporate governance issues related to corporate operation and establish relevant risk management policies or strategies based on the principle of materiality?	✓		<p>The Company implements the risk assessment of environmental, social, and corporate governance issues based on the principle of materiality and established the Security Center in the organization with relevant risk management policies to reduce or prevent possible damage of the Company. We also can handle the risk collectively and immediately take necessary preventive action to strengthen the emergency response capacity of the enterprise and maintain sustainable operation of the Company.</p> <ol style="list-style-type: none"> <li>1. Environmental issue: Besides continuing to increase the production technology, the Company also adopts 3R environmental principles of reduce, recycle and reuse to achieve effective management of water resources, raw materials and waste. We strive to save energy and reduce carbon while developing and improving the environmental management program via the P-D-C-A management model. We establish indexes for items related to power and water consumption, waste water production, waste production and productivity density during the process with monitoring and control at all times.</li> <li>2. Social issue: The employee work rules are disclosed on the internal employee website and the Total Quality Management Review Committee is also established to improve quality and</li> </ol>	In compliance with the Best Practice Principles.

Evaluation item	Status			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			<p>product safety.</p> <p>3. Corporate governance issue: The Company has established the Corporate Governance Best Practice Principles; a sound and effective Board of Directors is the basis of good corporate governance to provide high quality products and services for the market. The Board of Directors is top unit of corporate governance in AGV Products Corporation, consisting of 9 directors in 2020 (including 3 independent directors). The Board of Directors pay attention to the overall operation of the Company to implement corporate governance policies.</p>	
<p>II. Has the Company set up a dedicated (concurrent) unit for promotion of the corporate social responsibility? Has the Board of Directors of the Company authorized the management to handle relevant matters and report to the Board of Directors?</p>	✓		<p>The president is the top unit responsible for the corporate social responsibility in the Company. The HR Department is the concurrent unit for promotion of the corporate social responsibility and regularly reports the status of implementation to the management.</p> <p>The Company's "Corporate Social Responsibility Best Practice Principles" and corporate social responsibility report is disclosed on the Company's website (website: www.agv.com.tw) and MOPS.</p>	In compliance with the Best Practice Principles.
<p>III. Environmental issue</p> <p>(I) Has the Company established environmental policies suitable for the Company's industrial characteristics?</p> <p>(II) Does the Company endeavor to upgrade the efficient use of available resources, and the use of</p>	✓		<p>The Company has established and conducted internal administrative regulations related to the factory based on the laws and regulations of the government and continues to promote good health and safety system.</p> <p>AGV upholds the advanced idea of coexistence and co-prosperity with the environment and economy over the past years. In addition to the continual promotion of</p>	<p>In compliance with the Best Practice Principles.</p> <p>In compliance with the Best Practice Principles.</p>

Evaluation item	Status			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
<p>environmental-friendly materials?</p> <p>(III) Does the Company assess the present and future potential risk and opportunities of climate change in relation to the Company and adopt countermeasures related to climate issues?</p>	✓		<p>environmental program to improve environmental performance, we also actively promote energy-saving and carbon reduction in offices, recycling and reuse of resources, protection of water and land resources and enhancement of employee education; we usually make efforts in improving the efficient use of various resources. Besides continuing to increase the production technology, the Company also adopts 3R environmental principles of reduce, recycle and reuse to achieve effective management of water resources, raw materials and waste and reduce the impact on the environment.</p> <p>The risk of climate change and countermeasures are described as follows:</p> <ol style="list-style-type: none"> <li>1. The risks come from the laws and regulations, market and energy.</li> <li>2. Impact on the Company: Laws and regulations: The stricter the concerned environment policies are, the higher the corresponding equipment replacement rate and operating cost is. Market: The impact of climate change may result in shortage of raw materials. Energy: The impact of climate change may result in insufficient import of fuels such as natural gas.</li> <li>3. Responsive strategy: Laws and regulations: According to the environmental policy of climate change, we assess the planning of existing equipment to reduce the environmental load.</li> </ol>	In compliance with the Best Practice Principles.

Evaluation item	Status			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(IV) Does the Company gather statistics of the greenhouse gas emission, water consumption and the gross weight of waste of the past two years and establish policies for energy saving, carbon reduction, reduction of greenhouse gas emission and water consumption or other waste management?	✓		<p>Market: We increase the purchase ratio of local raw materials to replace the suppliers in diversified ways.  Energy: We adopt diversified sources of energy as replacement of used energy, such as green energy of solar power and renewable energy.</p> <p>The Company fulfills the corporate social responsibility and devotes in energy saving and carbon reduction. The total greenhouse gas emission were 6,326 tons and 5,945 tons in 2020 and 2019, respectively, with an increase of 381 tons; the water consumption were 463,061 tons and 432,636 tons in 2020 and 2019, respectively, with an increase of 30,425 tons; the increase in 2020 compared to 2019 was due to the increase in productivity. The total waste were 1,339.08 tons and 1,351.72 tons in 2020 and 2019, respectively, with an decrease of 12.64 tons. For related environmental protection including energy saving and carbon reduction, water resources management, pollution prevention and waste management, please refer to the CSR report of the Company.</p>	In compliance with the Best Practice Principles.
IV. Social issue (I) Does the Company develop management policies in accordance with relevant regulations and international human rights conventions?	✓		<p>The Company has established the work rules and regulations regarding the disciplinary system, performance evaluation, gender equality and occupational accident in compliance with the regulations of Labor Standards Act with reference to the International Labour Convention to build a friendly and effective workplace. The HR Department is responsible for the establishment, amendment and announcement of relevant</p>	In compliance with the Best Practice Principles.



Evaluation item	Status			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(II) Does the Company establish and implement proper employee welfare measures (including the salary, holidays and other welfare) and reflect the corporate business performance or achievements in the employee remuneration?	✓		<p>regulations to notify the employees to comply with related labor regulations.</p> <p>We implement the restriction on child labor and against harassment, discrimination and bully and announce the “Declaration of Prevention of Sexual Harassment at Workplace By the Company.”</p> <p>For the responsibilities relevant to the Company’s corporate social responsibility, please refer to the CSR report of the Company disclosed on the Company website (website: www.agv.com.tw) and MOPS.</p> <p>The personnel management regulations of the Company specify the work rules, remuneration management regulations, hierarchical responsibility regulations, subsidy payment standards, attendance implementation standards, promotion and transfer management regulations, performance management regulations, enforcement rules of leave-taking and comprehensive systems for performance and year-end bonus, employee remuneration, insurance payment and benefits.</p> <p>We also hold health checkups and provide comprehensive benefit systems for employees, such as cash gift for retired personnel, wedding, parental, children education and funeral subsidies, maternity, accompanying maternity and parental leaves.</p> <p>The Company provides feedback and reflects the profits in the employee remunerations and benefits to share the result of earnings with employees, such as performance bonus, incentive bonus and employee remuneration.</p>	In compliance with the Best Practice Principles.

Evaluation item	Status			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(III) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	✓		<p>In response to the increase in profits of the Company in 2020, the overall income of employees was also increased in comparison with 2019 to maintain labor-management harmony and create a win-win labor-management relations.</p> <p>The Company provides employees with a safe and healthy workplace by establishing safety and health management organization and management personnel, setting Safety and Health Work Rules and checking each machinery on a regular basis. We also provide safety education and health checkups for employees. To take care of the physical and mental health of employees, we hire professional nurses and contract qualified physicians to regularly provide employee consultation and hold life-related lectures to share and communicate with employees. We conduct the employee retirement matters based on the Labor Standard Act and Labor Pension Act and the HR Department also arranges education and training for employees, including courses of occupational safety education and training, forklift operation, quality safety and health education and training, first-aid personnel and fire drill.</p>	In compliance with the Best Practice Principles.
(IV) Does the Company have an effective career capacity development training program established for employees?	✓		<p>From the perspective of sustainable operation, the Company holds employee training and provides work rotation on a regular and irregular basis to cultivate outstanding talents and leading members with multiple capabilities while providing them with important positions and challenges. After the analysis of</p>	In compliance with the Best Practice Principles.

Evaluation item	Status			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(V) Does the Company take customer's health and safety into account and market and label products and services in accordance with the related laws and international practices? Does the Company establish policies and complaint procedures to protect the rights and interests of the consumer?	✓		<p>employee satisfaction surveys, we discover that employee will adopt their learnings to their duties to increase the business performance of the department and the Company. The comprehensive and smooth promotion channel may attract, inspire, development and retain talents to complete the organizational work of the Company.</p> <p>The product labeling of the Company complies with the regulations of the Act Governing Food Safety and Sanitation with established specifications. The labeling of the product is reviewed by professional teams based on the labeling regulations of the Act Governing Food Safety and Sanitation to meet the laws and regulations of the government. For the health of the consumer, we continue the innovation and R&amp;D of food technology, besides offering the healthiest, safest and most delicious products. In this regard, we become the professional in this field with outstanding performance and are devoted to the development of "organic products" and "traceable products" in recent years in the hope of providing the consumer with healthier, safer and more transparent products; in addition to the essential objectives of sustainable development and stable growth in the future, we will continue to lead the food fashion, create consumption trend and promote industry upgrade. We register the personal information of consumers via the consumer service hotline, which is used for the service of such consumer only. The registration of the customer service system is</p>	In compliance with the Best Practice Principles.

Evaluation item	Status			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(VI) Does the Company establish supplier management policies and require them to follow relevant regulations on the issues of environmental protection, occupational safety and health, or labor rights? How is the implementation?	✓		<p>only limited to relevant personnel and the Information Department also controls the registration qualification and application of personnel.</p> <p>We has established the 0800 product service hotline with dedicated personnel to provide service for the consumer regarding the distribution channels of products, ordering description and consumer's questions.</p> <p>Before conducting business, the Company will assess whether the suppliers, customers or other trading counterparties have any illegal behavior or involve in unethical conduct and take this as an important reference for the selection of suppliers.</p> <p>The environmental responsibility of the supplier shall be in compliance with national laws and regulations, social norms and environmental plans. To promote the social and environmental responsibility, we first select enterprises with eco-friendly policies to improve the emphasis of environmental issues and the implementation in the supply chain.</p> <p>The total number of material suppliers that have contact with the food was 139 suppliers in 2020 with 0 non-conforming suppliers.</p> <p>The business and factory registrations of the suppliers all comply with the laws and regulations and the suppliers have applied for registration on the food business platform (FadenBook) based on the "Regulations Governing the Category and Scale of Food Businesses Who May Commence Its Business Operation After Applying for Registration and the Date of Implementation"</p>	In compliance with the Best Practice Principles.

Evaluation item	Status			Deviation and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			while meeting the Regulations on Good Hygiene Practice for Food. We do not hire child labor and illegal foreign labor. The employment conditions and safety and health standards specified in the labor criterion such as salary, working hour and welfare all comply with the laws and regulations.	
V. Does the Company prepare the CSR report or other reports that disclose non-financial information of the Company with reference to internationally accepted report preparation guidelines or guides? Is there any third-party assurance or verification opinion acquired for the above-mentioned reports?	✓		The preparation of the CSR report is based on the latest GRI Standards of the Global Reporting Initiative (GRI), in compliance with the core option and G4 Sector Disclosures – Food Processing with reference to “Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports” of TWSE. The Company commissioned Crowe to conduct the independent limited assurance based on the Standard on Assurance Engagements No. 1 “Assurance not classified as audit or review of historical financial statements” issued by the ROC Accounting Research and Development Foundation. The limited assurance procedure of the assurance report was conducted for the information of assurance item to confirm that it meets the principles disclosed in the core items of GRI.	In compliance with the Best Practice Principles.
VI. If the Company has established corporate social responsibility principles based on “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies,” please describe any discrepancy between the principles and their implementation: The Company completed the Corporate Social Responsibility Report before the end of September, 2020. Each system and implementation is conducted based on the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” without significant discrepancy and is openly announced on the Company website and MOPS.				
VII. Other information useful to the understanding of the corporate social responsibility implementation: 1. For more than half a century, AGV Products Corporation always uphold the “For a healthy tomorrow” business philosophy to provide Lohas, environmental, green and healthy products and services and continues to provide secure, delicious and healthy traditional foods and healthy drinks. On one hand, we have achieved the vision of being the benchmark enterprise in the Taiwanese food industry, on the other hand, we continue to fulfill the				

- corporate social responsibility to control the food safety for nation-wide consumers.
2. For important tasks such as the corporate governance, food safety promotion, industry upgrading, social welfare, labor-management harmony, energy saving and carbon reduction, industry-academia cooperation and consumer's rights, AGV not only devotes actively in these tasks but also has established practical and effective corporate governance organization and related Ethical Corporate Management Best Practice Principles to continue enhancing the Board functions and insisting to assure the shareholders' equity. In the meanwhile, we respect and protect other stakeholders' rights to fulfill each social responsibility as a corporate citizen.
  3. Investment and construction focuses endeavored by AGV in recent years: With about 50 national health food certificates issued by TFDA, Ministry of Health and Welfare, we are one of the companies with most health certificates for drinks in Taiwan. We also won many awards for consecutive years, such as food patents in various countries, Golden Award of Monde Selection, Symbol of National Quality (SNQ), National Biotechnology & Medical Care Quality Award, Innovation Award of TAFST, GOOD Award of Taiwan Grain Industry Association, World Dairy Innovation Awards of IDF, A.A. Certificate and Superior Taste Award of iTQi. From product R&D, formula R&D, ingredient selection, material inspection, production process, packing and warehousing to logistics and transportation, AGV monitors and manages every step according to international recognized inspection standards.
  4. We continue to increase the investment in each software, hardware and intellectual property and enhance the recruitment and training of specialized talents.
  5. A labor-management family of being sweet families rather than employees: AGV cares about the growth and demand of employees in all aspects over a long period of time to become a happy enterprise for employees to look after their work and family; in addition, our business management, managers of all levels and the HR unit regularly cares about the employee regarding the family status, safety of work environment, appropriateness of positions and duties and timely upgrading of specialties and skills. We are like a family member that voluntarily cares about and satisfies the needs of appointment and promotion, award and compliment, employee welfare, environmental sanitation, state of health, social activity, scholarship, wedding and funeral, on-the-job enhancement, off-the-job development, continuing education award and entertainment. Only a safe, secure and stable work environment and conditions can realize a stable operating result by a labor-management family, coexistence and co-prosperity.
  6. AGV not only actively complies with government policies and establishes close cooperation with component authorities such as Ministry of Health and Welfare, TFDA, MOEA, Industrial Development Bureau, Council of Agriculture and each regional Agriculture and Food Agency and Farmers' Association for years, but also participates in various affairs and activities in the industry (Taiwan Cannery Association, Taiwan Beverage Industries Association, Taiwan Green Foods & Eco-agriculture Development Foundation, Taiwan Quality Food Association, Taiwan Association for Food Science and Technology, Food Industry Research and Development Institute, China Grain Products Research & Development Institute, Taiwan Grain Industry Association and Taiwan Seed Society) to assist in the industry upgrading and benefit the peers of household industry and the public in Taiwan. Within the term of the President of T.C.A., we actively promote the implementation of heat penetration test system for food factory and A.A. Clean Label certificate system for canned food; during the epidemic of COVID-19, the T.C.A. assists each factory in the relief application and mask distribution., which not only made T.C.A. won the Excellent Association Award of Ministry of the Interior, but also truly fulfilled the high self-management standards of Taiwan being the leader of Asian food industry. We also assist in specialized field of various meeting affairs and activities and charities in other industries. In addition, we work with the Department of Agricultural Chemistry, National Taiwan University, to hold development courses and practices of health food grain product for consecutive years. The senior management of the enterprise helps the school to obtain the advanced study and training acquired by the Ministry of Education and provides labs meeting ISO17025 regulations and factories with ISO22000 and HACCP certificates for internship to assist the cultivation of personnel and employees with food related subjects within or outside the school. Recently, by integrating food factory members of T.C.A., we proceed the industry-academia cooperation with Shih Hsin University to jointly hold the first Taiwan Canned Product Innovation Competition and charitable event. We not only assist the Taiwan canned industry in product innovation and industrial revitalization by making pineapple, mushroom and asparagus to be known as the three famous canned food for export in the 1960s again, but also provide help for the food industry to promote the safety and eating concept of canned food and assist in the required promotion of charity,

relief, emergency, disaster prevention and epidemic control.

7. Won the “Health food certificate of Ministry of Health and Welfare”: AZUKI red bean water (function to prevent the formation of body fat) Wei-Bu-Jian-Shi-Zi No. A00392, AGV healthy oil-cut digesting tea (function to prevent the formation of body fat) Wei-Bu-Jian-Shi-Zi No.A00225.

“Overseas Awards:” LAVENA cafe oat latte (Bronze Quality Award of Monde Selection), LAVENA black tea oat latte (Bronze Quality Award of Monde Selection), AGV multi-fibre wheat tea (Bronze Quality Award of Monde Selection), Original Kombucha (Golden Quality Award of Monde Selection), pure dense oats-original flavor (1-Star Superior Taste Award of iTQi), pure dense oats-oat milk for barista (2-Star Superior Taste Award of iTQi).

“National Awards”: AGV pure dense oats-double effect glucosamine (Food Innovation Award-Top 10 New Product Award), AGV Unforgettable walnut oats (Food Innovation Award-Superior in food and drink innovation), LAVENA black tea oat latte (Health Food Innovation Award of Health Food Society of Taiwan), LAVENA cafe oat latte (Health Food Innovation Award of Health Food Society of Taiwan).

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

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

- (2) As of the publication date of the Company’s annual report, the monetary and supply donations and visits of the Company is as follows:

Poilce Friend Association of Chiayi County, Taipei Orphan Welfare Foundation, Sunflower Care Association of Taitung County, Li-Lin-Shu Social Welfare Foundation and Taoyuan Home for the Disabled of Taoyuan City, Academic Foundation of Chungcheng University, National Taiwan University Academic Development Foundation, The Mustard Seed Mission, Taiwan Joy Baby Community Association, The Disability Care Association of Xinzhuang Dist., New Taipei City, Chiayi County Volunteer Fire Brigade, National Cheng Kung University, Chiayi County Government, Minhsung Culture & Education Foundation, Genesis Social Welfare Foundation, Chung Yi Social Welfare Foundation, Rain Spring Charitable Foundation, Chiayi Wu Fong Lions Club, Ruo-zhu-Er Education Foundation, Social Welfare Center of Chiayi County Government, Chiayi Branch Office of Taiwan Fund for Children and Families, World Vision Taiwan, Hsin Kang Tina Temple of Chiayi County, Physical Disability Service Association of Chiayi City and National Singang Senior High School of Arts with a total of NTD1.45 million.

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

Evaluation item	Status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and reasons thereof
	Yes	No	Summary	
<p>I. Enactment of ethical management policy and program</p> <p>(I) Does the Company establish ethical corporate management policies that are adopted by the Board of Directors and explicitly state such policies and the implementation methods in its Articles of Incorporation and external documents? Do the Board of Directors and top management actively implement their commit to implementing the operating policies?</p>	✓		<p>The Company has established the “Ethical Corporate Management Best Practice Principles” and make timely amendments in response to amendments to the laws and regulations and the Company’s business. In addition, we issued the 2019 CSR report of the Company with detailed business philosophy of ethical corporate management in September, 2020. We also has established good corporate governance and risk control mechanism to create a operation environment for sustainable development and prevent unethical conduct and shall not accept treatments, gifts, kickbacks, embezzle public funds as well as other illegal gains. The Company openly discloses the “Ethical Corporate Management Best Practice Principles” and relevant regulations on the MOPS and the Company website.</p>	<p>In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies.</p>
<p>(II) For the risk of unethical conduct, does the Company establish an assessment mechanism and regularly analyze and assess the business activities within its business scope which are possibly at a higher risk of being involved in unethical conduct to establish preventive solutions that at least</p>	✓		<p>When establishing the preventive program, the Company shall analyze business activities within its business scope which are possibly at a higher risk of being involved in unethical conduct and enhance related preventive measures, this includes offering or accepting of bribe or illegal political donations, improper</p>	<p>In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies.</p>



Evaluation item	Status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and reasons thereof
	Yes	No	Summary	
cover the conduct specified in each subparagraph under Paragraph 2 in Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies”?			<p>charitable donations or sponsorships, other improper benefits, misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights, engaging in unfair competitive practices and damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.</p> <p>The implementation of food defense and traceability in 2020 is as follows:</p> <ol style="list-style-type: none"> <li>1. We executed the system in 2019 based on Article 9 “Regulations Governing Traceability of Foods and Relevant Products” of the Act Governing Food Safety and Sanitation and performed the e-filing operation in 2020. We also corresponded to the guidance of Food Industry Research and Development Institute to establish food defense analysis and control planning procedure and introduced accordingly to the product of the factories in 2018. Currently, we have passed the audit and assessment of GHP, FSSC22000 and HACCP.</li> <li>2. We send employees to attend external education and training. The courses include</li> </ol>	

Evaluation item	Status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and reasons thereof
	Yes	No	Summary	
(III) Whether the Company explicitly defines procedures, guides of conduct, and disciplinary and reporting systems in case of violation in the preventive solutions of unethical conducts, implements accordingly, and carries out review	✓		<p>those related to food defense and traceability such as the training course for food defense and biochemical attack prevention, basic training course of food defense, food fraud training course, raw material management practice class for food factory, supplier assessment and management practice class. We also hold employee education and training, food defense simulation drill and simulation drill of finished-product traceability for the entire factory every year.</p> <p>3. We perform external audits assigned and required by the OEM customer and currently passed audits of COSTCO and TQF with the scope of verification covering the entire factory.</p> <p>4. Total Quality Management Review Committee: report, review and resolve matters related to food quality and safety management and hold review meetings on a regular or irregular basis.</p> <p>The Company faithfully upholds the principle of ethical management and obligations to comply with the “Ethical Corporate Management Best Practice Principles” established by the Company. Those violating the principle of</p>	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies.

Evaluation item	Status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and reasons thereof
	Yes	No	Summary	
and modification of these solutions?			ethical management shall be punished and the information such as title and name of the violator, the date and details of the violation, and the actions taken in response shall be immediately disclosed on the Company's internal website. The reporting system shall also be established and carried out accordingly. We also disclose the implementation of ethical management on the Company website, annual report and prospectuses and disclose the contents of the Ethical Corporate Management Best Practice Principles on MOPS.	
<p>II. Implementation of ethical management</p> <p>(I) Does the Company have the integrity record of the trading counterparty assessed and with the clauses of ethical conduct expressed in the contract signed?</p>	✓		To ensure that the cooperation partners are ethical operators, most of the Company's customers and suppliers are well-known companies and their ethical management information is more likely to be acquired. For example, we login the website of MOEA or other channels to query the operating status of cooperation partners or require them to provide relevant information as evidence of legal operators. We also explain the supplier selection principles with fairness, openness and transparency to the vendors. In addition, for contract signing, we gradually strengthen the ethical clauses in the contract while the Legal Affairs Office, Audit Office and President's Office is responsible for the review of	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies.

Evaluation item	Status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and reasons thereof
	Yes	No	Summary	
(II) Has the Company established a dedicated unit for promoting the corporate ethical management under the Board of Directors and reporting its ethical management policy and plan for preventing unethical conducts as well as the supervision of implementation status to the Board of Directors periodically (at least once annually)?	✓		<p>contracts. If any violation of ethical management conduct is included in the contract, the Company shall terminate the relevant regulations in the contract.</p> <ol style="list-style-type: none"> <li>1. The Company's dedicated (concurrent) unit for promoting the corporate ethical management is the Audit Office, which is responsible for the supervision and implementation of corporate ethical management; the Board of Directors may audit the establishment and implementation of ethical management policy through the audit function. The Audit Officer attends and reports the business activities at Board of Directors' meeting held by the Company while reporting regularly to the independent directors.</li> <li>2. Employees may express opinions and communicate with the management, the HR Department and Audit Office via multiple channels, including internal e-mail, employee opinion mailbox and Company website.</li> <li>3. There was 0 cases of external or internal reporting in 2020 without any serious unethical conduct.</li> </ol>	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies.
(III) Does the Company define any policy against conflict of interest, provide adequate channels thereof, and fulfill the same precisely?	✓		<ol style="list-style-type: none"> <li>1. The "Procedures for Material Inside Information Management" of the Company has specified that the director,</li> </ol>	In compliance with the Ethical Corporate Management Best Practice Principles for

Evaluation item	Status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and reasons thereof
	Yes	No	Summary	
			<p>manager or employee knowing the material inside information shall not disclose the known information to others nor may they inquire about or collect any non-public material inside information of the Company not related to their individual duties from a person with knowledge of such information or disclose to others any non-public material inside information of the Company of which they become aware for reasons other than the performance of their duties.</p> <p>2. The Company has established a comprehensive internal audit system and mechanism for statement, communication and risk management to maintain effective operation of internal control system, prevent conflict of interest and provide effective communication channels.</p> <p>3. In case the proposal at the meeting of Board of Directors involves those concerning avoidance of conflicting interests, emcee shall announce the name and reason of recusal before the reading of proposal and remind the stakeholder to recuse themselves.</p> <p>4. The holding of the Board of Directors meeting is conducted based on the Rules of Procedure for Board of Directors Meetings.</p> <p>5. The Company held 6 board meetings in 2020 based on the Rules of</p>	TWSE/TPEX-Listed Companies.

Evaluation item	Status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and reasons thereof
	Yes	No	Summary	
(IV) Has the Company fulfilled the ethical management by establishing an effective accounting system and internal control system and had an internal audit unit develop relevant audit plans according to the risk assessment result of unethical conduct and audit the compliance with the preventive solutions of unethical conduct accordingly, or appointed a CPA to do so?	✓		<p>Procedure for Board of Directors Meetings.</p> <p>To implement ethical management, the Company has established effective accounting and internal control systems and executes relevant accounting business while preparing the financial report regularly based on IFRS. The CPA is responsible to audit related accounting statements and records; for the internal audit, the compliance status is checked according to the annual audit plan drafted by the risk assessment results. The effectiveness of internal control system's design and execution is ensured by the annual internal control self-evaluation and is made to the Statement on Internal Control System, which is approved by the Board of Directors after being reviewed by the Audit Committee</p>	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies.
(V) Has the Company organized internal/external education/training program for ethical management periodically?	✓		The Ethical Corporate Management Best Practice Principles established by the Company is not only disclosed on the Company website but also promoted during the new employee training so that every new management personnel may understand and comply thereof.	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies.
<p>III. Status of the Company's complaint system</p> <p>(I) Does the Company define a specific whistleblowing and rewarding system, and establish convenient whistleblowing channels, and assign competent dedicated personnel to deal with the situation?</p>	✓		The Company has established the "Section for employee's opinions and timely feedback" and the mailbox of the President. Employees may report any improper conduct that may affect the Company's goodwill and rights. We also specify in relevant rules that	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies.

Evaluation item	Status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and reasons thereof
	Yes	No	Summary	
(II) Has the Company defined the standard operating procedures for investigation after acceptance of a complaint, the follow-up actions to be taken after the investigation, and relevant nondisclosure mechanism?	✓		those violating the regulations of corporate ethical management shall be punished depending on the level of severity based on the “Employee Reward and Punishment Rules;” the dedicated responsible personnel is the President and the manager of HR Department.  The “Ethical Corporate Management Best Practice Principles” of the Company specified that when material misconduct or likelihood of material impairment to the Company’s awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing shall immediately prepare a report and notify the independent directors or supervisors in written form. In addition, the “Employee Rules” has specified the standard operating procedure for investigation and related confidentiality mechanism after the acceptance of a complaint; there was no reporting case in 2020.	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies.
(III) Has the Company adopted any measures to prevent the whistle blowers from being abused after reporting misconduct?	✓		The “Ethical Corporate Management Best Practice Principles,” reporting method and employee rules established by the Company has proper measures to protect the whistle blowers from suffering any consequence of reporting misconduct.	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies.
IV. Enhancing Information Disclosure Has the Company has disclosed the Ethical Management Principles and effect of implementation thereof on its website and Market Observation Post System?	✓		According to the regulations of the “Ethical Corporate Management Best Practice Principles,” the Company upholds high business ethics standards, effective responsibility mechanism	In compliance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed

Evaluation item	Status			Deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies and reasons thereof
	Yes	No	Summary	
			and quality corporate governance to run our business in a responsible and honest attitude. The corporate governance and related information is disclosed on the Company website (Website: www.agv.com.tw) and the Company's business philosophy of ethical corporate management is also disclosed in the CSR report.	Companies.
<p>V. If the Company has established ethical management best practice principles based on "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies", please describe any discrepancy between the principles and their implementation: We established the "Ethical Corporate Management Best Practice Principles of AGV Products Corporation" with reference to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies announced by TWSE and disclose thereof on the Company website (Website: www.agv.com.tw) while implementing accordingly without any discrepancy.</p>				
<p>VI. Other important information useful to the understanding of the corporate ethical management implementation: (e.g. the Company's review and amendment of the Ethical Corporate Management Best Practice Principles established thereby)</p> <ol style="list-style-type: none"> <li>1. The Company has established and followed the "Ethical Corporate Management Best Practice Principles" based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies."</li> <li>2. We run the Company based on the principles of ethical management and truly implement related laws and regulations, such as the Company Act, Securities and Exchange Act, Act Governing Food Safety and Sanitation, TPEX listing rules, Anti-Corruption Act and Government Procurement Act, as the underlying foundation to facilitate ethical corporate management. We employ people based on their character and ethics and pay attention to rotation mechanism to prevent corruption; there was no illegal conduct such as corruption, bribes and blackmail occurring among internal employees.</li> <li>3. The Company actively promotes to engage in business activities in a fair and transparent manner when negotiating or signing contracts with business partners and refuses to cooperate with counterparty involving in unethical conduct. When performing duties, handover of upstream and downstream and cross-department cooperation, we are practical and realistic based on the highest principles of ethical management to implement ethical management.</li> <li>4. AGV continues to promote healthy diet concept, develops quality products, constantly promotes the sustainable development of the enterprise and implements the promotion of quality corporate governance to carry through the idea "For a healthy tomorrow."</li> </ol>				

(VII) If the Company has established corporate governance principles or other relevant guidelines, references to such principles must be disclosed:  
The Company has established the Corporate Governance Best Practice Principles and relevant internal rules and disclosed accordingly on the Company website (<http://www.agv.com.tw/>) and MOPS of TWSE.

(VIII) Other information material to the understanding of corporate governance within the Company:  
Please refer to Page 33 of the annual report.



(IX) Implementation of the Internal Control System

1. Statement on Internal Control System

AGV Products Corporation  
Statement of Declaration for Internal Control System

Date: March 23, 2021

We make the following statement based on the result of the self-inspection of the internal control system in 2020:

- I. We acknowledge that the Board of Directors and managers are responsible for the establishment, operation and maintenance of the internal control system. We have established such a system to provide reasonable assurance for achieving our objectives concerning the effectiveness and efficiency of operations (including profits, performance and protection of asset security), reliability, timeliness, transparency, and regulatory compliance vis-à-vis reporting, and compliance with applicable laws, regulations, and bylaws.
- II. Any internal control system has its inherent limitations. No matter how well an internal control system is designed, it can only provide reasonable assurance of the achievement of the above three objectives. Moreover, the effectiveness of an internal control system may vary as a result of changes in the environment and other circumstances. However, our internal control system has a self-monitoring mechanism, and we take corrective actions immediately once a nonconformity is identified.
- III. We judge the design and operation of the internal control system for its effectiveness in accordance with the criteria determining the effectiveness of the internal control system provided in the “Regulations Governing Establishment of Internal Control Systems by Public Companies” (hereinafter referred to as the “Regulations”). The internal control systems are divided into the following five constituent elements in the management control process, reflecting the items to be judged pursuant to the “Regulations”: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communications; and 5. monitoring activities. Each constituent element contains a number of items. Refer to the provisions of the above-mentioned “Regulations.”
- IV. We have adopted the abovementioned criteria of the internal control system to assess the effectiveness of its design and execution.
- V. Based on the results of the above-mentioned assessment, we confirm that our internal control system (including monitoring and management of subsidiaries) was effective as of December 31, 2020 in terms of its design and operation with respect to understanding the effectiveness and efficiency of operations, the reliability, timeliness, transparency, and regulatory compliance of reporting, and the compliance with applicable laws, regulations, and bylaws in order to reasonably ensure that these objectives are achieved.
- VI. The Statement will be the major part of our annual reports and prospectuses, and will be open to the public. If there is any misrepresentation, nondisclosure or other illegality in the contents open to the public referred to in the previous sentence, legal responsibility specified in Articles 20, 32, 171 and 174 of the Securities and Exchange Act shall apply.
- VII. The Statement was approved at the Board of Directors’ meeting on March 23, 2021. None of the 9 directors present at the meeting expressed any dissent and all of them agreed on the Statement. This information is declared as an addition.

AGV Products Corporation

Chairman: Kuan-Han Chen      Signature

General Manager: Chih-Chan Chen      Signature

2. If review of the internal control system has been conducted by entrusted CPAs, the CPAs' review report shall be disclosed: N/A.
- (X) Penalty of the Company or its internal personnel in accordance with the laws, the Company's penalty against its internal personnel violating internal control system regulations in the most recent year up to the date of the publication of the annual report. List the details of such penalty, main defects, and improvements if the result of such penalties might have a material effect on the shareholders' equity or the price of securities:  
None.
- (XI)(Important resolutions made by shareholders' meetings and the Board of Directors in the most recent year up to the publication date of this annual report:
1. Important resolution of the shareholders' meeting:  
The Company held 1 general shareholders' meeting on June 23, 2020 as of the date of the publication of the annual report in 2020.
    - (1) Approval of the ratification to the proposal for 2019 financial statements. Implementation status: Relevant statements have been announced and reported to the component authority for future reference in accordance to related laws and regulations.
    - (2) Approval of the ratification to proposal for 2019 appropriation of earnings. Implementation status: Implemented as proposed.
    - (3) Approval of the proposal on amendments to the "Rules of Procedure for Shareholders Meeting." Implementation status: The amendments took effect after the resolution of the Board of Directors and related handling procedures were executed based on the amended rules.
  2. Important resolution made by the Board of Directors:
    - (1) Resolved at the 5th meeting of the 17th Board of Directors on January 14, 2020:
      - A. Review of the proposal for the 2019 distribution of year-end bonus.
      - B. Review of the proposal for the call of the subsidiary's common stocks by cash capital increase.
    - (2) Resolved at the 6th meeting of the 17th Board of Directors on March 26, 2020:
      - A. Review of the proposal for amendments to the operating procedures and focuses in the "Management for the Operation of the Board of Directors" and "Management of the Prevention of Insider Trading" of the internal control system.
      - B. Review of the proposal for amendments to the operating procedures and audit focuses in the "Management for the Operation of the Board of Directors" of the internal audit implementation rules.
      - C. Review of the distribution of remuneration to directors and employees in 2019.
      - D. Review of the 2019 financial statements (including the consolidated financial statements).
      - E. Review of the 2019 appropriation of earnings.
      - F. Review of the proposal for amendments to the "Rules of Procedure

- for Shareholders Meeting.”
  - G. Review of the proposal for amendments to the “Rules of Procedure for Board of Directors Meetings,” “Audit Committee Charter” and “Remuneration Committee Charter.”
  - H. Review of the proposal to 2019 “Statement on Internal Control System.”
  - I. Discussion on the convening matters regarding the 2020 general shareholders’ meeting.
  - J. Review of the proposal for new (continuing) contract of advisors.
  - K. Review of the proposal for new hired employees.
  - L. Review of the proposal for the commission and independence evaluation of CPAs.
  - M. Review of the proposal for the call of the subsidiary’s common stocks by cash capital increase.
- (3) Resolved at the 7th meeting of the 17th Board of Directors on May 12, 2020:
- A. Review of the proposal for continuing contract of advisors.
  - B. Review of the proposal for the changes in personnel and continued designation of overseas personnel.
  - C. Review of the proposal for the call of the subsidiary’s common stocks by cash capital increase.
- (4) Resolved at the 8th meeting of the 17th Board of Directors on August 11, 2020:
- A. Report on the impact of COVID-19 on the Group
  - B. Description report to improve the preparation capability of the listed company’s financial statements.
  - C. Report on the renewal of the “Director and Manager Liability Insurance.”
  - D. Review of the proposal for the changes in personnel and continued designation of overseas personnel.
- (5) Resolved at the 9th meeting of the 17th Board of Directors on October 8, 2020:
- A. Review of the proposal for the call of the subsidiary’s common stocks by cash capital increase.
  - B. Review of the proposal for the continuing contract of advisors and continued designation of overseas personnel.
  - C. Review of the proposal for the 2020 salary adjustment plan.
- (6) Resolved at the 10th meeting of the 17th Board of Directors on November 12, 2020:
- A. Review of the proposal for the “2021 Audit Plan.”
  - B. Review of the proposal for amendments to the internal control system and internal audit implementation rules of the “Operating Procedures for Financial Statements Preparation Process” and “Management of Financial Statements Preparation Process.”
  - C. Review of the proposal for amendments to the “Rules for Performance Evaluation of Board of Directors,” “Self-evaluation Questionnaire of Performance Evaluation for the Board of Directors”

- and “Self-evaluation Questionnaire of Performance Evaluation for Board Members.”
- D. Review of the proposal for amendments to the “Code of Ethical Conduct,” “Operating Procedures for Handling Material Insider Information” and “Remuneration Committee Charter.”
  - E. Review of the proposal for the changes in personnel.
  - F. Review of the proposal for the call of the subsidiary’s common stocks by cash capital increase.
  - G. Review of the proposal for provision of endorsement and guarantee for the financing of subsidiary.
- (7) Resolved at the 11th meeting of the 17th Board of Directors on January 19, 2021:
- A. Review of the proposal for the 2020 distribution of year-end bonus.
  - B. Review of the proposal for continuing contract of advisors.
  - C. Review of the proposal for the 2021 business plan.
  - D. Review of the proposal for the call of the subsidiary’s common stocks by cash capital increase.
- (8) Resolved at the 12th meeting of the 17th Board of Directors on March 23, 2021:
- A. Report on the implementation and result of the 2020 performance evaluation of Board of Directors.
  - B. Review of the proposal for the distribution of remuneration to directors and employees in 2020.
  - C. Review of the Company’s 2020 financial statements (including the consolidated financial statements).
  - D. Review of the proposal for the 2020 appropriation of earnings.
  - E. Review of the proposal for the amendments to the Company’s “Rules of Procedure for Shareholders Meeting” and “Rules Governing the Election of Directors.”
  - F. Review of the proposal for the 2020 “Statement on Internal Control System.”
  - G. Discussion on the convening matters regarding the 2021 general shareholders’ meeting.
  - H. Review of the proposal for continuing contract of advisors.
  - I. Review of the proposal for the nomination of the established Corporate Governance Officer.
  - J. Review of the proposal for the commission and independence evaluation of CPAs.
- (XII) Documented opinions or declarations in writing made by directors against important board resolutions in the most recent years and up to the publication date of the annual report: None.
- (XIII) Resignation of Chairman, President, Chief Accounting Officer, Chief Financial Officer, Chief Internal Auditor, Chief Corporate Governance Officer, and Chief R&D Officer in the most recent years and up to the publication date of the annual report: None.

#### IV. Information of Independent Auditors Fee

Range of CPA Fees (please check the suitable range or fill in the amount)

Accounting firm name	Name of CPA	Audit period	Remarks
Crowe (TW) CPAs	Shu-Man Tsai Ching-Lin Li	2020.01–2020.12	

Amount Unit: NTD thousand

Amount range		Fee items	Audit Fee	Non-Audit Fees	Total
1	Below NTD2,000 thousand		—	—	—
2	NTD2,000 thousand (inclusive) – NTD4,000 thousand		3,410	173	3,583
3	NTD4,000 thousand (inclusive) – NTD6,000 thousand		—	—	—
4	NTD6,000 thousand (inclusive) – NTD8,000 thousand		—	—	—
5	NTD8,000 thousand (inclusive) – NTD10,000 thousand		—	—	—
6	Over NTD10,000 thousand (inclusive)		—	—	—

1. If the amount of non-audit fees paid to a CPA, the CPA's firm and any of its affiliates exceeds 25% of the audit fees, the amounts of audit and non-audit fees and the contents of the non-audit service must be disclosed: N/A.
2. If replacement of a CPA firm results in a lower audit fee in that year compared to the previous year, the amount, percentage and reason of the reduction shall be disclosed: N/A.
3. If an audit fee is reduced by more than 10% compared to the previous year, the amount, percentage and reason of the reduction shall be disclosed: N/A.

## V. Information on Change of CPAs

### (I) About the former CPA

Date of replacement	Not applicable		
Reason and explanation of replacement	Not applicable		
Explain the replacement as a result of a termination by the Company, or by the CPA	Status	Party	CPA
	Service terminated by		The company
	Refusal of (continued) commission		
Opinions and reasons for issuing opinions of the audit report other than unqualified opinions in the last two years	Not applicable		
Any disagreement with the issuer	Yes		Accounting principles or practices
			Disclosure of financial statements
			Audit coverage or procedures
			Others
	No	V	
	Description		
Other disclosures (Disclosures deemed necessary under Item 1-4 to Item 1-7, Subparagraph 6, Article 10 of the Guidelines)	None		

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

### (II) Succeeding CPA

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

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

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

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

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

Title	Name	2020		Up to April 30, 2021	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman	Taiwan First Biotechnology Corp. Representative: Kuan-Han Chen	0	0	0	0
		0	0	0	0
Director	Chen Ten-Tao Cultural and Education Foundation Representative: Je-Fang Chen	0	0	0	0
		0	(1,750,000)	0	0
Vice Chairman	NICE Enterprise Co., Ltd. Representative: Ching-Jen Chen	0	0	0	0
		0	0	0	0
Director	Yin-Ji-Li International Consulting Corp. Representative: Hsien-Chueh Hsieh	70,000	0	0	0
		0	0	0	0
Director	Cunyuan Heye Co., Ltd. Representative: Chih-Chan Chen	0	0	0	0
		0	(437,500)	0	0
Director	Kuo Cheng Investment Development Corp. Representative: Huai-Hsin Liang	0	0	0	0
		0	0	0	0
Independent Director	Yung-Fu Tseng	0	0	0	0
Independent Director	Yung-Chien Wu	0	0	0	0
Independent Director	Wei-Lung Chen	0	0	0	0
Vice President	Kuan-Hua Chen	355,000	0	206,000	0
Senior Assistant V.P.	Hsuan-Hui Chen	0	0	20,000	0

(II) Information on the counterparty as the related party in the transfer of shares: None.

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

VIII. Relationship information among top-10 shareholders

Record date: April 30, 2021

NAME	SELF SHAREHOLDINGS		SHAREHOLDINGS OF SPOUSE AND MINOR CHILDREN		TOTAL SHAREHOLDINGS IN THE NAME OF OTHERS		THE TITLE OR NAME AND RELATION IN CASE OF THE TOP-TEN SHAREHOLDERS WHO ARE RELATED PARTIES TO EACH OTHER, IN A SPOUSAL RELATIONSHIP OR WITHIN THE SECOND DEGREE OF KINSHIP.		REMARKS
	Shares	Share holding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Name (or name)	Relationship	
Ho Yuan Investment Co., Ltd.	33,789,258	6.83	—	—	0	0.00	—	—	
Representative: Ching-Liang Chen	587,551	0.12	300,124	0.06	0	0.00	—	—	
NICE Enterprise Co., Ltd.	20,780,494	4.20	—	—	0	0.00	—	—	
Representative: Chih-Hung Chen	2,054,622	0.42	648,514	0.13	0	0.00	—	—	
Goldbank Investment Deveopment Corp.	8,081,047	1.63	—	—	0	0.00	—	—	
Representative: Tsung-Cheng Lin	0	0	0	0	0	0.00	—	—	
Global Investment Development Corp.	7,929,506	1.60	—	—	0	0.00	—	—	
Representative: Tsung-Cheng Lin	0	0	0	0	0	0.00	—	—	
SPDR Portfolio Emerging Markets ETF in the custody of Standard Chartered Bank	6,908,415	1.40	—	—	0	0.00	—	—	



NAME	SELF SHAREHOLDINGS		SHAREHOLDINGS OF SPOUSE AND MINOR CHILDREN		TOTAL SHAREHOLDINGS IN THE NAME OF OTHERS		THE TITLE OR NAME AND RELATION IN CASE OF THE TOP-TEN SHAREHOLDERS WHO ARE RELATED PARTIES TO EACH OTHER, IN A SPOUSAL RELATIONSHIP OR WITHIN THE SECOND DEGREE OF KINSHIP.		REMARKS
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Name (or name)	Relationship	
Rong-Yu Lin	6,850,000	1.39	—	—	0	0.00	—	—	
Vanguard Emerging Market Fund Investment Account in the custody of JPM	5,064,370	1.02	—	—	0	0.00	—	—	
Credit Suisse Group AG Investment Account in the custody of Standard Chartered Bank	4,794,000	0.97	—	—	0	0.00	—	—	
Heding International Development Co., Ltd.	4,582,182	0.93	—	—	0	0.00	—	—	
Representative: Ching-Liang Chen	587,551	0.12	300,124	0.06	0	0.00	—	—	
Morgan Stanley Account in the custody of HSBC	4,157,000	0.84	—	—	0	0.00	—	—	

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

Record date: December 31, 2020

Unit: shares;%

Invested business (Note)	Investment of the Company		Investment by directors and managers or by directly or indirectly controlled enterprises		Total investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
Apoland Resource International (BVI) Corp.	11,510,000	100.00	0	0	11,510,000	100.00
Defender Private Security Inc.	4,000,000	100.00	0	0	4,000,000	100.00
Aco Distribution Corp.	5,472,000	100.00	0	0	5,472,000	100.00
Sasaya Vitagreen Co., Ltd.	500,000	100.00	0	0	500,000	100.00
Hope Choice Distribution Corp.	6,500,000	100.00	0	0	6,500,000	100.00
Mascot International (BVI) Corporation	9,413,000	96.91	0	0	9,413,000	96.91
Sontenkan Resort Development Co., Ltd.	138,888,869	100.00	0	0	138,888,869	100.00
Hopeland Distribution Corp.	1,215,000	81.00	285,000	19.00	1,500,000	100.00
Apoland Development (Singapore) Pte Ltd.	54,321,621	93.08	preferred stock: 1,300,000	72.53	common stock: 54,321,621 preferred stock: 1,300,000	93.08 72.53
Koya Biotech Corp.	14,527,900	87.90	2,000,000	12.10	16,527,900	100.00
Yunlin Dairy Technology Corp.	4,754,551	75.83	126,322	2.01	4,880,873	77.84
Aiken Biotechnology International Co., Ltd.	5,756,900	53.77	4,680,678	43.71	10,437,578	97.48
Alpha International Developments Limited	2,433,455	100.00	0	0	2,433,455	100.00
AGV First Biotech Food (BVI) Limited.	25,613,400	100.00	preferred stock: 18,100,000	99.45	common stock: 25,613,400 preferred stock: 18,100,000	100.00 99.45
AGV International (BVI) Limited	460,000	100.00	0	0	460,000	100.00
AGV Biohealthy Food Limited	783,300	29.75	1,050,000	39.87	1,833,300	69.62

Invested business (Note)	Investment of the Company		Investment by directors and managers or by directly or indirectly controlled enterprises		Total investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
Taiwan First Biotechnology Corp.	54,757,349	41.28	10,048,062	7.57	64,805,411	48.85
Eastern Formosa Resource Development Corporation	5,880,000	32.94	8,180,000	45.83	14,060,000	78.77
Heding International Development Co., Ltd.	16,788,000	48.98	16,819,775	49.07	33,607,775	98.05
HOPEMAN DISTRIBUTION CO., LTD.	6,950,000	43.44	8,050,000	50.31	15,000,000	93.75
TAI FU INTERNATIONAL CORP.	8,615,180	24.83	9,830,470	28.34	18,445,650	53.17
NICE Enterprise Co., Ltd.	49,223,860	28.24	30,549,587	17.53	79,773,447	45.77
YANJING AGV INTERNATIONAL COMPANY LIMITED	2,500,000	50.00	0	0	2,500,000	50.00
Kuo Cheng Investment Development Corp.	5,000,000	47.62	0	0	5,000,000	47.62
Tongjitang Medicinal Biotech Corp.	5,000,000	26.27	3,000,000	15.76	8,000,000	42.03
Nice Investment Development Ltd.	4,800,000	36.64	preferred stock: 9,000,000	75.00	common stock: 4,800,000 preferred stock: 9,000,000	36.64 75.00
Alpha Biotech Development (BVI) Limited	24,500	49.00	25,500	51.00	50,000	100.00
Nicostar Capital Investment (BVI) Ltd.	1,764,000	36.21	3,108,000	63.79	4,872,000	100.00

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

## Four. Fundraising Status

### I. Corporate Capital and Shares

#### (I) Equity Capital sources

Date	Issue price	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Equity Capital sources	Offset against the equity capital by property other than cash	Others
July 1994	10	220,000,000	2,200,000,000	203,000,000	2,030,000,000	Capital surplus	—	1994-07-19-(83)-Tai-Cai-Zheng-(Yi) No. 3182
June 1995	10	280,000,000	2,800,000,000	236,600,000	2,366,000,000	Earnings, capital surplus	—	1995-06-24-(84)-Tai-Cai-Zheng-(Yi) No. 37548
July 1996	10	280,000,000	2,800,000,000	250,712,000	2,507,120,000	Earnings	—	1996-07-03-(85)-Tai-Cai-Zheng-(Yi) No. 4170
June 1997	10	420,000,000	4,200,000,000	288,318,800	2,883,188,000	Earnings, capital surplus	—	1997-06-26-(86)-Tai-Cai-Zheng-(Yi) No. 50451
June 1998	10	500,000,000	5,000,000,000	330,125,026	3,301,250,260	Earnings, capital surplus	—	1998-06-24-(87)-Tai-Cai-Zheng-(Yi) No. 54764
June 1999	10	500,000,000	5,000,000,000	346,631,278	3,466,312,780	Earnings, capital surplus	—	1999-06-28-(88)-Tai-Cai-Zheng-(Yi) No. 58680
July 2000	10	500,000,000	5,000,000,000	363,962,843	3,639,628,430	Earnings, capital surplus	—	2000-07-07-(89)-Tai-Cai-Zheng-(Yi) No. 58690
February 2006	10	500,000,000	5,000,000,000	370,826,050	3,708,260,500	Overseas convertible corporate bonds transferred to common stock	—	2006-02-07-Tai-Zheng-Shang-Zi No. 950001599
October 2006	10	500,000,000	5,000,000,000	377,689,257	3,776,892,570	Overseas convertible corporate bonds transferred to common stock	—	2006-10-13-Tai-Zheng-Shang-Zi No. 09500270781
June 2007	10	600,000,000	6,000,000,000	377,689,257	3,776,892,570	—	—	2007-06-13 Increase in the amount of authorized capital resolved by the shareholders' meeting

Date	Issue price	Authorized capital stock		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Equity Capital sources	Offset against the equity capital by property other than cash	Others
June 2008	10	660,000,000	6,600,000,000	447,689,257	4,476,892,570	Cash Capital increase	—	2009-06-30 Increase in the amount of authorized capital resolved by the shareholders' meeting
June 2009	10	880,000,000	8,800,000,000	447,689,257	4,476,892,570	—	—	2009-06-19 Increase in the amount of authorized capital resolved by the shareholders' meeting
April 2011	10	880,000,000	8,800,000,000	497,689,257	4,976,892,570	Cash capital increase	—	Approval date and reference no. by the competent authority: Approved by Jin-Guan-Zheng-Fa-Zi No.1000012672 1 and Jin-Guan-Zheng-Fa-Zi No.1000012672 dated April 15, 2011
March 2015	10	880,000,000	8,800,000,000	487,205,257	4,872,052,570	Cancellation of treasury stock	—	2015-03-16-Tai-Zheng-Shang-Yi-Zi No. 1040004564
September 2016	10	880,000,000	8,800,000,000	494,513,336	4,945,133,360	Capital surplus	—	Reported and effected by FSC on August 9, 2016.

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

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

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

Information relevant to reporting: None.

## (II) Shareholder structure

April 30, 2021

Shareholder structure Quantity	Government agencies	Financial institutions	Other institutions	Individuals	Foreign institute and foreigners	Total
Persons	0	0	270	93,108	88	93,466
Shares held	0	0	113,003,307	336,358,751	45,151,278	494,513,336
Shareholding ratio	00.00%	00.00%	22.85%	68.02%	9.13%	100.00%

## (III) Distribution of equity

April 30, 2021

Shareholding range	Number of shareholders	Shares held	Shareholding ratio
1 to 999	61,141	3,829,900	0.77%
1,000 to 5,000	22,611	46,066,845	9.32%
5,001 to 10,000	4,701	34,544,639	6.99%
10,001 to 15,000	1,904	21,738,064	4.40%
15,001 to 20,000	842	15,423,703	3.12%
20,001 to 30,000	846	20,411,553	4.13%
30,001 to 40,000	349	12,101,373	2.45%
40,001 to 50,000	242	11,216,235	2.27%
50,001 to 100,000	436	31,018,881	6.27%
100,001 to 200,000	188	25,641,285	5.19%
200,001 to 400,000	85	23,173,647	4.69%
400,001 to 600,000	23	11,515,573	2.32%
600,001 to 800,000	13	8,780,660	1.77%
800,001 to 1,000,000	12	10,802,761	2.18%
Over 1,000,001	73	218,248,217	44.13%
Total	93,466	494,513,336	100.00%

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

Shares	Shares held	Shareholding ratio
Major Shareholders		
Ho Yuan Investment Co., Ltd.	33,789,258	6.83%

Note: for the list of top 10 shareholders ranked in shareholdings ratio, please refer to Page 80 of the annual report.

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

Item		Year	2019	2020	Up to March 31, 2021
		Market price per share (Note 1)	Highest		7.61
Lowest			6.77	5.81	8.12
Average			7.06	7.49	9.07
Net worth per share (Note 2)	Before distribution		11.49	12.31	13.06
	After distribution		11.49	12.31	13.06
Earnings per share	Weighted average number of shares		494,513,336	494,513,336	494,513,336
	Earnings per share (Note 3)		0.10	0.47	0.14
Dividends per share	Cash dividends		—	—	—
	Stock dividends	From earnings		—	—
		From capital reserves		—	—
	Accumulated unpaid dividends (Note 4)		—	—	—
ROI analysis	P/E ratio (Note 5)		70.60	15.94	64.79
	P/D ratio (Note 6)		—	—	—
	Cash dividends yield (Note 7)		—	—	—

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

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

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

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

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

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

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

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

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

(VI) Dividend policy and implementation thereof:

1. Dividend policy defined by the Articles of Incorporation:

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

2. Dividend distribution proposed at the shareholders' meeting:

Not applicable since dividend distribution was not proposed at the general shareholders' meeting in 2021.

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

None.

(VIII) Remuneration to employees and directors:

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

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

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

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

3. The motion for allocation of remuneration passed by the Board of Directors:

(1) The remuneration to employees and directors is distributed in the form of cash or stock. Disclose the amount, causes and treatments of any differences between the amount paid and the amount estimated in the year the expense was recognized:

The Company resolved to distribute NTD2,984,000 as remuneration to directors based on 1% of the appropriation ratio and NTD5,969,593 as remuneration to employees based on 2% of the appropriation ratio in 2020 at the 12th meeting of the 17th Board of Directors on March 23, 2021. All



remunerations were distributed in cash.

- (2) Percentage of employees' remuneration paid in shares, relative to after-tax profit and total employees' remuneration shown in parent company only or individual financial statements: None.
4. Actual allocation of remuneration to employees and directors in the previous year (including the number of shares allocated, the sum of cash paid, and the price at which shares were issued); any differences from the figures estimated shall specify the difference, cause, and treatment of such discrepancies:

The Company distributed NTD450,000 as remuneration to directors with appropriation ratio of 1%; NTD451,000 was distributed as remuneration to employees based on 1% of appropriation ratio. All remunerations were distributed in cash and listed as the matters to be reported at the 2020 general shareholders' meeting.

(IX) Repurchase of the Company's shares

The Company did not repurchase the Company's shares in 2020 up to the publication date of the annual report.

II. Issuance of Corporate bonds: None.

III. Preferred stocks, global depository receipts, and employee stock warrants, new restricted employee shares and issue of new shares in connection with the merger and acquisition of shares of another company: None.

IV. Status of implementation of capital allocation plans: None.

## V. Operational Highlights

### I. Business Scope

#### (I) Main areas of business operations

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

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

(II) Weight of business Unit: NTD thousand %

Product type	2020	
	Sales amount	Sales ratio
Traditional foods	1,074,960	23.29%
Desserts	737,274	15.98%
Drinks	1,518,808	32.91%
Oat milk	951,965	20.63%
Oils	86,666	1.88%
Health foods	22,063	0.48%
Others	222,750	4.83%
Total	4,614,486	100.00%

(III) Present product items of the Company

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

(IV) New products planned for development

1. Traditional foods: Canned tofu series (classic mapo, curry), sauced oats noodles series (classic mapo, curry, vegetarian pickles), boiled tuna, American spicy tuna, bulletproof soup, Japanese tuna ramen.
2. Drinks: OKINA DEEP probiotic water, oats juice, 100% juice series (tropical fruit, fruit and vegetable), wheat tea series (Kuang-Mai paochong green tea, Kuang-Mai fully fermented black tea), Nestle series (pear tea, fresh lemon tea).
3. Dairy products: pure dense oats series (3-in-1 collagen, black chocolate, high-protein oat milk), oat milk for barista, cooking master pure oats, Nescafe series (sugar-free, low sugar), Hydrolyzed oats series, plant-based supplement of oats series, energy milk (pure protective formula), TBA Jian-Zi-Hao healthy milk with GOS.
4. Health foods: Enriched brewed drink (joints and gastrointestinal protection).
5. Snacks: Peanut tofu pudding, honey herbal jelly.
6. Iced cookies: Oatcake.
7. Others: brown rice blending oil, white gourd lemon tea, mung bean milk, flavored Kombucha (pineapple, rose).

(V) Industry Overview:

1. Status of the industry, development trends of products and competition status

Major trends of global and Taiwan food industries in recent years: Due to the outbreak of COVID-19 in 2020, the consumer has stronger tendency and demand for food safety, plant-based product, functional food, sustainable development of environment and transparent labeling in the food industry. The state of diet report and trend forecasting analysis published by Taiwan and various countries not only emphasized the lasting and macroscopic impact of COVID-19 on the food industry since 2021, but also the significant changes in current consumption model and product innovation.

Though the food industry trends of the world and Taiwan in 2020 continued to maintain the past characteristics of food industry to meet the status of greater environment along with changes and expectations of the consumer lifestyle, COVID-19 actually have crucial impact on the said elements. The following summarizes the development trends of food industry in 2020 conducted by various research institutions around the world and in Taiwan:

Trend 1: Concept of health and safety demand

The concept of health and safety demand is not only the global diet trend in the short, medium and long terms but also the essential way to move forward. The latest Taiwan diet habit survey conducted by famous research institution Eastern Online indicates a significant increase in Taiwanese consumer's emphasis on healthy diet recently. 87% of consumers express their concern for healthy diet and about 70% of consumers will check the additives and relevant guarantees on the product label first before they purchase the food. The survey also shows that only 41% of the public thinks it is easy to acquire healthy food, indicating a great gap between supply and demand; in the meanwhile, the consumer is not satisfied with "safe" food any more, but expects to have "secure" food that is higher than the legal standards. They are even willing to pay more for this kind of food. The new trend of healthy diet revolution contains significant market potentials. The ways how brand manufacturer creates commodities meeting the consumer's safety demand and how the distributor enables the consumer to access these commodities easily both represent great business opportunities in the future.

Trend 2: Less sugar, oil and salt to decrease three-hypers series

Given that three-hypers series (hypertension, diabetes and hyperlipidemia) are the main threat to cardiovascular disease and the patient population gradually increases every year due to lifestyle and diet habit. Recently, the Health Promotion Administration actively appeals to the public to cultivate a healthy lifestyle by paying attention to the balance of diet with less sugar, oil and salt and having regular health checkups to reduce the occurrence of three-hypers diseases. In 2019, the latest data of EPHB indicates that the sugar content of food purchased in U.K. decreased by 2.9% during 2015 to 2018 while related morbidity of three-hypers diseases also decreased. In response to the trend, numerous transnational food corporations, including NESTLE, Unilever, Coca-Cola, PepsiCo, Cargill, Mars, Kraft Foods and Danone, begin to choose sweetener in replacement of sugar or reduce the salt content and use of oil in the formula to respond to changes in the trend of consumption. In recent years, various kinds of teas advertising the idea of sugar-free or no additives become popular in the Asian packaged tea market, which is famous for the innovation of teas and drinks, such as Japan, Korea, Taiwan and other Asian countries.

Trend 3: Food and drink with concept of sustainability

The concept of sustainability is clearly presented by the trend of plant-based foods. According to the investigation of well-known research institution Euromonitor, the scale of global plant milk market has reached USD20 billion in 2020 in comparison to the decrease in milk from animal origin for consecutive years. Besides issues of animal

protection and food additives, animal milk has been proven to be one of the causes damaging the livable environment in the world. Ten times of forage, 100 times of clean water and 1000 times of feeding area is required for 1kg of meat or animal milk, causing great burden on the maintenance of environmental sustainability. Coffee is a necessity for western daily diet nowadays while using plant-based material for replacement of milk used for coffee has become a popular trend. Various chain store channels in Taiwan, such as Louisa Coffee, 85°C, Starbucks and 7-11, introduce products adopting goat's milk to replace milk to meet the needs of environmental sustainability and healthy diet, which become popular among the consumers. Singapore Food Agency (SFA) estimates that the growth of plant-based products will increase by 10-20% each year till 2024 and the environmental sustainability will be the reason for driving the continuous growth of plant-based foods. The world-renowned food dealer ADM indicates that 65% of consumers hope their daily behavior may have positive effect on the environment while the report of research institution Lux Research also shows that the promotion of sustainability is necessary for the constant development of food enterprises in the next 30 years.

#### Trend 4: Heartwarming philosophy to avoid waste

There are about 1.3-1.5 billion tons of edible food being disposed of each year in the world and this number is expected to increase to 2.0-2.5 billion tons in 2025. Reducing the waste of food has become an issue concerned by the governments, component authorities, charity groups and environmental groups and consumers in countries around the world. The "Imperfectly Perfect" series of Tesco and "Wonky Veg" series of Asda in the U.K. and large chain stores in Taiwan such as Carrefour, 7-11 and PX Mart, all focus on this issue to design discount plans for products near expiration. This not only saves money for the consumer but also effectively solve the problem of food waste. The Australia Government aims to reduce 50% of food waste in 2030 while Scotland sets to reduce one-third of food waste in 2025. The Council of Agriculture of Taiwan works with food businesses to make reasonable control of food production/sales and inventory through each production/sales platform and charity group to reduce waste.

#### Trend 5: New demand created by COVID-19

The great changes caused by COVID-19 in 2020 have indelible influence on people around world in aspects of food, clothing, housing, transportation, education and entertainment as well as work pattern and industrial impact. The food industry is optimistic about the future of products that strengthen the immune system and functional foods such as probiotics and prebiotics. There is a trend in the food industry that cannot be ignored in 2020: the higher requirements of the consumer and the blurring of boundary between health supplements and general foods; health supplement needs to be delicious while general foods shall have a healthy function to win the favor of the consumer. According to the research institution Innova, about 6% of consumers are looking for more foods and drinks to strengthen the immune system and one-third of them indicate that they pay more attention to the health of immune system in 2020 than 2019. Other research institutions also emphasize the increase in the consumer's demand for foods to strength the immune system and keep in good health in 2020. Besides foods to strength the immune system, probiotics also attracts much attention in the field of functional food. The world-renowned food dealer ADM considers that products related to probiotics will be an important field for food and drink innovation in the future.

#### Trend 6: Product transparency related to trust

The famous market research institution Innova shows the relation of transparency to consumer trust because the consumer expects the entire supply chain to be more

transparent. Product transparency is one of the important trends in 2020 since it builds the brand trust of the consumer and guides the market fashion and consumption trend. The world-renowned food dealer ADM indicates that the consumer expects food brands to be more transparent in the entire product supply chain. The consumer wants to understand where their food comes from, how it is made, preserved, delivered, classified and regulated. Therefore, food labeling and traceability becomes a new breakthrough for brand marketing. The implementation of regulations for product labeling is getting stricter than before in Taiwan and around the world; clear and transparent product labeling and traceability providing the source information of products not only assists in improving the consumer's perception of food safety and healthy image but also inspires and cultivates people's loyalty toward their favorite products. The product transparency is significantly improved by clear and detailed nutrition and ingredient labeling along with the promotion of health certificates, international awards as well as organic, green and clean labels to further acquire the recognition of the consumer.

Trend 7: Increase in interaction frequency between the East and the West

Due to the convenient transportation and popular information flow, the hedges and barriers between the East and the West gradually dissolved. Historically, a lot of local food and drink trends originated from other places and across provinces, countries and continents as well as across economies, races and cultures. Benefiting from the advanced technology and prosperous social media at present, the consumer is more sensitive and the new generation is more likely to accept delicacies from diversified cultures. Traditional Asian ingredients such as Kombucha and products enriched with traditional Chinese medicine (e.g., Turmeric) are praised by the Western countries. According to the research of Kerry, ginseng, fenugreek, ginkgo, horseradish and cumin are very popular in Europe while the consumer in the U.S. prefers cymbopogon citratus, cardamom, pomelo and matcha. The Asian countries also increasingly accept traditional or innovative Western ingredients, foods, cooking, ideas and technologies.

## 2. Relations between the upstream, midstream, and downstream of the industry

Due to the traditional concept that food is all-important to people and the impact caused by relative emphasis on household industry by the government over the years, the food industry in Taiwan has already established a comprehensive collaboration mechanism between the upstream, midstream, and downstream of the industry. With the impact of global economic area, lifestyle, diet habit and advanced technology, we may observe that many food businesses engage in the vertical supply chain integration of the upstream, midstream, and downstream. Also, we notice large food businesses begin to engage in inter-industry and cross-industry strategic alliances to manage diversified investments.

The upstream of the food supply chain is based on raw materials, such as soy beans, wheat, corn, food crops, tea, sugar, coffee, cocoa, all kinds of plants as well as animal materials such as cattle, lamb, pig and chicken and aquatic materials; the midstream mainly includes finished products after processing: intermediate products such as grain, starch, edible oil, sugar, frozen meat, frozen vegetable and processed bean products; the downstream includes packaged foods after reprocessing which can be directly used by the consumer, such as frozen foods, canned foods, dehydrated foods, pickles, dairy products and nutritional supplement. The food franchises are also part of the downstream of the food supply chain.

## (VI) Technology and research and development overview

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

Unit: NTD thousand; %

Year	R&D expenses	Net operating revenue	Proportion to net operating revenue
2020	41,890	4,614,486	0.91%
Up to March 31, 2021	11,012	1,095,839	1.00%

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

Year	2019	2020	Up to the end of March, 2021
Number of new product introductions (improvements)	27	18	3
Number of research reports	23	23	8
Number of patents acquired	3	0	0
Number of health food certificates acquired	0	2	0

3. R&D results in recent years

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

We develop the spirit of innovation to make our original main products more competitive with high standards in quality, flavor, stability and safety. We also conduct regular or irregular judgment and comparison with competitive products in the market to ensure the brand advantage of our product. In addition, we perform strict evaluation focusing on the cost down improvement formula to confirm the modified formula can maintain excellent quality. By the spirit of innovation, we not only have obtained national product health number for AGV wheat tea, fresh tomato juice and Sasaya coconut milk, but also refine the quality and flavor of products to reduce more than NTD10,000,000 of commodity tax each year and increase the profits of products.

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

By our innovative R&D biotechnology of "triple enzyme hydrolysis" and nano-grinding technology, we develop grain drinks with high functional ingredients and adopt advanced European "cold aseptic filling equipment" for production with aseptic control throughout the process (passed the highest specification certificate of food safety management HACCP and ISO22000) to achieve the successful launching of AGV pure dense oats and plan to sell the product worldwide with the combination of organic certificate.

- (3) Grasping food ingredient technology to improve product quality

By technologies related to biotechnology of triple enzyme hydrolysis, extract biotechnology, nano-grinding technology, membrane filtration technology, hydrolyzed oats flour production technology, we improve the food ingredient quality and functional ingredients of products to increase the added value of products while using the core technology of cold aseptic filling for manufacturing to improve product quality. The triple enzyme hydrolysis and separation technologies are used in the production of AGV pure dense oats-oat milk for barista for good foaming and foam stability when integrating oats milk

- and coffee. These technologies are successfully applied to the cafe oat latte.
- (4) Controlling source safety management to provide guarantee for product quality  
The food safety events in Taiwan in recent years often were problems caused by the lack of control in the upstream materials. Thus, the “source management” is very important prevent accidents of food safety. The Company has a testing lab that acquired double certificates of TAF and TFDA with ingredient test items reaching 278 items and 380 items for pesticide residues to effectively control the source safety management and provide guarantee for product quality.
4. R&D and investment plan
- (1) Health food certificate  
By integrating the innovation of Institute of Health Science with technology platforms of related innovative technology, material technology, research patent, formula design, manufacturing technology and test analysis, we apply for various health food certificates such as blood fat regulation, blood sugar regulation, intestine improvement, liver protection, reduction of body fat, strengthening of immune system and anti-aging through industry-government-academia collaborations. The products include dairy products, oatmeal, teas, grain drinks, juices, capsules, health caplets, health drinks and plant-based supplement to meet the health demand of the consumer. We also plan to apply for patents in various countries by the acquisition of health food certificates.
- (2) Innovative R&D technology  
We introduce foreign technologies and seek for international strategic alliances to create the global competitive edge for the group by integrating patent applications to develop process core technologies such as triple enzyme hydrolysis biotechnology for drying, food biotransformation technology, nano-grinding technology, probiotics (prebiotics) biotechnology for fermentation, fruit enzyme fermentation technology and Chinese herbal medicine biotechnology for material extracts.
5. Status of research and development plans uncompleted (in progress)
- (1) The value innovation of products has always been the strength of the Company. The issue concerned by the consumer might be the product design which is easily ignored by the vendors. In the future, we will strengthen the research and development of products with innovation and required by the consumer while planning comprehensive production equipment to improve the quality of product and price competitiveness.
- (2) We plan to sell AGV pure dense oats around the world using the biotechnology of triple enzyme hydrolysis combined with the nano-grinding technology and drum drying technology to produce hydrolyzed oats flour.
- (3) The product formula is designed to meet the clean label and natural idea. The clean label is a concept rather than a certificate or defined requirement originated from the retail channel. Clean means the ingredients shall be as simple as possible instead of being clean on the surface. The key point is to reduce unnecessary ingredients and replace additives by natural extracts. Also, the design of product formula shall meet the idea of clean label as much as possible.
- (4) For the health food certificate, we will invest in various human trial or animal testing health food certificates such as the function of roselle for liver protection, teas to reduce formation of body fat, grain drinks to strength the immune system and health drinks to improve strength and health capsules. We



will also invest in the application for the formula of plant-based supplement.

6. Projected time for mass production:

Main products	Projected time for mass production
Traditional foods	Q2 of 2021
Drinks	Q2 of 2021
Dairy products	Q1 and Q3 of 2021
Health foods	Q3 of 2021
Snacks	Q2 of 2021

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

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

8. R&D personnel and their educational background

As of the end of April, 2021, the Company has 24 R&D personnel with educational backgrounds all above college degree and the main members have rich work experience and product R&D experience in relevant industries, contributing to the progress of product research and development.

Unit: people

Educational background\Year	2019	2020	End of April, 2021
PhD and Master	17	15	18
University and	7	6	6
Total	24	21	24

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

1. Short-term business development plan:

- (1) Strengthening profits of main business and growth of profits in market share.
- (2) Penetrating the niche market and new types of products with potentiality.
- (3) Establishing category management and optimizing product portfolio for high profits.
- (4) Seeking for collaboration from various parties to create new momentum for development.

## 2. Long-term business development plan:

The short-term business development plan to achieve strategic business targets for 1-3 years: focusing on target completion, increase in revenues, increase in profits, growth of market share, exploration of development chances; the long-term business development plan aims to achieve the business plan and strategic targets for 3-5 years or 10 years: increase in targets, revenues and profits, introduction of key categories, obtaining advantage in market share or leading position in category, improvement of position in upstream, midstream and downstream of industry or strategy to further achieve a three-win between the Company, shareholders and consumers. Besides the three long-term operation aspects of constant “brand investment,” insisting on “innovation as top priority” and “exploration of international market” in the previous period, we additionally added another four strategic aspects:

- (1) Improvement of “cost efficiency.”
- (2) Persistence of “innovative development.”
- (3) Establishment of “cross-industry integration.”
- (4) Development of “international market.”

## II. Market and Production/Sales Overview

### I. Market Analysis

#### 1. Sales region of main productions:

The domestic sales of the Company’s products accounted for 95% while export sales accounted for 5%. Due to the impact of COVID-19 with benefit from category innovation and channel expansion, the consolidated operating revenue of the domestic market in 2020 was NTD4,614,000,000 (increased by NTD146,000,000), the gross profit was NTD1,519,000,000 (increased by NTD108,000,000), the operating profit was NTD216,000,000 (increased by NTD84,000,000), the consolidated net profit was NTD249,000,000 (increased by NTD184,000,000) and the total comprehensive income was NTD430,000,000 (increased by NTD253,000,000). We achieved the growth in all three margins and the EPS also increased from NTD0.1 to NTD0.47. As for the international market, the pure dense oats acquired the leading position in the domestic market share will be the leading product to constantly explore market opportunities in the West.

#### 2. Market share:

The Company’s products with leading position in domestic market share in 2019 all had further growth in 2020, such as: canned desserts (led by peanut milk), pickles (led by 5 AGV pickles), canned fish (led by AGV tuna fillet), functional teas (led by AGV digesting tea), grain drinks (led by AGV red bean water) and oats milk (led by AGV pure dense oats), while all kinds of products, including sweet chili sauce, vegetarian barbecue sauce, Korean kimchi and fresh tomato juice, still ranked the first place in the market share of sub-category in 2020 with progress in market share.

#### 3. Market’s future supply/demand conditions and development potential:

According to the data of Directorate-General of Budget, Accounting and Statistics, Executive Yuan and Department of Statistics, MOEA, the food and drink market in Taiwan all presented stable growth in the past 10 years except 2015, regardless of prosperity of the economy. The annual scale of market also reached NTD630.3 billion with increase by 1.86% even due to the impact of COVID-19 on global and domestic economy in 2020. The Company’s consolidated operating revenue in 2020 was NTD4,614,000,000 (increased by 3.3%), the gross profit was NTD1,519,000,000 (increased by 7.7%), the operating profit was NTD216,000,000 (increased by 63.7%), the consolidated net profit was NTD249,000,000 (increased by 281.7%) and the total comprehensive income was NTD430,000,000 (increased by 141.9%). According to the long-term observation of the food market in Taiwan, the popularization of food safety

concept and consumption preference for quality product among governments and consumer as well as the rise of consumer health consciousness resulted in the high demand and loyalty for healthy, functional and health-oriented foods by the consumer, which is consistent with the Company's product claim and business philosophy "for a healthy tomorrow" over the years. Take the year of 2020 that suffered most severe impact of COVID-19 for example: the revenue of overall food and drink industry merely grew by 1.86% while the Company had 3.3% of growth. Thus, we keep a positive, active and optimistic attitude toward the future supply/demand conditions and development potential.

4. Competitive niche, positive and negative factors for future development, and responsive strategies

(1) Competitive niche and positive factors for future development

- A. We have established a system incorporating R&D, production and sales for years and connected the strategy direction and resources integration of the Company's R&D, production, quality assurance, planning and business departments; this not only results in high success rate of new products with constant growth in old ones but also can immediately reflect and solve external accidents. Because the system can timely reflect the market supply and demand as well as emergency during the epidemic situation of COVID-19, we not only achieved and exceeded the annual targets set by the Board of Directors but also strengthened the corporate structure in the mid- and long-term to create the opportunity of development.
- B. We have complete production lines with regular upgrading and updating, organized employee training and inventory and sufficient production driver to achieve complementarity between low season and busy season (we maintained the leading position in domestic industry by producing quality products and providing sufficient supply with various automatic cold aseptic filling line, high-speed line for canned foods, production line for glass contained foods, Tetra Pak production line, fresh food line, PP bottle production line). In this case, we not only promote the production efficiency to meet the production demand of customers within or without the enterprise but also reduce the production risk and cost at the same time. The R&D, quality assurance and production teams have accumulated rich food manufacturing experience over the years via close collaboration and fully controlled the production efficiency and performance with sophisticated management in aspects of process optimization, production automation, new product R&D and yield rate control. This not only effectively reduce the production cost but also enhance the product quality and improve the management efficiency and market competitiveness.
- C. The "Institute of Health Science meeting the requirement for double certificates of TFDA and TAF in the ISO 17025" separately established the institute of product R&D and food safety management institute to be individually responsible for R&D innovation and quality control based on the principle of professional division of work. In addition, based on three principles of "natural product quality," "scientific manufacturing technology" and "popular health food," the Institute completed the innovation and development of numerous new products and technologies that acquired patents, certificates and awards in many countries with its subordinate four centers of new product development, product optimization, test and analysis as well as health biotechnology.
- D. Equipped with "complete sales network platform and sound logistics system,"

AGV had its products manufactured in factories with health and safety standards of ISO22000 and HACCP. After strict quality control inspection, the products are delivered to hundreds of thousands of retail stores and various distribution channels in the province through our own business team and business places around Taiwan, automatic FIFO warehousing as well as the room temperature and low temperature logistics system. The safe, rapid and efficient system can fully meet the demands of existing and potential customers.

(2) Negative factors and responsive strategies:

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

- ✓ Challenge and difficulty I: Limited domestic market with difficulty in the development of overseas markets.

Responsive strategy:

1. Integrating and expending the market across same industry, different industries, brands and distributors.
2. Penetrating overseas markets using the government or associations such as Taiwan External Trade Development Council and industrial associations.

- ✓ Challenge and difficulty II: Difficulty in product innovation and sever homogeneous competition.

Responsive strategy:

1. Focusing on the cultivation of talents, technology development, equipment upgrading and enhancement of innovation capacity.
2. Utilizing patents, awards, certificates, plans and channels to build competitive advantage.

- ✓ Challenge and difficulty III: Vertical competition of channels compressing the room for profit.

Responsive strategy:

1. Using the existing R&D, production and sales platforms for horizontal integration to establish negotiation capability with economies of scale.
2. Using channel barriers and individual difference to provide customized service and global factory.

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

Responsive strategy:

1. Striving for subsidies specified in the policies of the government and associations to simultaneously improve industrial and corporate capabilities.
2. Using industry-academia cooperation, project training and external recruitment to enhance the quality of professionals.

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

Responsive strategy:

1. Establishing raw material supply system for products to manage supplies and optimize cost.
2. Establishing domestic contractual farming system and direct shipment system from foreign place of origin to ensure the supply of raw materials.

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

Responsive strategy:

1. Promoting optimization of domestic laws and regulations through the component authority and association platforms.
2. Promoting connection with international laws and regulations through the component authority and association platforms.

## II. Important usage and manufacturing process of main products

### 1. Important usage of main products

Main products	Main usage or function
Traditional foods	Appetizer, seasoning and cooking
Desserts	Edible desserts
Drinks	Snacks and health
Dairy products	Snacks and health
Oils	Cooking
Others	Cooking and health

### 2. Manufacturing process of main products

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

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

## III. Primary raw material supply status

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

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

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

Unit: NTD thousand

		2019			2020				Up to March 31, 2021			
Item	Name	Amount	Annual net purchase percentage (%)	Relationship with the issuer	Name	Amount	Annual net purchase percentage (%)	Relationship with the issuer	Name	Amount	Net purchase percentage up to the last quarter of the current year (%)	Relationship with the issuer
1	Taiwan First Biotechnology Corp.	1,080,584	40.07%	Related party	Taiwan First Biotechnology Corp.	1,104,606	38.72%	Related party	Taiwan First Biotechnology Corp.	209,643	34.17%	Related party
	Others	1,616,037	59.93%		Others	1,748,148	61.28%		Others	403,958	65.83%	
	Net purchase amount	2,696,621	100.00%		Net purchase amount	2,852,754	100.00%		Net purchase amount	613,601	100.00%	

Reasons for increases or decreases:

Due to the impact of epidemic in 2020, the increase demand of the consumer for canned foods driven the year-on-year growth of performance and relative increase in the overall purchase; in addition, the purchase amount of AGV First Biotech Food (BVI) Limited. also increased due to top selling of AGV pure dense oats.

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

Unit: NTD thousand

		2019			2020				Up to March 31, 2021			
Item	Name	Amount	Annual net sales percentage (%)	Relationship with the issuer	Name	Amount	Annual net sales percentage (%)	Relationship with the issuer	Name	Amount	Net purchase percentage up to the last quarter of the current year (%)	Relationship with the issuer
1	CHUAN LIAN Enterprise Co., Ltd.	939,754	21.03%	None	CHUAN LIAN Enterprise Co., Ltd.	1,046,253	22.67%	None	CHUAN LIAN Enterprise Co., Ltd.	189,322	17.28%	None
	Others	3,528,484	78.97%		Others	3,568,233	77.33%		Others	906,517	82.72%	
	Net operating revenue	4,468,238	100.00%		Net operating revenue	4,614,486	100.00%		Net operating revenue	1,095,839	100.00%	

Reasons for increases or decreases:

- The growth in 2020 compared to last year was due to the significant increase in sales performance of the retail market. This is caused by the panic buying and stockpile of canned foods due to the impact of COVID-19 (Coronavirus).
- The performance of main products such as digesting tea, pure dense oats and tuna fillet continued to grow stably; the AGV pure dense oats (double effect glucosamine) PET290ML launched in 2020 was very popular among consumers and achieved outstanding performance.

V. Production quantity in the most recent two years Unit: Thousand dozen; NTD thousand

Production quantity Key products	Year	2019			2020		
		Production Capacity	Production Quantity	Production Value	Production Capacity	Production Quantity	Production Value
Traditional foods		6,866	2,150	477,002	6,866	2,444	541,992
Desserts		7,958	3,168	464,079	7,958	3,267	487,322
Drinks		9,028	2,657	122,356	9,028	2,362	125,648
Total		23,852	7,975	1,063,437	23,852	8,073	1,154,962

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

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

VI. Sales quantity table in the most recent two years Unit: Thousand dozen; NTD thousand

Sales quantity and amount Key products	Year	2019				2020			
		Domestic Sales		Export Sales		Domestic Sales		Export Sales	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Traditional foods		2,581	984,231	0	0	2,822	1,074,960	0	0
Desserts		3,161	731,552	0	0	3,161	737,274	0	0
Drinks		11,154	1,632,323	0	0	10,722	1,518,808	0	0
Oat milk		4,141	812,321	0	0	4,802	951,965	0	0
Oils		47	82,037	0	0	90	86,666	0	0
Health foods		5	25,621	0	0	7	22,063	0	0
Others		0	200,153	0	0	0	222,750	0	0
Total		21,089	4,468,238	0	0	21,604	4,614,486	0	0

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

Year		2019	2020	Up to April 30, 2021
Number of employees	Employee	353	361	363
	Operator	153	150	154
	Foreign worker	72	71	59
	Total	578	582	576
Average age		41	43	43
Average service year		10	9	9
Education background distribution ratio	PhD	1.04	1.20	1.22
	Master	13.14	13.57	14.40
	College	43.94	46.00	45.80
	Senior High School	27.69	29.38	28.20
	Under Senior High School	14.19	9.85	10.38

#### IV. Information on environmental protection expense

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

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

Item	Permit no.	Duration of permit
8-ton boiler*3	107 Fu-Huan-Cao-Zheng-Zi No. Q0487-06	112.9.29
15-ton boiler*1	109 Fu-Huan-Cao-Zheng-Zi No. Q0305-06	114.3.28
Water pollution prevention permit	Huan-Shui-Xu-Zi No. 00301-09, Chiayi County	112.5.09

2. Establishment of designate personnel for environmental protection March 30, 2021

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

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

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

Unit: NTD thousand

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

III. The process undertaken by the Company on environmental pollution improvement in the most recent two years and up to the publication date of the annual report. If there had been any pollution dispute, its handling process shall also be described:

The sludge produced during food processing in the wastewater treatment procedure of the factory was illegally disposed at the farm by the commissioned waste disposal company (FU MAO Organic Fertilizer Co. Ltd.). Thus, to fulfill public welfare and social



responsibility and preserve the farm in Changhua, the factory recovered the environment at Land No. 513 and 516, of Fangren section and Land No. 286 of Fangyi Sec., Fangyuan Township, Changhua County. The environmental recovery was completed and the letter with relevant cleaning documents were submitted to the Environmental Protection Bureau, Changhua County, for review on December 30, 2020. The closing notice letter from the Environmental Protection Bureau, Changhua County was received on January 8, 2021.

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

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

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

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

Item/Year	2020
Air pollution control fee	5.45
Water pollution prevention fee	61.2

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

Unit: NTD thousand

Year	Name of equipment	Improvements	Amount
2020   2021	Sludge dryer	Currently, the goal planned is to reduce more than 60% of total weight for sludge with original 80% of moisture content by sludge dryer to achieve the goal of sludge reduction.	12000

3. Impacts after improvement:

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

## V. Labor-management relationship

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

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

1. We pay attention to the job rotation, competency development and promotion of the employee and provide perfect remuneration to attract and retain talents. To achieve labor-management harmony and create a win-win situation, we also cultivate talents with multiple capabilities to improve the productivity of the employee and strengthen

the future competitiveness of the Company.

2. We not only improve the professional skills of employees but also cultivate various capabilities and interests of employees. The education and training of the Company is classified as: new employee training, general training, professional training, management competency and spiritual growth courses; the status of training in 2020: 93 training courses with 990 participants; the total training hours was 898.5 hours.
3. To maintain a labor-management consensus and improve loyalty of employees, we establish smooth labor-management communication channels such as the mailbox of the President, employee's online message section, employee reporting system, labor-management meetings and welfare committee meetings. By irregular communication and interaction with committee members selected from each unit, we enable the junior employees to fully express their opinions and suggestions.
4. The Company is dedicated to the employee welfare measures, including profit sharing, parking lots, employee health checkups, breastfeeding rooms, subsidies for weddings and funerals, birthday gifts, scholarships for employees and their children, company trips and travel subsidies, year-end lottery, emergency relief, hospitalization allowance, club activity subsidy, recreation facilities and group insurance.
5. The Company has established the regulations on the retirement management based on the regulations of Labor Standard Act and Labor Pension Act. According to Paragraph 4, Article 56 of the Labor Standard Act, we also have established the "Labor Pension Reserve Committee" and allocate "pension reserve" to the account of Trust Department of the Bank of Taiwan as the payment for employee pension; for pension contribution applicable to the old labor retirement system, the Company contributes 13% of total salary as pension for employees on a monthly basis. As for pension applicable to the new labor retirement system of the "Labor Pension Act," the Company contributes the 6% of employee salary as pension into the employee individual account every month based on the monthly labor pension reserve grade table.

## II. Employee code of conduct or ethical rules:

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

1. Employees shall faithfully fulfill their duties and comply with all regulations of the Company to ensure the business confidentiality.
2. When doing business with external parties on behalf of the Company, employees shall take a modest attitude instead of being proud and damaging the image of the Company.
3. Employees shall keep their integrity, respect other's personality and help each other to jointly achieve the business objectives of the Company.
4. Employees shall be honest in their daily behavior and shall not involve in conduct that may do harm to the reputation of the Company, such as being licentious or extravagant, visiting prostitutes or gambling.
5. Employees shall perform their duties as practical as possible instead of being afraid of difficulties, avoiding or delaying their work without any reason.
6. Employees shall have innovative spirits to seek for work efficiency.
7. Employees shall inspire themselves by studying and discipline.

## III. Working environment and employee personal safety protective measures:

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

1. Establishing designated unit and personnel of Labor Safety and Health Office in accordance with the laws and regulations to regularly review and establish safety and health management policy. We also have safety and health management specialists as

- well as safety and health management personnel approved by the Region Inspection Office.
2. Promoting safety and health notice and safety operation standard on a regular or irregular basis for the compliance of employees.
  3. Checking and maintaining machinery and equipment on a regular basis to ensure the operating safety.
  4. The safety and health management personnel shall perform daily inspection and follow up improvements to maintain the completeness of facilities.
  5. Implementing the 5S management to refine the factory environment and maintain the system.
  6. The complete fire control system is established according to the regulations of the Fire Services Act and checked and reported regularly based on the laws; fire control drill is held for the employee every six months while emergency preparation and response drill is held every year.
  7. The employee health checkups and medical examination before employment is conducted every year. We work with the health unit to provide mammography car screening, pap smear, bone mass density examination and specific cancer screening test.
  8. Providing safe and healthy operating environment for the employee to uphold environmental safety discipline, prevent pollution and conduct fire control check on a regular basis while continuing the improvement of occupational safety and environmental safety policies to achieve the goal of 0 occupational accidents.
  9. Complying with relevant regulations of OHSAS 18001 to build safe work environment and reduce dangerous behavior of employees.
- IV. Relevant certificates designated by the competent authority acquired by the Company's personnel involved in financial information transparency:  
 In 2020, we participated in the internal control course for enterprise held by the Securities and Futures Institute, The Institute of Internal Auditors and Accounting Research and Development Foundation, and passed the proficiency test:
1. Auditing Office: 15 persons.
  2. Accounting Department: 2 persons.
- V. Any losses suffered by the Company in the most recent two years and up to the publication date of the annual report due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and related measures:  
 None.

## VI. Important contracts

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

Nature of contract	Party	Commencement and termination dates of contract Date	Major content	Restrictive provisions
Supply/sales contract	General Welfare Service of MND	2019.10.23– 2020.10.22	Supply of discounted product for the national military	In accordance with the contractual provisions
Supply/sales contract	CHUAN LIAN Enterprise Co., Ltd.	2021.01.01– 2021.12.31	Supply for the marketing locations of CHUAN LIAN in Taiwan	In accordance with the contractual provisions
Delivery contract	HOPEMAN DISTRIBUTION CO., LTD.	2019.04.01– 2021.03.31	Commissioned delivery of commodities	In accordance with the contractual provisions
Commodity contract	SOCIÉTÉ DES PRODUITS NESTLÉ S.A.	2016.01.01– 2026.12.31	Production and sales of commodities	In accordance with the contractual provisions
Joint credit contract	10 banks of syndicated loans such as Bank of Taiwan	2019.01.28– 2024.01.28	Mortgage loan	In accordance with the contractual provisions
Long-term loan contract	Land Bank of Taiwan	2019.12.26– 2022.12.26	Mortgage loan	In accordance with the contractual provisions
Long-term loan contract	Taiwan Cooperative Bank	2017.03.03– 2022.03.03	Mortgage loan	In accordance with the contractual provisions
Long-term loan contract	Taiwan Cooperative Bank	2020.08.20– 2025.08.20	Mortgage loan	In accordance with the contractual provisions
Long-term loan contract	Agricultural Bank of Taiwan	2019.12.27– 2021.12.27	Mortgage loan	In accordance with the contractual provisions
Long-term loan contract	Hua Nan Commercial Bank	2019.08.15– 2024.08.15	Mortgage loan	In accordance with the contractual provisions
Long-term loan contract	Bank of Kaohsiung	2020.12.30– 2025.12.30	Mortgage loan	In accordance with the contractual provisions

## Six. Financial Overview

### I. Condensed balance sheet and the statement of comprehensive income

#### I. Condensed balance sheet – IFRS (consolidated) Unit: NTD thousand

Item	Year	Financial information for the most recent five years (Note 2)					Financial information up to March 31, 2021 (Note 1)
		2016	2017	2018	2019	2020	
Current assets		2,093,466	1,929,163	2,011,644	2,176,972	2,239,613	2,225,668
Property, plant and equipment		2,991,036	2,919,361	3,102,064	2,987,712	2,962,648	2,943,114
Intangible assets		25,751	20,409	16,802	11,269	9,102	9,769
Other assets		6,435,436	7,373,355	7,454,308	7,720,033	8,129,496	8,519,743
Total assets		11,545,689	12,242,288	12,584,818	12,895,986	13,340,859	13,698,294
Current liabilities	Before distribution	2,818,893	2,733,860	3,379,906	3,346,048	3,505,952	3,834,266
	After distribution	2,818,893	2,733,860	3,379,906	3,346,048	3,505,952	3,834,266
Non-current liabilities		2,685,421	3,384,629	2,932,952	3,110,672	2,976,433	2,621,469
Total liabilities	Before distribution	5,504,314	6,118,489	6,312,858	6,456,720	6,482,385	6,455,735
	After distribution	5,504,314	6,118,489	6,312,858	6,456,720	6,482,385	6,455,735
Equity attributable to parent company shareholders		5,349,618	5,416,535	5,530,367	5,680,922	6,089,352	6,459,302
Capital stock		4,945,134	4,945,134	4,945,134	4,945,134	4,945,134	4,945,134
Capital surplus		256,837	258,350	259,233	266,323	268,647	268,647
Retained earnings	Before distribution	315,859	420,755	551,061	606,288	820,259	888,290
	After distribution	315,859	420,755	551,061	606,288	820,259	888,290
Other equity		(168,212)	(207,704)	(225,061)	(136,823)	55,312	357,231
Treasury stock		-	-	-	-	-	-
Non-controlling equity		691,757	707,264	741,593	758,344	769,122	783,257
Equity Total amount	Before distribution	6,041,375	6,123,799	6,271,960	6,439,266	6,858,474	7,242,559
	After distribution	6,041,375	6,123,799	6,271,960	6,439,266	6,858,474	7,242,559

Note 1: The financial statements of Q1, 2021 have been audited by the CPAs.

Note 2: All financial information from 2016 to 2020 has been audited by CPAs.

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

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

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

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

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

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

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

(I) Unit: NTD thousand

Item \ Year	Financial information for the most recent five years (Note 2)					Financial information up to March 31, 2021 (Note 1)
	2016	2017	2018	2019	2020	
Operating revenue	4,114,545	4,146,490	4,321,819	4,468,238	4,614,486	1,095,839
Gross profit	1,300,953	1,304,671	1,380,563	1,410,511	1,519,004	345,916
Operating Income (Loss)	(31,608)	(5,071)	67,034	132,034	216,101	61,523
Non-operating income and expenses	160,893	156,979	(8,740)	(61,943)	94,209	23,709
Net Profit Before Taxes	129,285	151,908	58,294	70,091	310,310	85,232
Net profit from continuing operations Current net profit	115,377	145,153	62,687	65,333	249,394	73,165
Loss on discontinued operations	-	-	-	-	-	-
Current net profit (loss)	115,377	145,153	62,687	65,333	249,394	73,165
Other comprehensive income (Net income after tax)	(115,506)	(68,279)	24,248	112,788	181,436	310,920
Total comprehensive income in the current period	(129)	76,874	86,935	178,121	430,830	384,085
Profit attributable to owners of the parent	103,262	133,106	47,898	48,069	232,904	68,031
Net profit attributable to non-controlling equity	12,115	12,047	14,789	17,264	16,490	5,134
Comprehensive income attributable to owners of the parent	(10,305)	66,672	71,533	154,436	411,837	369,950
Comprehensive income attributable to non-controlling equity	10,176	10,202	15,402	23,685	18,993	14,135
Earnings per share	0.21	0.27	0.10	0.10	0.47	0.14

Note 1: The financial statements of Q1, 2021 have been audited by the CPAs.

Note 2: All financial information from 2016 to 2020 has been audited by CPAs.

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

(II) Unit: NTD thousand

Item	Year	Financial information for the most recent five years (Note 2)					Financial information up to March 31, 2021 (Note 1)
		2016	2017	2018	2019	2020	
Current assets		1,458,075	1,338,106	1,414,855	1,577,627	1,702,650	Not applicable
Property, plant and equipment		1,096,764	1,051,818	1,014,963	990,087	959,384	Not applicable
Intangible assets		5,827	3,988	3,804	1,719	2,573	Not applicable
Other assets		7,307,504	7,595,473	7,691,431	7,916,637	8,294,560	Not applicable
Total assets		9,868,170	9,989,385	10,125,053	10,486,070	10,959,167	Not applicable
Current liabilities	Before distribution	1,907,188	1,972,204	2,617,676	2,263,646	2,127,012	Not applicable
	After distribution	1,907,188	1,972,204	2,617,676	2,263,646	2,127,012	Not applicable
Non-current liabilities		2,611,364	2,600,646	1,977,010	2,541,502	2,742,803	Not applicable
Total liabilities	Before distribution	4,518,552	4,572,850	4,594,686	4,805,148	4,869,815	Not applicable
	After distribution	4,518,552	4,572,850	4,594,686	4,805,148	4,869,815	Not applicable
Equity attributable to parent company shareholders		-	-	-	-	-	Not applicable
Capital stock		4,945,134	4,945,134	4,945,134	4,945,134	4,945,134	Not applicable
Capital surplus		256,837	258,350	259,233	266,323	268,647	Not applicable
Retained earnings	Before distribution	315,859	420,755	551,061	606,288	820,259	Not applicable
	After distribution	315,859	420,755	551,061	606,288	820,259	Not applicable
Other equity		(168,212)	(207,704)	(225,061)	(136,823)	55,312	Not applicable
Treasury stock		-	-	-	-	-	Not applicable
Non-controlling equity		-	-	-	-	-	Not applicable
Total equities	Before distribution	5,349,618	5,416,535	5,530,367	5,680,922	6,089,352	Not applicable
	After distribution	5,349,618	5,416,535	5,530,367	5,680,922	6,089,352	Not applicable

Note 1: Not applicable since the parent company only financial report of Q1, 2021 was not prepared.

Note 2: All financial information from 2016 to 2020 has been audited by CPAs.

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

(III) Unit: NTD thousand

Item	Year	Financial information for the most recent five years (Note 2)					Financial information up to March 31, 2021 (Note 1)
		2016	2017	2018	2019	2020	
Operating revenue		3,458,564	3,445,766	3,606,728	3,781,489	3,921,854	Not applicable
Gross profit		1,062,484	1,036,991	1,093,578	1,133,640	1,240,053	Not applicable
Operating Income (Loss)		80,022	56,465	101,687	147,850	224,552	Not applicable
Non-operating income and expenses		27,234	76,450	(67,384)	(103,735)	67,958	Not applicable
Net Profit Before Taxes		107,256	132,915	34,303	44,115	292,510	Not applicable
Net profit from continuing operations		103,262	133,106	47,898	48,069	232,904	Not applicable
Current net profit							
Loss on discontinued operations		-	-	-	-	-	Not applicable
Current net profit (loss)		103,262	133,106	47,898	48,069	232,904	Not applicable
Other comprehensive income (Net income after tax)		(113,567)	(66,434)	23,635	106,367	178,933	Not applicable
Total comprehensive income in the current period		(10,305)	66,672	71,533	154,436	411,837	Not applicable
Profit attributable to owners of the parent		-	-	-	-	-	Not applicable
Net profit attributable to non-controlling equity		-	-	-	-	-	Not applicable
Comprehensive income attributable to owners of the parent		-	-	-	-	-	Not applicable
Comprehensive income attributable to non-controlling equity		-	-	-	-	-	Not applicable
Earnings per share		0.21	0.27	0.1	0.1	0.47	Not applicable

Note 1: Not applicable since the parent company only financial report of Q1, 2021 was not prepared.

Note 2: All financial information from 2016 to 2020 has been audited by CPAs.

V. Names of CPAs and audit opinions:

Year	Accounting firm name	Name of CPA	Audit opinions
2020	Crowe (TW) CPAs	Shu-Man Tsai and	Unqualified opinion
2019	Crowe (TW) CPAs	Shu-Man Tsai and	Unqualified opinion
2018	Crowe (TW) CPAs	Shu-Man Tsai and	Unqualified opinion
2017	Crowe (TW) CPAs	Shu-Man Tsai and	Unqualified opinion
2016	Crowe (TW) CPAs	Ling-Wen Huang and	Unqualified opinion

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



## II. Financial Analysis

### I. Financial analysis – IFRS (consolidated)

Analysis Item		Year	Financial analysis for the last five years					Up to March 31, 2021 for the current year
		2016	2017	2018	2019	2020		
Financial structure (%)	Ratio of liabilities to assets	47.67	49.97	50.16	50.06	48.59	47.12	
	Ratio of long-term capital to property, plant and equipment	268.63	301.47	271.86	294.25	306.00	308.54	
Debt service ability %	Current ratio	74.26	70.56	59.51	65.06	63.88	58.04	
	Quick ratio	50.33	43.59	37.33	42.90	39.14	37.68	
	Interest coverage folds	2.14	2.31	1.40	1.52	3.50	3.79	
Operating ability	Turnover rate of account receivables (times)	6.96	7.1	7.47	7.28	7.60	1.29	
	Average days for cash receipts	52.44	51.40	48.86	50.13	48.02	70.54	
	Inventory turnover rate (times)	4.72	4.75	4.59	4.74	4.49	1.27	
	Payables turnover rate (times)	6.31	5.9	4.62	4.11	4.11	0.99	
	Average days in sales	77.33	76.84	79.52	77.00	81.29	71.65	
	Turnover rate for property, plant and equipment (times)	1.37	1.42	1.39	1.49	1.55	0.37	
	Total asset turnover rate (times)	0.35	0.33	0.34	0.35	0.35	0.08	
Profitability	Return on asset (%)	1.82	2.02	1.42	1.34	2.65	0.74	
	Return on equity (%)	2.14	2.69	1.14	1.16	4.23	1.22	
	Pre-tax Income to Paid-in Capital Ratio (%) (Note 7)	2.61	3.07	1.17	1.41	6.27	1.72	
	Net Profit Margin (%)	2.8	3.5	1.45	1.46	5.40	6.67	
	Earnings per Share (NTD)	0.21	0.27	0.1	0.1	0.47	0.14	
Cash flow	Cash flow ratio (%)	4.47	2.88	12.73	6.37	14.16	-4.23	
	Cash flow sufficiency ratio (%)	13.25	13.1	23.53	40.4	73.18	-126.02	
	Cash reinvestment ratio (%)	1.15	0.66	3.67	1.77	4.03	-1.67	
Leverage	Operating leverage	(3.53)	(26.32)	2.94	2.07	1.62	1.50	
	Financial leverage	0.21	0.04	(0.88)	(313.61)	2.33	1.98	

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

1. Interest coverage folds (130.26%) = This is due to the year-on-year increase in the profit before income tax and interest expense.
2. Return on assets (97.76%), return on equity (264.68%), pre-tax income to paid-in capital ratio (344.68%), profit ratio (269.86%), EPS (370.00%): This is due to the year-on-year increase in current net profits before tax and after tax.
3. Cash flow ratio (122.29%), cash flow sufficiency ratio (81.14%) and cash reinvestment rate (127.68%): This is mainly due to the year-on-year increase of the net cash inflow from operating activities.
4. Operating leverage (-21.74%): This is mainly due to the year-on-year decrease in current fixed expenses.
5. Financial leverage (100.74%): This is mainly due to the year-on-year increase in current operating profit and decrease in interest expenses.

Note 1: The financial statements of Q1, 2021 have been audited by the CPAs.

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

1. Financial structure

- (1) Ratio of liabilities to assets = Total liabilities / Total assets.
- (2) Ratio of long-term funds to property, plants and equipment = (Total equity + non-current liabilities) / net property, plants and equipment.

2. Debt service ability

- (1) Current ratio = Current assets / Current liabilities.
- (2) Quick ratio = (Current assets – Inventory – Pre-payment) / Current liabilities.
- (3) Interest coverage folds = Profit before income tax and interest expense / Interest expense.

3. Operating ability

- (1) Accounts receivable (including accounts receivable and notes receivable from operations) turnover ratio = Net sales / average of accounts receivable (including accounts receivable and notes receivable from operation) balance.
- (2) Average days for cash receipts = 365 / Accounts receivable turnover.
- (3) Inventory turnover rate = Sales cost / average inventory amount.
- (4) Accounts payable (including accounts payable and notes payable from operations) turnover ratio = Sales cost / average of accounts payable (including accounts payable and notes payable from operation) balance.
- (5) Average days in sales = 365 / Inventory turnover.
- (6) Property, plant and equipment turnover = Net sales / Average net worth of property, plant and equipment.
- (7) Total assets turnover rate = Net sales / Average total assets.

4. Profitability

- (1) Return on assets = [Profit and loss after tax + interest expense × (1 - tax rate)] / average total assets.
- (2) Return on equity = Profit and loss after tax / average total equity.
- (3) Profit ratio = Profit and loss after tax / net sales.
- (4) Earning per share = (Earnings of parent company owner – Preference dividends) / weighted average number of shares outstanding. (Note 3)

5. Cash flow

- (1) Cash flow ratio = Net cash flow from operating activities / Current liabilities
- (2) Net cash flow sufficiency ratio = Net cash flows from operating activities in the last five years / (Capital expenditure + Inventory increase + Cash dividends) in the last five years.
- (3) Cash flow reinvestment ratio = (Cash provided by operating activities – Cash dividends) / (Gross property, plant and equipment + Long-term investments + Other non-current assets + Working capital). (Note 4)

6. Leverage:

(1) Operating leverage = (Net operating revenue – variable costs and expenses of operations) / operating profit (Note 5).

(2) Financial leverage = Operating profit/ (operating profit- interest expenses).

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

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

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

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

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

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

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

Analysis Item		Year	Financial analysis for the last five years					Up to March 31, 2021 for the current year
		2016	2017	2018	2019	2020		
Financial structure (%)	Ratio of liabilities to assets	45.78	45.77	45.37	45.82	44.43	Not applicable	
	Ratio of long-term capital to property, plant and equipment	725.86	762.22	739.67	830.47	920.60	Not applicable	
Debt service ability %	Current ratio	76.45	67.84	54.05	69.69	80.04	Not applicable	
	Quick ratio	51.78	39.34	32.3	43.82	47.23	Not applicable	
	Interest coverage folds	2.18	2.48	1.39	1.54	4.78	Not applicable	
Operating ability	Turnover rate of account receivables (times)	6.62	6.58	7.06	6.79	7.02	Not applicable	
	Average days for cash receipts	55.13	55.47	51.69	53.75	51.99	Not applicable	
	Inventory turnover rate (times)	4.98	4.8	4.59	4.77	4.46	Not applicable	
	Payables turnover rate (times)	6.1	5.5	4.26	3.78	3.79	Not applicable	
	Average days in sales	73.29	76.04	79.52	76.51	81.83	Not applicable	
	Turnover rate for property, plant and equipment (times)	3.15	3.27	3.55	3.81	4.08	Not applicable	
	Total asset turnover rate (times)	0.35	0.34	0.35	0.36	0.35	Not applicable	
Profitability	Return on asset (%)	1.81	2.08	1.18	1.12	2.77	Not applicable	
	Return on equity (%)	1.92	2.47	0.87	0.85	3.95	Not applicable	
	Pre-tax Income to Paid-in Capital Ratio (%) (Note 7)	2.16	2.68	0.69	0.89	5.91	Not applicable	
	Net Profit Margin (%)	2.98	3.86	1.32	1.27	5.93	Not applicable	
	Earnings per Share (NTD)	0.21	0.27	0.10	0.1	0.47	Not applicable	
Cash flow	Cash flow ratio (%)	12.42	4.01	17.66	9.45	21.14	Not applicable	
	Cash flow sufficiency ratio (%)	35.3	33.69	106.49	97.37	106.05	Not applicable	
	Cash reinvestment ratio (%)	2.97	0.98	6.16	2.60	5.09	Not applicable	
Leverage	Operating leverage	1.99	2.27	1.66	1.51	1.31	Not applicable	
	Financial leverage	(7.38)	(1.71)	6.4	2.22	1.52	Not applicable	

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

1. Interest coverage folds (210.39%) = This is due to the increase in the earnings before interest and tax.
2. Return on assets (147.32%), return on equity (364.71%), pre-tax income to paid-in capital ratio (564.04%), profit ratio (366.93%), EPS (370.00%): This is due to the year-on-year increase in current net profits before tax and after tax.
3. Cash flow ratio (123.70%) and cash reinvestment rate (95.77%): This is mainly due to the year-on-year increase of the net cash inflow from operating activities.
4. Financial leverage (-31.53%): This is mainly due to the year-on-year increase in current operating profit and decrease in interest expenses.

Note 1: The parent company only financial report of Q1, 2021 was not prepared.

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

1. Financial structure

- (1) Ratio of liabilities to assets = Total liabilities / Total assets.
- (2) Ratio of long-term funds to property, plants and equipment = (Total equity + non-current liabilities) / net property, plants and equipment.

2. Debt service ability

- (1) Current ratio = Current assets / Current liabilities.
- (2) Quick ratio = (Current assets – Inventory – Pre-payment) / Current liabilities.
- (3) Interest coverage folds = Profit before income tax and interest expense / Interest expense.

3. Operating ability

- (1) Accounts receivable (including accounts receivable and notes receivable from operations) turnover ratio = Net sales / average of accounts receivable (including accounts receivable and notes receivable from operation) balance.
- (2) Average days for cash receipts = 365 / Accounts receivable turnover.
- (3) Inventory turnover rate = Sales cost / average inventory amount.
- (4) Accounts payable (including accounts payable and notes payable from operations) turnover ratio = Sales cost / average of accounts payable (including accounts payable and notes payable from operation) balance.
- (5) Average days in sales = 365 / Inventory turnover.
- (6) Property, plant and equipment turnover = Net sales / Average net worth of property, plant and equipment.
- (7) Total assets turnover rate = Net sales / Average total assets.

4. Profitability

- (1) Return on assets = [Profit and loss after tax + interest expense × (1- tax rate)] / average total assets.
- (2) Return on equity = Profit and loss after tax / average total equity.
- (3) Profit ratio = Profit and loss after tax / net sales.
- (4) Earning per share = (Earnings of parent company owner – Preference dividends) / weighted average number of shares outstanding. (Note 3)

5. Cash flow

- (1) Cash flow ratio = Net cash flow from operating activities / Current liabilities
- (2) Net cash flow sufficiency ratio = Net cash flows from operating activities in the last five years / (Capital expenditure + Inventory increase + Cash dividends) in the last five years.
- (3) Cash flow reinvestment ratio = (Cash provided by operating activities – Cash dividends) / (Gross property, plant and equipment + Long-term investments + Other non-current assets + Working capital). (Note 4)

6. Leverage:

- (1) Operating leverage = (Net operating revenue – variable costs and expenses of operations) / operating profit (Note 5).

(2) Financial leverage = Operating profit/ (operating profit- interest expenses).

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

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

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

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

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

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

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

Authorized

The 2020 business report, financial statements and appropriation of earnings of the Company were prepared by the board of directors and the financial statements have been audited by CPA Shu-man Tsai and Ching-lin Li of Crowe (TW) CPAs, and no nonconformities were found. We hereby issue the above report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Proposed for approval.

For

The Company's 2021 Annual Meeting of Shareholders

Audit Committee convener

Yung-Chien Wu

Audit Committee

Yung-Fu Tseng

Audit Committee

Wei-Lung Chen

March 23, 2020

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

To AGV Products Corporation:

##### **Audit opinions**

We have audited the standalone balance sheet of AGV Products Corporation from December 31, 2020 and 2019, as well as the parent company only statement of comprehensive income, parent company only statement of changes in equity, and parent company only cash flow statement for the periods January 1 to December 31, 2020 and 2019, and the accompanying footnotes (including 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 Regulations Governing the Preparation of Financial Reports by Securities Issuers, and presented a fair view of the parent company only financial position of AGV Products Corporation as at December 31, 2020 and 2019, and business performance and cash flow for the periods January 1 to December 31, 2020 and 2019.

##### **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 with other responsibilities of the Code of Ethics performed. 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 the 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 2020 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 2020 parent company only financial report of AGV Products Corporation are as follows:

##### I. Fair value evaluation of investment property

For detailed accounting policy on investment property, please refer to Note 4(11) of the parent company only financial report, and for descriptions on 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, 2020, investment property held totaled NTD1,442,108 thousand accounted for 13.16% of the total assets and it was measured in fair value model subsequently. The recognized variable income generated from fair value changes totaled NTD11,825 thousand in 2020, accounted for 4.04% of 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 and 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 Company based on the external appraiser, 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 on the parent company only financial report is also evaluated.

## II. Recognition of revenue

Please refer to Note 4(18) of the financial report for detailed accounting policy on income recognition. Please refer to Note 6(21) of the financial report for income details.

The main business of the AGV Products Corporation refers 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 2020 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 selling customers, checking agreements related to sales contracts signed with main trading customers and randomly checking shipment and income recognition operation procedure records in 2020 (including checking the consistency of the date, amount and counterparty in the shipping order and invoice). We also conduct a comparison of two terms regarding the main trading customers, including the comparison of accounts receivable turnover rate, accounts receivable turnover days and credit period, and inquires of the top ten trading counterparties in two terms with major changes to evaluate the reasonableness of transaction amount and counterparty and execution cut-offs for operating revenue recognition and shipping voucher forms before and after the balance sheet date.

### **Other information**

We have not audited partial financial statements of affiliated companies disposed the under equity method in said parent company only reports of 2019 and 2020, instead other CPAs did. 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 were NTD1,669,191 thousand and NTD1,506,484 thousand as of December 31, 2020 and 2019, accounting for 15.23% and 14.37% of total assets, respectively. The share of profit or loss from affiliates and joint ventures under the equity method were NTD95,532 thousand and NTD53,996 thousand for the periods January 1 to December 31, 2020 and 2019, accounting for 32.66% and 122.40% of net income before tax, respectively. Share of other comprehensive income from affiliates and joint ventures under the equity method were NTD80,243 thousand and NTD72,998, accounting for 44.85% and 68.63% of other net comprehensive income, respectively.

### **Responsibilities of Management and the Governance Unit with Governance for the Parent Company Only Financial Report**

Management is responsible for preparing the appropriate parent company only financial report in accordance with 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 are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards will always detect a material misstatement when it exists. Untruthful expressions might have been caused by fraud or errors. If individual values or an overview of untruthful expressions 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. The CPAs 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 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 audit opinions 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 2020 parent company only financial report of AGV Products Corporation. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter, 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 23, 2021

AGV Products Corporation  
Balance sheet  
December 31, 2020 and 2019

Unit: NTD thousands

Code	Assets	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
<b>Current assets</b>					
1100	Cash and cash equivalent (Note 6(1))	\$ 399,235	4	\$ 301,274	3
1150	Receivable notes, net (Note 6(2))	11,680	-	12,184	-
1160	Note receivables - the related party, net (Note 7)	19,135	-	32,001	-
1170	Accounts receivable, net (Note 6(3))	407,174	4	439,972	4
1180	Accounts receivable - the related party, net (Note 7)	101,204	1	93,735	1
1200	Other accounts receivable	14,311	-	27,365	-
1210	Other accounts receivable - the related party (Note 7)	20,820	-	11,294	-
1220	Income tax assets in the current period	218	-	279	-
130x	Inventories (Note 6(4))	644,795	7	555,715	6
1410	Prepayments	53,148	-	29,821	-
1476	Other financial assets - current (Note 6(11))	28,000	-	71,000	1
1479	Other current assets - others	2,930	-	2,987	-
11xx	<b>Total current assets</b>	<b>1,702,650</b>	<b>16</b>	<b>1,577,627</b>	<b>15</b>
<b>Non-current assets</b>					
1517	Financial assets measured at fair value through other comprehensive income - non-current (Note 6(5))	914,506	8	972,028	9
1550	Investment under the equity method (Note 6(6))	5,596,854	51	5,095,339	49
1600	Property, plant and equipment (Note 6(7))	959,384	9	990,087	9
1755	Right-of-use assets (Note 6(8))	12,655	-	21,027	-
1760	Investment property, net (Note 6(9))	1,442,108	13	1,431,213	14
1780	Intangible assets (Note 6(10))	2,573	-	1,719	-
1840	Deferred income tax assets (Note 6(26))	245,998	2	303,124	3
1920	Refundable deposit	48,205	1	54,852	1
1980	Other financial assets - non-current (Note 6(11))	20,025	-	20,015	-
1990	Other non-current assets - others	14,209	-	19,039	-
15xx	<b>Total non-current assets</b>	<b>9,256,517</b>	<b>84</b>	<b>8,908,443</b>	<b>85</b>
1xxx	<b>Total assets</b>	<b>\$ 10,959,167</b>	<b>100</b>	<b>\$ 10,486,070</b>	<b>100</b>
<b>Liability and equity</b>					
<b>Current liabilities</b>					
2100	Short-term loans (Note 6(12))	\$ 490,000	4	\$ 755,000	9
2130	Contract liabilities - current (Note 6(21))	8,118	-	5,233	-
2150	Notes payable	60,032	1	49,830	-
2170	Accounts payable	80,934	1	71,917	1
2180	Accounts payable - the related party (Note 7)	610,743	6	540,372	5
2200	Other payable (Note 6(13))	270,072	2	228,755	2
2220	Other payable - the related party (Note 7)	43,819	-	48,372	-
2250	Liability reserve - current (Note 6(14))	16,747	-	17,330	-
2280	Lease liabilities - current (Note 6(8))	9,114	-	7,929	-
2310	Collections	-	-	3	-
2320	Long-term liabilities due within a year or operating cycle (Note 6(16))	533,124	5	534,456	5
2399	Other current liabilities	4,309	-	4,449	-
21xx	<b>Total current liabilities</b>	<b>2,127,012</b>	<b>19</b>	<b>2,263,646</b>	<b>22</b>

(Continued)

(Brought forward)

Code	Liability and equity	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
	Non-current liabilities				
2540	Long-term loans (Note 6(16))	\$ 2,527,844	23	\$ 2,316,647	22
2570	Deferred income tax liabilities (Note 6(26))	123,142	1	123,460	1
2580	Lease liabilities - non-current (Note 6(8))	5,560	-	13,360	-
2640	Net defined benefit liabilities - non-current (Note 6(15))	84,527	1	86,290	1
2645	Guarantee deposits	1,730	-	1,745	-
25xx	Total non-current liabilities	2,742,803	25	2,541,502	24
2xxx	Total liabilities	4,869,815	44	4,805,148	46
	Equity				
3100	Capital stock (Note 6(17))				
3110	Common stock	4,945,134	46	4,945,134	46
3200	Capital surplus (Note 6(18))	268,647	2	266,323	3
3300	Retained earnings (Note 6(19))				
3310	Legal reserve	43,485	-	38,680	-
3320	Special reserve	562,804	5	512,381	5
3350	Undistributed earnings	213,970	2	55,227	1
3400	Other equity (Note 6(20))	55,312	1	(136,823)	(1)
3xxx	Total equity	6,089,352	56	5,680,922	54
	Total liabilities and equity	\$ 10,959,167	100	\$ 10,486,070	100

(Please refer to the notes of the parent company only financial report)  
Chairman: Kuan-Han Chen Manager: Chih-Chan Chen Head of Accounting: He-Shun Chang

AGV Products Corporation  
Statement of comprehensive income  
January 1 to December 31, 2020 and 2019

Unit: NTD thousands

Code	Item	2020		2019	
		Amount	%	Amount	%
4000	Operating revenue (Note 6(21))	\$ 3,921,854	100	\$ 3,781,489	100
5000	Operating cost (Note 6(4))	<u>2,681,801</u>	<u>(69)</u>	<u>(2,647,849)</u>	<u>(70)</u>
5900	Gross profit (gross loss)	1,240,053	31	1,133,640	30
5910	Unrealized gain (loss) from sales	(8,311)	-	(9,940)	-
5920	Realized gain (loss) from sales	9,940	-	9,700	-
	Operating expenses				
6100	Selling expenses	(744,815)	(19)	(726,703)	(19)
6200	Management expenses	231,520	(6)	(222,139)	(6)
6300	Research and Development expenses	41,002	(1)	(41,216)	(1)
6450	Expected credit impairment gain (loss) (Note 6(3))	207	-	4,508	-
6000	Total operating expenses	<u>1,017,130</u>	<u>(26)</u>	<u>(985,550)</u>	<u>(26)</u>
6900	Operating profits (losses)	<u>224,552</u>	<u>5</u>	<u>147,850</u>	<u>4</u>
	Non-operating income and expenses				
7100	Interest revenue	1,594	-	1,790	-
7010	Other revenues (Note 6(23))	48,150	1	47,560	1
7020	Other profit and loss (Note 6(24))	(18,056)	-	14,386	-
7050	Financial cost (Note 6(25))	(77,261)	(2)	(81,543)	(2)
7070	Share of profit or loss from subsidiaries, affiliates and joint ventures under the equity method	113,531	3	(85,928)	(2)
7000	Total non-operating income and expense	<u>67,958</u>	<u>2</u>	<u>(103,735)</u>	<u>(3)</u>
7900	Net profit (loss) before tax	292,510	7	44,115	1
7950	Income tax benefits (expenses) (Note 6(26))	<u>(59,606)</u>	<u>(2)</u>	<u>3,954</u>	<u>-</u>
8200	Current net profit (loss)	<u>232,904</u>	<u>5</u>	<u>48,069</u>	<u>1</u>
	Other comprehensive income (Note 6(27))				
8310	Items not reclassified to profit or loss				
8311	Re-measurement of defined benefit plan	(8,612)	-	4,491	-
8316	Unrealized valuation profit or loss from equity instrument investments at fair value through other comprehensive income	16,008	-	44,751	1
8330	Share of other comprehensive income from subsidiaries, affiliates and joint ventures under the equity method	180,202	5	104,418	3
8349	Income tax related to items not reclassified	1,722	-	(898)	-
8360	Items may be subsequently reclassified as profit or loss				
8380	Share of other comprehensive income from subsidiaries, affiliates and joint ventures under the equity method	(11,367)	-	(49,256)	(1)
8399	Income tax related to items may be reclassified	980	-	2,861	-
8300	Other comprehensive income (net)	<u>178,933</u>	<u>5</u>	<u>106,367</u>	<u>3</u>
8500	Total comprehensive income in the current period	<u>\$ 411,837</u>	<u>10</u>	<u>\$ 154,436</u>	<u>4</u>
	Earnings per share				
9750	Basic EPS (Note 6(28))	<u>\$ 0.47</u>		<u>\$ 0.10</u>	
9850	Diluted EPS (Note 6(28))	<u>\$ 0.47</u>		<u>\$ 0.10</u>	

(Please refer to the notes of the parent company only financial report)  
Chairman: Kuan-Han Chen Manager: Chih-Chan Chen Head of Accounting: He-Shun Chang

AGV Products Corporation  
Parent company only statement of changes in equity  
January 1 to December 31, 2020 and 2019

Unit:NTD thousands

	Retained earnings					Other items of interest			Total equities
	Common stock	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange difference in the financial statement of foreign operations	Unrealized valuation profit (loss) of financial assets measured at fair value through other comprehensive income		
Balance on January 1, 2019	\$ 4,945,134	\$ 259,233	\$ 33,890	\$ 386,865	\$ 130,306	\$ (32,028)	\$ (193,033)	\$ 5,530,367	
Appropriation and distribution of earnings:									
Allocated legal reserve	-	-	4,790	-	(4,790)	-	-	-	
Allocated special reserve	-	-	-	125,516	(125,516)	-	-	-	
Changes of affiliates and joint ventures under the equity method	-	7,090	-	-	2,607	-	(13,578)	(3,881)	
2019 net profit (loss)	-	-	-	-	48,069	-	-	48,069	
2019 Other comprehensive income	-	-	-	-	1,445	(45,895)	150,817	106,367	
2019 Total comprehensive income	-	-	-	-	49,514	(45,895)	150,817	154,436	
Disposal of equity instrument measured at fair value through other comprehensive income	-	-	-	-	3,106	-	(3,106)	-	
Balance on December 31, 2019	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	

(Please refer to the notes of the parent company only financial report)  
Chairman: Kuan-han Chen Manager: Chih-chan Chen Head of Accounting: He-shun Chang

AGV Products Corporation  
Cash Flow Statement  
January 1 to December 31, 2020 and 2019

Unit: NTD thousands

Item	2020	2019
Cash flows from operating activities		
Current net profit (loss) before tax	\$ 292,510	\$ 44,115
Adjustments		
Income, expenses, and losses		
Depreciation expenses	70,987	73,146
Amortization expenses	722	2,071
Expected credit impairment losses (gains)	(207)	(4,508)
Interest expenses	77,261	81,543
Interest revenue	(1,594)	(1,790)
Dividend revenue	(7,644)	(8,665)
Share of loss (gain) from subsidiaries, associates and joint ventures under the equity method	(113,531)	85,928
Loss (gain) from disposal and scrap of property, plant and equipment	223	80
Unrealized gain (loss) from sales	8,311	9,940
Realized loss (gain) from sales	(9,940)	(9,700)
Loss (gain) due to fair value adjustment in investment property	(11,825)	(36,076)
Other items	44	198
Total income/expense items	<u>12,807</u>	<u>192,167</u>
Changes of assets/liabilities related to operating activities		
Net changes in assets related to operating activities		
Decrease (increase) in notes receivable	504	(2,293)
Notes receivable - decrease (increase) for the related party	12,879	(353)
Decrease (increase) in accounts receivable	33,000	(29,685)
Accounts receivable - decrease (increase) for the related party	(7,477)	(6,007)
Decrease (increase) in other accounts receivable	13,054	(2,059)
Other accounts receivable - decrease (increase) for the related party	(9,541)	28,353
Decrease (increase) of inventory	(89,080)	(2,606)
Decrease (increase) in prepayments	(23,327)	(13,779)
Decrease (increase) in other current assets	57	(447)
Total net changes in assets related to operating activities	<u>(69,931)</u>	<u>(28,876)</u>
Net changes in liabilities related to operations		
Increase (decrease) in contract liabilities	2,885	1,359
Increase (decrease) in notes payable	10,202	(11,347)
Increase (decrease) in accounts payable	9,017	(15,538)
Accounts payable - increase (decrease) for the related party	70,371	(48,091)
Increase (decrease) in other payables	44,928	12,048
Other payables - Increase (decrease) for the related party	(4,553)	3,495
Increase (decrease) in liability reserve	(583)	2,590
Increase (decrease) in collections	(3)	-
Increase (decrease) in other current liabilities	(140)	613
Increase (decrease) in net defined benefit liabilities	(10,375)	(11,744)
Total net changes in liabilities related to operating activities	<u>121,749</u>	<u>(66,615)</u>
Total net changes in assets and liabilities related to operating activities	<u>51,818</u>	<u>(95,491)</u>
Total adjustments	<u>64,625</u>	<u>96,676</u>

(Continued)

(Brought forward)

Item	2020	2019
Cash inflow (outflow) from operations	\$ 357,135	\$ 140,791
Interest received	1,609	1,775
Stock dividend received	91,139	83,574
Returned (paid) income tax	(35)	(67)
Net cash inflow (outflow) from operating activities	449,848	226,073
Cash flows from investment activities		
Acquisition of financial assets measured at fair value through other comprehensive income	-	(106,514)
Disposal of financial assets measured at fair value through other comprehensive income	-	43,291
Acquisition of investment under equity method	(230,892)	(147,550)
Acquisition of property, plant and equipment	(35,090)	(34,389)
Disposal of property, plant and equipment	-	93
Increase in refundable deposit	-	(9,323)
Decrease in refundable deposit	6,647	-
Acquisition of intangible assets	(1,620)	(184)
Increase in other financial assets	-	(19,483)
Decrease in other financial assets	42,990	-
Increase in other non-current assets	-	(967)
Decrease in other non-current assets	4,830	-
Net cash inflow (outflow) from investment activities	(213,135)	(275,026)
Cash flow from financing activities		
Decrease in short-term loans	(265,000)	(125,000)
Proceeds from long-term loans	1,000,000	2,148,000
Repayment of long-term loans	(791,461)	(1,763,422)
Increase in guarantee deposits	-	1,161
Decrease in guarantee deposits	(15)	-
Lease principle repayment	(5,865)	(8,886)
Interest paid	(76,411)	(85,594)
Net cash inflow (outflow) from financing activities	(138,752)	166,259
Increase (decrease) in cash and cash equivalents in the current period	97,961	117,306
Balance of cash and cash equivalents, beginning	301,274	183,968
Balance of cash and cash equivalents, ending	\$ 399,235	\$ 301,274

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

Chairman: Kuan-Han Chen Manager: Chih-Chan Chen Head of Accounting: He-Shun Chang



AGV Products Corporation  
Notes on the Parent Company Only Financial Report  
January 1 to December 31, 2020 and 2019

(Unless otherwise specified, all amounts are in the unit of NTD thousand)

I. Company History

(IV) Formerly known as Global Industrial Co. Ltd., AGV Products Corporation (hereinafter referred to as the “Company”), was established on June, 1971 and was officially renamed AGV Products Corporation on September, 1983. The Company mainly engaged in the manufacturing, processing, and sales of canned foods, such as drinks, beans, mushrooms, bamboo shoots and pickles as well as the rental and sales of public housing and commercial buildings built by construction contractors.

(V) 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 23, 2021.

III. New Standards, Amendments, and Interpretations Adopted

(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”):

(II) The following table lists the applicable newly promulgated, amended and revised standards and interpretations of IFRS endorsed by the FSC in 2020.

New, Amended, or Revised Standards and Interpretations	Effective Date promulgated by IASB
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”	January 1, 2020
Amendments to IFRS 16 “Covid-19-Related Rent Concessions”	June 1, 2020 (Note)

(Note) The FSC approved that the enterprise can apply this amendment earlier in January 1, 2020.

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

(IV) Effect of not adopting the newly promulgated or revised IFRS, IAS, IFRIC, and SIC endorsed by the FSC:

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

New, Amended, or Revised Standards and Interpretations	Effective Date promulgated by 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 (Note)

(Note) The amendment is applicable to the reporting period starting from 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.

(VI) Impacts of IFRS issued by IASB but not yet approved by FSC:

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

New, Amended, or Revised Standards and Interpretations	Effective date promulgated by IASB (Note 1)
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 IAS 1 “Classification of Liabilities as Current or Non-Current”	January 1, 2023
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)
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023

(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) For amended content which shall be retroactively applied by the enterprise, those shall only apply to the property, plant and equipment meeting necessary location and status with 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) Such amendment is applicable to contracts not performing all obligations as of January 1, 2022.

(Note 4) Such amendment is applicable to business merger with date 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 occurred during the annual reporting period starting January 1, 2022; amendments to IAS 41 are applicable to the fair value measurement during the annual reporting period starting January 1, 2022; amendments to IFRS 1 are retroactively applicable to the annual reporting period starting January 1, 2022.

#### 1. Amendments to IAS 1 “Classification of Liabilities as Current or Non-Current”

When the amendment is used to clarify and judge whether to classify the liability as non-current, it shall evaluate whether the Company has the rights to extend the settlement period for at least 12 months after the reporting period on the date of the end of the reporting period. If the Company has these rights on the date of the end of the reporting period, the liability shall be classified as non-current, no matter whether the Company is expected to exercise the rights. If the Company will comply with certain conditions to have the right to defer the liability settlement, the Company must comply with certain conditions on the date of the end of the reporting period, even if the

accommodator tests whether the Company complies with such conditions later than the date of the end of the reporting period. For the purpose of liability classification, said settlement refers to the transferring of cash, other economic resource or the Company's equity instrument to the counterparty to offset liabilities. However, if the liabilities have terms that give counterparties the option to be repaid in the form of transferring the Company's equity instruments, and if such option is recognized into equity independently based on IAS 32 "Financial Statements: Presentation," the classification of liabilities is not affected.

2. 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 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 necessary location and status with 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 that first applied that amendment 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.

3. Amendments to IAS 37 "Onerous Contracts – Cost of Fulfilling a Contract"

The amendment specifies that when assessing the onerousness of the contract, 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.

4. 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.

5. Annual Improvements to IFRS Standards 2018–2020

The annual improvements to IFRS Standards 2018–2020 include the amendment 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.

6. Amendments to IAS 1 "Disclosure of Accounting Policies"

The amendment improved the disclosure of accounting policies to provide more effective information for main users of financial statements.

7. Amendments to IAS 8 "Definition of Accounting Estimates"

The amendment defined the accounting estimates as the currency amount of financial statements subject to uncertainty measurements and provided further description and examples to assist the enterprise in identifying changes in accounting policies and accounting estimates.

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 is as follows. Unless otherwise provided, the policies are applicable to all the reporting periods.

##### (I) Compliance Statement

The present company only financial report has been duly worked out in accordance with the Regulations Governing the Preparation of Financial Report by Securities Issuers.

##### (II) Basis of preparation

1. Except the following important items, the parent company only financial report has been duly prepared on the basis of historical costs:
  - (1) The financial assets and liabilities (including derivatives) measured at fair value through profit or loss which are measured at fair value.
  - (2) Financial assets measured at fair value through other comprehensive income which are measured 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 that complies with IFRSs 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 equities.

##### (III) Foreign currency translation

1. Foreign currency transaction and balance
  - (1) Foreign currency transaction converts the conversion difference generated by the transaction to 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 measured 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 by 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 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 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 losses 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 losses 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) Primarily for trading purposes.
  - (3) Assets 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 in more than 12 months after the balance sheet date, and those with restricted uses.

The Company lists all assets that did 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) 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 date that cannot be unconditionally extended to more than 12 months after the balance sheet date. Liabilities under the 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 listed all liabilities that did not comply with the following conditions

as non-current.

(V) Cash and cash equivalents

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

(VII) Financial instruments

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

(IX) 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 measured 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 measured 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 measured 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 multiplying by the total book amount of the financial assets:

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

B. Equity instrument investments measured 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 measured 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 measured 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 loss. 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 is 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 amount of all impairment losses on financial assets are reduced via the allowance account. However, the loss allowance of debt instrument investments measured 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. All risks and returns of all ownership over the financial assets are not transferred or retained and 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 measured at fair value through other comprehensive income is derecognized, the difference between the book amount 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 measured 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 were 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 commencing 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 the financial liabilities when the obligation is rescinded, discharged, or expired. During the derecognition of a financial liability, the difference between the book amount 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.

(X) Inventory

(XI) Inventories are 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 goods 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.

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

1. Subsidiaries mean 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 the remuneration by virtue of its power over the entities, the Company is held controlling 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 the entity in which the Company has significant impact upon without any control and often 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 shares of loss in the affiliate equal 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 affiliates.
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.

(XIII) 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 to 55 years
Machine and equipment	5 to 32 years
Other equipment	3 to 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.

(XIV) 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 adopts 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.

#### (XV) 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.

(XVI) 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.

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.

(XVII) 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.

(XVIII) 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.

(XIX) 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.

(XX) 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.

(XXI) 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.

(XXII) 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.

(XXIII) 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 measured 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 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 measured at fair value has no open quotation in active market, the Company decides whether to commission external appraisal and determine appropriate fair value evaluation technology according to relevant regulations or judgment. If the fair value estimate cannot acquire Level 1 input, the investment of unlisted stocks by the 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) is also taken into consideration.

VI. Description of significant accounting items

(I) Cash and cash equivalents

Item	December 31, 2020	December 31, 2019
Cash	\$ 867	\$ 723
Savings deposit	398,368	300,551
Total	\$ 399,235	\$ 301,274

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) Receivable notes, net

Item	December 31, 2020	December 31, 2019
Carried at amortized cost		
Total book amount	\$ 11,692	\$ 12,196
Less: Allowance loss	(12)	(12)
Receivable notes, net	\$ 11,680	\$ 12,184

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) Accounts receivable, net

Item	December 31, 2020	December 31, 2019
Carried at amortized cost		
Total book amount	\$ 407,903	\$ 440,903
Less: Allowance loss	(729)	(931)
Accounts receivable, net	\$ 407,174	\$ 439,972

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 loss. The expected credit losses throughout the duration is calculated based on the provision matrix and takes 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 (including the related party) for notes and accounts receivable of the Company based on the provision matrix is as follows:

December 31, 2020	Expected credit loss	Total book amount	Allowance loss (expected credit losses throughout the duration)	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%	-	-	-
Overdue more than 365 days	0%–100%	321	(321)	-
<b>Total</b>		<b>\$ 539,969</b>	<b>\$ (776)</b>	<b>\$ 539,193</b>

December 31, 2019	Expected credit loss	Total book amount	Allowance loss (expected credit losses throughout the duration)	Amortized cost
Undue	0%–1%	\$ 576,733	\$ (491)	\$ 576,242
Overdue 0–30 days	0%–1%	1,652	(2)	1,650
Overdue 31–90 days	0%–20%	-	-	-
Overdue 91–180 days	0%–30%	-	-	-
Overdue 181–365 days	0%–50%	-	-	-
Overdue more than 365 days	0%–100%	490	(490)	-
<b>Total</b>		<b>\$ 578,875</b>	<b>\$ (983)</b>	<b>\$ 577,892</b>

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

Item	2020	2019
Balance – beginning	\$ 983	\$ 5,491
Plus: Impairment loss appropriated	-	-
Less: Impairment loss reversed	(207)	(4,508)
Less: Irrecoverable amounts written off	-	-
<b>Balance – ending</b>	<b>\$ 776</b>	<b>\$ 983</b>

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 2020 and 2019 were NTD0.

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

(IV) Cost of inventory and sales

Item	December 31, 2020	December 31, 2019
Raw material	\$ 106,092	\$ 98,796
Supplies	51,967	48,428
Goods in process	70,607	70,140
Finished products	420,076	348,828
Subtotal	\$ 648,742	\$ 566,192
Less: Allowance for inventory devaluation and obsolescence losses	(3,947)	(10,477)
Net amount	<u>\$ 644,795</u>	<u>\$ 555,715</u>

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

Item	2020	2019
Cost of sold inventory	\$ 2,564,326	\$ 2,516,514
Processing cost	76,373	81,845
Manufacturing expenses not amortized	31,677	38,239
Loss (revaluation gain) on inventory devaluation	(6,530)	420
Loss on scrapped inventory	19,177	11,159
Loss (gain) on inventory	15	(48)
Revenue from scraps	(3,237)	(280)
Total operating cost	<u>\$ 2,681,801</u>	<u>\$ 2,647,849</u>

2. Because the Company offset the inventory to net realizable value in 2020 and 2019 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 were NTD(6,530) thousand and NTD420 thousand, respectively.

3. The inventory of the Company has not been pledged.

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

Item	December 31, 2020	December 31, 2019
Non-current		
Equity instruments		
TWSE/TPEX listed stocks	\$ 274,934	\$ 274,934
TWSE/TPEX unlisted stocks	749,784	749,784
Unlisted foreign stocks	16,820	16,820
Valuation adjustment	(127,032)	(69,510)
Total	<u>\$ 914,506</u>	<u>\$ 972,028</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 measured 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 2020 and 2019. The relevant other equity –

unrealized profit or loss of financial assets measured at fair value through other comprehensive income of NTD0 and NTD3,106 thousand, respectively, were re-stated as retained earnings.

3. Changes in expected credit impairment loss of debt instrument investment measured 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, 2020 and 2019, the counterparty provided 7,327 thousand shares of Kai Chieh as the pledge of the Company.
5. The Company pledged part of financial assets measured at fair value through other comprehensive income as collateral for the loans of the Company in December 31, 2020 and 2019. 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, 2020	December 31, 2019
Subsidiaries:		
Sontenkan Resort Development Co., Ltd.	\$ 1,435,590	\$ 1,221,601
Apoland Development (Singapore) Pte Ltd.	260,334	258,007
Others	907,149	911,746
Subtotal	<u>\$ 2,603,073</u>	<u>\$ 2,391,354</u>
Affiliated companies:		
Important affiliates:		
Taiwan First Biotechnology Corp.	\$ 1,130,310	\$ 1,020,890
Nice Enterprise Co., Ltd.	1,157,202	1,068,214
Individual unimportant affiliates	691,462	601,548
Subtotal	<u>\$ 2,978,974</u>	<u>\$ 2,690,652</u>
Joint ventures:		
Individual unimportant joint ventures	14,807	13,333
Total	<u>\$ 5,596,854</u>	<u>\$ 5,095,339</u>

1. Subsidiaries:  
For information of the Company's subsidiaries, please refer to Note 4(3) of the Company's 2020 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, 2020	December 31, 2019
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, 2020	December 31, 2019
Current assets	\$ 3,148,017	\$ 3,010,967
Non-current assets	4,343,713	4,067,593
Current liabilities	1,999,277	1,998,058
Non-current liabilities	1,555,080	1,521,910
Equity	<u>\$ 3,937,373</u>	<u>\$ 3,558,592</u>
Shares of the affiliates' net assets	\$ 1,111,892	\$ 1,004,926
Internal profit or loss	(7,247)	9,478
Deferred credits	29,584	30,837
Goodwill	22,973	22,973
Book value of affiliates	<u>\$ 1,157,202</u>	<u>\$ 1,068,214</u>

Taiwan First Biotechnology Corp.		
	December 31, 2020	December 31, 2019
Current assets	\$ 1,274,818	\$ 1,102,128
Non-current assets	3,380,376	3,333,822
Current liabilities	993,569	983,250
Non-current liabilities	1,340,195	1,417,126
Equity	<u>\$ 2,321,430</u>	<u>\$ 2,035,574</u>
Shares of the affiliates' net assets	\$ 958,269	\$ 840,270
Internal profit or loss	(12,794)	(6,727)
Deferred credits	30,563	33,075
Goodwill	154,272	154,272
Book value of affiliates	<u>\$ 1,130,310</u>	<u>\$ 1,020,890</u>

#### B. Statement of comprehensive income

Nice Enterprise Co., Ltd.		
Company name	2020	2019
Operating revenue	\$ 2,980,785	\$ 2,368,681
Current net profit	\$ 255,365	\$ 157,079
Other comprehensive income (net income after tax)	149,397	74,053
Total comprehensive income in the current period	<u>\$ 404,762</u>	<u>\$ 231,132</u>
Dividend acquired from affiliates	<u>\$ 7,384</u>	<u>\$ 4,922</u>

Taiwan First Biotechnology Corp.		
Company name	2020	2019
Operating revenue	\$ 2,018,267	\$ 1,711,950
Current net profit	\$ 240,873	\$ 138,597
Other comprehensive income (net income after tax)	124,573	18,512
Total comprehensive income in the current period	<u>\$ 365,446</u>	<u>\$ 157,109</u>
Dividend acquired from affiliates	<u>\$ 32,854</u>	<u>\$ 27,379</u>

(3) The Company's total shares of individual unimportant affiliates is summarized as follows:

	2020	2019
Shares held:		

Current net profit	\$	29,336	\$	13,422
Other comprehensive income (net income after tax)		67,783		46,955
Total comprehensive income in the current period	\$	97,119	\$	60,377

3. Joint ventures:

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

	2020		2019	
Shares held:				
Current net profit	\$	1,474	\$	123
Other comprehensive income (net income after tax)		-		-
Total comprehensive income in the current period	\$	1,474	\$	123

4. The Company pledged part of investments under the equity method as collateral for the loans of the Company in December 31, 2020 and 2019. Please refer to Note 8.

(VII) Property, plant and equipment

Item	December 31, 2020		December 31, 2019	
Land	\$	548,166	\$	548,166
Houses and buildings		873,562		860,737
Machinery and equipment		1,181,550		1,184,289
Other equipment		556,175		561,625
Equipment pending acceptance and construction in progress		11,371		7,373
Total cost	\$	3,170,824	\$	3,162,190
Less: Accumulated depreciation		(2,211,440)		(2,172,103)
Total	\$	959,384	\$	990,087

Costs	Land	Houses and buildings	Machinery and equipment	Other equipment	Equipment pending acceptance and construction in progress	Total
Balance, 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, December 31, 2020	\$ 548,166	\$ 873,562	\$ 1,181,550	\$ 556,175	\$ 11,371	\$ 3,170,824

		Accumulated depreciation						
Balance, 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, December 31, 2020	\$	-	\$ 614,498	\$ 1,084,169	\$ 512,773	\$	-	\$ 2,211,440

		Land	Houses and buildings	Machinery and equipment	Other equipment	Equipment pending acceptance and construction in progress	Total	
Costs								
Balance, January 1, 2019	\$	548,166	\$ 859,636	\$ 1,175,598	\$ 560,497	\$ 6,295	\$ 3,150,192	
Increase		-	-	-	-	38,343	38,343	
Disposal		-	(1,394)	(17,173)	(7,778)	-	(26,345)	
Reclassification		-	2,495	25,864	8,906	(37,265)	-	
Balance, December 31, 2019	\$	548,166	\$ 860,737	\$ 1,184,289	\$ 561,625	\$ 7,373	\$ 3,162,190	
Accumulated depreciation								
Balance, January 1, 2019	\$	-	\$ 564,890	\$ 1,065,329	\$ 505,010	\$	-	\$ 2,135,229
Depreciation expenses		-	25,859	21,328	15,859		-	63,046
Disposal		-	(1,221)	(17,173)	(7,778)		-	(26,172)
Balance, December 31, 2019	\$	-	\$ 589,528	\$ 1,069,484	\$ 513,091	\$	-	\$ 2,172,103

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

Item	2020	2019
Increase of property, plant and equipment	\$ 31,955	\$ 38,343
Increase/decrease of payables on equipment	3,135	(3,954)
Paid cash amount for purchase of property, plant and equipment	\$ 35,090	\$ 34,389

2. For capitalized amount and interest rate interval regarding the loan cost of property, plant and equipment, please refer to Note 6(25).
3. Impairment of property, plant and equipment: None.
4. 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, 2020	December 31, 2019
Houses and buildings	\$ 7,994	\$ 8,744
Machinery and equipment	16,694	16,694
Transportation equipment	3,120	4,756
Total cost	\$ 27,808	\$ 30,194
Less: Accumulated depreciation	(15,153)	(9,167)
Net amount	\$ 12,655	\$ 21,027

Costs	Houses and buildings	Machinery and equipment	Transportation equipment	Total
Balance, 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, December 31, 2020	\$ 7,994	\$ 16,694	\$ 3,120	\$ 27,808
Accumulated depreciation				
Balance, 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, December 31, 2020	\$ 5,455	\$ 7,560	\$ 2,138	\$ 15,153

Costs	Houses and buildings	Machinery and equipment	Transportation equipment	Total
Balance, January 1, 2019	\$ -	\$ -	\$ -	\$ -
Initial application of IFRS 16	8,744	16,694	4,756	30,194
Adjustment				
Balance, December 31, 2019	\$ 8,744	\$ 16,694	\$ 4,756	\$ 30,194
Accumulated depreciation				
Balance, January 1, 2019	\$ -	\$ -	\$ -	\$ -
Depreciation expenses	2,915	3,780	2,472	9,167
Balance, December 31, 2019	\$ 2,915	\$ 3,780	\$ 2,472	\$ 9,167

2. Lease liabilities

	December 31, 2020	December 31, 2019
Book amount of lease liabilities		
Current	\$ 9,114	\$ 7,929
Non-current	\$ 5,560	\$ 13,360

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

	December 31, 2020	December 31, 2019
Houses and buildings	2.54%	2.54%
Machine and equipment	2.54%	2.54%
Transportation equipment	2.54%	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 institute, Tetra Pak equipment, truck and vehicle 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, 2020 and 2019, there is 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	2020	2019
Short-term lease expenses	\$ 2,664	\$ 1,504
Expenses of lease of low-price assets	\$ -	\$ -
Variable lease not included in measurement of lease liabilities		
Paid expenses	\$ -	\$ -
Total cash outflow of lease (Note)	\$ 8,529	\$ 10,390

(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, 2020	December 31, 2019
Measured at fair value – commissioned appraisal	\$ 1,043,624	\$ 1,031,799
Measured at cost	398,484	399,414
Total	\$ 1,442,108	\$ 1,431,213

1. Investment property measured at fair value

Item	2020	2019
Balance – beginning	\$ 1,031,799	\$ 995,723
Gains from valuation	11,825	36,076
Balance – ending	<u>\$ 1,043,624</u>	<u>\$ 1,031,799</u>

(1) The fair values of investment property as of December 31, 2020 and 2019 were appraised by CPA Tien-ching Hsieh of CPAC with domestic appraiser qualification on January 15, 2021, December 31, 2020 and December 20 and 23, 2019.

(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, 2020	December 31, 2019
Estimated future cash inflow	\$ 655,423	\$ 670,234
Estimated future cash outflow	26,427	29,562
Estimated future net cash inflow	<u>\$ 628,996</u>	<u>\$ 640,672</u>
Discount rate	<u>2.095%</u>	<u>2.345%</u>

A. The monthly market rental of region in which the investment property located is NTD570 to NTD2,348 per Taiwanese ping. The similar comparable item in the market is NTD539 to NTD2,625 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 the Chunghwa Post Co., Ltd., plus 1.25 %.

(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, 2020	December 31, 2019
Estimated total sales amount	<u>\$ 919,593</u>	<u>\$ 889,934</u>
Profit margin	15% ~ 18%	15% ~ 18%
Overall capital interest rate	1.47% ~ 1.53%	1.67% ~ 1.77%

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	2020	2019
Balance – beginning	\$ 399,414	\$ 400,347
Depreciation appropriated	(930)	(933)
Balance – ending	<u>\$ 398,484</u>	<u>\$ 399,414</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	2020	2019
Rent revenue from investment property	\$ 6,743	\$ 6,743
Direct operating expenses generated from investment property generating current rent revenue	\$ 5,539	\$ 5,386
Direct operating expenses generated from investment property not generating current rent revenue	\$ 241	\$ 238

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

	December 31, 2020	December 31, 2019
Not more than 1 year	\$ 6,743	\$ 6,743
1 year to 5 years	-	-
More than 5 years	-	-
Total	<u>\$ 6,743</u>	<u>\$ 6,743</u>

6. The fair value of the Company's investment property as of December 31, 2020 and 2019 were NTD1,043,624 thousand and NTD1,031,799 thousand, respectively, which was based on the valuation result of 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, 2020	December 31, 2019
Computer software cost	\$ 30,944	\$ 29,368
Less: Accumulated amortization	(28,371)	(27,649)
Net amount	<u>\$ 2,573</u>	<u>\$ 1,719</u>

Costs	Computer software cost	Costs	Computer software cost
Balance, January 1, 2020	\$ 29,368	Balance, January 1, 2019	\$ 29,382
Increase	1,620	Increase	184
Reclassified as expenses	(44)	Reclassified as expenses	(198)
Derecognition	-	Derecognition	-
Balance, December 31, 2020	<u>\$ 30,944</u>	Balance, December 31, 2019	<u>\$ 29,368</u>
Accumulated amortization		Accumulated amortization	
Balance, January 1, 2020	\$ 27,649	Balance, January 1, 2019	\$ 25,578
Amortization expenses	722	Amortization expenses	2,071
Derecognition	-	Derecognition	-
Balance, December 31, 2020	<u>\$ 28,371</u>	Balance, December 31, 2019	<u>\$ 27,649</u>

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

Item	December 31, 2020	December 31, 2019
Pledged bank deposits	<u>\$ 48,025</u>	<u>\$ 91,015</u>
Current	<u>\$ 28,000</u>	<u>\$ 71,000</u>
Non-current	<u>\$ 20,025</u>	<u>\$ 20,015</u>

(XII) Short-term loans

Item	December 31, 2020	December 31, 2019
Credit loans	\$ 370,000	\$ 635,000
Mortgage loan	120,000	120,000
Total	<u>\$ 490,000</u>	<u>\$ 755,000</u>
Interest rate interval	<u>1.59%-1.85%</u>	<u>1.79%-2.13%</u>

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

## (XIII) Other payables

Item	December 31, 2020	December 31, 2019
Commission payable	\$ 91,950	\$ 85,846
Remuneration and bonus payable	120,056	88,016
Tax payable	2,356	2,562
Repair expenses payable	4,905	2,876
Payables on equipment	2,707	5,842
Advertisement expenses payable	2,369	4,545
Insurance payable	6,234	6,066
Other payable	39,495	33,002
Total	\$ 270,072	\$ 228,755

## (XIV) Liability reserve – current

Item	Employee benefit	Item	Employee benefit
January 1, 2020	\$ 17,330	January 1, 2019	\$ 14,740
Current increase of liability reserve	12,896	Current increase of liability reserve	17,330
Liability reserve used currently	(11,977)	Liability reserve used currently	(10,459)
Unused amount reversed currently	(1,502)	Unused amount reversed currently	(4,281)
December 31, 2020	\$ 16,747	December 31, 2019	\$ 17,330

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

## (XV) 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 2020 and 2019 were NTD11,461 thousand and NTD11,296 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, 2020	December 31, 2019
Current values of the ascertained fringe benefit obligations	\$ 225,705	\$ 228,724
Fair values of the planned assets	(141,178)	(142,434)
Defined benefit liabilities	\$ 84,527	\$ 86,290

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

Item	2020		
	Current values of the ascertained fringe benefit obligations	Fair values of the planned assets	Defined benefit liabilities
Balance, 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 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, December 31	\$ 225,705	\$ (141,178)	\$ 84,527

Item	2019		
	Current values of the ascertained fringe benefit obligations	Fair values of the planned assets	Defined benefit liabilities
Balance, January 1	\$ 243,258	\$ (140,733)	\$ 102,525
Service cost			
Service cost in the current period	1,830	-	1,830
Interest expenses (revenue)	2,616	(1,643)	973
Recognized as profit and/or loss	\$ 4,446	\$ (1,643)	\$ 2,803
Re-measurement amount			
Return on plan assets (excluding amount included in net interest)	\$ -	\$ (5,007)	\$ (5,007)
Actuarial losses (gains) –			
Effects of changes in financial assumptions	1,244	-	1,244
Adjustment through experience	(728)	-	(728)
Recognized under other comprehensive income	\$ 516	\$ (5,007)	\$ (4,491)

Appropriated by employer	-	(12,192)	(12,192)
Benefit payment	(19,496)	17,141	(2,355)
Balance, December 31	\$ 228,724	\$ (142,434)	\$ 86,290

(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 increases. Both can partially offset the impact on defined benefit liabilities.

C. Salary risk

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

(5) The 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, 2020	December 31, 2019
Discount rate	0.75%	1.00%
Anticipated raise ratio of salaries	1.00%	1.00%
Average maturity of defined benefit obligation	9.7 years	10.4 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, 2020	December 31, 2019
Discount rate		
Increase by 0.25%	\$ (2,688)	\$ (3,080)
Decrease by 0.25%	\$ 2,776	\$ 3,182
Anticipated raise ratio of salaries		
Increase by 1%	\$ 11,617	\$ 13,364
Decrease by 1%	\$ (10,437)	\$ (11,957)



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 NTD8,000 thousand for the pension plan in 2021.

(XVI) Long-term loans and liabilities due within a year or operating cycle

Item	December 31, 2020	December 31, 2019
Bank syndicated loans	\$ 1,676,900	\$ 1,689,500
Secured bank loans	1,150,833	991,667
Bank credit loans	239,195	177,222
Total	\$ 3,066,928	\$ 2,858,389
Less: Unamortized discount	(5,960)	(7,286)
Less: Long-term liabilities due within a year	(533,124)	(534,456)
Long-term loans	\$ 2,527,844	\$ 2,316,647
Interest rate interval	1.421%-2.45%	1.67%-2.75%

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 specific current ratio, liability ratio, interest earned ratio and tangible net worth during the loan period; after review, the relevant financial ratios in 2020 and 2019 financial reports all complied with the provisions of the loan contract.

(XVII) Common stock

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

Item	2020		2019	
	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, 2020, the Company's authorized capital was NTD8,800,000 thousand which was divided into 880,000 thousand shares. The paid-in capital was NTD4,945,134 thousand.

(XVIII) Capital surplus

Item	December 31, 2020	December 31, 2019
Stock premium	\$ 28,973	\$ 28,973
Difference between actual price and book value of the subsidiary's stock actually acquired or disposed	144,001	144,001

Changes of affiliates and joint ventures recognized under the equity method	83,069	80,745
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>\$ 266,323</u>

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

(XIX) 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 NTD0.1 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, 2020	December 31, 2019
(1) Appropriation of other equity debit balance	\$ 60,792	\$ 60,792
(2) Appropriation of initial application of IFRSs	93,685	93,685
(3) Appropriation of investment property measured at fair value	408,327	357,904
Total	<u>\$ 562,804</u>	<u>\$ 512,381</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 equities 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 NTD158,125 thousand of the accumulative translation adjustment and unrealized revaluation increase to the retained earnings. However, the retained earnings increase generated from first adoption of IFRSs was insufficient for recognition. Therefore, NTD93,685 thousand of retained earnings increase generated from first adoption of IFRSs was recognized as special reserves.

(3) Appropriation of investment property measured at fair value

Item	Amount
Appropriation of investment property first measured at fair value	\$ 393,347
Appropriation of investment property measured at fair value	14,980
Appropriation as of December 31, 2020	<u>\$ 408,327</u>

As of December 31, 2020, the special reserve is classified as accumulated net fair value increase of investment property (without considering the impact of legal reserves and income tax) and the unrecognized amount due to insufficient accumulated earnings totaled NTD757,986 thousand.

4. The following are the proposals for appropriation of profit or loss in 2019 and 2018 approved by the shareholders' meeting of the Company in June, 2020 and 2019:

Item	Earnings distribution	
	2019	2018
Legal reserve	\$ 4,805	\$ 4,790
Special reserve	50,423	125,516
Total	<u>\$ 55,228</u>	<u>\$ 130,306</u>

5. The Company held the proposal for 2020 earnings distribution on March 23, 2021. As of December 31, 2020, the accumulated net fair value increase of investment property still remained to be recognized as a special reserve, therefore the dividends for shareholders was not distributed.

6. For implementation of 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.

## (XX) Other items of interest

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

Item	Exchange difference in the financial statement translation of the foreign operation	Unrealized valuation gain (loss) of financial assets measured at fair value through other comprehensive income	Total
Balance, January 1, 2019	\$ (32,028)	\$ (193,033)	\$ (225,061)
Unrealized gain (loss) of financial assets measured at fair value through other comprehensive income	-	44,751	44,751
Share of affiliates and joint ventures recognized under the equity method	(45,895)	92,488	46,593
Disposal of equity instrument measured at fair value through other comprehensive income	-	(3,106)	(3,106)
Balance, December 31, 2019	<u>\$ (77,923)</u>	<u>\$ (58,900)</u>	<u>\$ (136,823)</u>

## (XXI) Operating revenue

Item	2020	2019
Revenue from customer contracts		
Sales revenue	\$ 4,256,587	\$ 4,081,871
Revenue from processing	82,251	87,080
Total sales revenue from customer contracts	<u>\$ 4,338,838</u>	<u>\$ 4,168,951</u>
Less: Sales return	(39,477)	(45,967)
Sales discount	(377,507)	(341,495)
Net operating revenue from customer contracts	<u>\$ 3,921,854</u>	<u>\$ 3,781,489</u>

1. Details of customer contracts

(1) Sales revenue

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

(2) Revenue from processing

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

2. Details of revenue from customer contracts

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

2020:

	Drinks and canned foods	Processing	Total
<u>Main area and market</u>			
Taiwan	\$ 3,839,603	\$ 82,251	\$ 3,921,854
<u>Product line</u>			
Tradition series	\$ 1,010,513	\$ -	\$ 1,010,513
Dessert series	695,046	8,382	703,428
Drink series	1,191,174	73,869	1,265,043
Oat milk series	684,395	-	684,395
Oil series	81,641	-	81,641
Health series	14,139	-	14,139
Other series	162,695	-	162,695
Total	\$ 3,839,603	\$ 82,251	\$ 3,921,854
<u>Timing of revenue recognition</u>			
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

2019:

	Drinks and canned foods	Processing	Total
<u>Main area and market</u>			
Taiwan	\$ 3,694,409	\$ 87,080	\$ 3,781,489
<u>Product line</u>			
Tradition series	\$ 915,791	\$ -	\$ 915,791
Dessert series	689,915	10,088	700,003

Drink series	1,387,744	76,992	1,464,736
Oat milk series	611,950	-	611,950
Oil series	77,948	-	77,948
Health series	11,061	-	11,061
Total	<u>\$ 3,694,409</u>	<u>\$ 87,080</u>	<u>\$ 3,781,489</u>
Timing of revenue recognition			
Fulfillment of performance obligation at certain timing	\$ 3,694,409	\$ 87,080	\$ 3,781,489
Gradual fulfillment of performance obligation over time	-	-	-
Total	<u>\$ 3,694,409</u>	<u>\$ 87,080</u>	<u>\$ 3,781,489</u>

### 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, 2020	December 31, 2019
Receivable	\$ 539,193	\$ 577,892
Contract assets	-	-
Total	<u>\$ 539,193</u>	<u>\$ 577,892</u>
Contract liabilities – current	<u>\$ 8,118</u>	<u>\$ 5,233</u>

#### (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	2020	2019
Contract liabilities from the beginning of the period	\$ 5,233	\$ 3,874
Fulfilled performance obligation from the previous period	<u>\$ -</u>	<u>\$ -</u>

## (XXII) Employee benefits, depreciation, depletion and amortization expenses

By nature	2020		
	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 1)	43,860	24,839	68,699
Amortization expenses	11	711	722
Total	\$ 212,072	\$ 325,622	\$ 537,694

By nature	2019		
	As operating costs	As operating expenses	Total
Employee benefit expenses			
Salary expenses	\$ 120,714	\$ 215,769	\$ 336,483
Expenses for labor and health insurance	12,260	16,528	28,788
Pension expenses	6,198	7,901	14,099
Remuneration to directors	-	4,786	4,786
Other employee benefit expenses	17,323	11,968	29,291
Depreciation expenses (Note 2)	44,329	26,364	70,693
Amortization expenses	21	2,050	2,071
Total	\$ 200,845	\$ 285,366	\$ 486,211

(Note 1): This does not include the leased asset depreciation expenses of NTD2,288 thousand stated in non-operating expenses.

(Note 2): This does not include the leased asset depreciation expenses of NTD2,453 thousand stated in non-operating expenses.

- The additional information on number of employees and employee benefit expenses of the Company in 2020 and 2019 is as follows:

Item	December 31, 2020	December 31, 2019
Number of employees	600	602
Number of directors not concurred as employees	4	4
Average employee benefit expenses	\$ 917	\$ 800
Average employee salary expenses	\$ 771	\$ 658

Changes in average employee salary expenses	17.17%	(1.50%)
Remuneration to supervisors	-	-

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 2020 and 2019. 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 2020 and 2019 remunerations to employees and directors on March 23, 2021 and March 26, 2020, respectively. The relevant amount recognized in the financial report is as follows:

	2020		2019	
	Employee Compensation	Remuneration to directors	Employee Compensation	Remuneration to directors
Distributed amount resolved	\$ 2,985	\$ 2,984	\$ 451	\$ 450
Amount recognized in annual financial	5,970	2,984	451	450



statements

Difference	<u>\$ (2,985)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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The difference between the 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 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.

(XXIII) Other revenue

Item	2020	2019
Rental revenue	\$ 10,299	\$ 11,095
Dividend revenue	7,644	8,665
Service revenue	22,092	20,444
Others	8,115	7,356
Total	<u>\$ 48,150</u>	<u>\$ 47,560</u>

(XXIV) Other gains and losses

Item	2020	2019
Gain (loss) on disposal of property, plant and equipment	\$ (223)	\$ (80)
Gain (loss) of foreign exchange, net	2,057	(231)
Gain (loss) from fair value adjustment – investment property	11,825	36,076
Lease cost	(6,924)	(6,984)
Service cost	(16,432)	(14,279)
Others	(8,359)	(116)
Total	<u>\$ (18,056)</u>	<u>\$ 14,386</u>

(XXV) Financial cost

Item	2020	2019
Interest from bank loans	\$ 73,980	\$ 75,644
Other finance costs	\$ 3,073	5,367
Lease liabilities	424	653
Subtotal	<u>\$ 77,477</u>	<u>\$ 81,664</u>
Less: Capitalized amount of qualifying assets	(216)	(121)
Financial cost	<u>\$ 77,261</u>	<u>\$ 81,543</u>
Interest rate interval	<u>1.42%-2.45%</u>	<u>1.67%-2.75%</u>

(XXVI) Income tax

1. Income tax expenses

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

Item	2020	2019
<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	\$ 59,510	\$ (3,954)
Deferred income tax expenses	\$ 59,510	\$ (3,954)
Income tax expenses (gains)	\$ 59,606	\$ (3,954)

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

Item	2020	2019
Exchange difference in the financial statement translation of foreign operations	\$ (980)	\$ (2,861)
Re-measurement of defined benefit pension plan	(1,722)	898
Total	\$ (2,702)	\$ (1,963)

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

Item	2020	2019
Net profit before tax	\$ 292,510	\$ 44,115
Tax calculated based on net profit before tax at the statutory tax rate	\$ 58,502	\$ 8,823
Tax effects of adjustments		
Effects not included in the calculation of taxable income		
Investment losses (gains) recognized under the equity method	(22,706)	17,185
Losses (gains) from adjustment of unrealized fair value	(2,365)	(7,215)
Other adjustments	(5,597)	(3,980)
Deduction of losses	(27,834)	(14,813)
Overestimated/underestimated income tax in previous year	96	-
Net change in deferred income tax		
Deduction of losses	(31,293)	4,817
Temporary difference	90,803	(8,771)
Income tax expenses recognized as profit or loss	\$ 59,606	\$ (3,954)

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	2020			
	Balance – beginning	Recognized as profit (loss)	Recognized in other comprehensive profit (loss)	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	\$ 303,124	\$ (59,908)	\$ 2,782	\$ 245,998
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	\$ (123,460)	\$ 398	\$ (80)	\$ (123,142)
Total	\$ 179,664	\$ (59,510)	\$ 2,702	\$ 122,856

Item	2019			
	Balance – beginning	Recognized as profit (loss)	Recognized in other comprehensive profit (loss)	Balance – ending
Deferred income tax assets:				
Temporary difference				
Investment losses (gains) under the equity method	\$ 224,968	\$ 1,181	\$ 2,557	\$ 228,706
Pension	20,501	(2,346)	(898)	17,257
Unused deduction of losses	46,487	4,817	-	51,304
Others	5,616	241	-	5,857
Subtotal	\$ 297,572	\$ 3,893	\$ 1,659	\$ 303,124
Deferred income tax liabilities				
Temporary difference				
Increment tax on land value	\$ (119,244)	\$ 849	\$ -	\$ (118,395)
Others	(4,581)	(788)	304	(5,065)
Subtotal	\$ (123,825)	\$ 61	\$ 304	\$ (123,460)
Total	\$ 173,747	\$ 3,954	\$ 1,963	\$ 179,664

4. Items not recognized as deferred tax assets

Item	December 31, 2020	December 31, 2019
Temporary difference	\$ 279,249	\$ 242,211

5. The tax collection authorities have authorized the income tax of profit-seeking enterprises reported the Company as of 2018.

## (XXVII) Other comprehensive income

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 gains and losses from equity instrument investments measured at fair value through other comprehensive income	16,008	-	16,008
Shares of subsidiaries, affiliates and joint ventures recognized 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:			
Shares of subsidiaries, affiliates and joint ventures recognized under the equity method			
Exchange difference in the financial statement translation of foreign operations	\$ (10,517)	\$ 980	\$ (9,537)
Unrealized valuation gains and losses from equity instrument investments measured 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>

Item	2019		
	Before tax	Income tax (expenses) gains	Net amount after tax
Items not reclassified to profit or loss:			
Re-measurement of defined benefit plan	\$ 4,491	\$ (898)	\$ 3,593
Unrealized valuation gains and losses from equity instrument investments measured at fair value through other comprehensive income	44,751	-	44,751
Shares of subsidiaries, affiliates and joint ventures recognized under the equity method	104,418	-	104,418
Subtotal	<u>\$ 153,660</u>	<u>\$ (898)</u>	<u>\$ 152,762</u>

Items may be subsequently reclassified as profit or loss:

Shares of subsidiaries, affiliates and joint ventures recognized under the equity method

Exchange difference in the financial statement translation of foreign operations	\$ (48,756)	\$ 2,861	\$ (45,895)
Unrealized valuation gains and losses from equity instrument investments measured at fair value through other comprehensive income	(500)	-	(500)
Subtotal	<u>\$ (49,256)</u>	<u>\$ 2,861</u>	<u>\$ (46,395)</u>
Recognized under other comprehensive income	<u>\$ 104,404</u>	<u>\$ 1,963</u>	<u>\$ 106,367</u>

(XXVIII) Earnings per common stock

Item	2020	2019
A. Basic EPS:		
Current net profit	\$ 232,904	\$ 48,069
Weighted average number of current outstanding shares (thousand shares)	494,513	494,513
Basic EPS (after tax) (NTD)	<u>\$ 0.47</u>	<u>\$ 0.10</u>
B. Diluted EPS:		
Current net profit	\$ 232,904	\$ 48,069
Effect of dilutive potential common stocks	-	-
Current net profit to be used to calculate diluted EPS	<u>\$ 232,904</u>	<u>\$ 48,069</u>
Weighted average number of current outstanding shares (thousand shares)	\$ 494,513	\$ 494,513
Effects of remuneration to employees (Note)	316	75
Weighted average number of outstanding shares to be used to calculate diluted EPS (thousand shares)	<u>\$ 494,829</u>	<u>\$ 494,588</u>
Diluted EPS (after tax) (NTD)	<u>\$ 0.47</u>	<u>\$ 0.10</u>

(Note) When the Company chooses to distribute remuneration to employees in the form of shares or cash, the diluted EPS is calculated in case the remuneration to employees is distributed in shares and the weighted average outstanding shares is included in the dilutive potential common stocks. When calculating 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. (Original Koya Agriculture 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
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

Name of the related party	Relationship with the Company
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
Bi-Hsia Ma	Other related parties

(III) Major transactions with the related party:

1. Operating revenue

Item	Category/Name of the related party	2020	2019
Sales revenue	Subsidiary		
	Hope Choice Distribution Corp.	\$ 566,181	\$ 524,386
	Others	325,861	359,844
	Affiliated companies	40,745	20,244
	Other related parties	144,260	136,921
	Total	<u>\$ 1,077,047</u>	<u>\$ 1,041,395</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

Category/Name of the related party	2020	2019
Subsidiary	\$ 126,448	\$ 139,943
Affiliated companies		
Taiwan First Biotechnology Corp.	1,100,510	1,076,685
Other related parties		
Others	215,500	181,156
Total	\$ 1,442,458	\$ 1,397,784

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. Receivable accounts of the related party (excluding funds loaned to the related party)

Item	Category/Name of the related party	December 31, 2020	December 31, 2019
Notes receivable	Affiliated companies	\$ 3	\$ 4
	Other related parties		
	NICECO International Corp.	19,151	32,029
	Total	\$ 19,154	\$ 32,033
	Less: Allowance loss	(19)	(32)
	Net amount	\$ 19,135	\$ 32,001
Accounts receivable	Subsidiary	\$ 85,910	\$ 85,447
	Affiliated companies	2,100	1,665
	Other related parties	13,210	6,631
	Total	\$ 101,220	\$ 93,743
	Less: Allowance loss	(16)	(8)
	Net amount	\$ 101,204	\$ 93,735
Other accounts receivable	Subsidiary	\$ 3,106	\$ 2,710
	Affiliated companies		
	Taiwan First Biotechnology Corp.	9,756	7,971
	Others	103	417
	Other related parties		
	Nice Capital & Finance Corp.	7,264	-
	Others	591	196
	Total	\$ 20,820	\$ 11,294
	Less: Allowance loss	-	-



	Net amount	\$	20,820	\$	11,294
Refundable deposit	Subsidiary				
	Koya Biotech Corp. (Original Koya Agriculture Biotech Corp.)	\$	40,000	\$	45,000
	Yunlin Dairy Technology Corp.		3,000		3,000
	Total	\$	43,000	\$	48,000
4.	Accounts payable to the related party (excluding loans from the related party)				
	Item	Category/Name of the related party	December 31, 2020	December 31, 2019	
Accounts payable	Subsidiary		\$ 4,564	\$	8,259
	Affiliated companies				
	Taiwan First Biotechnology Corp.		586,832		532,113
	Others		30		-
	Other related parties		19,317		-
	Total		\$ 610,743	\$	540,372
Other payables	Subsidiary		\$ 1,151	\$	1,181
	Affiliated companies		19,817		24,347
	Other related parties		22,851		22,844
	Total		\$ 43,819	\$	48,372
5.	Collections				
	Category/Name of the related party		December 31, 2020	December 31, 2019	
	Other related parties		\$ -	\$	3
6.	Prepayments				
	Category/Name of the related party		December 31, 2020	December 31, 2019	
Affiliated companies	Nice Plaza Co., Ltd.		\$ 21,087	\$	15,000
	Other related parties				
	NICECO International Corp.		11,855		5,279
	Others		23		22
	Total		\$ 32,965	\$	20,301
7.	Guarantee deposits				
	Category/Name of the related party		December 31, 2020	December 31, 2019	
Affiliate Hopeman Distribution Co., Ltd.			\$ 348	\$	151
	Total		\$ 348	\$	151
8.	Property transaction				
	(1) Acquisition of property, plant and equipment:				
	Category/Name of the related		2020		2019

party		
Affiliated companies	\$	- \$ 124

(2) Acquisition of financial assets:

2020: None.

2019:

Category/Counterparty of the related party	Transaction item	Transaction amount
<b>Subsidiary</b>		
Sontenkan Resort Development Co., Ltd.	3,162 thousand shares of Nice Capital & Finance Corp.	\$ 42,968
Sontenkan Resort Development Co., Ltd.	2,484 thousand shares of Kuo Cheng Investment Development Corp.	27,546
Sontenkan Resort Development Co., Ltd.	1,094 thousand shares of Taiwan First Biotechnology Corp.	24,049
Rosahill Leisure Industry Co., Ltd.	227 thousand shares of Taiwan First Biotechnology Corp.	4,898
Rosahill Leisure Industry Co., Ltd.	445 thousand shares of Nice Capital & Finance Corp.	8,718
Aiken Biotechnology International Co., Ltd.	1,099 thousand shares of Taiwan First Biotechnology Corp.	21,529
Koya Biotech Corp. (Original Koya Agriculture Biotech Corp.)	416 thousand shares of Taiwan First Biotechnology Corp.	7,619
Category/Counterparty of the related party	Transaction item	Transaction amount
<b>Affiliated companies</b>		
Nice Enterprise Co., Ltd.	52 thousand shares of Hope Choice Distribution Corp.	703

The share transaction price refers to the net worth per share of the invested company and is determined after price negotiation by both parties. As of December 31, 2019, all of the transaction prices have been paid in full.

(3) Disposition of financial assets:

2020: None.

Category/Counterparty of the related party	Transaction item	2019	
		Amount sold	Profit or loss from sales
Affiliated companies			
Taiwan First Biotechnology Corp.	Equity of Global Securities Finance Corporation (Note)	\$ 25,154	\$ 2,910
Taiwan First Biotechnology Corp.	Equity of UPAMC Global Innovative Tech Fund (Note)	18,137	196
	Total	<u>\$ 43,291</u>	<u>\$ 3,106</u>

(Note): Said profit or loss from sales is the disposition of financial assets measured at fair value through other comprehensive income. The changes in accumulated net fair value is re-stated from other equity to retained earnings upon disposition.

Said transaction price is determined after price negotiation between both parties. As of December 31, 2019, all of the transaction prices have been collected in full.

9. Lease agreement

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

Category/Name of the related party	Lease item	2020	2019
Acquisition of right-of-use assets	Institute of Health Science		
Affiliated companies		\$ -	\$ 8,744

Category/Name of the related party	December 31, 2020	December 31, 2019
Lease liabilities		
Affiliated companies	\$ 3,303	\$ 5,903

Category/Name of the related party	2020	2019
Interest expenses		
Affiliated companies	\$ 96	\$ 183

(2) Lease expenses:

Category/Name of the related party	2020	2019
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	2020	2019
Subsidiary		
Sontenkan Resort Development Co., Ltd.	\$ 792,000	\$ 792,000
Yunlin Dairy Technology Corp.	180,000	-
Total	<u>\$ 972,000</u>	<u>\$ 792,000</u>

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

12. Others

(1) Various revenues

Category/Name of the related party	2020	2019
Subsidiary	\$ 14,371	\$ 14,888
Affiliated companies	5,296	5,121
Other related parties	10,943	3,494
Total	<u>\$ 30,610</u>	<u>\$ 23,503</u>

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

(2) Various expenditures

Category/Name of the related party	2020	2019
Subsidiary	\$ 24,663	\$ 22,697
Affiliated companies		
Hopeman Distribution Co., Ltd.	136,137	128,493
Others	11,551	6,996
Other related parties		
Tangli Culture Media Co., Ltd.	221,109	225,918
Others	22,445	25,136
Total	<u>\$ 415,905</u>	<u>\$ 409,240</u>

a. To promote the sale of products, the Company commissioned Tangli Culture Media to provide advertisement planning services. It is responsible for product market survey, product and advertisement planning. The payment is based on the contract agreement and settled on a monthly basis. The amount is paid within 30 days after the settlement.

b. Hopeman Distribution is commissioned to deliver products manufactured and sold by the Company, and the product delivery expenses is calculated based on certain ratio of net sales.

c. Other expenses such as management consultation services are paid according to the contract agreement.

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

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. (Original Koya Agriculture Biotech Corp.)	1,000	10,000	93.12%	87.09%

2019:

Invested company	Increase of investment		Shareholding ratio	
	Shares (thousand shares)	Amount	Before capital increase	After capital increase
Sontenkan Resort Development Co., Ltd.	5,000	\$ 50,000	100.00%	100.00%
AGV First Biotech Food (BVI) Limited.	413	12,688	100.00%	100.00%
Apoland Development (Singapore) Pte Ltd.	1,770	39,919	92.65%	92.88%
Alpha International Developments Limited	243	7,425	100.00%	100.00%

(IV) Information about remuneration to key management

Item	2020	2019
Salary and other short-term employee benefits	\$ 19,985	\$ 15,735
Benefits after severance/retirement	731	701
Other long-term employee benefits	1,005	805
Total	\$ 21,721	\$ 17,241

VIII. Pledged assets

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

Item	December 31, 2020	December 31, 2019
Pledged demand deposits	\$ 48,025	\$ 97,681
Investment under the equity method	433,488	391,522
Property, plant and equipment (net amount)	664,673	674,996
Investment property	1,433,623	1,374,481
Total	\$ 2,579,809	\$ 2,538,680

IX. Major contingent liabilities and commitments made under unrecognized contracts

- (I) As of December 31, 2020 and 2019, the guarantee notes issued for loan limit guarantees by the Company was NTD2,537,000 thousand and NTD4,118,000 thousand, respectively, which were recognized as guarantee notes paid and guarantee notes payable.
- (II) As of December 31, 2020 and 2019, the guarantee notes and accounts received by the Company for performance guarantees of construction and assuring claims of payment for goods were NTD50,309 thousand and NTD38,322 thousand, respectively, which were recognized as guarantee notes and accounts received and guarantee notes and accounts receivable.
- (III) As of December 31, 2019 and 2020, the details regarding the unused letter of credit issued by the Company are as follows:

Item	Unit: NTD thousand	
	December 31, 2020	December 31, 2019
Amount of letter of credit	USD 1,496	USD 774
Guarantee amount	-	-

- (IV) As of December 31, 2020 and 2019, for endorsement/guarantee for others by the Company, please refer to Note 7(3)11.

- (V) Significant capital expenses signed but not occurred:

Item	December 31, 2020	December 31, 2019
Property, plant and equipment	\$ 2,208	\$ 9,247

- 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, 2020						
	Foreign currency	Exchange rate	Amount recognized (NTD)	Sensitivity analysis		
				Extent of change	Impact on profit or loss	Impact on equity
(Foreign currency: Functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	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	-
December 31, 2019						
	Foreign currency	Exchange rate	Amount recognized (NTD)	Sensitivity analysis		
				Extent of change	Impact on profit or loss	Impact on equity
(Foreign currency: Functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	34	29.98	1,038	1% appreciation	10	-
<u>Non-monetary items</u>						
<u>Investment under the equity method</u>						
USD : NTD	22,803	29.98	683,637	1% appreciation	-	6,836

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, 2020 and 2019.

(C)The Company's total amount of all exchange gain (loss) (including the realized and unrealized) from monetary items due to significant impacts of exchange rate fluctuation were NTD2,057 thousand and NTD(231) thousand in 2020 and 2019, 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 measured 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) NTD9,145 thousand and NTD9,720 thousand in 2020 and 2019, respectively, due to the increase or decrease in the fair value of financial assets measured 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, 2020	December 31, 2019
Interest rate risk with fair value:		
Financial assets	\$ 40,000	\$ 45,000
Financial liabilities	(14,674)	(21,289)
Net amount	\$ 25,326	\$ 23,711
Interest rate risk with cash flow:		
Financial assets	\$ 446,393	\$ 391,566
Financial liabilities	(3,550,968)	(3,606,103)
Net amount	\$ (3,104,575)	\$ (3,214,537)

#### (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 measured at fair value through profit or loss or measured 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 2020 and 2019 will increase (increase) NTD(31,046) thousand and NTD(32,145) thousand, respectively, for every 1% decrease (increase) in 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, 2020 and 2019, the receivable balance of top 10 customers accounted for 66.08% and 66.96% of the Company's receivable balance, 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, 2020	Book amount	Amount of decrease in maximum credit risk exposure			Total
		Collateral	Overall agreement on net settlement	Other credit enhancement	

Financial instruments not applicable to impairment regulations of IFRS 9: Financial assets measured at fair value through other comprehensive income	\$ 914,506	\$ 45,354	\$ -	\$ -	\$ 45,354
Total	\$ 914,506	\$ 45,354	\$ -	\$ -	\$ 45,354

December 31, 2019	Book amount	Amount of decrease in maximum credit risk exposure			
		Collateral	Overall agreement on net settlement	Other credit enhancement	Total
Financial instruments not applicable to impairment regulations of IFRS 9: Financial assets measured at fair value through other comprehensive income	\$ 972,028	\$ 71,072	\$ -	\$ -	\$ 71,072
Total	\$ 972,028	\$ 71,072	\$ -	\$ -	\$ 71,072

### (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, 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 1 year)	240,550	294,649	881,081	1,650,648	-	3,066,928	3,060,968	
Lease liabilities	5,521	3,828	4,000	1,667	-	15,016	14,674	
Guarantee deposits	1,730	-	-	-	-	1,730	1,730	
Total	\$ 1,797,432	\$ 304,446	\$ 885,081	\$ 1,652,315	\$ -	\$ 4,639,274	\$ 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	\$ 9,349	\$ 5,667	\$ -	\$ -	\$ -	\$ -	\$ 15,016

December 31, 2019							
Non-derivative financial liabilities	Within 6 months	7–12 months	1–2 years	2–5 years	More than 5 years	Contractual cash flow	Book amount
Short-term loans	\$ 755,000	\$ -	\$ -	\$ -	\$ -	\$ 755,000	\$ 755,000
Notes payable	49,775	55	-	-	-	49,830	49,830
Accounts payable	612,289	-	-	-	-	612,289	612,289
Other payables	276,226	901	-	-	-	277,127	277,127
Long-term loans (including those due within 1 year)	274,500	262,000	480,556	1,841,333	-	2,858,389	2,851,103
Lease liabilities	4,125	4,125	11,696	1,666	-	21,612	21,289
Guarantee deposits	1,745	-	-	-	-	1,745	1,745
Total	\$ 1,973,660	\$ 267,081	\$ 492,252	\$ 1,842,999	\$ -	\$ 4,575,992	\$ 4,568,383

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	\$ 8,250	\$ 13,362	\$ -	\$ -	\$ -	\$ -	\$ 21,612

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, 2019 and 2020 are as follows:

	December 31, 2020	December 31, 2019
<u>Financial assets</u>		
Financial assets measured at amortized cost		
Cash and cash equivalents	\$ 399,235	\$ 301,274
Notes and accounts receivable (including the related party)	539,193	577,892
Other accounts receivable (including the related party)	35,131	38,659
Other financial assets – current	28,000	71,000
Refundable deposit	48,205	54,852
Other financial assets – non-current	20,025	20,015
Financial assets measured at fair value through other comprehensive income – non-current	914,506	972,028
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost		
Short-term loans	490,000	755,000

Notes and accounts payable (including the related party)	751,709	662,119
Other accounts payable (including the related party)	313,891	277,127
Long-term loans due within a year or operating cycle	533,124	534,456
Long-term loans	2,527,844	2,316,647
Lease liabilities (including current and non-current)	14,674	21,289
Guarantee deposits	1,730	1,745

(III) Fair value information:

- For information on the fair value of the Company's financial assets and liabilities not measured at fair value, please refer to Note 12(3)3. Description. For information on the fair value of the Company's investment property measured at fair value, please refer to Note 6(9).

- 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.

- Financial assets not at fair value:

The Company's financial instruments not measured 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.

- Fair value level information:

The Company's financial assets and investment property measured at fair value is based on repetition and measured at fair value. The information of the Company's fair value levels is shown in the following table:

Item	December 31, 2020			
	Level 1	Level 2	Level 3	Total
<u>Assets</u>				
<u>Fair value with repetition</u>				
Financial assets measured at fair value				
Financial assets				
TWSE/TPEX listed stocks	\$ 112,020	\$ -	\$ -	\$ 112,020
TWSE/TPEX unlisted stocks	-	-	802,486	802,486

Investment property (Note)	-	-	1,043,624	1,043,624
Total	\$ 112,020	\$ -	\$ 1,846,110	\$ 1,958,130

Item	December 31, 2019			Total
	Level 1	Level 2	Level 3	
Assets				
<u>Fair value with repetition</u>				
Financial assets measured at fair value				
Financial assets				
TWSE/TPEX listed stocks	\$ 128,894	\$ -	\$ -	\$ 128,894
TWSE/TPEX unlisted stocks	-	-	843,134	843,134
Investment property (Note)	-	-	1,031,799	1,031,799
Total	\$ 128,894	\$ -	\$ 1,874,933	\$ 2,003,827

(Note): This is the investment property adopting the fair value model.

5. Evaluation technology for instruments measured 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 evaluation technology or the quotation of the counterparty. The fair value acquired through the evaluation technology can take reference from other substantial conditions and present fair value, cash flow discount methods and other evaluation technologies used on similar financial instruments, including market information that can be acquired on the balance sheet date. The information is then used on a calculation model.

The TWSE/TPEX unlisted stocks held by the Company without an active market adopts the market approach to estimate fair value. The determination is evaluated based on reference to the evaluations of similar types of companies, third party quotations, net worth of the Company and operation status. In addition, the major unobservable input mainly refers to the current discount. However, the possible changes in

current discounts may not cause significant possible financial impact, therefore the quantitative information is not disclosed.

(2) Investment property

A. The fair value evaluation technology adopted by the Company for the investment property measured 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:

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.

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.

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. The language "based on a certain interest rate" means the interest rate may not be lower than the floating interest rate on a 2-year time deposit of a small amount, as posted by the Chunghwa Post Co., Ltd., plus 0.75%.

B. The output of the valuation model is the rough estimate of the estimate and the valuation technology 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 measured at fair value through other comprehensive income – equity instrument	Item	Financial assets measured at fair value through other comprehensive income – equity instrument
January 1, 2020	\$ 843,134	January 1, 2019	\$ 726,054
Current acquisition		- Current acquisition	106,514
Current disposition		- Current disposition	(43,291)
Recognized under other comprehensive income	(40,648)	Recognized under other comprehensive income	53,857
December 31, 2020	<u>\$ 802,486</u>	December 31, 2019	<u>\$ 843,134</u>

## (2) Investment property:

Item	2020	2019
January 1	\$ 1,031,799	\$ 995,723
Profit or loss recognized in current profit or loss	11,825	36,076
December 31	<u>\$ 1,043,624</u>	<u>\$ 1,031,799</u>

## 8. Quantitative information used on measuring the fair value of major unobservable input (Level 3):

## (1) Financial instruments:

TWSE/TPEX unlisted stocks and preferred shares held by the Company without an active market adopt the market approach to estimate fair value. The determination is evaluated based on reference to evaluation of same type of companies, third party quotation, the net worth of the Company and operation status. In addition, the major unobservable input mainly refers to the current discount. However, the possible changes in current discounts may not cause significant possible financial impact, therefore the quantitative information is not disclosed.

## (2) Investment property:

	December 31, 2020 Fair value	Evaluation technology	Unobservable major input	Interval (Weighted average)	Relation between inputs and fair value
Investment property:					
Income approach	\$ 509,500	Cash flow discount analysis approach	Discount rate Revenue capitalization rate of period-end value Proper rate of return	2.095% 1.39%-1.55% 15%-18%	The higher the discount rate or revenue capitalization rate, the lower the fair value. The higher the proper rate of return or overall capital interest rate, the lower the fair value.
Land development approach	534,124	Land development analysis method	Overall capital interest rate	1.47%-1.53%	
Total	<u>\$ 1,043,624</u>				
	December 31, 2019 Fair value	Evaluation technology	Unobservable major input	Interval (Weighted average)	Relation between inputs and fair value
Investment property:					

Income approach	\$ 504,552	Cash flow discount analysis approach	Discount rate Revenue capitalization rate of period-end value Proper rate of return	2.04%-2.54% 0.52%-2.54%	The higher the discount rate or revenue capitalization rate, the lower the fair value. The higher the proper rate of return or overall capital interest rate, the lower the fair value.
Land development approach	527,247	Land development analysis method	Overall capital interest rate	15%-18% 0.81%-1.77%	
Total	\$ 1,031,799				

9. Valuation process of fair value classified as Level 3:

For the Company's evaluation process for fair value classified as Level 3, the finance department is responsible for conducting independent fair value validation for the relevant financial instruments. The department confirms the reasonableness of the evaluation result by making the evaluation result closer to the market status with information from independent sources, confirming the information source is independent, reliable and consistent with other resources and represents executable price, regularly calibrating their evaluation model, conducting roll-back testing, updating required input values and data as well as other necessary fair value adjustments for their evaluation model. The investment property is appraised by a commissioned external appraiser.

10. Fair value measurement of financial assets and liabilities classified as Level 3 and the sensitivity analysis of reasonably possible alternative regarding the fair value: None.

(IV) Transfer of financial assets: None.

(V) Offsetting of financial assets and liabilities: None.

XIII. Noted Disclosures

(I) Information related to major transactions:

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 NTD300 million or more than 20% of the paid-in capital: None.
5. Amount on acquisition of property reaching NTD300 million or more than 20% of the paid-in capital: Table 4.
6. Amount on disposal of real estate reaching NTD300 million or more than 20% of the Paid-in capital: None.
7. Purchase/sale amount of transactions with the related party reaching NTD100 million or more than 20% of the paid-in capital: Table 5.
8. Accounts receivable from the related party reaching NTD100 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 investment in Mainland China: Table 8.

(IV) Major shareholders information: Table 9.



Table 1

**AGV Products Corporation**  
**Loaning funds to others**  
**December 31, 2020**

Unit: NTD and foreign currency  
thousands

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	71,200 (USD2,500)	71,200 (USD2,500)	61,631 (USD2,164)	-	2	-	Working capital	-	-	-	496,520 (USD17,434)	496,520 (USD17,434)
		AGV First Biotech Food (BVI) Limited.	Other accounts receivable	Yes	17,088 (USD 600)	17,088 (USD 600)	17,088 (USD 600)	-	2	-	Working capital	-	-	-	496,520 (USD17,434)	
2	Mascot International (BVI) Corporation	Apoland Development (Singapore) Pte Ltd.	Other accounts receivable	Yes	14,240 (USD 500)	14,240 (USD 500)	14,240 (USD 500)	-	2	-	Working capital	-	-	-	338,969 (USD11,902)	338,969 (USD11,902)
		AGV First Biotech Food (BVI) Limited.	Other accounts receivable	Yes	11,392 (USD 400)	11,392 (USD 400)	11,392 (USD 400)	-	2	-	Working capital	-	-	-	338,969 (USD11,902)	
3	Apoland Development (Singapore) Pte Ltd.	Shanghai AGV Foods Co., Ltd.	Other accounts receivable	Yes	342,045 (USD 12,010)	342,045 (USD 12,010)	342,045 (USD 12,010)	-	2	-	Working capital	-	-	-	1,618,575 (USD56,832)	1,618,575 (USD56,832)
4	AGV First Biotech Food (BVI) Limited.	Shandong AGV Food Technology Co., Ltd.	Other accounts receivable	Yes	146,672 (USD 5,150)	146,672 (USD 5,150)	77,836 (USD 2,733)	-	2	-	Working capital	-	-	-	3,437,650 (USD120,704)	3,437,650 (USD120,704)
5	AGV International (BVI) Limited	AGV First Biotech Food (BVI) Limited.	Other accounts receivable	Yes	11,107 (USD 390)	11,107 (USD 390)	11,107 (USD 390)	-	2	-	Working capital	-	-	-	65,988 (USD2,317)	65,988 (USD2,317)
6	AGV Biohealthy Food Limited	AGV First Biotech Food (BVI) Limited.	Other accounts receivable	Yes	8,259 (USD 290)	8,259 (USD 290)	8,259 (USD 290)	-	2	-	Working capital	-	-	-	25,005 (USD878)	25,005 (USD878)

Note 1. Limit of loans to individual borrower:

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.

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2. Subsidiaries:

(1) The accumulated amount of loans to each company that is in business with the Company may not exceed the amount of business transactions conducted in the most recent year. The business transaction amount refers to the purchasing or selling amount between both parties, whichever is higher.

(2) Companies needing short-term financing:

Foreign subsidiaries – Apoland Development (Singapore) Pte Ltd., Mascot International (BVI) Corporation, Apoland Resource International (BVI) Corp., Taiwan First Biotechnology Corp. and AGV International (BVI) Limited: the loan amount of each company shall not exceed 20% of the net value of the company in the financial report certified by the independent auditor in the most recent period. For financing amounts between overseas companies with 100% voting shares held by the parent company directly and indirectly, these shall not exceed 5 times of the net value of such company in the financial report certified by the independent auditor in the most recent period; AGV Biohealthy Food Limited: the individual loan amount shall not exceed 40% of the net value of the company in the financial report certified by the independent auditor in the most recent period.

Note 2. Limit of total loans:

1. The Company: It shall not exceed 50% of the Company's net value; it shall not exceed 20% of the Company's net value for the same counterparty. The accumulated balance of short-term financing shall not exceed 40% of the Company's net value.
2. Subsidiaries: Overseas subsidiaries – Apoland Development (Singapore) Pte Ltd., Mascot International (BVI) Corporation, Apoland Resource International (BVI) Corp., Taiwan First Biotechnology Corp. and AGV International (BVI) Limited: the amount shall not exceed 40% of the net value of the Company in the financial report certified by the independent auditor in the most recent period. For financing amounts between overseas companies with 100% voting shares held by the parent company directly and indirectly, these shall not exceed 5 times of the net value of such company in the financial report certified by the independent auditor in the most recent period.

Note 3. Loaning of funds is completed in the following ways:

1. Please fill in 1 for those in business with the Company.
2. Please fill in 2 for those needing short-term financing.

Table 2

AGV Products Corporation  
Endorsement and guarantee made for others  
December 31, 2020

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 endorsement/guarantees toward the mainland China area
		Company name	Relationship (Note 1)										
0	AGV Products Corporation	Sontenkan Resort Development Co., Ltd.	2	2,435,741	792,000	792,000	506,500	-	13.01%	5,480,417	Yes	No	No
		Yunlin Dairy Technology Corp.	2	2,435,741	180,000	180,000	67,660	-	2.96%	5,480,417	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, 2020

Unit: Thousand shares; NTD and foreign currency thousands

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	29,448	4.07%	29,448	
		Share / Kai Chieh International Investment Ltd.	–	Financial assets at fair value through other comprehensive profit or loss – non-current	2,413	60,287	2.31%	60,287	(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	91,416	10.81%	91,416	
		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	29,640	15.00%	29,640	
		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	22,688	18.97%	22,688	
		Share / Pushi Venture Capital Co., Ltd.	–	Financial assets at fair value through other comprehensive profit or loss – non-current	114	515	0.27%	515	
		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	22,285	3.18%	22,285	
		Share / B&B International Development Co., Ltd.	–	Financial assets at fair value through other comprehensive profit or loss – non-current	1,000	12,391	0.69%	12,391	

No.	Holder	Type and name	Relationship with the security issuer	Account title	End of year				Remarks
					Shares (unit)	Book amount	Shareholding ratio	Fair value	
		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	4,749	18.95%	4,749	
		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	15,000	140,100	-	140,100	
		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	93,305	-	93,305	
		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	71,563	-	71,563	
		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	180,750	-	180,750	
		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	62,810	-	62,810	
		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	23,070	-	23,070	
		Preferred share / Kuo Cheng Investment Development Corp.	Affiliated companies	Financial assets at fair value through other comprehensive profit or loss – non-current	2,484	37,583	-	37,583	
		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	27,450	-	27,450	
		Preferred share / Taiwan Aibaonuo Biotech Co., Ltd.	–	Financial assets at fair value through other comprehensive profit or loss – non-current	600	4,296	-	4,296	
		Total				914,506		914,506	
1	Mascot International (BVI) Corporation	Share / Four Seas Efood Holdings Ltd.	–	Financial assets measured at fair value through profit or loss – current	350	887 (USD 31)	-	887 (USD 31)	
		Share / Amkey Venture Capital Fund Inc.	–	Financial assets at fair value through other comprehensive profit or loss – non-current	301	10,303 (USD 362)	10.26%	10,303 (USD 362)	
2	Aco Distribution	Share / IBF Financial Holdings Co., Ltd.	The director of the company is the second-degree relative of the	Financial assets measured at fair value through profit or loss – current	411	5,287	0.01%	5,287	

No.	Holder	Type and name	Relationship with the security issuer	Account title	End of year				Remarks
					Shares (unit)	Book amount	Shareholding ratio	Fair value	
	Corp.		Company's Chairman						
3	Koya Biotech Corp. (original Koya Agriculture 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	1,783	0.25%	1,783	
		Common stock / Leadgau Organic Co., Ltd.	–	Financial assets at fair value through other comprehensive profit or loss – non-current	240	1,952	2.40%	1,952	
		Common stock / Koyaka Biotech Co., Ltd.	The chairman of the corporate 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	51,870	-	51,870	
No.	Holder	Type and name	Relationship with the security issuer	Account title	End of year				Remarks
Shares (unit)	Book amount	Shareholding ratio	Fair value						
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 measured at fair value through profit or loss – current	842	10,823	0.03%	10,823	
		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	15,120	-	15,120	
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	284	0.22%	284	
		Share / Lijing Entertainment Co., Ltd.	–	Financial assets at fair value through other comprehensive profit or loss – non-current	650	103	2.41%	103	
		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	15,780	-	15,780	
		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	47,920	-	47,920	
		Preferred share / Kuo Cheng Investment Development Corp.	Affiliated companies	Financial assets at fair value through other comprehensive profit or loss – non-current	2,116	32,015	-	32,015	

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 / 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	15,380	-	15,380	
		Preferred share / Zitong International Corp.	–	Financial assets at fair value through other comprehensive profit or loss – non-current	7,200	65,088	-	65,088	
		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	26,650	-	26,650	
		Share / New Takayama Leisure and Entertainment Co., Ltd	–	Financial assets at fair value through other comprehensive profit or loss – non-current	380	3,472	19.00%	3,472	
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 measured at fair value through profit or loss – current	694	8,922	0.02%	8,922	
		Share / B&B International Development Co., Ltd.	–	Financial assets at fair value through other comprehensive profit or loss – non-current	3,000	37,174	2.06%	37,174	
		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	530	18.00%	530	
		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	2,110	-	2,110	
		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	958	0.13%	958	
		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	24,449	-	24,449	
		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	7,560	-	7,560	
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 measured at fair value through profit or loss – current	244	3,139	0.01%	3,139	
		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	4,536	-	4,536	

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 measured at fair value through profit or loss – current	514	6,600	0.02%	6,600	
		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	1,210	-	1,210	
		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	27,216	-	27,216	
11	TECO Image Systems Co., Ltd.	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	15,120	-	15,120	
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	3,024	-	3,024	

(Note 1): The shares held by the name of the Company is 2,413 thousand shares, with a market price of NTD14,933 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 NTD60,287 thousand.



Table 4

AGV Products Corporation  
Amount on acquisition of property reaching NTD300 million or more than 20% of the paid-in capital  
January 1 to December 31, 2020

Unit: RMB thousand

Company disposing property	Asset name	Date of occurrence	Transaction amount	Payment of proceeds	Counterparty	Affiliation	Information about the previous transfer, if the trading counterpart is a related party.				Reference for price determination	Purpose and status	Other covenants
							Owner	Relationship with the issuer	Date of transfer	Amount			
Shandong AGV Food Technology Co., Ltd.	Plant	During December, 2012	RMB188,514	RMB143,974	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 NTD100 million or more than 20% of the paid-in capital  
January 1 to December 31, 2020

Unit: NTD thousand

Purchasing (selling) company	Counterparty	Affiliation	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	1,100,510	44.69%	O/A 60 days	Equivalent	The grace period was extended for 1-5 months after the agreement of both parties	Accounts payable	586,832	84.84%	
	NICECO International Corp.	The chairman of the company is the second-degree relative of the Company's Chairman	Purchase	215,413	8.75%	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	19,317	2.79%	
			Sale	142,613	3.64%	O/A 90 days	Equivalent	Equivalent	Notes receivable	19,151	62.09%	
	Hope Choice Distribution Corp.	Subsidiary of the Company	Sale	566,181	14.44%	O/A 45-60 days	Equivalent	Equivalent	Accounts receivable	13,192	2.59%	
	Aco Distribution Corp.	Subsidiary of the Company	Sale	205,341	5.24%	O/A 45-60 days	Equivalent	Equivalent	Accounts receivable	39,180	7.70%	
									Accounts receivable	30,450	5.98%	

Table 6

AGV Products Corporation  
Accounts receivable from the related party reaching NTD100 million or more than 20% of the paid-in capital  
December 31, 2020

Unit: NTD thousand

Stated company of account receivable	Name of the counterparty	Affiliation	Balance of receivable accounts from the related party	Working capital	Overdue receivable accounts of the related party		Subsequent recovered amount of receivable accounts from the related party	Allowance for bad debt
					Amount	Treatment		
Apoland Development (Singapore) Pte Ltd.	Shanghai AGV Foods Co., Ltd.	Subsidiary of the Company	369,410 (Note 2)	(Note 3)	-	(Note 1)	-	-

(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 NTD342,045 thousand in financing receivable, NTD14,825 thousand in machine and equipment accounts receivable and NTD12,540 thousand in other receivables.

(Note 3): This mainly refers to other accounts receivable and therefore the turnover calculation of shall not apply.

(Note 4): Amount recovered as of March 23, 2021.

Table 7

AGV Products Corporation  
Information related to reinvested enterprises  
December 31, 2020

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	99,305	(1,532)	(1,532)	
	Defender Private Security Inc.	Chiayi City	Security business	45,409	45,409	4,000	100.00	52,996	4,600	4,600	
	Koya Biotech Corp. (original Koya Agriculture Biotech Corp.)	Yunlin County	Gardening	196,452	186,452	14,528	87.90	106,303	(15,279)	(13,711)	
	Aco Distribution Corp.	Chiayi City	Proprietary business	40,023	40,023	5,472	100.00	103,115	10,921	10,770	
	Sasaya Vitagreen Co., Ltd.	Chiayi City	Proprietary business	5,000	5,000	500	100.00	4,488	(38)	(22)	
	AGV International (BVI) Limited	British Virgin Islands	Re-investment business	13,397	13,397	460	100.00	13,198	3	3	
	Sontenkan Resort Development Co., Ltd.	Chiayi City	Leisure and recreation business	1,151,951	981,951	138,889	100.00	1,435,590	(44,099)	(44,099)	
	Alpha International Developments Limited	British Virgin Islands	Re-investment business	73,885	73,885	2,433	100.00	27,454	1,057	1,057	
	Hope Choice Distribution Corp.	Chiayi City	Proprietary business	66,948	66,948	6,500	100.00	84,723	10,799	10,579	
	Mascot International (BVI) Corporation	British Virgin Islands	Re-investment business	295,682	295,682	9,413	96.91	60,448	(36,540)	(35,412)	
	Apoland Development (Singapore) Pte Ltd.	Singapore	Re-investment business	1,328,203	1,293,579	54,322	93.08	260,334	(18,276)	(16,716)	
	Hopeland Distribution Corp.	Taipei City	Proprietary business	12,665	12,665	1,215	81.00	17,999	3,377	2,901	
	Yunlin Dairy Technology Corp.	Yunlin County	Dairy manufacturing	35,597	35,597	4,755	75.83	103,650	32,715	24,819	
Taiwan First Biotechnology Corp.	Chiayi County	Food manufacturing	974,348	974,348	54,757	41.28	1,130,310	240,873	90,851	(Note 1)	

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 Biohealthy Food Limited	British Virgin Islands	Re-investment business	23,311	23,311	783	29.75	18,596	(1,034)	(308)	
	Aiken Biotechnology International Co., Ltd.	Chiayi City	Biotechnology service	48,000	48,000	5,757	53.77	82,217	14,020	7,456	
	AGV First Biotech Food (BVI) Limited.	British Virgin Islands	Re-investment business	653,375	637,106	25,613	100.00	132,657	(27,901)	(27,901)	
	Yanjing AGV International Company Limited	Taipei City	Proprietary business	25,000	25,000	2,500	50.00	14,807	2,949	1,474	
	Heding International Development Co., Ltd.	Chiayi City	Re-investment business	201,836	201,836	16,788	48.98	152,727	12,168	5,961	
	First Bio Venture (BVI) Capital	British Virgin Islands	Re-investment business	797	797	25	49.00	707	2	1	
	Kuo Cheng Investment Development Corp.	Taipei City	Investment business	50,000	50,000	5,000	47.62	104,499	18,186	8,660	
	Hopeman Distribution Co., Ltd.	Taipei City	Logistics business	69,518	69,518	6,950	43.44	55,032	18,184	7,899	
	Nice Investment Development Ltd.	Taipei City	Investment business	48,000	48,000	4,800	36.64	152,917	25,535	9,356	
	Nicostar Capital Investment (BVI) Ltd.	British Virgin Islands	Re-investment business	51,095	51,095	1,764	36.21	26,038	(7,654)	(2,771)	
	Eastern Taiwan Resources Development Co., Ltd.	Taipei City	Entertainment business	58,800	58,800	5,880	32.94	33,807	(13,156)	(4,334)	
	Tongjitang Medicinal Biotech Corp.	Taipei City	Medical biotechnology	50,000	50,000	5,000	26.27	49,338	1,229	323	
	Nice Enterprise Co., Ltd.	Chiayi County	Household chemicals	625,910	625,910	49,224	28.24	1,157,202	255,366	70,860	
	Tai Fu International Corp.	New Taipei City	Food manufacturing	72,970	72,970	8,615	24.83	116,397	11,144	2,767	
Apoland Resource International (BVI) Corp.	AGV & NICE (USA)	U.S.	Marketing business	1,139 (USD 40)	1,139 (USD 40)	40	57.14	-	-	-	
	Apoland Development (Singapore) Pte Ltd.	Singapore	Re-investment business	13,613 (USD 478)	13,613 (USD 478)	1,320	2.26	6,389 (USD 224)	(18,276) (USD -618)	(417) (USD -14)	
	Mascot International (BVI)	British Virgin	Re-investment	5,325	5,325	300	3.09	1,930	(36,540)	(1,129)	

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			
	Corporation	Islands	business	(USD 187)	(USD 187)			(USD 68)	(USD-1,237)	(USD -38)	
Mascot International (BVI) Corporation	Asia Pacific Product Development Co.	Vietnam	Processing and export of vegetables	51,634 (USD1,813)	51,634 (USD1,813)	1,813	95.27	5,334 (USD 187)	(2,094) (USD -71)	(1,995) (USD -68)	
	New Zealand Cosmetic Laboratories Limited	New Zealand	Cosmetics	11,563 (USD 406)	11,563 (USD 406)	639	28.71	1,527 (USD 54)	(183) (USD -6)	(53) (USD -2)	
	Bioken Laboratories Inc.	U.S.	Biotechnology	1,139 (USD 40)	1,139 (USD 40)	40	26.67	-	(248) (USD -8)	(66) (USD -2)	
	Apoland Development (Singapore) Pte Ltd.	Singapore	Re-investment business	34,062 (USD1,196)	34,062 (USD1,196)	2,721	4.66	13,171 (USD 462)	(18,276) (USD -618)	(859) (USD -29)	
Asia Pacific Product Development Co.	Xingrong Limited	Vietnam	Gardening	2,447	2,423	-	100.00	-	(261)	(261)	
AGV Biotechnology (BVI) Products Corporation	Dongruntang Biotech Corp.	China	Food	60,634 (USD2,129)	60,634 (USD2,129)	13,971	29.53	48,060 (USD1,687)	(3,534) (USD -120)	(1,044) (USD -35)	
Aco Distribution Corp.	Tai Fu International Corp.	New Taipei City	Food manufacturing	15,000	15,000	4,956	14.29	67,467	11,144	1,592	
	Taiwan First Biotechnology Corp.	Chiayi County	Drink manufacturing	20,600	20,600	969	0.73	23,528	240,873	1,716	
Koya Biotech Corp. (original Koya Agriculture Biotech Corp.)	Yunlin Dairy Technology Corp.	Yunlin County	Dairy manufacturing	513	513	65	1.04	1,421	32,715	340	
Hope Choice Distribution Corp.	Taiwan First Biotechnology Corp.	Chiayi County	Drink manufacturing	10,350	10,350	459	0.35	11,726	240,873	809	
Defender Private	Taiwan First Biotechnology Corp.	Chiayi County	Drink manufacturing	35,340	35,340	1,945	1.47	39,894	240,873	3,450	

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			
Security Inc.	Yunlin Dairy Technology Corp.	Yunlin County	Dairy manufacturing	314	314	44	0.70	956	32,715	229	
Sontenkan Resort Development Co., Ltd.	Zhuqi Lionhead Mountain Leisure Development Co., Ltd.	Chiayi County	Landscape and interior design	400	400	40	40.00	244	(12)	(4)	
	Liantong Developments, Co., Ltd.	Chiayi City	Housing construction and building rental and sales	32,663	32,663	5,188	30.52	28,125	(313)	(98)	
	Bravo Bakery Corp.	Taipei City	Food manufacturing and sales	20,943	20,943	2,400	24.00	-	-	-	
	Eastern Taiwan Resources Development Co., Ltd.	Taipei City	Entertainment business	5,971	5,971	930	5.21	5,347	(13,156)	(685)	
	Qixing Resort Co., Ltd.	Yunlin County	Tourism and recreation	90,000	75,000	9,000	34.68	89,750	(152)	(86)	
	Nice Plaza Co., Ltd.	Chiayi City	Department store, hotel	581,874	500,000	56,700	32.81	526,809	(69,110)	(19,997)	(Note 2)
Aiken Biotechnology International Co., Ltd.	Acts Bioscience Inc.	Chiayi City	Health food and sales	121	121	13	21.00	159	(17)	(4)	
	Rosahill Leisure Industry Co., Ltd.	Chiayi City	Proprietary business	17,500	17,500	1,750	70.00	39,046	13,886	9,720	
	Songshan Village Co., Ltd.	Chiayi City	Floriculture	2,921	2,921	292	22.45	453	(4,460)	(1,001)	
	AGV Biohealthy Food Limited	British Virgin Islands	Re-investment business	25,856	25,856	800	30.38	18,992	(1,034)	(314)	
	Qixing Resort Co., Ltd.	Yunlin County	Tourism and recreation	1,000	1,000	100	0.39	997	(152)	-	

(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, 2020

## (1) Information on investments in Mainland China

Unit: Foreign currency thousands; 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)	802,352 (USD28,172)	-	-	802,352 (USD28,172)	(30,994) (USD-1,049)	100%	(30,994) (USD -1,049) (2)2	30,260 (USD 1,062)	None
	Xiamen Aijian Traders Co., Ltd.	Food	56,675 (USD 1,990)	(2)	48,131 (USD 1,690)	-	-	48,131 (USD 1,690)	1,233 (USD 42)	84.92%	1,047 (USD 35) (2)2	24,754 (USD 869)	None
	Shandong AGV Food Technology Co., Ltd.	Food	1,186,192 (USD41,650)	(2)	486,483 (USD17,082)	-	-	486,483 (USD17,082)	(27,895) (USD -944)	100%	(27,895) (USD -944) (2)2	171,000 (USD 6,004) (Note 4)	None
	Zhangzhou Pientzehuang AGV Biohealthy Food Limited	Food	230,517 (USD 8,094)	(2)	41,733 (USD 1,466)	-	-	41,733 (USD 1,466)	(15,308) (USD -518)	18.11%	(2,771) (USD -94) (2)2	17,630 (USD 619)	None
	Dongruntang Biotech Corp.	Food	206,541 (USD 7,252)	(2)	25,485 (USD 895)	-	-	25,485 (USD 895)	(3,534) (USD -120)	16.64%	(588) (USD -20) (2)3	48,060 (USD 1,687)	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 of the Ministry of Economic Affairs (Note 3)
AGV Corporation	Shanghai AGV Foods Co., Ltd.	802,352 (USD 28,172)	1,113,200 (USD 39,087)	3,653,612
	Xiamen Aijian Traders Co., Ltd.	48,131 (USD 1,690)	48,131 (USD 1,690)	
	Shandong AGV Food Technology Co., Ltd.	486,483 (USD 17,082)	569,526 (USD 19,997)	
	Zhangzhou Pientzhuang AGV Biohealthy Food Limited	41,733 (USD 1,466)	41,733 (USD 1,466)	
	Dongruntang Biotech Corp.	25,485 (USD 895)	76,937 (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: The limit is calculated based on the regulation in the “Principle of Review on Investment and Technical Cooperation in Mainland China” issued by the Investment Commission on August 29, 2008.

Note 4: This does not include the reinvestment in Shandong AGV Food Technology Co., Ltd. by Taiwan First Biotechnology Corp. through reinvestment of USD18,100 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 2020:

1. Major transactions with the invested companies in Mainland China: Please refer to Table 6 and 7 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, 2020

Major Shareholders	Shares held	Shareholding ratio
Ho Yuan Investment Co., Ltd.	33,222,258	6.71%

Note: The major shareholders information in the Table is the information of the Company's total common stocks and preferred shares with completion of non-physical delivery (including treasury stock) reaching above 5% held by the shareholders. The information is calculated by the Taiwan Depository & Clearing Corporation on the last business day at the end of each quarter. The capital stock recorded in the Company's financial report and the non-physical share delivery actually completed by the Company may vary due to different calculation basis for preparation.

XIV. Segment information

The Company had business segment information disclosed in the consolidated financial report; therefore, the business segment information was not disclosed in the parent company only financial report.

XV. Reclassification of accounting items

To align with the presentation of 2020 financial statements, partial accounting items in 2019 were reclassified. The description is as follows:

1. Cash flow statement items

Accounting items	Before reclassification	Difference	After reclassification
Operating activities			
Increase (decrease) in other financial assets	(12,000)	12,000	-
Investment activities			
Increase in other financial assets	(7,483)	(12,000)	(19,483)

V. Company's Consolidated Financial Report of the Most Recent Year Audited by CPA

(I) Statement of Declaration

The companies to be included by the Company in the consolidated financial statement of affiliated enterprises in 2020 (January 1, 2020 – December 31, 2020) pursuant to the Criteria Governing Preparation of Affiliation Report, Consolidated Business Report and Consolidated Financial Statement of Affiliated Enterprises are the same as those to be included into the consolidated financial report of the parent company and subsidiaries pursuant to the Statement of International Financial Reporting Standards (IFRS) No. 10 approved by the Financial Supervisory Commission. Further, the related information to be disclosed in the consolidated financial report of affiliated enterprises has been disclosed in the aforementioned consolidated financial report of parent company and subsidiaries. Accordingly, it is not necessary for the Company to prepare a consolidated financial report of affiliated enterprises separately.

Declared by:

Company name: AGV Products Corporation

Responsible person: Kuan-Han Chen

March 23, 2021

## (II) Independent Auditors' Report

To AGV Products Corporation:

### **Audit opinions**

We have audited the standalone balance sheet of AGV Products Corporation and subsidiaries (hereinafter referred to as the "AGV Group") as of December 31, 2020 and 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated cash flow statement for the periods January 1 to December 31, 2020 and 2019, and the accompanying footnotes (including a summary of major accounting policies).

In our opinion, based on our audit results and other independent auditors' report (please refer to the other matters section), all material disclosures of the consolidated financial report mentioned above were prepared in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers," international financial reporting standards approved by the Financial Supervisory Commission, the International Accounting Standards, and interpretations thereof, and presented a fair view of the consolidated financial position of AGV Group as at December 31, 2020 and 2019, and business performance and cash flow for the periods January 1 to December 31, 2020 and 2019.

### **Basis of audit opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statement by Certified Public Accountants and the Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Report section of our report. The personnel of the CPA Firm subject to the independence requirement have acted independently from the business operations of AGV Group in accordance with the Code of Ethics for Professional Accountants, and with the other responsibilities of the Code of Ethics performed as well. According to our audits and other independent auditors' reports, we believe to have obtained sufficient and appropriate audit evidence to be used as the basis for the 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 2020 consolidated financial report of AGV Group. These matters were addressed in the content of our audit of the consolidated financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on them.

The key audit matters of the 2020 consolidated financial report of AGV Group are described as follows:

#### **I. Fair value evaluation of investment property**

For detailed accounting policy on investment property, please refer to Note 4(12) of the consolidated financial report, and for descriptions on the recording basis and evaluation status of investment property, please refer to Note 6(12) of the consolidated financial statements.

Description of key audit matters:

As of December 31, 2020, the held investment property totaled NTD2,647,279 thousand, accounted for 19.84% of the total assets and was measured in fair value model subsequently. The recognized variable income generated from fair value changes totaled NTD30,135 thousand in 2020, accounted for 9.71% of net income before tax. The evaluation was mainly based on an analysis of discounted cash flow and land development, under the condition that the income was calculated according to market rent and value by commissioned external appraiser. The analysis relied on the evaluation and judgment of an external appraiser based on overall usage, local or market conditions of the subject property and the assumptions and estimates related to profit rate and discount rates adopted for evaluation contained material uncertainty. Thus, we consider the fair value evaluation of investment property as a key audit matter when auditing the parent company only financial report of AGV Group.

Corresponding audit process:

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

## II. Recognition of revenue

Please refer to Note 4(19) of the consolidated financial report for detailed accounting policy on income recognition. Please refer to Note 6(27) of the consolidated financial report for income details.

The main business of the AGV Group refers to the manufacturing, processing, and sales of products related to drinks and canned foods. The transaction terms agreed to in the sales contract signed with the customer will affect the judgment of the AGV Group regarding whether the income recognition timing meets the time in which the customer owns the right to set the price and use the same and takes the responsibility for resale along with the obsolescence risk of the product. Therefore, we consider the income recognition test in 2020 as a key audit matter when auditing the consolidated financial report of the AGV Group.

Our main audit process includes understanding the sales system of AGV Group, such as the sales channels and selling customers, checking agreements related to sales contracts signed with main trading customers and randomly checking shipment and income recognition operation procedure records in 2020 (including checking the consistency of the date, amount and counterparty in the shipping order and invoice). We also conduct a comparison of two terms regarding the main trading customers, including the comparison of accounts receivable turnover rate, accounts receivable turnover days and credit period, and inquires of the top ten trading counterparties in two terms with major changes to evaluate the reasonableness of transaction amount and counterparty and execution cut-offs for operating revenue recognition and shipping voucher forms before and after the balance sheet date.

## **Other information**

As stated in Note 4(3) of the consolidated financial report, we have not audited partial financial statements of some subsidiaries and the investment under the equity method in said consolidated report, instead other CPAs did. Thus, in our opinions expressed on the consolidated financial report, the amounts listed in the report for those companies were based on the other independent auditors' report. The total assets of subsidiaries were NTD6,888 thousand and NTD9,272 thousand as of December 31, 2020 and 2019, accounting for 0.05% and 0.07% of total consolidated assets, respectively, and the total liabilities were NTD1,235 thousand and NTD1,288 thousand as of December 31, 2020 and 2019, accounting for 0.02% and 0.02% of total consolidated liabilities, respectively. In 2020 and 2019, the operating revenues were NTD0 thousand and NTD40 thousand, accounting for 0% of net consolidated operating revenue and the total comprehensive incomes were NTD(2,094) thousand and NTD(2,943) thousand, accounting for (0.49%) and (1.65%) of total consolidated comprehensive income, respectively; in addition, the investments in these affiliates under the equity method were NTD1,818,191 thousand and NTD1,647,386 thousand as of December 31, 2020 and 2019, accounting for 13.63% and 12.77% of total consolidated assets, respectively. In 2020 and 2019, the recognized shares of profit or loss from affiliates and joint ventures under the equity method were NTD95,297 thousand and NTD51,256 thousand, accounting for 30.71% and 73.13% of consolidated pre-tax income, respectively, while the recognized shares of other comprehensive income from affiliates and joint ventures under the equity method were NTD90,957 thousand and NTD73,414 thousand, accounting for 50.13% and 65.09% of other net consolidated comprehensive income, respectively.

AGV Products Corporation had duly worked out the 2020 and 2019 parent company only financial report for which we have duly worked out a standard type Audit Report with unqualified (unreserved) opinion for reference.

### **Responsibilities of the Management and the Governance Unit with Governance for the Consolidated Financial Report**

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

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

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Report**

Our objectives are to obtain reasonable assurance about whether the consolidated financial



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

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

I. Identify and assess the risk of material misstatement of the consolidated financial report due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

II. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of AGV Group.

III. Evaluate the adequacy of accounting policies adopted by management and the legitimacy of accounting estimates and related disclosures made.

IV. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of AGV Group to continue as a going concern. In cases where we consider that events or circumstances have significant uncertainty in this regard, then relevant disclosure of the consolidated financial report shall be provided in the auditors' report to allow users of the consolidated financial report to be aware of such events or circumstances, or shall revise our opinion when such disclosure is considered inappropriate. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the AGV Group to cease to continue as a going concern.

V. Evaluate the overall presentation, structure and content of the consolidated financial report (including relevant notes), and whether the consolidated financial report represents the underlying transactions and events in a manner that achieves fair presentation.

VI. Obtain sufficient and appropriate audit evidence on the financial information of individual companies within AGV Group in order to express an opinion on the consolidated financial report. Our responsibilities as auditors are to instruct, supervise and execute audits and form audit opinions on AGV Group.

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

We also provide those in charge of governance with a statement that we have complied

with the Code of Ethics for Professional Accountants regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, where applicable (including related protection measures).

The independent auditor has used communications with the governing unit as the basis to determine the key audit matters to be performed on the 2020 consolidated financial report of AGV Group. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter 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 23, 2021

AGV Products Corporation and its Subsidiaries  
Consolidated Balance Sheet  
December 31, 2020 and 2019

Unit: NTD thousands

Code	Assets	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
<b>Current assets</b>					
1100	Cash and cash equivalent (Note 6(1))	\$ 669,519	5	\$ 614,057	5
1110	Financial assets at fair value through profit and loss - current (Notes 6 (2))	35,658	-	31,035	-
1150	Receivable notes, net (Note 6(3))	41,580	-	39,051	-
1160	Note receivables - the related party, net (Note 7)	19,394	-	32,333	-
1170	Accounts receivable, net (Note 6(4))	511,606	4	537,805	4
1180	Accounts receivable - the related party, net (Note 7)	19,339	-	12,557	-
1200	Other receivables (Note 6(5))	17,857	-	76,080	1
1210	Other accounts receivable - the related party (Note 7)	23,434	-	17,199	-
1220	Income tax assets in the current period	226	-	715	-
130x	Inventories (Note 6(6))	742,160	7	634,564	5
1410	Prepayments (Note 6(7))	124,997	1	106,875	1
1476	Other financial assets - current (Note 6(14))	30,278	-	71,000	1
1479	Other current assets - others	3,565	-	3,701	-
11xx	Total current assets	2,239,613	17	2,176,972	17
<b>Non-current assets</b>					
1517	Financial assets measured at fair value through other comprehensive income - non-current (Note 6(8))	1,156,453	9	1,113,441	9
1550	Investment under the equity method (Note 6(9))	3,837,867	29	3,453,582	28
1600	Property, plant and equipment (Note 6(10))	2,962,648	22	2,987,712	23
1755	Right-of-use assets (Note 6(11))	175,872	1	153,209	1
1760	Investment property, net (Note 6(12))	2,647,279	20	2,617,144	20
1780	Intangible assets (Note 6(13))	9,102	-	11,269	-
1840	Deferred income tax assets (Note 6(32))	257,215	2	321,033	2
1920	Refundable deposit	9,963	-	12,793	-
1980	Other financial assets - non-current (Note 6(14))	27,521	-	27,278	-
1990	Other financial assets - non-current (Note 6(15))	17,326	-	21,553	-
15xx	Total non-current assets	11,101,246	83	10,719,014	83
1xxx	Total assets	\$ 13,340,859	100	\$ 12,895,986	100
<b>Liability and equity</b>					
<b>Current liabilities</b>					
2100	Short-term loans (Note 6(16))	\$ 928,592	7	\$ 1,230,228	10
2130	Contract liabilities - current	11,761	-	8,369	-
2150	Notes payable	79,565	1	68,302	1
2160	Notes receivable - the related party (Note 7)	12,210	-	7,108	-
2170	Accounts payable	92,523	1	87,497	1
2180	Accounts payable - the related party (Note 7)	617,882	5	541,198	4
2200	Other payable (Note 6(17))	578,272	4	419,230	3
2230	Current income tax liabilities	7,003	-	3,051	-
2250	Liability reserve - current (Note 6(18))	23,440	-	23,102	-
2280	Lease liabilities - current (Note 6(11))	16,036	-	11,335	-
2310	Collections	455	-	355	-
2320	Long-term liabilities due within a year or operating cycle (Note 6(20))	1,133,137	9	940,929	7
2399	Other current liabilities (Note 6(19))	5,076	-	5,344	-
21xx	Total current liabilities	3,505,952	27	3,346,048	26

(Continued)

(Brought forward)

Code	Liability and equity	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
	Non-current liabilities				
2540	Long-term loans (Note 6(20))	\$ 2,694,544	20	\$ 2,823,147	22
2570	Deferred income tax liabilities (Note 6(32))	141,458	1	154,236	1
2580	Lease liabilities - non-current (Note 6(11))	33,566	-	17,591	-
2640	Net defined benefit liabilities - non-current (Note 6(21))	99,068	1	104,524	1
2645	Guarantee deposits	7,797	-	11,174	-
25xx	Total non-current liabilities	<u>2,976,433</u>	<u>22</u>	<u>3,110,672</u>	<u>24</u>
2xxx	Total liabilities	<u>6,482,385</u>	<u>49</u>	<u>6,456,720</u>	<u>50</u>
	Equity				
	Equity attributable to parent company shareholders				
3100	Capital stock (Note 6(22))				
3110	Common stock	4,945,134	37	4,945,134	39
3200	Capital reserve (Note 6(23))	268,647	2	266,323	2
3300	Retained earnings (Note 6(24))				
3310	Legal reserve	43,485	-	38,680	-
3320	Special reserve	562,804	4	512,381	4
3350	Undistributed earnings	213,970	2	55,227	-
3400	Other equity (Note 6(25))	55,312	-	(136,823)	(1)
31xx	Total equity attributable to the parent company	<u>6,089,352</u>	<u>45</u>	<u>5,680,922</u>	<u>44</u>
36xx	Non-controlling equity (Note 6(26))	<u>769,122</u>	<u>6</u>	<u>758,344</u>	<u>6</u>
3xxx	Total equity	<u>6,858,474</u>	<u>51</u>	<u>6,439,266</u>	<u>50</u>
	Total liabilities and equity	<u>\$ 13,340,859</u>	<u>100</u>	<u>\$ 12,895,986</u>	<u>100</u>

(Please refer to the notes of the consolidated financial report)

Chairman: Kuan-han Chen Manager: Chih-chan Chen Head of Accounting: He-shun Chang

AGV Products Corporation and its Subsidiaries  
Consolidated Income Statement  
January 1 to December 31, 2020 and 2019

Unit: NTD thousands

Code	Item	2020		2019	
		Amount	%	Amount	%
4000	Operating revenue (Note 6(27))	\$ 4,614,486	100	\$ 4,468,238	100
5000	Operating cost (Note 6(6))	(3,095,482)	(67)	(3,057,727)	(68)
5900	Gross profit (gross loss)	1,519,004	33	1,410,511	32
	Operating expenses				
6100	Selling expenses	(949,874)	(20)	(934,891)	(21)
6200	Management expenses	(311,920)	(7)	(306,090)	(7)
6300	Research and Development expenses	(41,890)	(1)	(42,452)	(1)
6450	Expected credit impairment losses (gains) (Note 6(4))	781	-	4,956	-
6000	Total operating expenses	(1,302,903)	(28)	(1,278,477)	(29)
6900	Operating profits (losses)	216,101	5	132,034	3
	Non-operating income and expenses				
7100	Interest revenue	586	-	806	-
7010	Other revenues (Note 6(29))	59,347	1	52,651	1
7020	Other profits and losses (Notes 6(30))	24,621	1	5,683	-
7050	Finance costs (Note 6(31))	(123,695)	(3)	(132,455)	(2)
7055	Expected credit impairment gains (losses)	(42,226)	(1)	(87,809)	(2)
7060	Share of profit or loss of affiliates and joint ventures under the equity method	175,576	4	99,181	2
7000	Total non-operating income and expense	94,209	2	(61,943)	(1)
7900	Net profit (loss) before tax	310,310	7	70,091	2
7950	Income tax benefit (expenses) (Note 6(32))	(60,916)	(1)	(4,758)	-
8200	Current net profit (loss)	249,394	6	65,333	2
	Other comprehensive income (Note 6(33))				
8310	Items not reclassified to profit or loss				
8311	Re-measurement of defined benefit plan	(7,674)	-	4,531	-
8316	Unrealized valuation profit or loss from equity instrument investments measured at fair value through other comprehensive income	40,604	1	71,076	2
8320	Share of other comprehensive income from affiliates and joint ventures under the equity method	157,301	3	85,260	2
8349	Income tax related to items not reclassified	1,535	-	(906)	-
8360	Items may be subsequently reclassified as profit or loss				
8361	Exchange difference in the financial statement translation of foreign operations	(11,991)	-	(43,976)	(1)
8367	Unrealized valuation profit or loss of debt financial assets measured at fair value through other comprehensive income	(850)	-	(500)	-
8370	Share of other comprehensive income from affiliates and joint ventures under the equity method	1,531	-	(5,673)	-
8399	Income tax related to items may be reclassified	980	-	2,976	-
8300	Other comprehensive income (net)	181,436	4	112,788	3
8500	Total comprehensive income in the current period	\$ 430,830	10	\$ 178,121	5
8600	Net profit(loss) attributable to:				
8610	Parent company owner (net profit/loss)	\$ 232,904	6	\$ 48,069	2
8620	Non-controlling equity (net profit/loss)	16,490	-	17,264	-
		\$ 249,394	6	\$ 65,333	2
8700	Total comprehensive income attributable to:				
8710	Parent company owner (comprehensive income)	\$ 411,837	10	\$ 154,436	4
8720	Non-controlling equity (comprehensive income)	18,993	-	23,685	1
		\$ 430,830	10	\$ 178,121	5
	Earnings per share				
9750	Basic EPS (Note 6(34))	\$ 0.47		\$ 0.10	
9850	Diluted EPS (Note 6(34))	\$ 0.47		\$ 0.10	

(Please refer to the notes of the consolidated financial report)

Chairman: Kuan-Han Chen Manager: Chih-Chan Chen Head of Accounting: He-Shun Chang

AGV Products Corporation and its Subsidiaries  
Consolidated Statement of Changes in Shareholders' Equity  
January 1 to December 31, 2020 and 2019

Unit:NTD thousands

	Equity attributable to parent company shareholders									
	Retained earnings					Other items of interest				
	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 measured at fair value through other comprehensive income	Total equity attributable to the parent company	Non-controlling equity	Total equities
Balance on January 1, 2019	\$ 4,945,134	\$ 259,233	\$ 33,890	\$ 386,865	\$ 130,306	\$ (32,028)	\$ (193,033)	\$ 5,530,367	\$ 741,593	\$ 6,271,960
Appropriation and distribution of earnings:										
Allocated legal reserve	-	-	4,790	-	(4,790)	-	-	-	-	-
Allocated special reserve	-	-	-	125,516	(125,516)	-	-	-	-	-
Changes of affiliates and joint ventures under the equity method	-	7,090	-	-	(9,969)	-	(1,002)	(3,881)	649	(3,232)
2019 net profit (loss)	-	-	-	-	48,069	-	-	48,069	17,264	65,333
2019 Other comprehensive income	-	-	-	-	1,445	(45,895)	150,817	106,367	6,421	112,788
2019 Total comprehensive income	-	-	-	-	49,514	(45,895)	150,817	154,436	23,685	178,121
Increase/decrease in non-controlling equity	-	-	-	-	-	-	-	-	(7,583)	(7,583)
Disposal of equity instrument measured at fair value through other comprehensive income	-	-	-	-	15,682	-	(15,682)	-	-	-
Balance on December 31, 2019	4,945,134	266,323	38,680	512,381	55,227	(77,923)	(58,900)	5,680,922	758,344	6,439,266
Appropriation and distribution of earnings:										
Allocated legal reserve	-	-	4,805	-	(4,805)	-	-	-	-	-
Allocated special reserve	-	-	-	50,423	(50,423)	-	-	-	-	-
Changes of affiliates and joint ventures under the equity method	-	2,324	-	-	(5,731)	-	-	(3,407)	(2,132)	(5,539)
2020 net profit (loss)	-	-	-	-	232,904	-	-	232,904	16,490	249,394
2020 Other comprehensive income	-	-	-	-	(13,202)	(9,537)	201,672	178,933	2,503	181,436
2020 Total comprehensive income	-	-	-	-	219,702	(9,537)	201,672	411,837	18,993	430,830
Increase/decrease in non-controlling equity	-	-	-	-	-	-	-	-	(6,083)	(6,083)
Balance on December 31, 2020	\$ 4,945,134	\$ 268,647	\$ 43,485	\$ 562,804	\$ 213,970	\$ (87,460)	\$ 142,772	\$ 6,089,352	\$ 769,122	\$ 6,858,474

(Please refer to the notes of the consolidated financial report)

Chairman: Kuan-Han Chen Manager: Chih-Chan Chen Head of Accounting: He-Shun Chang

AGV Products Corporation and its Subsidiaries  
Consolidated Statement of Cash Flow  
January 1 to December 31, 2020 and 2019

Unit: NTD  
thousands

Item	2020	2019
Cash flows from operating activities		
Current net profit (loss) before tax	\$ 310,310	\$ 70,091
Adjustments		
Income, expenses, and losses		
Depreciation expenses	131,039	136,150
Amortization expenses	4,074	5,438
Expected credit impairment losses (gains)	41,445	82,853
Net loss (gain) from financial assets and liabilities at fair value through profit or loss	(4,672)	(4,461)
Interest expenses	123,695	132,455
Interest revenue	(586)	(806)
Dividend revenue	(15,669)	(18,825)
Share of loss (profit) of affiliates and joint ventures under the equity method	(175,576)	(99,181)
Loss (gain) from disposal and scrap of property, plant and equipment	254	(115)
Property, plant, and equipment recognized as expenses	-	28
Loss (gain) from disposal of investment	-	(1,892)
Impairment loss of non-financial assets	8,805	-
Loss (gain) due to fair value adjustment in investment property	(30,135)	(35,264)
Other items	44	305
Total income/expense items	<u>82,718</u>	<u>196,685</u>
Changes of assets/liabilities related to operating activities		
Net changes in assets related to operating activities		
Increase (decrease) in financial assets compulsorily measured at fair values through profit or loss	-	(5,178)
Decrease (increase) in notes receivable	10,520	4,690
Decrease (increase) in accounts receivable	20,064	(17,276)
Decrease (increase) in other accounts receivable	18,374	(10,242)
Decrease (increase) of inventory	(107,596)	19,445
Decrease (increase) in prepayments	(18,129)	(14,350)
Decrease (increase) in other current assets	136	(280)
Total net changes in assets related to operating activities	<u>(76,631)</u>	<u>(23,191)</u>
Net changes in liabilities related to operations		
Increase (decrease) in contract liabilities	3,392	1,308
Increase (decrease) in notes payable	16,365	(17,491)
Increase (decrease) in accounts payable	81,710	(61,842)
Increase (decrease) in other payables	40,310	14,931
Increase (decrease) in liability reserve	338	3,367
Increase (decrease) in collections	100	(640)
Increase (decrease) in other current liabilities	(268)	351
Increase (decrease) in net defined benefit liabilities	(13,123)	(13,152)
Total net changes in liabilities related to operating activities	<u>128,824</u>	<u>(73,168)</u>
Total net changes in assets and liabilities related to operating activities	<u>52,193</u>	<u>(96,359)</u>
Total adjustments	<u>134,911</u>	<u>100,326</u>
Cash inflow (outflow) from operations	445,221	170,417
Interest received	586	806

(Continued)

(Brought forward)

Item	2020	2019
Stock dividend received	\$ 53,704	\$ 60,560
Returned (paid) income tax	(2,722)	(6,620)
Net cash inflow (outflow) from operating activities	496,789	225,163
Cash flows from investment activities		
Acquisition of financial assets measured at fair value through other comprehensive income	(3,800)	(54,001)
Disposal of financial assets measured at fair value through other comprehensive income	-	72,793
Acquisition of investment under the equity method	(15,000)	(15,755)
Disposal of investments under the equity method	-	10,000
Refunds from decapitalization of the invested company under the equity method	-	6,470
Acquisition of property, plant and equipment	(50,208)	(53,427)
Disposal of property, plant and equipment	179	5,777
Increase in refundable deposit	-	(4,868)
Decrease in refundable deposit	2,830	-
Other accounts receivable - decrease of the related party	-	15,665
Acquisition of intangible assets	(1,636)	(272)
Increase in other financial assets	-	(19,297)
Decrease in other financial assets	40,479	-
Increase in other non-current assets	-	(1,013)
Decrease in other non-current assets	4,227	-
Net cash inflow (outflow) from investment activities	(22,929)	(37,928)
Cash flow from financing activities		
Decrease in short-term loans	(301,636)	(91,433)
Proceeds from long-term loans	1,000,000	2,148,000
Repayment of long-term loans	(934,661)	(1,866,621)
Increase in guarantee deposits	-	3,535
Decrease in guarantee deposits	(3,377)	-
Decrease in other payables	(1,200)	(588)
Lease principle repayment	(11,430)	(11,981)
Interest paid	(124,524)	(135,727)
Changes in non-controlling equity	(6,083)	(7,583)
Net cash inflow (outflow) from financing activities	(382,911)	37,602
Impact of change in exchange rate upon cash & cash equivalents	(35,487)	4,178
Increase (decrease) in cash and cash equivalents in the current period	55,462	229,015
Balance of cash and cash equivalents, beginning	614,057	385,042
Balance of cash and cash equivalents, ending	\$ 669,519	\$ 614,057

(Please refer to the notes of the consolidated financial report)

Chairman: Kuan-Han Chen Manager: Chih-Chan Chen Head of Accounting: He-Shun Chang



AGV Products Corporation and its Subsidiaries  
Notes on Consolidated Financial Report  
January 1 to December 31, 2020 and 2019  
(Unless otherwise specified, all amounts are in the unit of NTD thousand)

I. Company History

- (I) Formerly known as Global Industrial Co. Ltd., AGV Products Corporation (hereinafter referred to as the “Company”), was established on June, 1971 and was officially renamed AGV Products Corporation on September, 1983. The Company mainly engaged in the manufacturing, processing, and sales of canned foods, such as drinks, beans, mushrooms, bamboo shoots and pickles as well as the rental and sales of public housing and commercial buildings built by construction contractors. For the main operating activities of the Company and its subsidiaries (hereinafter referred to as the Group), please refer to Note 4(3)2. Besides, the Company does not have a ultimate parent company.
- (II) The consolidated financial report is expressed in New Taiwan Dollars, the functional currency adopted by the Group.

II. Approval Date and Procedures of the Financial Report

The consolidated financial report was released after being approved by the board of directors on March 23, 2021.

III. New Standards, Amendments, and Interpretations Adopted

- (I) Effect of adopting the amended Regulations Governing the Preparation of Financial Report by Securities Issuers, newly 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 IFRS endorsed by the FSC in 2020.

New, Amended, or Revised Standards and Interpretations	Effective Date promulgated by IASB
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”	January 1, 2020
Amendments to IFRS 16 “Covid-19-Related Rent Concessions”	June 1, 2020 (Note)

(Note) The FSC approved that the enterprise can apply this amendment earlier in January 1, 2020.

The Group evaluated that the above standards and interpretations applicable have no significant impact on the financial status and business results of the Group.

- (II) Effect of not adopting the newly promulgated or revised IFRS, IAS, IFRIC, and SIC 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 2021.

New, Amended, or Revised Standards and Interpretations	Effective Date promulgated by 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 (Note)

(Note) The amendment is applicable to the reporting period starting from January 1, 2021.

The Group evaluated that the above standards and interpretations applicable have no significant impact on the financial status and business results of the Group.

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

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

New, Amended, or Revised Standards and Interpretations	Effective date promulgated by IASB (Note 1)
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 IAS 1 “Classification of Liabilities as Current or Non-Current”	January 1, 2023
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)
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023

(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) For amended content which shall be retroactively applied by the enterprise, those shall only apply to the property, plant and equipment meeting necessary location and status with 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) Such amendment is applicable to contracts not performing all obligations as of January 1, 2022.

(Note 4) Such amendment is applicable to business merger with date 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 occurred during the annual reporting period starting January 1, 2022; amendments to IAS 41 are applicable to the fair value measurement during the annual reporting period starting January 1, 2022; amendments to IFRS 1 are retroactively applicable to the annual reporting period starting January 1, 2022.

1. Amendments to IAS 1 “Classification of Liabilities as Current or Non-Current”

When the amendment is used to clarify and judge whether to classify the liability as non-current, it shall evaluate whether the Group has the rights to extend the settlement period for at least 12 months after the reporting period on the date of the end of the reporting period. If the Group has these rights on the date of the end of the reporting period, the liability shall be classified as non-current, no matter whether the Group is expected to exercise the rights. If the Group will comply with certain conditions to have the right to defer the liability settlement, the Group must

comply with certain conditions on the date of the end of the reporting period, even if the accommodator tests whether the Group complies with such conditions later than the date of the end of the reporting period. For the purpose of liability classification, said settlement refers to the transferring of cash, other economic resource or the Group's equity instrument to the counterparty to offset liabilities. However, if the liabilities have terms that give counterparties the option to be repaid in the form of transferring the Group's equity instruments, and if such option is recognized into equity independently based on IAS 32 "Financial Statements: Presentation," the classification of liabilities is not affected.

2. 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 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 necessary location and status with expected operation method of management after January 1, 2021 (the start date of the earliest presentation period). When first applying the amendment, the Group will recognize the accumulated effects that first applied that amendment 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.

3. Amendments to IAS 37 "Onerous Contracts – Cost of Fulfilling a Contract"

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

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

4. 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.

5. Annual Improvements to IFRS Standards 2018–2020

The annual improvements to IFRS Standards 2018–2020 include the amendment 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.

6. Amendments to IAS 1 "Disclosure of Accounting Policies"

The amendment improved the disclosure of accounting policies to provide more effective information for main users of financial statements.

7. Amendments to IAS 8 "Definition of Accounting Estimates"

The amendment defined the accounting estimates as the currency amount of financial statements subject to uncertainty measurements and provided further description and examples to assist the enterprise in identifying changes in accounting policies and accounting estimates.

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

#### IV. Summary of Significant Accounting Policies

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

##### (I) Compliance Statement

The consolidated financial report were prepared in accordance with the Regulations Governing the Preparation of Financial Report by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, IFRIC and SIC (hereinafter referred to as the “IFRSs”) endorsed by FSC.

##### (II) Basis of preparation

1. Except the following important items, the consolidated financial report has been duly prepared on the basis of historical costs:

- (1) The financial assets and liabilities (including derivatives) measured at fair value through profit or loss which are measured at fair value.
- (2) Financial assets measured at fair value through other comprehensive income which are measured at fair value.
- (3) Defined benefit liabilities recognized based on the net pension fund assets deducting the present value of defined benefit obligations.

2. The preparation of consolidated financial report that complies with IFRSs endorsed by FSC requires some important accounting estimates. The application of the Group’s accounting policy also requires management to use their judgment during the process. For items involving high judgment or complexity or items involving important estimates and assumptions of the companies included consolidated financial report, please refer to the description in Note 5.

##### (III) Basis of consolidation

1. Principle for preparation of consolidated financial report:

- (1) The Group included all of the subsidiaries into the consolidated financial report. Subsidiaries refer to the entities controlled by the Group (including structured entities). When the Group is exposed to the changes of remuneration participated in by the entities or is entitled to changes of remuneration, and is able to influence said remuneration by virtue of its power over the entities, the Group is held as controlling the entities. The subsidiaries are included into the consolidated financial statements on the date when the Group acquires the controlling power, and the consolidation shall be suspended as of the date when the Group forfeits the controlling power.
- (2) Unrealized gains and losses on transactions between the Group and subsidiaries were written off. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (3) Elements of the profit of loss and other comprehensive income shall be attributed to the owner of parent company and non-controlling equity. The total comprehensive income shall be attributed to the owner of parent company and non-controlling equity, even if the non-controlling equity suffers loss.
- (4) When the change in the shareholdings on a subsidiary does not result in a loss of control (and transactions with non-controlling equity), it should be treated as an equity transaction with the shareholders. The price difference between the adjustment value of non-controlling equity and fair value of paid or collected considerations shall be stated into equity directly.

(5) When the Group forfeits control over its subsidiaries, its residual investment in its subsidiaries shall be re-measured based on fair value, and identified as the fair value of financial assets recognized initially or cost of the investment in affiliates or joint ventures recognized initially, as the price difference between the fair value and book value. Where the accounting treatment for all amounts related to the subsidiary as recognized in other comprehensive income previously is identical with the basis for the Group's direct disposition of related assets or liabilities, namely, when the related assets or liabilities are disposed of, the profit or loss recognized in other comprehensive income previously will be reclassified as profit or loss. When the Group loses control over the subsidiary, such profit or loss shall be reclassified into income from equity.

2. The subsidiaries included in the consolidated financial report are as follows:

Invested company/subsidiaries	Principal business	Shareholding or capital contribution ratio	
		December 31, 2020	December 31, 2019
(1) AGV Products Corporation (hereinafter referred to as the "Company")			
Apoland Resource International (BVI) Corp.	Re-investment business	100.00%	100.00%
Defender Private Security Inc.	Security business	100.00%	100.00%
Aco Distribution Corp.	Proprietary business	100.00%	100.00%
Sasaya Vitagreen Co., Ltd.	Proprietary business	100.00%	100.00%
Invested company/subsidiaries	Principal business	December 31, 2020	December 31, 2019
Sontenkan Resort Development Co., Ltd.	Leisure and recreation business	100.00%	100.00%
AGV International (BVI) Limited	Re-investment business	100.00%	100.00%
Alpha International Developments Limited	Re-investment business	100.00%	100.00%
Koya Biotech Corp. (original Koya Agriculture Biotech Corp.)	Gardening	87.90%	93.12%
Hope Choice Distribution Corp.	Proprietary business	100.00%	100.00%
Mascot International (BVI) Corporation	Re-investment business	96.91%	96.91%
Apoland Development (Singapore) Pte Ltd.	Re-investment business	93.08%	92.88%
Hopeland Distribution Corp.	Proprietary business	81.00%	81.00%
Yunlin Dairy Technology Corp.	Dairy manufacturing	75.83%	75.83%
AGV Biohealthy Food Limited	Re-investment business	29.75%	29.75%

	Aiken Biotechnology International Co., Ltd.	Biotechnology service	53.77%	53.77%
	AGV First Biotech Food (BVI) Limited.	Re-investment business	100.00%	100.00%
(2)	Apoland Resource International (BVI) Corp.			
	AGV & NICE (USA)	Marketing business	57.14%	57.14%
	Mascot International (BVI) Corporation	Re-investment business	3.09%	3.09%
	Apoland Development (Singapore) Pte Ltd.	Re-investment business	2.26%	2.33%
(3)	Apoland Development (Singapore) Pte Ltd.			
	Shanghai AGV Foods Co., Ltd.	Food	100.00%	100.00%
(4)	Mascot International (BVI) Corporation			
	Asia Pacific Product Development Co.	Planting, processing and export of vegetables	95.27%	95.27%
	Apoland Development (Singapore) Pte Ltd.	Re-investment business	4.66%	4.79%
(5)	Defender Private Security Inc.			
	Yunlin Dairy Technology Corp.	Dairy manufacturing	0.70%	0.70%
(6)	Koya Biotech Corp. (original Koya Agriculture Biotech Corp.)			
	Yunlin Dairy Technology Corp.	Dairy manufacturing	1.04%	1.04%
(7)	Alpha International Developments Limited			
	Xiamen Aijian Traders Co., Ltd.	Food	84.92%	84.92%
(8)	AGV First Biotech Food (BVI) Limited.			
	Shandong AGV Food Technology Co., Ltd.	Food	100.00%	100.00%
(9)	Aiken Biotechnology International Co., Ltd.			
	Rosahill Leisure Industry Co., Ltd.	Proprietary business	70.00%	70.00%
	AGV Biohealthy Food Limited	Re-investment business	30.38%	30.38%
(10)	Asia Pacific Product Development Co.			
	Xingrong Limited	Gardening	100.00%	100.00%

A. Increase or decrease of merged subsidiaries: None.

B. Subsidiaries not included into the consolidated financial report: None.

C. Different adjustment and treatment by subsidiaries in the accounting period: None.

D. Important restrictions:

Cash and bank deposit of NTD20,496 thousand saved in China is subject to the local foreign exchange control. The foreign exchange control restricts the outward remitting of fund to regions beyond the border of China (except via normal dividends).

E. Subsidiaries holding securities issued by the parent company: None.

F. Information on subsidiaries with important non-controlling equity:

Name of subsidiary	Shareholding ratio	December 31, 2020	
		Non-controlling equity	Profit or loss distributed to non-controlling equity
AGV First Biotech Food (BVI) Limited. and its subsidiaries	(Note)	\$ 552,289	\$ -
Others		216,833	16,490
Total		\$ 769,122	\$ 16,490

Name of subsidiary	Shareholding ratio	December 31, 2019	
		Non-controlling equity	Profit or loss distributed to non-controlling equity
AGV First Biotech Food (BVI) Limited. and its subsidiaries	(Note)	\$ 552,242	\$ -
Others		206,102	17,264
Total		\$ 758,344	\$ 17,264

Note: This does not belong to the preferred share equity of AGV First Biotech Food (BVI) Limited. held by the Group.

(2) For information on the subsidiaries' main business place and country in which the company registered, please refer to Table 8 and Table 9 in Note 13.

(3) The summarized financial information is as follows:

A. Balance sheet:

Item	AGV First Biotech Food (BVI) Limited. and its subsidiaries	
	December 31, 2020	December 31, 2019
Current assets	\$ 25,904	\$ 25,336
Non-current assets	796,532	760,137
Current liabilities	134,904	96,503
Non-current liabilities	-	859
Equity	\$ 687,532	\$ 688,111

B. Statement of comprehensive income:

	AGV First Biotech Food (BVI) Limited. and its subsidiaries	
	2020	2019
Revenue	\$ -	\$ -
Current net profit	\$ (27,901)	\$ (38,934)
Other comprehensive income (net income after tax)	11,054	(28,877)
Total comprehensive income in the current period	\$ (16,847)	\$ (67,811)

Net profit attributable to non-controlling interests	\$	-	\$	-
Comprehensive income attributable to non-controlling Interests	\$	-	\$	-
Dividend paid for non-controlling equity	\$	-	\$	-

C. Cash flow statement:

	AGV First Biotech Food (BVI) Limited. and its subsidiaries			
	2020		2019	
Net cash inflow (outflow) from operating activities	\$	(14,815)	\$	(11,494)
Net cash inflow (outflow) from investment activities		(2,514)		386
Net cash inflow (outflow) from financing activities		15,409		7,020
Exchange rate effect		(880)		3,091
Increase (decrease) in cash and cash equivalents in the current period	\$	(2,800)	\$	(997)
Balance of cash and cash equivalents, beginning		5,189		6,186
Balance of cash and cash equivalents, ending	\$	2,389	\$	5,189

(IV) Foreign currency translation

1. The item listed in the financial statements of the Group's entities shall be measured by the currency (i.e. functional currency) applicable in the main economic environment in which its business is situated. The consolidated financial report is expressed in "New Taiwan Dollars," the functional currency adopted by the Company.
2. When the respective entities prepared for the standalone financial report, the transactions conducted in currencies other than the entities' functional currencies (foreign currencies) were converted based on the exchange rates quoted on the date of transactions. The monetary items in foreign currencies converted again at the spot exchange rate closed at the end date of the reporting period. The exchange differences are recognized in the current profit or loss. The non-monetary items in foreign currency measured at fair value were converted at the exchange rates quoted on the date on which the fair value was determined while the exchange differences generated were recognized in the current profit or loss. However, when the change in fair value was recognized in other comprehensive income, the exchange difference so incurred was recognized in other comprehensive income. The non-monetary items measured at historical costs were converted based on the exchange rate quoted on the date of transaction and were not converted anew.
3. Upon preparation of the consolidated financial report, the assets and liabilities of the foreign operating institutions were converted to NTD based on the spot exchange rate closed at the end of reporting period; the income and expenses were converted based on the average exchange rates while the resulted exchange differences were recognized under other comprehensive income and accumulated in the exchange difference in the financial statement translation of foreign operations under equity (and properly distributed to non-controlling equity).

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



1. Assets that match any of the following conditions shall be classified as current assets:
  - (1) Assets expected to be realized, intended to be sold or consumed over normal operating cycles.
  - (2) Primarily for trading purposes.
  - (3) Assets 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 in more than 12 months after the balance sheet date, and those with restricted uses.

The Group listed all assets that did 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) Primarily for trading purposes.
  - (3) Liabilities expected to be settled within 12 months after the balance sheet date. (it is classified as current liability, even if it is later refinanced or rearranged into long-term liabilities at any time between the balance sheet date and approval and announcement date of the financial report).
  - (4) Liabilities with due date that cannot be unconditionally extended to more than 12 months after the balance sheet date. Liabilities under the terms that give counterparties the option to repay in the form of equity instruments without an effect on their classification due to such terms.

The Group listed all liabilities that did not comply with the following conditions as non-current.

(VI) Cash and cash equivalents

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

(VII) Financial instruments

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

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

1. Financial assets

(1) Measurement category

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

The category of financial assets held by the Group are financial assets measured at fair value through profit or loss, financial assets measured at amortized cost, debt instrument investments measured at fair value through other comprehensive income and equity instrument investments measured at fair value through other comprehensive income.

A. Financial assets measured at fair value through profit or loss

The financial assets measured at fair value through profit or loss include financial assets measured compulsorily at fair value through profit or loss and designated to be measured at fair value through profit

or loss. Financial assets measured compulsorily at fair value through profit or loss include the Group's unspecified equity instrument investments measured at fair value through other comprehensive income and those not meeting the classification of debt instrument investment measured at amortized cost or fair value through other comprehensive income.

The Group will specify the financial assets to be measured at fair value through profit or loss upon initial recognition if they meet any of the following conditions:

The financial asset is a mixed (combined) contract; or

The financial asset cannot be eliminated or the significant minimizing measurement or recognition is different; or

The financial asset is an investment managed by basis of fair value as well as its performance evaluation based on written risk management or investment strategy.

The financial assets measured at fair value through profit or loss are measured at fair value and the generated dividend and interest are recognized as other revenue and interest revenue, respectively. Also, the profit or loss generated from re-measurement is recognized as other profit or loss. Please refer to Note 12(3) for the determination of fair value.

#### B. Financial assets measured at amortized cost

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

Being held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

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 multiplying by the total book amount of the financial assets:

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.

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

#### C. Debt instrument investments measured at fair value through other comprehensive income

Shall the debt instrument investment of the Group meet the following two conditions at the same time, they are classified as financial assets measured at fair value through other comprehensive income:

Being held within a business model in which the objective is achieve via collection of contractual cash flow and sale of financial assets; and The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The debt financial assets measured at fair value through other comprehensive income is measured at fair value. The interest revenue, exchange gain or loss and impairment loss or reversal gain by the effective interest method in changes of book value is recognized as profit or loss while other changes are recognized as other comprehensive income and reclassified as profit or loss upon the investment disposition.

D. Equity instrument investments measured at fair value through other comprehensive income

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

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

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

(2) Impairment of financial assets

A. On each balance sheet date, the Group evaluates the financial assets (including the accounts receivable) measured at amortized cost and the impairment loss of rentals receivable based on the expected credit loss.

B. The allowance of losses on accounts receivable and rentals receivable are all recognized based on the lifetime expected credit loss. 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 is 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 amount of all impairment losses on financial assets are reduced via the allowance account. However, the loss allowance of debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income without reducing its book value.

(3) Derecognition of financial assets

The Group will derecognize financial assets when meeting one of the following conditions:

- A. The interests on a contract for financial assets-based cash flow ceased to be effective.
- B. The interests on a contract for collecting financial assets-based cash flow are transferred and almost all risks and returns of all ownership over the financial assets are transferred.
- C. All risks and returns of all ownership over the financial assets are not transferred or retained and 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 measured at fair value through other comprehensive income is derecognized, the difference between the book amount 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 measured 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 obligation and equity instruments issued by the Company are classified into financial liabilities or equities according to definitions of financial liabilities and equity instruments referred to in an agreement.

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

3. Financial liabilities

(1) Subsequent measurement

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

(2) Derecognition of financial liabilities

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

(VIII) Inventory

Inventories are 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 goods in process includes material, direct labor, other direct costs and manufacturing expenses related to production (amortized based on normal productivity) without loan cost. The item-by-item comparison method is adopted when comparing the cost or net realizable value, whichever is lower. Net realizable value is the balance of the estimated selling price deducting the estimated cost needed to complete the work and related variable selling expenses.

(IX) Investment/affiliates under the equity method

1. The affiliates refer to an entity upon which the Group has significant impact without any control and often holds more than 20% of voting shares directly or indirectly. The

investment of the Group in affiliates adopts the equity method and is recognized based on cost upon acquisition.

2. The shares of profit or loss acquired from affiliates by the Group were recognized as current profit or loss and shares of other comprehensive income were recognized as other comprehensive income. In the event that the Group's shares of loss in an affiliate equal or exceed its equity in the affiliate (including any unsecured accounts receivable), the Group will recognize extra losses only in the event of legal obligations, presumed obligations or payment made by the Group on behalf of the affiliate.
  3. The unrealized profit or loss generated from the transactions between the Group and affiliates were written off based on the Group's equity ratio of the affiliates; the unrealized loss was written off unless the evidence displayed the impairment of transferred assets in such transaction. The accounting policies of the affiliates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
  4. When the Group forfeits control over the affiliates, its residual investment in the affiliates shall be re-measured based on fair value. The price difference between the fair value and book value is stated into current income.
  5. In case the Group loses its significant impact on an affiliate upon the disposal of the affiliate, the accounting treatment for all amounts related to the affiliate as previously recognized in other comprehensive income is identical with the basis for the Group's direct disposition of related assets or liabilities, namely, when the related assets or liabilities are disposed of, the profit or loss previously recognized in other comprehensive income will be reclassified as profit or loss. When the Group loses control over the affiliate, such profit or loss shall be reclassified as income from equity. Provided that, where it still has material influence over the affiliated companies, the amount previously recognized in other comprehensive income is transferred according to the method stated above based on proportion.
  6. Where the Group forfeits its material influence over an affiliate when the Group disposes of the affiliate, the capital surplus related to the affiliate will be stated as income, provided that where it still has material influence over the affiliate, the capital surplus shall be stated as income based on the proportion of disposition.
- (X) Property, plant and equipment
1. Property, plant and equipment is accounted based on the acquisition cost and the relevant interest is capitalized during the purchase and construction period.
  2. The subsequent cost is included in the book value of assets or recognized as single asset only when future economic benefits related to such an item will result in probable inflow to the Group and the cost of such item can be measured reliably. The book value of the replaced part shall be derecognized. All other maintenance expenses are recognized as current profit or loss upon occurring.
  3. No depreciation of land is required. Other property, plants, and equipment adopts the cost model and the depreciation is calculated based on the estimated useful years under the straight-line method. The Group reviews the residual value, estimated useful years and depreciation method of each asset at the end of each fiscal year. If the expected values of the residual value and useful years are different from the previous estimate or the expected consumption pattern used in future economic benefits of such asset has significant changes, it is conducted based on the changes in accounting estimate specified in IFRS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" since the date of the change. The useful years of each asset are as follows:

Houses and buildings	3 to 60 years
Machinery and equipment	3 to 32 years

Other equipment

2 to 36 years

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

(XI) Lease

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

1. The Group was the Lessee

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

Right-of-use assets

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

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

Lease liabilities

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

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

2. The Group was the Lessor

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

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

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

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

(XII) Investment property

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

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

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

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

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

(XIII) Intangible assets

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

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

Intangible assets are derecognized upon the disposal or expectation of those unable to generate future economic benefits due to usage or disposal. The amount of profit or loss generated from the derecognition of intangible assets refers to the difference

between the disposal proceeds and the book amount of the asset and is recognized in the profit or loss.

(XIV) Impairment of non-financial assets

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

(XV) Liability reserve

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

(XVI) Employee benefit

1. Short-term employee benefit

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

2. Pension

(1) Defined contribution plan

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

(2) Defined benefit plan

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

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

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

3. Remuneration to employees and directors

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

4. Termination benefits



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

(XVII) Capital stock

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

(XVIII) Income Tax

1. The income tax consists of current income tax and deferred income tax. The income tax is recognized in the profit or loss except the income taxes relevant to the items which are recognized under other comprehensive income or directly counted into the items of equity, is recognized under other comprehensive income or directly counted into equity respectively.
2. The Group calculates the income tax related to the current period based on the statutory tax rate or tax rate substantially enacted in the countries where the Group is operating and generating taxable income on the balance sheet date. Management shall evaluate the status of income tax returns within the statutory period defined by the related income tax laws, and shall be responsible for the income tax expected to be paid to the tax collection authority. The income tax levied on the undistributed earnings based on the Income Tax Act will be recognized based on actual distribution of earnings in the year after the year when the earnings are generated, upon approval of the motion for allocation of earnings at a shareholders' meeting.
3. The deferred income tax is recognized based on the temporary difference generated from the taxation basis for assets and liabilities and the book value thereof on the balance sheet using the balance sheet approach. The deferred income tax liabilities resulting from the initial recognition of goodwill shall not be recognized. The deferred income tax resulting from the initial recognition of assets or liabilities in a transaction (exclusive of business mergers) shall not be recognized, insofar as the accounting profit or taxable income (taxable loss) is not affected by the transaction. All taxable provisional differences relevant to the investment in subsidiaries and affiliated companies were recognized as deferred income tax liabilities, except an event while the Group could control the time point of recovery of the control over the provisional difference or while said provisional difference would be very likely not recoverable in the foreseeable future. The deferred income tax is based on the tax rate expected to be applicable when the assets are expected to be realized or liabilities to be repaid. The tax rate shall be the tax rate (tax laws) which had been enacted or had been substantially enacted on the balance sheet date.
4. The temporary difference, unused tax losses and unused tax credits within the range of probable future taxable income available for use are recognized as deferred income tax assets and the deferred income tax assets which are recognized and unrecognized shall be re-evaluated on the end date of each reporting period.
5. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized

amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

6. The tax benefit generated from the purchase of equipment or technology, R&D expenses, HR training expenses and equity investment adopts income tax credits for accounting.

(XIX) Recognition of revenue

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

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

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

1. Revenue from the sale of products and processing

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

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

2. Management service revenue

The security service provided by the Group is a service which shall be priced or negotiated alone and the service is provided based on contract period. Because the Group provides service during the contract period, the customer will acquire the service benefit during the contract period. This belongs to gradual fulfillment of performance obligation over time and therefore it is recognized as revenue under the straight-line method over time.

(XX) Costs of loans

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

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

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

V. Major sources of uncertainty to significant accounting judgments, estimates and assumptions

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

accounting estimates will simultaneously affect both current and future periods, it will be recognized in the period of the amendment and future periods.

When preparing the consolidated financial report, the important judgments, accounting estimates and assumptions adopted by the Group for accounting policies are as follows:

(I) Significant judgments adopted by the accounting policy

1. Business model judgment of financial asset classification

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

2. Recognition of revenue

The Group determines to serve as the principal or agent of such transaction according to whether the control of such product or labor service has been acquired before transferring specific product or labor service to the customer based on IFRS 15. When determined as the agent of transaction, the net transaction amount will be recognized as revenue.

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

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

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

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

3. Lease period

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

#### 4. Judgments with significant impact on affiliates

As stated in Note 6(9) “Investments under the equity method,” the Group’s shareholding ratio on NICE Enterprise Co., Ltd., Zhuqi Lionhead Mountain Leisure Development Co., Ltd. and Kuo Cheng Investment Development Corp. were 28.24%, 40% and 47.62%, respectively, and the Group is the largest shareholder. Other shareholding is not extremely separated after relatively considering the number of voting shares held by other shareholders and its distribution. Therefore, the Group does not have control over said companies since it cannot guide their relevant activities. The management of the Group considers the Group to only has significant impact on said companies and therefore listed those as the affiliates of the Group.

As stated in Note 6(9) “Investments under the equity method,” the Group’s held 43.83% of the voting shares of Taiwan First Biotechnology Corp. and the Group is the only largest shareholder. After consideration, the shareholders agreed that the decision-making unit regarding activities related to Taiwan First Biotechnology Corp. is the board of directors and no shareholder can assign a sufficient number of seats that determine the resolution of the board of directors. Therefore, the Group does not have control over Taiwan First Biotechnology Corp. since it cannot guide their relevant activities. The management of the Group considers the Group only has significant impact on Taiwan First Biotechnology Corp. and therefore listed those as affiliates of the Group.

#### (II) Important accounting estimates and assumptions

##### 1. Recognition of revenue

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

##### 2. Estimated impairment of financial assets

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

##### 3. Fair value measurement and valuation process

In cases where the assets and liabilities measured at fair value have no open quotation in active market, the Group decides whether to commission external appraisal and determine appropriate fair value evaluation technology according to relevant regulations or judgment. If the fair value estimate cannot acquire Level 1 input, the investment of unlisted stocks by the Group refers to information regarding the invested company’s financial status and operating result analysis, recent transaction price, quotation of same equity instrument in a not active market, quotation of similar instrument in active market and comparable company valuation multiples; for derivatives, the input is determined by reference of market price or interest rate and characteristics of derivatives. If the actual changes in input in the future is different from expectation, there might be changes in fair value. The Group regularly updates various inputs based on the market conditions to monitor the appropriateness of fair value measurement.

##### 4. Impairment evaluation of tangible and intangible assets

During the process of asset impairment assessment, the Group shall rely on subjective judgment to determine the useful life of the independent cash flow assets

and possible income and expenses in the future for certain asset groups based on the operating model of assets and industrial characteristics. Any change in the estimation due to the changes of economic situation or the Group's strategies may result in significant impairment in the future.

5. Assessment of impairment on equity-accounted investments

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

6. Realizability of deferred income tax assets

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

7. Valuation of inventory

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

8. Calculation of net defined benefit liabilities

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

9. Incremental loan rate of interest of the lessee

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

VI. Description of significant accounting items

(I) Cash and Cash equivalents

Item	December 31, 2020	December 31, 2019
Cash	\$ 3,709	\$ 3,230
Checking deposit	685	30
Savings deposit	641,453	587,785
Cash equivalents		
Time deposit with initial maturity date within three months	23,672	23,012
Total	\$ 669,519	\$ 614,057

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

(II) Financial assets at fair value through profit or loss – current

Item	December 31, 2020	December 31, 2019
Measured compulsorily at fair value through profit or loss		
TWSE/TPEX listed stocks	\$ 35,658	\$ 31,035

1. The Group's net profit (loss) recognized were NTD4,672 thousand and NTD4,461 thousand in 2020 and 2019, respectively.
2. The Group does not pledge any financial asset measured at fair value through profit or loss.
3. For relevant credit risk management and evaluation methods, please refer to Note 12.

(III) Receivable notes, net

Item	December 31, 2020	December 31, 2019
Carried at amortized cost		
Total book amount	\$ 41,630	\$ 39,198
Less: Allowance loss	(50)	(147)
Receivable notes, net	\$ 41,580	\$ 39,051

1. The notes receivables of the Group have not been pledged.
2. For disclosures related to the allowance loss of notes receivable, please refer to description in Note 6(4).

(IV) Accounts receivable, net

Item	December 31, 2020	December 31, 2019
Carried at amortized cost		
Total book amount	\$ 516,315	\$ 543,169
Less: Allowance loss	(4,709)	(5,364)
Accounts receivable, net	\$ 511,606	\$ 537,805

1. For the Group's accounts receivable generated from sale of products. The average credit period is O/A 30–90 days. The credit standard is established according to the industrial characteristics, business scale and profit condition of the trading counterparty.
2. The accounts receivables of the Group have not been pledged.
3. The Group adopts the simplified approach of IFRS 9 to recognize the allowance losses on accounts receivable based on the lifetime expected credit loss. The expected credit losses throughout the duration is calculated based on the provision matrix and takes the past default record of the customer, the present financial status and the economic situation of the industry into consideration. According to the Group's historical experience of credit losses, the loss types of different customer groups have no significant difference. Thus, the provision matrix does not further classify the group of customers and the rate of expected credit losses is established based on the overdue days of accounts receivable.
4. The loss allowance (including the related party) for notes and accounts receivable of the Group based on the provision matrix is as follows:

December 31, 2020	Expected credit	Total book	Allowance loss (expected credit losses throughout the	Amortized cost
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	loss	amount	duration)	
Undue	0%–1%	\$ 587,994	\$ (621)	\$ 587,373
Overdue 0–30 days	0%–1%	2,856	(9)	2,847
Overdue 31–90 days	0%–20%	1,920	(221)	1,699
Overdue 91–180 days	0%–30%	-	-	-
Overdue 181–365 days	0%–50%	-	-	-
Counterparty with signs of default	0%–100%	3,943	(3,943)	-
Total		<u>\$ 596,713</u>	<u>\$ (4,794)</u>	<u>\$ 591,919</u>

December 31, 2019	Expected credit loss	Total book amount	Allowance loss (expected credit losses throughout the duration)	Amortized cost
Undue	0%–1%	\$ 620,082	\$ (1,295)	\$ 618,787
Overdue 0–30 days	0%–1%	2,478	(25)	2,453
Overdue 31–90 days	0%–20%	590	(118)	472
Overdue 91–180 days	0%–30%	-	-	-
Overdue 181–365 days	0%–50%	55	(21)	34
Counterparty with signs of default	0%–100%	4,092	(4,092)	-
Total		<u>\$ 627,297</u>	<u>\$ (5,551)</u>	<u>\$ 621,746</u>

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

Item	2020	2019
Balance – beginning	\$ 5,551	\$ 10,567
Plus: Impairment loss appropriated	-	-
Less: Impairment loss reversed	(781)	(4,956)
Less: Irrecoverable amounts written off	-	-
Less: Difference in foreign currency translation	24	(60)
Balance – ending	<u>\$ 4,794</u>	<u>\$ 5,551</u>

Other credit enhancements held by above accounts receivable: None.

When there is objective evidence showing that the trading counterparty is facing serious financial difficulty and the recoverable amount cannot be reasonably expected, the Group shall directly write off relevant accounts receivable. However, the Group will continue to pursue recourse, and the recovered amount from recourse is recognized as profit or loss. The Group's accounts receivable of the contract amount written off in 2020 and 2019 were NTD0.

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

(V) Other accounts receivable

Item	December 31, 2020	December 31, 2019
Investment refunds receivable	\$ 96,404	\$ 101,009
Dividend receivable	-	8,427

Compensation receivable		3,777		7,289
Other receivable		15,951		28,902
Total	\$	116,132	\$	145,627
Less: Allowance loss		(98,275)		(69,547)
Net amount	\$	17,857	\$	76,080

1. Regarding the investment refunds receivable, the description related to the transaction, lawsuit and reconciliation of both parties is as follows:

- (1) The Group invested HKD26,240 thousand in MAS Media Group Limited (hereinafter referred to as MAS Media) on March, 2011 and expected to improve product advertising in Mainland China, Hong Kong and Macao by holding the equity of Macau Asia Satellite Television Company., Limited. According to the agreement in the stock agreement signed by both parties, MAS Media should be listed in Hong Kong stock market before the end of 2011. However, the listing plan had changed.
- (2) The Group requested MAS Media return the investment amount listed above according to the contract later on, but MAS Media defaulted and did not refund the investment amount. The Group submitted the arbitration to Hong Kong International Arbitration Centre during April, 2013 and won the arbitration. Therefore, the Group reclassified the amount originally recognized as financial assets measured at cost to other accounts receivable.
- (3) Hong Kong International Arbitration Centre inquired the latest situation of the arbitration by letter on May, 2016. We also requested the counterparty execute the reconciliation to maintain the Company's rights in various manners.
- (4) On September, 2016, the counterparty proposed the arbitration agreement via email, the contents of which are as follows: (1) the counterparty shall repay HKD20,000 thousand invested (in which the Group accounted for 65.6%) within 30 days after the signing of arbitration agreement; (2) transfer HKD20,000 thousand of MAS Media's equity within 60 days after the signing of arbitration agreement (in which the Group accounted for 65.6%); however, the Group expressed dissent with said content and communicated with the counterparty regarding the repayment promise and hypothecation agreement such as the interest, lawsuit expenses and equity transfer via the attorney on December, 2016.
- (5) The Group filed a criminal suit of fraud against 3 persons including the responsible person Lin, who was the senior management member of MAS Media that came to Taiwan to invite the Group to invest, to Taipei District Prosecutors Office on July, 2018. The case was transferred to Taipei City Field Office for investigation by the Taipei District Prosecutors Office and is still under investigation currently. The case was not closed yet and the future investigation and result of court judgment does not have an impact on the investment refund of MAS Media request by the Group and the Group's right to execute the arbitration judgment of Hong Kong International Arbitration Centre.
- (6) For the refund matters communicated by the Hong Kong attorney assigned by the counterparty on May, 2020, the main contents are as follows:
  - A. 50% amount shall be paid in cash within 3 months after the signing of a settlement agreement.
  - B. 50% amount shall be offset by stocks with value equivalent to a Growth Enterprise Market listed company and shall be completed within 4 months after the signing of a settlement agreement.



C. The interest of investment amount shall be paid within 9 months after the settlement agreement becomes effective.

D. A precondition to settlement agreement is the acquisition of application withdrawal granted by the court.

(7) Currently, the attorneys of both parties were negotiating for said settlement contents of (6) proposed by the counterparty, because we claimed that the refund shall be paid in cash to withdraw the lawsuit.

(8) For the investment refunds as of December 31, 2020 and 2019, the recognized accumulated impairment amount were NTD96,404 thousand and NTD67,676 thousand, respectively.

2. The Group's expected credit losses of other accounts receivable recognized (reversed) were NTD33,319 thousand and NTD69,779 thousand in 2020 and 2019, respectively.

(VI) Cost of inventory and sales

Item	December 31, 2020	December 31, 2019
Raw material	\$ 132,035	\$ 106,943
Supplies	69,188	66,691
Goods in process	70,607	70,144
Finished goods and products	480,072	401,852
Other inventories	-	5,194
Subtotal	\$ 751,902	\$ 650,824
Less: Allowance for inventory devaluation and loss	(9,742)	(16,260)
Net amount	\$ 742,160	\$ 634,564

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

Item	2020	2019
Cost of sold inventory	\$ 3,014,485	\$ 2,968,245
Manufacturing expenses not amortized	67,770	74,825
Loss (revaluation gain) on inventory devaluation	(6,546)	(209)
Loss on scrapped inventory	23,137	15,333
Loss (gain) on inventory and revenue from scraps	(3,392)	(552)
Exchange rate effect	28	85
Total operating cost	\$ 3,095,482	\$ 3,057,727

2. Because the Group offset the inventory to net realizable value in 2020 and 2019 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 were NTD(6,546) thousand and NTD209 thousand, respectively.

3. The inventory of the Group has not been pledged.

(VII) Prepayments

Item	December 31, 2020	December 31, 2019
Refundable tax	\$ 65,067	\$ 65,960
Prepayment for goods	18,656	19,135
Other prepayments	41,274	21,780
Total	\$ 124,997	\$ 106,875

For transactions of the related party, please refer to Note 7(3)6.

## (VIII) Financial assets measured at fair value through other comprehensive income

Item	December 31, 2020	December 31, 2019
Non-current		
Debt instruments		
TWSE/TPEX unlisted preferred stocks	\$ 50,000	\$ 50,000
Valuation adjustment	(23,350)	(22,500)
Subtotal	\$ 26,650	\$ 27,500
Equity instruments		
TWSE/TPEX listed stocks	\$ 282,049	\$ 282,049
TWSE/TPEX unlisted stocks	904,251	900,452
Unlisted foreign stocks	23,699	24,002
Valuation adjustment	(80,196)	(120,562)
Subtotal	\$ 1,129,803	\$ 1,085,941
Total	\$ 1,156,453	\$ 1,113,441

1. The Group chose to invest in TWSE/TPEX unlisted preferred shares with stable dividend collection and are sold to achieve targets and these are classified as financial assets measured at fair value through other comprehensive income. The fair value of such investment as of December 31, 2020 and 2019 were NTD26,650 thousand and NTD27,500 thousand, respectively.
2. The Group invested in TWSE/TPEX and foreign listed and unlisted stocks based on mid and long-term investment purpose and expected to gain profit from long-term investment. The management of the Group considers that if the changes in short-term fair value of such investment is recognized as profit or loss, it is not consistent with the previous long-term investment planning. Thus, management chose to specify that such investment to be measured at fair value through other comprehensive income.
3. The Group adjusted its investment positions to diversify risks and sold part of the stocks based on fair value in 2020 and 2019. The relevant other equity – unrealized profit or loss of financial assets measured at fair value through other comprehensive income of NTD0 and NTD15,682 thousand, respectively, were re-stated as retained earnings.
4. TWSE/TPEX listed stocks – The investment in Kai Chieh International Investment Ltd. was based on the principal guarantee agreement. As of December 31, 2020 and 2019, the counterparty provided 7,327 thousand shares of Kai Chieh as the pledge of the Company. Please refer to Table 3 of Note 13.
5. The Group pledged part of financial assets measured at fair value through other comprehensive income as collateral for the loans of the Company in December 31, 2020 and 2019. Please refer to Note 8.
6. For relevant credit risk management and evaluation methods, please refer to Note 12.

## (IX) Investment under the equity method

Invested company	December 31, 2020	December 31, 2019
Affiliated companies:		
Important affiliates:		
NICE Enterprise Co., Ltd.	\$ 1,157,202	\$ 1,068,214
Taiwan First Biotechnology Corp.	1,205,458	1,088,920
Nice Plaza Co., Ltd.	526,809	461,348
Individual unimportant affiliates	933,591	821,767
Subtotal	\$ 3,823,060	\$ 3,440,249
Joint ventures:		
Individual unimportant joint ventures	\$ 14,807	\$ 13,333
Total	\$ 3,837,867	\$ 3,453,582

1. Affiliated companies:

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

Company name	Shareholding ratio (%)	
	December 31, 2020	December 31, 2019
NICE Enterprise Co., Ltd.	28.24%	28.24%
Taiwan First Biotechnology Corp.	43.83%	43.83%
Nice Plaza Co., Ltd.	32.81%	28.94%

For information such as the nature, main place of business and country where the company is registered for the above affiliates, please refer to Table 8 and Table 9 in Note 13.

(2) The financial information of the Group's affiliated companies is summarized as follows:

A. Balance sheet

	Nice Enterprise Co., Ltd.	
	December 31, 2020	December 31, 2019
Current assets	\$ 3,148,017	\$ 3,010,967
Non-current assets	4,343,713	4,067,593
Current liabilities	1,999,277	1,998,058
Non-current liabilities	1,555,080	1,521,910
Equity	\$ 3,937,373	\$ 3,558,592
Shares of the affiliates' net assets	\$ 1,111,892	\$ 1,004,926
Internal profit or loss	(7,247)	9,478
Deferred credits	29,584	30,837
Goodwill	22,973	22,973
Book value of affiliates	\$ 1,157,202	\$ 1,068,214

	Taiwan First Biotechnology Corp.	
	December 31, 2020	December 31, 2019
Current assets	\$ 1,274,818	\$ 1,102,128
Non-current assets	3,380,376	3,333,822
Current liabilities	993,569	983,250
Non-current liabilities	1,340,195	1,417,126
Equity	\$ 2,321,430	\$ 2,035,574
Shares of the affiliates' net assets	\$ 1,017,298	\$ 892,030
Internal profit or loss	(12,794)	(6,727)
Deferred credits	32,404	35,067
Goodwill	168,550	168,550
Book value of affiliates	\$ 1,205,458	\$ 1,088,920

	Nice Plaza Co., Ltd.	
	December 31, 2020	December 31, 2019
Current assets	\$ 121,596	\$ 101,154
Non-current assets	4,875,636	4,945,430
Current liabilities	363,843	411,051
Non-current liabilities	3,095,692	3,041,115
Equity	\$ 1,537,697	\$ 1,594,418
Shares of the affiliates' net assets	\$ 504,557	\$ 461,348
Deferred credits	22,252	-

Book value of affiliates	\$ 526,809	\$ 461,348
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B. Statement of comprehensive income

	Nice Enterprise Co., Ltd.	
	2020	2019
Operating revenue	\$ 2,980,785	\$ 2,368,681
Current net profit	\$ 255,365	\$ 157,079
Other comprehensive income (net income after tax)	149,397	74,053
Total comprehensive income in the current period	\$ 404,762	\$ 231,132
Dividend acquired from affiliates	\$ 7,384	\$ 4,922

	Taiwan First Biotechnology Corp.	
	2020	2019
Operating revenue	\$ 2,018,267	\$ 1,711,950
Current net profit	\$ 240,873	\$ 138,597
Other comprehensive income (net income after tax)	124,573	18,512
Total comprehensive income in the current period	\$ 365,446	\$ 157,109
Dividend acquired from affiliates	\$ 34,878	\$ 29,065

	Nice Plaza Co., Ltd.	
	2020	2019
Operating revenue	\$ 507,511	\$ 635,582
Current net profit	\$ (69,110)	\$ (28,710)
Other comprehensive income (net income after tax)	11,889	11,767
Total comprehensive income in the current period	\$ (57,221)	\$ (16,943)
Dividend acquired from affiliates	\$ -	\$ -

(3) The Group's total shares of individual unimportant affiliates is summarized as follows:

	2020	2019
Shares held:		
Current net profit	\$ 26,412	\$ 8,191
Other comprehensive income (net income after tax)	76,142	47,389
Total comprehensive income in the current period	\$ 102,554	\$ 55,580

2. Joint ventures:

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

	2020	2019
Shares held:		
Current net profit	\$ 1,474	\$ 123

Other comprehensive income (net income after tax)	-	-
Total comprehensive income in the current period	\$ 1,474	\$ 123

3. For investment under the equity method, share of profit or loss and other comprehensive income held by the Group, besides Zhuqi Lionhead Mountain Leisure Development Co., Ltd., Acts Bioscience Inc., New Zealand Cosmetic Laboratories Limited and Bioken Laboratories Inc. were not calculated based on the financial report audited by the CPA in 2020 and 2019, the remaining ones were calculated based on the financial report audited by the CPA; however, the management of the Group considered the financial reports of said companies not audited by the CPA to have no significant impact.

4. The Group pledged part of investments under the equity method as collateral for the loans of the Company in December 31, 2020 and 2019. Please refer to Note 8.

(X) Property, plant and equipment

Item	December 31, 2020	December 31, 2019
Land	\$ 1,382,211	\$ 1,382,211
Houses and buildings	1,560,610	1,541,319
Machinery and equipment	1,959,830	1,956,902
Other equipment	714,200	719,967
Equipment pending acceptance and construction in progress	623,899	567,231
Total cost	\$ 6,240,750	\$ 6,167,630
Less: Accumulated depreciation	(3,256,069)	(3,166,864)
Accumulated impairment	(22,033)	(13,054)
Total	\$ 2,962,648	\$ 2,987,712

	Land	Houses and buildings	Machinery and equipment	Other equipment	Equipment pending acceptance and Construction in progress	Total
Costs						
Balance, January 1, 2020	\$ 1,382,211	\$ 1,541,319	\$ 1,956,902	\$ 719,967	\$ 567,231	\$ 6,167,630
Increase	-	914	-	653	85,794	87,361
Disposal	-	(546)	(12,971)	(18,417)	(93)	(32,027)
Reclassified	-	-	-	-	(5,500)	(5,500)
as right-of-use assets	-	14,671	6,398	11,481	(32,550)	-
Impact of the exchange difference	-	4,252	9,501	516	9,017	23,286
Balance, December 31, 2020	\$ 1,382,211	\$ 1,560,610	\$ 1,959,830	\$ 714,200	\$ 623,899	\$ 6,240,750
Accumulated depreciation and impairment						
Balance, January 1, 2020	\$ -	\$ 976,993	\$ 1,566,060	\$ 636,865	\$ -	\$ 3,179,918
Depreciation expenses	-	38,022	53,419	22,690	-	114,131
Disposal	-	(427)	(12,971)	(18,196)	-	(31,594)
Reclassification	-	-	-	-	-	-

Impairment loss provided (reversed)	-	-	-	-	8,805	8,805
Impact of the exchange difference	-	432	5,873	364	173	6,842
Balance, December 31, 2020	\$ -	\$ 1,015,020	\$ 1,612,381	\$ 641,723	\$ 8,978	\$ 3,278,102

	Land	Houses and buildings	Machinery and equipment	Other equipment	Equipment pending acceptance and Construction in progress	Total
<b>Costs</b>						
Balance, January 1, 2019	\$ 1,382,211	\$ 1,570,331	\$ 1,966,970	\$ 720,115	\$ 586,461	\$ 6,226,088
Increase	-	768	7,265	1,967	46,775	56,775
Disposal	-	(1,394)	(18,758)	(9,379)	(5,317)	(34,848)
Reclassification	-	2,496	26,139	8,905	(37,540)	-
Requisition transfer expenses	-	-	-	-	(28)	(28)
Derecognition	-	(9,330)	-	(15)	-	(9,345)
Impact of the exchange difference	-	(21,552)	(24,714)	(1,626)	(23,120)	(71,012)
Balance, December 31, 2019	\$ 1,382,211	\$ 1,541,319	\$ 1,956,902	\$ 719,967	\$ 567,231	\$ 6,167,630
<b>Accumulated depreciation and impairment</b>						
Balance, January 1, 2019	\$ -	\$ 958,899	\$ 1,542,423	\$ 622,702	\$ -	\$ 3,124,024
Depreciation expenses	-	39,596	56,122	24,738	-	120,456
Disposal	-	(1,220)	(18,605)	(9,376)	-	(29,201)
Reclassification	-	-	-	-	-	-
Derecognition	-	(9,330)	-	(15)	-	(9,345)
Impact of the exchange difference	-	(10,952)	(13,880)	(1,184)	-	(26,016)
Balance, December 31, 2019	\$ -	\$ 976,993	\$ 1,566,060	\$ 636,865	\$ -	\$ 3,179,918

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

Item	2020	2019
Increase of property, plant and equipment	\$ 87,361	\$ 56,775
Increase/decrease of payables on equipment	(37,153)	(3,348)
Paid cash amount for purchase of property, plant and equipment	\$ 50,208	\$ 53,427

2. For the capitalized interest amount, please see Note 6(31).

3. For more information about property, plant and equipment provided as collateral, please refer to Note 8.

4. As of December 31, 2020 and 2019, due to the restriction of relevant laws, the land temporarily registered in the name of others which cannot be registered by the name

of Company was NTD16,632 thousand. However, the mortgage registration was conducted as a security measure to secure the right of the Company.

5. The impairment losses recognized by the Group in 2020 and 2019 were NTD8,805 thousand and NTD0, respectively. Because the expected recoverable amount from part of the production equipment is less than the book amount, the book value of related equipment cannot be recovered by usage or sale. Therefore, the impairment loss recognized in 2020 was NTD8,805 thousand. Said residual value of disposition is classified as Level 3 fair value.
6. The book balance regarding the uncompleted construction of the subsidiary of the Group – Shandong AGV Food Technology Co., Ltd. was NTD594,872 thousand as of December 31, 2020. Please refer to Note 9(6) for the relevant lawsuit and suspension of construction.

(XI) Lease agreement

1. Right-of-use assets

Item	December 31, 2020	December 31, 2019
Right of land use	\$ 129,875	\$ 127,796
Land and building	17,870	15,081
Machine and equipment	51,511	16,694
Other equipment	7,565	9,202
Total cost	\$ 206,821	\$ 168,773
Less: Accumulated depreciation	(30,949)	(15,564)
Net amount	\$ 175,872	\$ 153,209

Costs	Right of land use	Land and building	Machinery and equipment	Other equipment	Total
Balance, January 1, 2020	\$ 127,796	\$ 15,081	\$ 16,694	\$ 9,202	\$ 168,773
Increase in the current period	-	3,539	29,317	-	32,856
Re-stated property, plant and equipment	-	-	5,500	-	5,500
Decrease in the current period	-	(750)	-	-	(750)
Derecognition in the current period	-	-	-	(1,637)	(1,637)
Exchange rate effect	2,079	-	-	-	2,079
Balance, December 31, 2020	\$ 129,875	\$ 17,870	\$ 51,511	\$ 7,565	\$ 206,821
Accumulated depreciation and impairment					
Balance, January 1, 2020	\$ 3,200	\$ 4,868	\$ 3,780	\$ 3,716	\$ 15,564
Depreciation expenses	3,190	4,999	5,934	2,785	16,908
Derecognition in the current period	-	-	-	(1,637)	(1,637)
Impairment loss provided (reversed)	-	-	-	-	-
Exchange rate effect	114	-	-	-	114
Balance, December 31, 2020	\$ 6,504	\$ 9,867	\$ 9,714	\$ 4,864	\$ 30,949

Costs	Right of land use	Land and building	Machinery and equipment	Other equipment	Total
Balance, January 1, 2019	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustment of initial application of IFRS 16	133,206	15,081	16,694	6,158	171,139
Increase in the current period	-	-	-	3,044	3,044
Decrease in the current period	-	-	-	-	-
Exchange rate effect	(5,410)	-	-	-	(5,410)

Balance, December 31, 2019	\$ 127,796	\$ 15,081	\$ 16,694	\$ 9,202	\$ 168,773
<u>Accumulated depreciation and impairment</u>					
Balance, January 1, 2019	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation expenses	3,330	4,868	3,780	3,716	15,694
Impairment loss provided (reversed)	-	-	-	-	-
Exchange rate effect	(130)	-	-	-	(130)
Balance, December 31, 2019	\$ 3,200	\$ 4,868	\$ 3,780	\$ 3,716	\$ 15,564

Besides the addition and depreciation expenses listed above, the use-of-right assets of the Group had no significant sublease or impairment in 2020 and 2019.

## 2. Lease liabilities

	December 31, 2020	December 31, 2019
Book amount of lease liabilities		
Current	\$ 16,036	\$ 11,335
Non-current	\$ 33,566	\$ 17,591

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

	December 31, 2020	December 31, 2019
Land and building	1.04%-2.54%	2.54%
Machine and equipment	2.2%-2.54%	2.54%
Other equipment	1.04%-2.54%	2.2%-2.54%

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

## 3. Important lease activities and terms

The Group leases lands and buildings, machines and other equipment for operational use. The lease period is 3-50 years and the Group included the right of renewal of those with expired lease periods in the lease liabilities. According to the contract agreement, the Group shall not sublease assets of a leased item to others without the approval of the lessor. As of December 31, 2020 and 2019, there is no sign of impairment regarding the right-of-use assets, therefore the impairment evaluation was not conducted.

## 4. Sublease: None.

## 5. Other information about the lease

(1) For the Group's agreement of investment property leased as operating lease, please refer to Note 6(12).

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

Item	2020	2019
Short-term lease expenses	\$ 5,838	\$ 5,884
Expenses of lease of low-price assets	\$ 669	\$ -
Variable lease payment not included in measurement of lease liabilities Paid expenses	\$ -	\$ -
Total cash outflow of lease (Note)	\$ 17,937	\$ 17,865

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

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

## (XII) Net amount of investment property

Item	December 31, 2020	December 31, 2019
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Measured at fair value – commissioned appraisal	\$ 2,596,327	\$ 2,566,192
Measured at cost	50,952	50,952
Total	<u>\$ 2,647,279</u>	<u>\$ 2,617,144</u>

1. Investment property measured at fair value

Item	2020	2019
Balance – beginning	\$ 2,566,192	\$ 2,530,928
Gains from valuation	30,135	35,264
Balance – ending	<u>\$ 2,596,327</u>	<u>\$ 2,566,192</u>

- (1) The fair values of investment property as of December 31, 2020 and 2019 were appraised by CPA Tien-Ching Hsieh of CPAC and CPA Wen-Hsiang Chen of Chen Wen-Hsiang Real Estate Appraisers Firm with domestic appraiser qualification on January 5, 2021, December 20 and 31, 2020 and December 11, 12, 20 and 23, 2019.
- (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, 2020	December 31, 2019
Estimated future cash inflow	\$ 2,175,191	\$ 2,186,540
Estimated future cash outflow	37,345	40,459
Estimated future net cash inflow	<u>\$ 2,137,846</u>	<u>\$ 2,146,081</u>
Discount rate	<u>2.095%-2.27%</u>	<u>2.04%-2.54%</u>

- A. The monthly market rental of regions in which the investment property located is NTD155 to NTD10,579 per Taiwanese ping. The similar comparable item in the market is NTD159 to NTD9,997 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 the Chunghwa Post Co., Ltd., plus 1.25-1.5 %.
- (3) Because the land at Jianguo Section in Dounan Township, Yunlin County, Zhuweizi Section in Chiayi City, Zhongzhuang Section in Chiayi City, Wujiancuo Section in Zhuqi Township and Datan Section in Xingang Township held by the Company is not developed, the fair value is appraised

based on the land development analysis method. The important assumptions are as follows. The fair value will increase when the estimated total sales amount increases, the profit margin increases or the overall capital interest rate decreases. The relevant information is as follows:

Item	December 31, 2020	December 31, 2019
Estimated total sales amount	\$ 1,836,189	\$ 1,805,778
Profit margin	15% ~ 18%	15% ~ 18%
Overall capital interest rate	0.71% ~ 1.53%	0.81% ~ 1.77%

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	2020	2019
Balance – beginning	\$ 50,952	\$ 50,952
Increase	-	-
Balance – ending	\$ 50,952	\$ 50,952

The investment property of the Group locates in the land at Wujiancuo Section in Zhuqi Township, Datan Section and Houdihu Subsection in Xingang Township. Because such land is categorized as farming and grazing lands, the Group cannot reliably acquire parameters under the income approach or under the land development approach. Therefore, the fair value of such land cannot be determined reliably.

3. The lease period of the investment property is 1 year without 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	2020	2019
Rent revenue from investment property	\$ 5,234	\$ 5,234
Direct operating expenses generated from investment property generating current rent revenue	\$ 2,359	\$ 2,296
Direct operating expenses generated from investment property not generating current rent revenue	\$ 1,224	\$ 1,229

5. The total lease payment receivable in the future regarding investment property leased as operating leases in 2020 and 2019 is as follows:

	December 31, 2020	December 31, 2019
First year	\$ 1,377	\$ 2,546
The 2nd to 5th years	-	-
More than 5 years	-	-
Total	\$ 1,377	\$ 2,546

6. The fair value of the Group's investment property as of December 31, 2020 and 2019 were NTD2,596,327 thousand and NTD2,566,192 thousand, respectively, which was based on the valuation result of independent appraiser. The valuation adopting the income approach and land development approach is classified as Level 3 fair value. Please refer to Note 12.
7. For information of investment property provided as collateral, please refer to Note 8.
8. As of December 31, 2020 and 2019, due to the restriction of the laws, the land temporary registered in the name of others which cannot be registered by the name of Company was NTD50,952 thousand. However, the mortgage registration was conducted as a security measure to secure the rights of the Company.

(XIII) Intangible assets

Item	December 31, 2020	December 31, 2019
Patent	\$ 5,000	\$ 5,000
Computer software cost	36,619	35,058
Trademark	21,733	21,733
Total cost	\$ 63,352	\$ 61,791
Less: Accumulated amortization	(54,250)	(50,522)
Net amount	\$ 9,102	\$ 11,269

	Patent	Computer software cost	Trademark	Total
<u>Costs</u>				
Balance, January 1, 2020	\$ 5,000	\$ 35,058	\$ 21,733	\$ 61,791
Increase	-	1,636	-	1,636
Disposal	-	-	-	-
Derecognition	-	-	-	-
Reclassified as expenses	-	(44)	-	(44)
Impact of the exchange difference	-	(31)	-	(31)
Balance, December 31, 2020	\$ 5,000	\$ 36,619	\$ 21,733	\$ 63,352
<u>Accumulated amortization</u>				
Balance, January 1, 2020	\$ 4,547	\$ 31,850	\$ 14,125	\$ 50,522
Amortization expenses	453	1,446	2,175	4,074
Disposal	-	-	-	-
Derecognition	-	-	-	-
Impact of the exchange difference	-	(346)	-	(346)
Balance, December 31, 2020	\$ 5,000	\$ 32,950	\$ 16,300	\$ 54,250
<u>Costs</u>				
Balance, January 1, 2019	\$ 5,000	\$ 35,578	\$ 21,733	\$ 62,311
Increase	-	272	-	272
Derecognition	-	(250)	-	(250)

Reclassified as expenses	-	(305)	-	(305)
Impact of the exchange difference	-	(237)	-	(237)
Balance, December 31, 2019	\$ 5,000	\$ 35,058	\$ 21,733	\$ 61,791
<u>Accumulated amortization</u>				
Balance, January 1, 2019	\$ 4,092	\$ 29,465	\$ 11,952	\$ 45,509
Amortization expenses	455	2,810	2,173	5,438
Derecognition	-	(250)	-	(250)
Impact of the exchange difference	-	(175)	-	(175)
Balance, December 31, 2019	\$ 4,547	\$ 31,850	\$ 14,125	\$ 50,522

(XIV) Other financial assets

Item	December 31, 2020	December 31, 2019
Pledged bank deposits	\$ 57,799	\$ 98,278
Current	\$ 30,278	\$ 71,000
Non-current	\$ 27,521	\$ 27,278

(XV) Other non-current assets – others

Item	December 31, 2020	December 31, 2019
Long-term prepaid expenses	\$ 17,326	\$ 21,553

(XVI) Short-term loans

Item	December 31, 2020	December 31, 2019
Credit loans	\$ 388,278	\$ 670,316
Mortgage loan	540,314	559,912
Total	\$ 928,592	\$ 1,230,228
Interest rate interval	1.50%-5.66%	1.79%-5.66%

For short-term loans, part of bank deposits and investment property are provided as collateral by the Group, please refer to Note 8.

(XVII) Other payables

Item	December 31, 2020	December 31, 2019
Commission payable	\$ 108,400	\$ 108,333
Remuneration and bonus payable	160,978	126,895
Payables on equipment	52,808	15,655
Advertisement expenses payable	25,221	27,358
Insurance payable	9,204	8,270
Accounts payable for shares	81,874	-
Other payable	139,787	132,719
Total	\$ 578,272	\$ 419,230

(XVIII) Liability reserve – current

Item	Employee benefit	Item	Employee benefit
January 1, 2020	\$ 23,102	January 1, 2019	\$ 19,735
Current increase of liability reserve	19,589	Current increase of liability reserve	23,102
Liability reserve used currently	(13,506)	Liability reserve used currently	(15,342)
Unused amount	(5,745)	Unused amount	(4,393)

reversed currently		reversed currently	
December 31, 2020	<u>\$ 23,440</u>	December 31, 2019	<u>\$ 23,102</u>

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

(XIX) Other current liabilities

Item	December 31, 2020	December 31, 2019
Refund liabilities	<u>\$ 5,076</u>	<u>\$ 5,344</u>

(XX) Long-term loans and liabilities due within a year or operating cycle

Lending institution	December 31, 2020	December 31, 2019
Bank syndicated loans – Parent company	\$ 1,676,900	\$ 1,689,500
Secured bank loans	1,927,333	1,911,367
Unsecured bank loans	239,195	177,222
Total	<u>\$ 3,843,428</u>	<u>\$ 3,778,089</u>
Less: Unamortized discount	(15,747)	(14,013)
Less: Long-term liabilities due within a year	(1,133,137)	(940,929)
Long-term loans	<u>\$ 2,694,544</u>	<u>\$ 2,823,147</u>
Interest rate interval	<u>1.421%-3.467%</u>	<u>1.67%-3.658%</u>

1. For long-term loans, the Group provides part of property, plant and equipment, investment property, investment under the equity method and bank deposit as collateral, please refer to Note 8.
2. The loan of NTD270,000 thousand by the subsidiary Koya Corp. originally should have expired on December 31, 2020. However, it has acquired the reply form from the bank to extend the duration to December 31, 2021 at the beginning of 2021. Also, other important conditions met the requirement of related loan conditions after review, such as the term of life and construction progress of the Dapumei project shall be conducted within the specified period and the provision of the letter of support regarding the shareholding no less than 90% by the parent company and the affiliates (which had acquired the approval of the borrowing bank).
3. According to the provisions of the syndicated loan contract, the consolidated financial report audited and attested by the CPA shall be used to calculate and maintain financial ratios such as specific current ratio, liability ratio, interest earned ratio and tangible net worth during the loan period; after review, the relevant financial ratios in 2020 and 2019 financial reports all complied with the provisions of the loan contract.

(XXI) Pension

1. Defined contribution plan

- (1) The Company and its subsidiaries located in the territory of the Republic of China applied the pension system under the “Labor Pension Act,” which was identified as a defined contribution plan managed by the government. Under the plan, the Company contributed 6% of each employee’s salary to the personal account maintained at the Bureau of Labor Insurance on a monthly basis; subsidiaries beyond the borders of the Republic of China participated in the defined contribution plan conducted by the local government and contributed pension to the local government on a monthly basis.
- (2) The total expense amount recognized by the Group in the consolidated statement of comprehensive income based on contribution ratios specified in the defined contribution plan in 2020 and 2019 were NTD19,088 thousand and NTD22,297 thousand, respectively.

## 2. Defined benefit plan

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

(2) The amount of defined benefit plan recognized in the consolidated balance sheet by the Group is shown below:

Item	December 31, 2020	December 31, 2019
Current values of the ascertained fringe benefit obligations	\$ 264,461	\$ 271,924
Fair values of the planned assets	(166,351)	(168,365)
Defined benefit liabilities (assets)	\$ 98,110	\$ 103,559
Net assets recognized in the balance sheet	\$ (958)	\$ (965)
Net liabilities recognized in the balance sheet	\$ 99,068	\$ 104,524

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

Item	2020		
	Current values of the ascertained fringe benefit obligations	Fair values of the planned assets	Defined benefit liabilities
Balance, January 1	\$ 271,924	\$ (168,365)	\$ 103,559
Service cost			
Service cost in the current period	1,500	-	1,500
Interest expenses (revenue)	2,629	(1,699)	930
Recognized as profit and/or loss	\$ 4,129	\$ (1,699)	\$ 2,430
Re-measurement amount			
Return on plan assets (excluding amount included in net interest)	\$ -	\$ (5,139)	\$ (5,139)
Actuarial losses (gains) –			
Effects of changes in financial assumptions	3,529	-	3,529
Adjustment through experience	9,284	-	9,284
Recognized under other comprehensive income	\$ 12,813	\$ (5,139)	\$ 7,674
Appropriated by employer	(2,086)	(11,761)	(13,847)
Benefit payment	(23,097)	20,613	(2,484)
Transfer-out from the affiliates	778	-	778
Balance, December 31	\$ 264,461	\$ (166,351)	\$ 98,110

Item	2019		
	Current values of the ascertained fringe benefit obligations	Fair values of the planned assets	Defined benefit liabilities
Balance, January 1	\$ 286,536	\$ (165,295)	\$ 121,241

Service cost

Service cost in the current period	2,043	-	2,043
Interest expenses (revenue)	3,116	(1,932)	1,184
Recognized as profit and/or loss	\$ 5,159	\$ (1,932)	\$ 3,227

Re-measurement amount

Return on plan assets (excluding amount included in net interest)	\$ -	\$ (5,817)	\$ (5,817)
Actuarial losses (gains) –			
Effects of changes in financial assumptions	1,896	-	1,896
Adjustment through experience	(610)	-	(610)
Recognized under other comprehensive income	\$ 1,286	\$ (5,817)	\$ (4,531)
Appropriated by employer	-	(13,586)	(13,586)
Benefit payment	(21,057)	18,265	(2,792)
Balance, December 31	\$ 271,924	\$ (168,365)	\$ 103,559

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

A. Investment risk

The Bureau of Labor Funds, Ministry of Labor will utilize the pension fund for investment in domestic (foreign) equity securities, debt securities bank deposits in self utilization and mandated management manner. However, the distributed amount for the Group’s plan assets shall not be less than the revenue calculated by 2-year time deposit rate of the local bank.

B. Interest rate risk

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

C. Salary risk

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

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

Item	Measurement date	
	December 31, 2020	December 31, 2019
Discount rate	0.75%	1.00%-1.30%
Anticipated raise ratio of salaries	1.00%	1.00%
Average maturity of defined benefit obligation	9.6–12.6 years	10.4–12.7 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, 2020	December 31, 2019
Discount rate		
Increase by 0.25%	\$ (3,529)	\$ (4,081)
Decrease by 0.25%	\$ 3,648	\$ 4,219

Anticipated raise ratio of salaries

Increase by 1%	\$ 15,258	\$ 17,692
Decrease by 1%	\$ (13,664)	\$ (15,777)

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

(6) The Group plans to contribute NTD8,147 thousand for the pension plan in 2021.

(XXII) Common stock

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

Item	2020		2019	
	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, 2020, the Company's authorized capital was NTD8,800,000 thousand which was divided into 880,000 thousand shares. The paid-in capital was NTD4,945,134 thousand.

(XXIII) Capital surplus

Item	December 31, 2020	December 31, 2019
Stock premium	\$ 28,973	\$ 28,973
Difference between actual price and book value of the subsidiary's stock actually acquired or disposed	144,001	144,001
Changes of affiliates and joint ventures recognized under the equity method	83,069	80,745
Treasury stock trading	7,354	7,354
Recognized changes in the ownership equity of the subsidiary	5,250	5,250
Total	\$ 268,647	\$ 266,323

According to the Company Act, for the capital reserve including shares issued at premium exceeding the par value and gains in the form of gifts, besides covering losses,



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

(XXIV) Retained earnings and dividend policy

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

The food industry is in a changing environment and the Company is at the stage of stable growth. To meet the demand for operating funds as the business grows and to develop long-term financial planning for sustainable development, dividends are distributed, in principle, based on the appropriation rate of more than 50% (included) from the distributable surplus. The Company distributes dividends in the form of stocks and cash, and the former is preferred in consideration of the growth rate and capital expenditure of Company. The remaining dividends are distributed in cash at a rate not less than 10% (included) than the total distributable dividends in the current year. Dividends in cash will not be distributed if the amount of the dividends distributable per share is less than NTD0.1 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, 2020	December 31, 2019
(1) Appropriation of other equity debit balance	\$ 60,792	\$ 60,792
(2) Appropriation of initial application of IFRSs	93,685	93,685
(3) Appropriation of investment property measured at fair value	408,327	357,904
Total	<u>\$ 562,804</u>	<u>\$ 512,381</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 equities 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 NTD158,125 thousand of the accumulative translation adjustment and unrealized revaluation

increase to the retained earnings. However, the retained earnings increase generated from first adoption of IFRSs was insufficient for recognition. Therefore, NTD93,685 thousand of retained earnings increase generated from first adoption of IFRSs was recognized as special reserves.

(3) Appropriation of investment property measured at fair value

Item	Amount
Appropriation of investment property first measured at fair value	\$ 393,347
Appropriation of investment property measured at fair value	14,980
Appropriation as of December 31, 2020	<u>\$ 408,327</u>

As of December 31, 2020, the special reserve is classified as accumulated net fair value increase of investment property (without considering the impact of legal reserves and income tax) and the unrecognized amount due to insufficient accumulated earnings totaled NTD757,986 thousand.

4. The following are the proposals for appropriation of profit or loss in 2019 and 2018 approved by the shareholders' meeting of the Company in June, 2020 and 2019:

Item	Earnings distribution	
	2019	2018
Legal reserve	\$ 4,805	\$ 4,790
Special reserve	50,423	125,516
Total	<u>\$ 55,228</u>	<u>\$ 130,306</u>

5. The Company held the proposal for 2020 earnings distribution on March 23, 2021. As of December 31, 2020, the accumulated net fair value increase of investment property still remained to be recognized as a special reserve, therefore the dividends for shareholders was not distributed.

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

(XXV) Other items of interest

Item	Exchange difference in the financial statement translation of foreign operations	Unrealized valuation profit (loss) of financial assets measured at fair value through other comprehensive income	Total
Balance, January 1, 2020	\$ (77,923)	\$ (58,900)	\$ (136,823)
Exchange difference in the financial statement translation of foreign operations	(9,837)	-	(9,837)
Unrealized valuation profit (loss) of financial assets measured at fair value through other comprehensive income	-	37,234	37,234
Share of affiliates and joint ventures under the equity method	300	164,438	164,738
Balance, December 31, 2020	<u>\$ (87,460)</u>	<u>\$ 142,772</u>	<u>\$ 55,312</u>

Item	Exchange difference in the financial statement translation of foreign operations	Unrealized valuation profit (loss) of financial assets measured at fair value through other comprehensive income	Total
Balance, January 1, 2019	\$ (32,028)	\$ (193,033)	\$ (225,061)
Exchange difference in the financial statement translation of foreign operations	(40,733)	-	(40,733)
Unrealized valuation profit (loss) of financial assets measured at fair value through other comprehensive income	-	63,406	63,406
Share of affiliates and joint ventures under the equity method	(5,162)	87,411	82,249
Disposal of equity instrument measured at fair value through other comprehensive income	-	(15,682)	(15,682)
Unrealized gain or loss on equity instrument investments at fair value through other comprehensive income – recognition based on shareholding ratio	-	(1,002)	(1,002)
Balance, December 31, 2019	<u>\$ (77,923)</u>	<u>\$ (58,900)</u>	<u>\$ (136,823)</u>

(XXVI) Non-controlling equity

Item	2020	2019
Balance – beginning	\$ 758,344	\$ 741,593
Share attributable to non-controlling equity:		
Current net profit (loss)	16,490	17,264
Other comprehensive income in current period	2,503	6,421
Cash capital increase of subsidiary	10,000	6,161
Changes in affiliates and joint ventures under the equity method	(2,132)	649
Cash dividends distributed to non-controlling equity	(16,083)	(13,041)
Decrease of non-controlling equity	-	(703)
Balance – ending	<u>\$ 769,122</u>	<u>\$ 758,344</u>

(XXVII) Operating revenue

Item	2020	2019
Revenue from customer contracts		
Sales revenue	\$ 4,801,694	\$ 4,634,632
Revenue from processing	165,569	135,660
Management service revenue	57,422	48,069
Total operating revenue from customer contracts	<u>\$ 5,024,685</u>	<u>\$ 4,818,361</u>
Less: Sales return	(39,677)	(15,422)

Sales discount		(372,362)		(336,541)
Net operating revenue from customer contracts	\$	4,612,646	\$	4,466,398
Other operating income		1,840		1,840
Net operating revenue	\$	<u>4,614,486</u>	\$	<u>4,468,238</u>

## 1. Details of customer contracts

### (1) Sales revenue

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

### (2) Revenue from processing

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

### (3) Management service revenue

This mainly refers to the revenue generated from the security service provided according to the contract. The personnel is sent to provide service based on the contract and completes the performance obligation over time. Also, the service revenue is collected based on the fixed price agreed in the contract.

## 2. Details of revenue from customer contracts

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

2020:

Main area and market	Drinks and canned foods	Processing	Management service	Total
Taiwan	\$ 4,296,974	\$ 138,518	\$ 57,422	\$ 4,492,914
Mainland China	92,681	27,051	-	119,732
Total	<u>\$ 4,389,655</u>	<u>\$ 165,569</u>	<u>\$ 57,422</u>	<u>\$ 4,612,646</u>
Product line				
Tradition series	\$ 1,074,960	\$ -	\$ -	\$ 1,074,960
Dessert series	728,892	8,382	-	737,274
Drink series	1,415,463	103,345	-	1,518,808
Oat milk series	898,123	53,842	-	951,965
Oil series	86,666	-	-	86,666
Health series	22,063	-	-	22,063
Others	163,488	-	57,422	220,910
Total	<u>\$ 4,389,655</u>	<u>\$ 165,569</u>	<u>\$ 57,422</u>	<u>\$ 4,612,646</u>
Timing of revenue recognition				
Fulfillment of performance	\$ 4,389,655	\$ 165,569	\$ -	\$ 4,555,224

obligation at certain timing				
Gradual fulfillment of performance obligation over time	-	-	57,422	57,422
Total	\$ 4,389,655	\$ 165,569	\$ 57,422	\$ 4,612,646

2019:

	Drinks and canned foods	Processing	Management service	Total
<u>Main area and market</u>				
Taiwan	\$ 4,185,625	\$ 101,221	\$ 48,069	\$ 4,334,915
Mainland China	97,044	34,439	-	131,483
Total	\$ 4,282,669	\$ 135,660	\$ 48,069	\$ 4,466,398
<u>Product line</u>				
Tradition series	\$ 984,231	\$ -	\$ -	\$ 984,231
Dessert series	721,464	10,088	-	731,552
Drink series	1,551,241	81,082	-	1,632,323
Oat milk series	767,831	44,490	-	812,321
Oil series	82,037	-	-	82,037
Health series	25,621	-	-	25,621
Others	150,244	-	48,069	198,313
Total	\$ 4,282,669	\$ 135,660	\$ 48,069	\$ 4,466,398
<u>Timing of revenue recognition</u>				
Fulfillment of performance obligation at certain timing	\$ 4,282,669	\$ 135,660	\$ -	\$ 4,418,329
Gradual fulfillment of performance obligation over time	-	-	48,069	48,069
Total	\$ 4,282,669	\$ 135,660	\$ 48,069	\$ 4,466,398

3. Contract balance

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

	December 31, 2020	December 31, 2019
Receivable	\$ 591,919	\$ 621,746
Contract assets	-	-
Total	\$ 591,919	\$ 621,746
Contract liabilities – current	\$ 11,761	\$ 8,369

(1) Significant changes in contract assets and liabilities

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

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

	Amount recognized as current revenue	2020	2019
	Contract liabilities from the beginning of the period	\$ 8,369	\$ 7,061
	Fulfilled performance obligation from the previous period	\$ -	\$ -
(XXVIII)	Employee benefits, depreciation, depletion and amortization expenses		
		2020	
By nature	As operating costs	As operating expenses	Total
Employee benefit expenses			
Salary expenses	\$ 195,999	\$ 371,697	\$ 567,696
Expenses for labor and health insurance	19,864	25,531	45,395
Pension expenses	9,422	12,096	21,518
Other employee benefit expenses	31,130	20,396	51,526
Depreciation expenses (Note 1)	85,856	43,824	129,680
Amortization expenses	30	4,044	4,074
Total	<u>\$ 342,301</u>	<u>\$ 477,588</u>	<u>\$ 819,889</u>
		2019	
By nature	As operating costs	As operating expenses	Total
Employee benefit expenses			
Salary expenses	\$ 185,595	\$ 328,652	\$ 514,247
Expenses for labor and health insurance	19,690	24,903	44,593
Pension expenses	11,361	14,163	25,524
Other employee benefit expenses	30,574	21,524	52,098
Depreciation expenses (Note 2)	91,540	42,152	133,692
Amortization expenses	21	5,417	5,438
Total	<u>\$ 338,781</u>	<u>\$ 436,811</u>	<u>\$ 775,592</u>
(Note 1): This does not include the leased asset depreciation expenses of NTD1,359 thousand stated in non-operating expenses.			
(Note 2): This does not include the leased asset depreciation expenses of NTD2,458 thousand stated in non-operating expenses.			

1. The Company shall allocate no less than 1% of the current pre-tax profit before deducting the remuneration distributed to employees and the directors as the remuneration to employees and no more than 1% thereof as the remuneration to directors. Should there be any change to the annual consolidated financial report after the reporting date, the accounting treatment shall be applied, and the adjustment accounted for in the next year.
2. The Company's board of directors resolved to pass the 2020 and 2019 remunerations to employees and directors on March 23, 2021 and March 26, 2020, respectively. The relevant amount recognized in the financial report is as follows:

	2020		2019	
	Employee Compensation	Remuneration to directors	Employee Compensation	Remuneration to directors
Distributed amount resolved	\$ 2,985	\$ 2,984	\$ 451	\$ 450
Amount recognized in annual financial statements	5,970	2,984	451	450
Difference	<u>\$ (2,985)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The difference between the 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 2021; in addition, the remuneration to employees was distributed in cash.

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

(XXIX) Other revenue

Item	2020	2019
Rental revenue	\$ 8,618	\$ 5,993
Dividend revenue	15,669	18,825
Revenue from relief packages	5,146	-
Others	29,914	27,833
Total	<u>\$ 59,347</u>	<u>\$ 52,651</u>

(XXX) Other gains and losses

Item	2020	2019
Financial assets measured at fair value through profit or loss	\$ 4,672	\$ 4,461
measured at fair value through profit or loss		
Gain (loss) of foreign exchange, net	33,150	(9,296)
Gain (loss) on disposal of property, plant and equipment	(254)	115
Gain (loss) on disposal of investment	-	1,892
Lease cost	(4,236)	(5,710)
Gain (loss) from fair value adjustment	30,135	35,264
Impairment loss of property, plant and equipment	(8,805)	-
Others	(30,041)	(21,043)
Total	<u>\$ 24,621</u>	<u>\$ 5,683</u>

(XXXI) Financial cost

Item	2020	2019
Interest from bank loans	\$ 109,110	\$ 115,845
Other finance costs	13,999	15,928
Lease liabilities	922	860
Subtotal	\$ 124,031	\$ 132,633
Less: Capitalized amount of qualifying assets	(336)	(178)
Financial cost	\$ 123,695	\$ 132,455
Interest rate interval	1.421%–5.66%	1.67%–5.66%

(XXXII) Income Tax

1. Income tax expenses

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

Item	2020	2019
<u>Income tax in the current period</u>		
Income tax generated in the current period	\$ 6,848	\$ 5,969
Overestimated/underestimated income tax in previous year	159	63
Additional tax levied on undistributed earnings	156	3
Total income tax in the current period	\$ 7,163	\$ 6,035
<u>Deferred income tax</u>		
Initial occurrence and reversal of temporary difference	\$ 53,753	\$ (1,277)
Deferred income tax expenses	\$ 53,753	\$ (1,277)
Income tax expenses (gains)	\$ 60,916	\$ 4,758

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

Item	2020	2019
Exchange difference in the financial statement translation of foreign operations	\$ (980)	\$ (2,976)
Re-measurement of defined benefit pension plan	(1,535)	906
Total	\$ (2,515)	\$ (2,070)

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

Item	2020	2019
Net profit before tax	\$ 310,310	\$ 70,091
Tax calculated based on net profit before tax at the statutory tax rate	\$ 55,511	\$ (12,488)
Tax effects of adjustments		
Effects not included in the calculation of taxable income		
Losses (gains) from adjustment of unrealized fair value	(6,027)	(7,053)
Other adjustments	(27,626)	16,991
Deduction of losses	(15,010)	8,519



Overestimated/underestimated income tax in previous year	159	63
Additional tax levied on undistributed earnings	156	3
Net change in deferred income tax	53,753	(1,277)
Income tax expenses recognized as profit or loss	\$ 60,916	\$ 4,758

The entity tax rate specified in the Income Tax Act of Republic of China applicable to the Group is 20% and the applicable tax rate for undistributed earnings is 5%; the tax generated from other jurisdictions is calculated based on the applicable tax rate of each relevant jurisdiction.

The amendment to domestic Statute for Industrial Innovation was announced by the President on July, 2019, stating that if a certain amount of the undistributed earnings is used for reinvestment in specific assets or technology, such investment amounts may be deducted from the calculation of undistributed earnings from 2018 on. During the calculation of undistributed earnings in 2020 and 2019, the Group has deducted the capital expense amount used for reinvestment from the undistributed earnings in 2019 and 2018.

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

Item	2020				
	Balance – beginning	Recognized as profit (loss)	Recognized in other comprehensive profit (loss)	Exchange rate effect	Balance – ending
Deferred income tax assets:					
Temporary difference					
Investment losses (gains) under the equity method	\$ 231,247	\$ (25,099)	\$ -	\$ -	\$ 206,148
Re-measurement of defined benefit	21,287	(2,616)	1,736	-	20,407
Unused deduction of losses	60,410	(37,422)	-	-	22,988
Others	8,089	(1,476)	1,059	-	7,672
Subtotal	\$ 321,033	\$ (66,613)	\$ 2,795	\$ -	\$ 257,215
Deferred income tax liabilities					
Temporary difference					
Increment tax on land value	\$ (134,477)	\$ 145	\$ -	\$ -	\$ (134,332)
Exchange difference					
Others	(19,759)	12,715	(280)	198	(7,126)
Subtotal	\$ (154,236)	\$ 12,860	\$ (280)	\$ 198	\$ (141,458)
Total	\$ 166,797	\$ (53,753)	\$ 2,515	\$ 198	\$ 115,757

Item	2019				
	Balance – beginning	Recognized as profit (loss)	Recognized in other comprehensive profit (loss)	Exchange rate effect	Balance – ending
Deferred income tax assets:					
Temporary difference					
Investment losses (gains) under the equity method	\$ 230,628	\$ 619	\$ -	\$ -	\$ 231,247
Re-measurement of defined	24,741	(2,515)	(939)	-	21,287

benefit					
Unused deduction of losses	56,341	4,069	-	-	60,410
Others	5,095	322	2,672	-	8,089
Subtotal	<u>\$ 316,805</u>	<u>\$ 2,495</u>	<u>\$ 1,733</u>	<u>\$ -</u>	<u>\$ 321,033</u>
Deferred income tax liabilities					
Temporary difference					
Increment tax on land value	\$ (134,182)	\$ (295)	\$ -	\$ -	\$ (134,477)
Exchange difference					
Others	(19,510)	(923)	337	337	(19,759)
Subtotal	<u>\$ (153,692)</u>	<u>\$ (1,218)</u>	<u>\$ 337</u>	<u>\$ 337</u>	<u>\$ (154,236)</u>
Total	<u>\$ 163,113</u>	<u>\$ 1,277</u>	<u>\$ 2,070</u>	<u>\$ 337</u>	<u>\$ 166,797</u>

4. Items not recognized as deferred tax assets

Item	December 31, 2020	December 31, 2019
Temporary difference	\$ 291,327	\$ 248,423
Unused deduction of losses	206,011	219,898
Total	<u>\$ 497,338</u>	<u>\$ 468,321</u>

5. The tax collection authorities have authorized the income tax of profit-seeking enterprises reported the Company as of 2018.

(XXXIII) Other comprehensive income

Item	2020		
	Before tax	Income tax (expenses) gains	Net amount after tax
Items not reclassified to profit or loss:			
Re-measurement of defined benefit plan	\$ (7,674)	\$ 1,535	\$ (6,139)
Unrealized valuation gains and losses from equity instrument investments measured at fair value through other comprehensive income	40,604	-	40,604
Share of affiliates and joint ventures under the equity method	157,301	-	157,301
Subtotal	<u>\$ 190,231</u>	<u>\$ 1,535</u>	<u>\$ 191,766</u>
Items may be subsequently reclassified as profit or loss:			
Share of affiliates and joint ventures under the equity method			
Exchange difference in the financial statement translation of foreign operations	\$ (11,991)	\$ 2,211	\$ (9,780)
Unrealized valuation profit or loss of debt financial assets measured at fair value through other comprehensive income	(850)	-	(850)
Share of affiliates and joint ventures under the equity method	1,531	(1,231)	300
Subtotal	<u>\$ (11,310)</u>	<u>\$ 980</u>	<u>\$ (10,330)</u>
Recognized under other comprehensive income	<u>\$ 178,921</u>	<u>\$ 2,515</u>	<u>\$ 181,436</u>

Item	2019		
	Before tax	Income tax (expenses) gains	Net amount after tax
Items not reclassified to profit or loss:			

Re-measurement of defined benefit plan	\$ 4,531	\$ (906)	\$ 3,625
Unrealized valuation gains and losses from equity instrument investments measured at fair value through other comprehensive income	71,076	-	71,076
Share of affiliates and joint ventures under the equity method	85,260	-	85,260
Subtotal	<u>\$ 160,867</u>	<u>\$ (906)</u>	<u>\$ 159,961</u>
Items may be subsequently reclassified as profit or loss:			
Share of affiliates and joint ventures under the equity method			
Exchange difference in the financial statement translation of foreign operations	\$ (43,976)	\$ 2,465	\$ (41,511)
Unrealized valuation profit or loss of debt financial assets measured at fair value through other comprehensive income	(500)	-	(500)
Share of affiliates and joint ventures under the equity method	(5,673)	511	(5,162)
Subtotal	<u>\$ (50,149)</u>	<u>\$ 2,976</u>	<u>\$ (47,173)</u>
Recognized under other comprehensive income	<u>\$ 110,718</u>	<u>\$ 2,070</u>	<u>\$ 112,788</u>

(XXXIV) Earnings per common stock

Item	2020	2019
A. Basic EPS:		
Current net profit	\$ 232,904	\$ 48,069
Weighted average number of current outstanding shares (thousand shares)	494,513	494,513
Basic EPS (after tax) (NTD)	<u>\$ 0.47</u>	<u>\$ 0.10</u>
B. Diluted EPS:		
Current net profit	\$ 232,904	\$ 48,069
Effect of dilutive potential common stocks	-	-
Current net profit to be used to calculate diluted EPS	<u>\$ 232,904</u>	<u>\$ 48,069</u>
Weighted average number of current outstanding shares (thousand shares)	\$ 494,513	\$ 494,513
Effects of remuneration to employees (Note)	316	75
Weighted average number of outstanding common stock to be used to calculate diluted EPS (thousand shares)	\$ 494,829	\$ 494,588
Diluted EPS (after tax) (NTD)	<u>\$ 0.47</u>	<u>\$ 0.10</u>

(Note) When the Company chooses to distribute remuneration to employees in the form of shares or cash, the diluted EPS is calculated in case the remuneration to employees is distributed in shares and the weighted average outstanding shares is included in the dilutive potential common stocks. When calculating 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>
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
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

Name of the related party	Relationship with the Company
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
Bi-Hsia Ma	Other related parties

(III) Major transactions with the related party:

The balance and transaction between the Group and its subsidiaries (as related parties of the Company) have been written off from the consolidated financial statements and were not disclosed accordingly. The details about transactions between the Group and other related parties are disclosed as follows:

1. Operating revenue

Item	Category/Name of the related party	2020	2019
Sales revenue	Affiliated companies	\$ 67,022	\$ 44,779
	Other related parties		
	NICECO International Corp.	112,807	104,863
	Others	18,228	22,172
	Total	<u>\$ 198,057</u>	<u>\$ 171,814</u>
Rental income	Affiliated companies	\$ 1,804	\$ 1,804
	Other related parties	36	36
	Total	<u>\$ 1,840</u>	<u>\$ 1,840</u>

(1) Sales revenue:

Said terms of sale have no significant difference from those of the general distributors. The collection period is O/A 30–90 days based on the distribution channels. However, the collection can be extended with interest accrued upon the agreement of both parties.

(2) Rental revenue:

For the lease of the Group to said companies, the lease price is based on contract agreements and the rental is collected on a monthly or quarterly basis.

2. Purchase

Type of the related party	2020	2019
Affiliated companies		
Taiwan First Biotechnology Corp.	\$ 1,104,606	\$ 1,080,585
Others	32,941	31,771
Other related parties		

NICECO International Corp.	247,239	212,909
Others	36,427	42,010
Total	<u>\$ 1,421,213</u>	<u>\$ 1,367,275</u>

Said purchase price has no significant difference from those of the general suppliers. Regarding payment method, besides commissioning other related parties to import goods, the Company follows the example of export practice to prepay part of the payment for goods. The balance was paid in full in the following month upon the receipt of goods while others adopts O/A 45–90 days for payment. The grace period is 1–5 months. However, the grace period can be extended upon the agreement of both parties.

3. Receivable accounts of the related party (excluding funds loaned to the related party)

Item	Category/Name of the related party	December 31, 2020	December 31, 2019
Notes receivable	Affiliated companies	\$ 64	\$ 71
	Other related parties		
	NICECO International Corp.	19,151	32,029
	Others	198	265
	Total	<u>\$ 19,413</u>	<u>\$ 32,365</u>
	Less: Allowance loss	(19)	(32)
	Net amount	<u>\$ 19,394</u>	<u>\$ 32,333</u>
Accounts receivable	Affiliated companies	\$ 4,412	\$ 3,774
	Other related parties	14,943	8,791
	Total	<u>\$ 19,355</u>	<u>\$ 12,565</u>
	Less: Allowance loss	(16)	(8)
	Net amount	<u>\$ 19,339</u>	<u>\$ 12,557</u>
Other accounts receivable	Affiliated companies	\$ 10,175	\$ 8,600
	Other related parties	31,428	33,758
	Total	<u>\$ 41,603</u>	<u>\$ 42,358</u>
	Less: Allowance loss	(18,169)	(25,159)
	Net amount	<u>\$ 23,434</u>	<u>\$ 17,199</u>

(Note) The Group's expected credit losses of other accounts receivable recognized (reversed) were NTD8,907 thousand and NTD18,030 thousand in 2020 and 2019, respectively.

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

Item	Type of the related party	December 31, 2020	December 31, 2019
Notes payable	Affiliated companies	\$ 2,945	\$ 1,656
	Other related parties	9,265	5,452
	Total	<u>\$ 12,210</u>	<u>\$ 7,108</u>
Accounts payable	Affiliated companies		
	Taiwan Biotechnology Corp. First	\$ 587,284	\$ 532,558
	Others	5,196	4,083

	Other related parties	25,402	4,557
	Total	\$ 617,882	\$ 541,198
Other payables	Affiliated companies	\$ 22,038	\$ 26,941
	Other related parties	22,859	22,865
	Total	\$ 44,897	\$ 49,806

#### 5. Collections

<u>Category/Name of the related party</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Other related parties	\$ -	\$ 3

#### 6. Prepayments

<u>Category/Name of the related party</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Affiliated companies		
Nice Plaza Co., Ltd.	\$ 21,417	\$ 15,000
Other related parties		
NICECO International Corp.	11,855	5,510
Others	925	-
Total	\$ 34,197	\$ 20,510

#### 7. Guarantee deposits

<u>Category/Name of the related party</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Affiliated companies		
Dongruntang Biotech Corp.	\$ -	\$ 2,148
Others	348	151
Other related parties		
Jinan AGV Products Corporation	831	818
Total	\$ 1,179	\$ 3,117

#### 8. Property transaction

##### (1) Acquisition of property, plant and equipment:

<u>Category/Name of the related party</u>	<u>2020</u>	<u>2019</u>
Affiliated companies	\$ -	\$ 124

##### (2) Acquisition of financial assets:

2020:

<u>Category/Name of the related party</u>	<u>Transaction item</u>	<u>Transaction amount</u>
Affiliated companies		
Nice Enterprise Co., Ltd.	1,500 thousand shares of Qixing Resort Co., Ltd.	\$ 15,000

Said share transaction price refers to the net worth per share of the invested company and is determined after price negotiation between both parties. As of December 31, 2020, all of the transaction prices have been paid in full.

2019: None.

##### (3) Disposition of financial assets:

2020: None.

2019

Category/Counterparty of the related party	Transaction item	Amount sold	Profit or loss from sales
Affiliated companies			
Taiwan First Biotechnology Corp.	Equity of Global Securities Finance Corporation (Note)	\$ 25,154	\$ 2,910
Taiwan First Biotechnology Corp.	Equity of UPAMC Global Innovative Tech Fund (Note)	18,137	196
Taiwan First Biotechnology Corp.	Equity of Nice Capital & Finance Corp.d. (Note)	20,400	5,400
	Total	<u>\$ 63,691</u>	<u>\$ 8,506</u>

(Note): Said profit or loss from sales is the disposition of financial assets measured at fair value through other comprehensive income. The changes in accumulated net fair value is re-stated from other equity to retained earnings upon disposition.

Said transaction price is determined after price negotiation between both parties. As of December 31, 2019, all of the transaction prices have been collected in full.

#### 9. Lease agreement

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

Category/Name of the related party	Lease item	2020	2019
Acquisition of right-of-use assets	Institute of Health Science		
Affiliated companies		\$ -	\$ 8,744

Category/Name of the related party	December 31, 2020	December 31, 2019
Lease liabilities		
Affiliated companies	\$ 3,303	\$ 5,903

Category/Name of the related party	2020	2019
Interest expenses		
Affiliated companies	\$ 96	\$ 183

##### (2) Lease expenses

Category/Name of the related party	2020	2019
Affiliated companies	\$ 356	\$ 312

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

10. Lease agreement: Please refer to Note 7(3)14.

11. Loaning of funds to the related party: None.

12. Loans from the related party:

##### (1) Balance – ending

Type of the related party	December 31, 2020	December 31, 2019
Other related parties	\$ 22,784	\$ 23,984

##### (2) Interest expense: None.

13. Endorsement and guarantee: None.



#### 14. Others

##### (1) Various revenues

Category/Name of the related party	2020	2019
Affiliated companies		
Taiwan First Biotechnology Corp.	\$ 4,742	\$ 4,538
Others	555	793
Other related parties		
Tangli Culture Media Co., Ltd.	3,371	3,371
Nice Capital & Finance Corp.	7,436	-
Others	4,915	785
Total	<u>\$ 21,019</u>	<u>\$ 9,487</u>

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

##### (2) Various expenditures

Category/Name of the related party	2020	2019
Affiliated companies		
Hopeman Distribution Co., Ltd.	\$ 136,209	\$ 129,268
Others (Note)	11,721	8,793
Other related parties		
Tangli Culture Media Co., Ltd.	221,109	225,918
Others	22,567	23,950
Total	<u>\$ 391,606</u>	<u>\$ 387,929</u>

(Note): This excludes the collection/payment of warehousing fees.

A. To promote the sale of products, the Group commissioned Tangli Culture Media to provide advertisement planning services, which is responsible for product market surveys as well as product and advertisement planning. The payment is based on the contract agreement and settled on a monthly basis. The amount is paid within 30 days after the settlement.

B. Hopeman Distribution is commissioned to deliver products manufactured and sold by the Group, and the product delivery expenses is calculated based on a certain ratio of net sales.

C. Other expenses such as management consultation services are paid according to the contract agreement.

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

2020: None.

2019:

Invested company	Increase of investment		Shareholding ratio	
	Shares (thousand shares)	Amount	Before capital increase	After capital increase
Dongruntang Biotech Corp.	3,286	\$ 15,555	34.90%	29.53%

(4) Part of the Group's land is registered in the name of the related party and the details are as follows:

Type of the related party	Land number
Bi-Hsia Ma	Land No. 155 and 156, Songzijiao Section, Minxiong Township, Land No. 183 and 184, Datan Subsection, Datan Section, Xingang Township, Land No. 378, Houdihu Subsection, Houdihu Section, Xingang Township, Land No. 461-8, Kantoucuo Section, Gukeng Township, Yunlin County, Land No. 158, 154-3, 160-7, 160-23, 160-21, 165-3, 160-30 and 159, Songzijiao Section, Minxiong Township and Land No. 600 and 601, Wujiancuo Section, Zhuqi Township.

(IV) Information about remuneration to key management

Category/Name of the related party	2020	2019
Salary and other short-term employee benefits	\$ 25,759	\$ 22,031
Benefits after severance/retirement	731	701
Other long-term employee benefits	1,046	805
Total	\$ 27,536	\$ 23,537

VIII. Pledged assets

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

Item	December 31, 2020	December 31, 2019
Pledged demand deposits	\$ 57,799	\$ 98,278
Investment under the equity method	894,833	852,870
Property, plant and equipment (net amount)	1,643,316	1,659,203
Investment property	2,636,500	2,605,470
Total	\$ 5,232,448	\$ 5,215,821

IX. Major contingent liabilities and commitments made under unrecognized contracts

- (I) As of December 31, 2020 and 2019, the guarantee notes issued for loan limit guarantees by the Group were NTD3,743,200 thousand and NTD4,644,200 thousand, respectively, which were recognized as guarantee notes paid and guarantee notes payable.
- (II) As of December 31, 2020 and 2019, the guarantee notes and accounts received by the Group for performance guarantees of construction and assuring claims of payment for goods were NTD61,724 thousand and NTD49,737 thousand, respectively, which were recognized as guarantee notes and accounts received and guarantee notes and accounts receivable.
- (III) As of December 31, 2019 and 2020, the details regarding the unused letters of credit issued by the Group are as follows:

Item	Unit: NTD thousand	
	December 31, 2020	December 31, 2019
Amount of letter of credit	USD 2,186	USD 1,437
Guarantee amount	-	-

(IV) As of December 31, 2020 and 2019, for the endorsements/guarantees for others by the Group, please refer to Table 2 of Note 13.

(V) Significant capital expenses signed but not occurred:

Item	December 31, 2020	December 31, 2019
Property, plant, and equipment (Note)	\$ 160,559	\$ 151,871

(Note) For the lawsuit and suspension of construction related to the subsidiary of the Group – Shandong AGV Food Technology Co., Ltd., please refer to Note 9(6).

(VI) The lawsuit and construction suspension regarding the plant construction of Shandong AGV Food Technology Co., Ltd.:

1. A subsidiary of the Group, Shandong AGV Food Technology Co., Ltd. (hereinafter referred to as the Shandong AGV) constructed the Jiyang plant of Shandong AGV in 2014 and commissioned Shandong Taian Construction Group Co., Ltd. (hereinafter referred to as Shandong Taian) as the turnkey solutions provider for the construction of Shandong AGV Jiyang plant. The construction contract was a framework contract for the construction of the entire plant area. After Shandong AGV signed A1, A3 and A12 contract construction with Shandong Taian: (1) Due to construction delays in 2018, it filed a civil action against Shandong AGV regarding unsigned construction contracts and part of the construction amount and related interest for construction in progress without reaching an acceptable level, and the calaminated amount was RMB19,985 thousand in May 25, 2020; (2) It also filed a provisional seizure for part of Shandong AGV's property to the court on April 16, 2020; (3) Shandong AGV received the court verdict from Jiyang District People's Court on July 8, 2020, stating that Shandong Taian should pay RMB12,769 thousand as the constriction amount and related interest; (4) Shandong AGV disagreed with the verdict and appealed to a higher court in July, 2020, and received the final judgment from Shandong, Jinan Intermediate People's Court, stating that Shandong AGV should pay RMB11,454 thousand of the remaining constriction amount and related interest to Shandong Taian. In addition, RMB359 thousand in trial expenses was recognized by Shandong AGV in 2020; (5) Shandong AGV paid the construction amount, interest and trial expenses totalizing RMB11,898 thousand to Jiyang District People's Court on January 20, 2021 (please refer to description in 3.).
2. Shandong AGV filed a suit against Shandong Taian for damages compensation due to default and claimed compensation of RMB41,055 thousand to Jinan Intermediate People's Court on June 19, 2020. The court session commenced for exchange of evidence in September and October, 2020. The court session commenced on January 29, 2021. Both parties made an appraisal concerning the devaluation loss of Tetra Pak equipment claimed by Shandong AGV. The report provided by the appraisal company specified that this part of Shandong AGV did not exist in tangible, economic and functional impairment. However, the interest loss generated during the idle period was RMB9,560 thousand. Shandong Taian agreed to proceed with the negotiation. If the negotiation cannot be achieved by both parties, direct judgment will be given by the Jinan Intermediate People's Court.
3. Due to the fact that the suit against Shandong Taian for damages compensation due to default by Shandong AGV was still in progress (please refer to the description in 2.), to prevent the risk of property concealment or no property for execution by Shandong Taian after Shandong AGV acquires favorable judgment against Shandong Taian, Shandong AGV decided to conduct provisional property seizure and applied to Jinan Intermediate People's Court for preserving the claim of construction amount made by Shandong Taian against Shandong AGV based on the preceding judgment. Taiping General Insurance Co., Ltd. served as the guarantor of Shandong AGV and issued the letter of guarantee to secure the deposit payable on December 17, 2020, which was approved by Shandong, Jinan Intermediate People's Court. Jiyang District People's Court confirmed to receive the judgment of Shandong, Jinan Intermediate People's Court on January 22, 2021, and temporarily did not distribute said RMB11,898 thousand paid by Shandong AGV to Shandong Taian.
4. The construction base of Shandong AGV changed from industrial land to comprehensive residential land. The base in which the new uncompleted construction is located may

be expropriated by Jinan City Government and Land and Resources Bureau in the future due to the change in land use. According to the Regulation on the Expropriation of Buildings on State-owned Land and Compensation of Mainland China, the people's government at the city or county level shall provide subsidy and reward for landowners; thus, in case of future expropriation, the Land and Resources Bureau shall provide compensation for expropriation based on the appraisal amount of the authenticating institution. For compensation given by the Land and Resources Bureau to Shandong AGV according to the relevant laws, the appraised construction cost used as the basis of compensation may not be the same as the contract construction cost appraised in the court verdict. It is considered that the construction cost of the construction contract signed by Shandong AGV may be recovered based on the expropriation compensation procedure, which may not result in loss for Shandong AGV.

X. Losses due to major disasters: None.

XI. Significant subsequent events: None.

XII. Others

(I) Management over capital risks

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

(II) Financial instruments

1. Financial risk of financial instruments

Financial risk management policy

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

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

Nature and degree of important financial risk

(1) Market risk

A. Exchange rate risk

The Group is exposed to exchange rate risk resulting from the sale, procurement and loan transactions and net investment in the foreign operation measured with a currency other than the functional currency of the Group. New Taiwan Dollar is the main functional currency of the Group, while RMB and USD is also included. These transactions are denominated in the major currency of USD and RMB. To avoid the decrease in the foreign asset value and fluctuation of the future cash flow due to changes in the exchange rate, the Group uses foreign currency loans to hedge the risk of exchange rates. The net investment in the foreign operation was for strategic investment, therefore the Group did not adopt any hedging policy against it.

Foreign exchange exposure and sensitivity analysis (before consolidated write-off):

			December 31, 2020			
			Amount recognized (NTD)	Sensitivity analysis		
Foreign currency	Exchange rate	Extent of change		Impact on profit or loss	Impact on equity	
(Foreign currency: Functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	873	28.48	24,851	1% appreciation	249	-
USD : RMB	5	6.5249	154	1% appreciation	2	-
HKD : USD	904	0.1290	3,320	1% appreciation	33	-
<u>Non-monetary items</u>						
<u>Investment under the equity method</u>						
USD : NTD	23,094	28.48	657,729	1% appreciation	-	6,577
NZD : USD	74	0.7226	1,527	1% appreciation	-	15
RMB : USD	180,848	0.1533	789,370	1% appreciation	-	7,894
VND : USD	4,805,773	0.000038975	5,334	1% appreciation	-	53
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : RMB	5,239	6.5249	149,201	1% appreciation	(1,492)	-
USD : NTD	628	28.48	17,898	1% appreciation	(179)	-
			December 31, 2019			
			Amount recognized (NTD)	Sensitivity analysis		
Foreign currency	Exchange rate	Extent of change		Impact on profit or loss	Impact on equity	
(Foreign currency: Functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : NTD	814	29.98	24,417	1% appreciation	244	-
USD : RMB	79	6.9762	2,383	1% appreciation	24	-
HKD : USD	905	0.1284	3,484	1% appreciation	35	-
<u>Non-monetary items</u>						
<u>Investment under the equity method</u>						
USD : NTD	23,447	29.98	702,941	1% appreciation	-	7,029
NZD : USD	77	0.6734	1,554	1%	-	16

				appreciation		
RMB : USD	194,536	0.1433	836,013	1% appreciation	-	8,360
VND : USD	6,544,124	0.000039026	7,657	1% appreciation	-	77
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : RMB	13,994	6.9762	419,553	1% appreciation	(4,196)	-

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, 2020 and 2019.

The Group's total amount of all exchange gain (loss) (including the realized and unrealized) from monetary items due to significant impacts of exchange rate fluctuation were NTD33,150 thousand and NTD(9,296) thousand in 2020 and 2019, respectively.

#### B. Price risk

Due to the fact that the equity instrument investment held by the Group indicated in the consolidated balance sheet were classified as financial assets measured at fair value through profit and loss and financial assets measured at fair value through other comprehensive income, the Group suffers the price risk of financial instruments.

The Group mainly invested in TWSE/TPEX and foreign listed and unlisted stocks, beneficiary certificates and debt instruments, and the price of such equity and debt instrument is affected by the uncertainty of the investment's future value.

If the prices of equity and debt instruments increase or decrease by 1%, the profit or loss after tax will increase or (decrease) NTD357 thousand and NTD310 thousand in 2020 and 2019, respectively, due to the increase or decrease in the fair value of financial assets measured at fair value through profit or loss. The comprehensive income after tax will increase or (decrease) NTD11,565 thousand and NTD11,134 thousand in 2020 and 2019, respectively, due to the increase or decrease in the fair value of financial assets measured at fair value through other comprehensive income.

#### C. Interest rate risk

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

Item	Book amount	
	December 31, 2020	December 31, 2019
Interest rate risk with fair value:		
Financial assets	\$ 25,222	\$ 23,012
Financial liabilities	49,602	28,926
Net amount	<u>\$ 74,824</u>	<u>\$ 51,938</u>
Interest rate risk with cash flow:		
Financial assets	\$ 699,252	\$ 686,063
Financial liabilities	(4,756,273)	(4,994,304)
Net amount	<u>\$ (4,057,021)</u>	<u>\$ (4,308,241)</u>

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#### Sensitivity analysis of interest rate risk with fair value

The Group invested in preferred shares that are not able to be transferred to common stocks, and the annual percentage rate of annual dividends is 3.5% based on the issuing method, which is classified as fixed interest rate. Thus, it is not exposed to the risk of changes in future market interest rates. In addition to those mentioned above, the Group does not classify any financial assets or liabilities with fixed interest rate as financial assets measured at fair value through profit or loss or measured at fair value through other comprehensive income, and does not specify derivatives (interest rate exchange) as hedging instruments in the hedge account model of fair value. Therefore, the changes in interest rate on the reporting date will not impact profit or loss and other comprehensive net profits.

#### Sensitivity analysis of interest rate risks with cash flow

The Group's financial instrument of the variable interest rate are assets (liabilities) with variable interest rates. The changes in market interest rates will result in changes in the effective rate and cause changes in future cash flow. The net profit in 2020 and 2019 will increase (increase) NTD(40,570) thousand and NTD(43,082) thousand, respectively, for every 1% decrease (increase) in market interest rate.

#### (2) Credit risk

The Group's credit risk is the risk of financial loss that would be incurred by the Group if its customers or financial instrument trading counterparty fail to perform their contracts. This is mainly due to the trading counterparty being unable to pay the accounts payable based on the payment conditions and the contractual cash flows of debt instrument investment classified as measured at amortized cost and fair value through profit or loss.

##### Credit risk related to the operation

To maintain the quality of the accounts receivable, the Group has established a procedure to manage the credit risk related to the operation. The risk analysis of individual customers shall consider various factors which may impact the solvency of the customer, including the financial status, credit rating, internal credit rating of the Group, historical transaction record and current economic situation of the customer.

##### Financial credit risk

The credit risk of bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Finance Department of the Group. Since the transaction counterparties and the contract performance parties of the Group are banks of excellent credit standing and financial institutions or corporate entities with investment levels, there are no non-compliance issues; therefore, there is no significant credit risk. In addition, for indicators and level information on impairment of financial credit risks regarding debt financial assets measured at fair value through other comprehensive income, please refer to the description in C., D. and E.

##### A. Concentration of credit risk

As of December 31, 2019 and 2018, the receivable balance of the top 10 customers accounted for 57.26% and 53.44% of the Group's receivable balance, respectively. The concentration of the credit risk for other accounts receivable was relatively insignificant.

- B. Measurement of expected credit impairment loss
- a. Accounts receivable: For the simplified approach adopted, please refer to Note 6(4).
  - b. Judgment basis of significant increase in credit risk: Please refer to the description (D) in the following.
- C. The indicators to determine the debt instrument investment as credit impairment used by the Group is as follows:
- (A) The issuer has significant financial difficulty or faces possible bankruptcy or other financial reorganization;
  - (B) The active market of financial assets extinguishes due to financial difficulties of the issuer;
  - (C) The dividend or principal payments delay or non-performance by the issuer;
  - (D) National or regional adverse economic changes related to the default of the issuer.
- D. The credit risk rating information on debt instrument investment measured at fair value through other comprehensive income recognized by the Group is as follows:
- a. Credit risk rating:

Credit rating	Definition	Recognition basis of expected credit loss
Normal	Debtors with low credit risk and sufficient capability to pay off contractual cash flow within the overdue period less than 30 days	12-month expected credit loss
Abnormal	Credit risk increases significantly for overdue more than 30 days or since initial recognition	Expected credit loss throughout the duration (without credit impairment)
Default	Overdue more than 90 days or has evidence of credit impairment	Expected credit loss throughout the duration (with credit impairment)
Written off	There is evidence showing that the debtor is facing serious financial difficulty and the recoverable amount cannot be reasonably expected by the Group, e.g. overdue more than 180 days	Direct written off

The total book amount of debt instrument investments disclosed according to credit risk rating and the applicable rate of expected credit loss is as follows:

Credit rating	Expected credit loss	December 31, 2020	December 31, 2019
Normal	0%-1%	\$ 26,650	\$ 27,500
Abnormal	20%	-	-
Default	30%-50%	-	-
Written off	100%	-	-

- E. The collateral and other credit enhancements held to hedge the credit risk of financial assets:

The information related to the financial impact on the amount of maximum credit risk exposure regarding the financial assets recognized in the consolidated balance sheet and collateral held by the Group, overall agreement on net settlement and other credit enhancements is shown in the following table:

Amount of decrease in maximum credit risk exposure



December 31, 2020	Book amount	Collateral	Overall agreement on net settlement	Other credit enhancement	Total
Financial instruments applicable to the impairment regulation of IFRS 9:					
Debt instrument investment measured at fair value through other comprehensive income	\$ 26,650	\$ -	\$ -	\$ -	\$ -
Financial instruments not applicable to the impairment regulation of IFRS 9:					
Financial assets measured at fair value through profit or loss	35,658	-	-	-	-
Financial assets measured at fair value through other comprehensive income	1,129,803	45,354	-	-	45,354
<b>Total</b>	<b>\$ 1,192,111</b>	<b>\$ 45,354</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 45,354</b>

December 31, 2019	Book amount	Amount of decrease in maximum credit risk exposure				Total
		Collateral	Overall agreement on net settlement	Other credit enhancement		
Financial instruments applicable to the impairment regulation of IFRS 9:						
Debt instrument investment measured at fair value through other comprehensive income	\$ 27,500	\$ -	\$ -	\$ -	\$ -	\$ -
Financial instruments not applicable to the impairment regulation of IFRS 9:						
Financial assets measured at fair value through profit or loss	31,035	-	-	-	-	-
Financial assets measured at fair value through other comprehensive income	1,085,941	71,072	-	-	71,072	71,072
<b>Total</b>	<b>\$ 1,144,476</b>	<b>\$ 71,072</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 71,072</b>	<b>\$ 71,072</b>

### (3) Liquidity risk

#### A. Liquidity risk management

The purpose of the Group's liquidity risk management is to maintain the cash and cash equivalents required for operation and sufficient bank financing credit line to ensure adequate financial flexibility of the Group.

#### B. Maturity analysis on asset liabilities

The following table is the summarized analysis of the Group's financial liability with agreed repayment period based on the expiry date and undiscounted amount due:

	December 31, 2020					Contractual cash flow	Book amount
	Within 6 months	7–12 months	1–2 years	2–5 years	More than 5 years		
Non-derivative financial liabilities							
Short-term loans	\$ 898,656	\$ 29,936	\$ -	\$ -	\$ -	\$ 928,592	\$ 928,592
Notes payable	91,775	-	-	-	-	91,775	91,775
Accounts payable	710,405	-	-	-	-	710,405	710,405
Other payables	499,276	55,976	-	23,020	-	578,272	578,272
Long-term loans (including those due within 1 year)	572,150	572,849	937,481	1,760,948	-	3,843,428	3,827,681
Lease liabilities	8,367	8,367	15,994	13,635	6,000	52,363	49,602
Guarantee deposits	3,732	4,065	-	-	-	7,797	7,797
<b>Total</b>	<b>\$ 2,784,361</b>	<b>\$ 671,193</b>	<b>\$ 953,475</b>	<b>\$ 1,797,603</b>	<b>\$ 6,000</b>	<b>\$ 6,212,632</b>	<b>\$ 6,194,124</b>

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	\$ 16,734	\$ 29,629	\$ 6,000	\$ -	\$ -	\$ -	\$ 52,363

December 31, 2019							
Non-derivative financial liabilities	Within 6 months	7–12 months	1–2 years	2–5 years	More than 5 years	Contractual cash flow	Book amount
Short-term loans	\$ 1,198,710	\$ 31,518	\$ -	\$ -	\$ -	\$ 1,230,228	\$ 1,230,228
Notes payable	75,355	55	-	-	-	75,410	75,410
Accounts payable	628,695	-	-	-	-	628,695	628,695
Other payables	333,683	85,547	-	-	-	419,230	419,230
Long-term loans (including those due within 1 year)	322,700	357,000	1,090,356	2,008,033	-	3,778,089	3,764,076
Lease liabilities	7,409	7,409	15,641	1,667	-	32,126	28,926
Guarantee deposits	6,779	3,535	860	-	-	11,174	11,174
Total	\$ 2,573,331	\$ 485,064	\$ 1,106,857	\$ 2,009,700	\$ -	\$ 6,174,952	\$ 6,157,739

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	\$ 14,818	\$ 15,641	\$ 1,667	\$ -	\$ -	\$ -	\$ 32,126

The Group does not expect the maturity analysis of cash flows will be significantly pre-matured or that the actual amount will be significantly different.

2. Categories of financial instruments

The book amount of the Group's various financial assets and financial liabilities as of December 31, 2019 and 2020 are as follows:

	December 31, 2020	December 31, 2019
<u>Financial assets</u>		
Financial assets measured at amortized cost		
Cash and Cash equivalents	\$ 669,519	\$ 614,057
Notes and accounts receivable (including the related party)	591,919	621,746
Other accounts receivable (including the related party)	41,291	93,279
Other financial assets – current	30,278	71,000
Refundable deposit	9,963	12,793
Other financial assets – non-current	27,521	27,278
Financial assets measured at fair value through profit or loss	35,658	31,035
Financial assets measured at fair value through other comprehensive income – non-current	1,156,453	1,113,441
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost		
Short-term loans	928,592	1,230,228

Notes and accounts payable (including the related party)	802,180	704,105
Other payables	578,272	419,230
Long-term loans due within a year or operating cycle	1,133,137	940,929
Long-term loans	2,694,544	2,823,147
Guarantee deposits	7,797	11,174
Lease liabilities (including current and non-current)	49,602	28,926

(III) Fair value information:

1. For information on the fair value of the Group's financial assets and liabilities not measured at fair value, please refer to Note 12(3)3. Description. For information on the fair value of the Group's investment property measured at fair value, please refer to Note 6(12).

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 Group's equity instrument investments not in an active market and the investments of convertible preferred shares all belong to this level.

3. Financial assets not at fair value:

The Group's financial instruments not measured at fair value, such as cash and cash equivalents, accounts receivable, other financial assets, refundable deposit, short-term loans, accounts payable, lease liabilities (including current and non-current), long-term loans (including those due within a year) and book amount of guarantee deposits, are close to the reasonable amount of the fair value.

4. Fair value level information:

The Group's financial assets and investment property measured at fair value is based on repetition and measured at fair value. The information of the Group's fair value levels is shown in the following table:

Item	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Assets:				
<u>Fair value with repetition</u>				
Financial assets measured at fair value through profit or loss				
TWSE/TPEX listed stocks	\$ 35,658	\$ -	\$ -	\$ 35,658
Financial assets measured at fair value through other comprehensive income				

TWSE/TPEX listed stocks	114,760	-	-	114,760
TWSE/TPEX unlisted stocks	-	-	205,075	205,075
Unlisted foreign stocks	-	-	10,303	10,303
TWSE/TPEX unlisted preferred stocks	-	-	826,315	826,315
Investment property (Note)	-	-	2,596,327	2,596,327
Total	\$ 150,418	\$ -	\$ 3,638,020	\$ 3,788,438

Item	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Assets:				
<u>Fair value with repetition</u>				
Financial assets measured at fair value through profit or loss				
TWSE/TPEX listed stocks	\$ 31,035	\$ -	\$ -	\$ 31,035
Financial assets measured at fair value through other comprehensive income				
TWSE/TPEX listed stocks	130,730	-	-	130,730
TWSE/TPEX unlisted stocks	-	-	212,484	212,484
Unlisted foreign stocks	-	-	10,788	10,788
TWSE/TPEX unlisted preferred stocks	-	-	759,439	759,439
Investment property (Note)	-	-	2,566,192	2,566,192
Total	\$ 161,765	\$ -	\$ 3,548,903	\$ 3,710,668

(Note): This is the investment property adopting the fair value model.

#### 5. Evaluation technology for instruments measured at fair value:

##### (1) Financial instruments:

A. If a financial instrument has a quoted price in the active market, the quoted price will be the fair value. The market price announced by the Taiwan Stock Exchange Corporation and exchange with CGBs which was determined as popular securities is the basis for the fair value of the listed (OTC) equity instrument and debt instrument with open quotation of the active market.

If the open quotation of the financial instrument can be timely and frequently acquired from exchanges, brokers, underwriters, industrial unions, pricing service institutions or competent authorities, and the price represents actual and fair market transactions which occur frequently, then the financial instrument has an open quotation of the active market. If the conditions mentioned above are not fulfilled, the market is not viewed as an active one. Generally, great bid-ask spread, significant increase in bid-ask spread or less trading volume are indices of an inactive market.

If the financial instrument possessed by the Group is in the active market, its fair value is listed by category and attribute below:

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 evaluation technology or the quotation of the counterparty. The fair value acquired through the evaluation technology can take reference from other substantial conditions and present fair value, cash flow discount methods and other evaluation technologies used on similar financial instruments, including

market information that can be acquired on the balance sheet date. The information is then used on a calculation model.

The TWSE/TPEX unlisted stocks held by the Group without an active market adopts the market approach to estimate fair value. The determination is evaluated based on reference to the evaluations of similar types of companies, third party quotations, net worth of the Company and operation status. In addition, the major unobservable input mainly refers to the current discount. However, the possible changes in current discounts may not cause significant possible financial impact, therefore the quantitative information is not disclosed.

(2) Investment property

A. The fair value evaluation technology adopted by the Group for the investment property measured 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:

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.

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.

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. The language "based on a certain interest rate" means the interest rate may not be lower than the floating interest rate on a 2-year time deposit of a small amount, as posted by the Chunghwa Post Co., Ltd., plus 0.75% to 1.5%.

B. The output of the valuation model is the rough estimate of the estimate and the valuation technology may not reflect all relevant factors regarding the non-financial instruments held by the Group. Therefore, the estimate of the valuation model will be properly adjusted based on external parameters, such as the model risk or current risk. According to the management policy of fair value evaluation model and related controlling procedure of the Group, management believes that the adjustment of valuation is appropriate and necessary to appropriately present the fair value of non-financial instruments in the balance sheet. The price information and parameters used during valuation have been carefully assessed and adjusted based on current market conditions.

6. Transfer between Level 1 and Level 2: None.

7. Statement of changes in Level 3:

(1) Financial instruments:

Item	Financial assets measured at fair value through other comprehensive	Financial assets measured at fair value through other comprehensive	Total

	income – equity instrument	income – debt instrument	
January 1, 2020	\$ 955,211	\$ 27,500	\$ 982,711
Current acquisition	3,800	-	3,800
Current disposition	-	-	-
Recognized under other comprehensive income	56,574	(850)	55,724
Foreign currency translation	(542)	-	(542)
December 31, 2020	<u>\$ 1,015,043</u>	<u>\$ 26,650</u>	<u>\$ 1,041,693</u>

Item	Financial assets measured at fair value through other comprehensive income – equity instrument	Financial assets measured at fair value through other comprehensive income – debt instrument	Total
January 1, 2019	\$ 901,139	\$ 28,000	\$ 929,139
Current acquisition	54,000	-	54,000
Current disposition	(72,793)	-	(72,793)
Recognized under other comprehensive income	73,298	(500)	72,798
Foreign currency translation	(433)	-	(433)
December 31, 2019	<u>\$ 955,211</u>	<u>\$ 27,500</u>	<u>\$ 982,711</u>

(2) Investment property:

Item	2020	2019
January 1	\$ 2,566,192	\$ 2,530,928
Fair value adjustment	30,135	35,264
December 31	<u>\$ 2,596,327</u>	<u>\$ 2,566,192</u>

8. Quantitative information used on measuring the fair value of major unobservable input (Level 3):

(1) Financial instruments:

The TWSE/TPEX unlisted stocks and preferred shares held by the Group without an active market adopt the market approach to estimate fair value. The determination is evaluated based on reference to evaluation of same type of companies, third party quotation, the net worth of the Company and operation status. In addition, the major unobservable input mainly refers to the current discount. However, the possible changes in current discounts may not cause significant possible financial impact, therefore the quantitative information is not disclosed.

(2) Investment property:

Investment property:	December 31, 2020 Fair value	Evaluation technology	Unobservable major input	Interval (Weighted average)	Relation between inputs and fair value
Income approach	\$ 1,887,501	Cash flow discount analysis approach	Discount rate  Revenue capitalization rate	2.095%-2.27%  0.50%-2.27%	The higher the discount rate or revenue capitalization rate, the lower the fair value. The higher the

			of period-end value capitalization rate		proper rate of return or overall capital interest rate, the lower the fair value.
Land development approach	708,826	Land development analysis method	Proper profit margin	15%-18%	
			Overall capital interest rate	0.71%-1.53%	
Total	<u>\$ 2,596,327</u>				

	December 31, 2019 Fair value	Evaluation technology	Unobservable major input	Interval (Weighted average)	Relation between inputs and fair value
Investment property:					
Income approach	\$ 1,865,100	Cash flow discount analysis approach	Discount rate	2.04%-2.54%	The higher the discount rate or revenue capitalization rate, the lower the fair value. The higher the proper rate of return or overall capital interest rate, the lower the fair value.
			Revenue capitalization rate of period-end value capitalization rate	0.52%-2.54%	
Land development approach	701,092	Land development analysis method	Proper profit margin	15%-18%	
			Overall capital interest rate	0.81%-1.77%	
Total	<u>\$ 2,566,192</u>				

9. Valuation process of fair value classified as Level 3:

For the Group's evaluation process for fair value classified as Level 3, the finance department is responsible for conducting independent fair value validation for the relevant financial instruments. The department confirms the reasonableness of the evaluation result by making the evaluation result closer to the market status with information from independent sources, confirming the information source is independent, reliable and consistent with other resources and represents executable price, regularly calibrating their evaluation model, conducting roll-back testing, updating required input values and data as well as other necessary fair value adjustments for their evaluation model. The investment property is appraised by a commissioned external appraiser.

10. Fair value measurement of financial assets and liabilities classified as Level 3 and the sensitivity analysis of reasonably possible alternative regarding the fair value: None.

(IV) Transfer of financial assets: None.

(V) Offsetting of financial assets and liabilities: None.

XIII. Noted Disclosures

(I) Information related to major transactions (before consolidated write-off):

1. Loaning funds to others: Table 1.
2. Endorsements and guarantees for others: Table 2.
3. Marketable securities held at ending: Table 3.

4. Accumulated amount of the same marketable security purchased or sold reaching NTD300 million or more than 20% of the paid-in capital: None.
5. Amount on acquisition of property reaching NTD300 million or more than 20% of the paid-in capital: Table 4.
6. Amount on disposal of real estate reaching NTD300 million or more than 20% of the Paid-in capital: None.
7. Purchase/sale amount of transactions with the related party reaching NTD100 million or more than 20% of the paid-in capital: Table 5.
8. Accounts receivable from the related party reaching NTD100 million or more than 20% of the paid-in capital: Table 6.
9. Transactions of derivatives: None.
10. Business relationships and important transactions between parent company and subsidiaries: Table 7.
  - (II) Information related to reinvested enterprises: Table 8.
  - (III) Information on investment in Mainland China: Table 9.
  - (IV) Major shareholders information: Table 10.



Table 1

**AGV Products Corporation and its Subsidiaries**  
**Loaning funds to others**  
**December 31, 2020**

Unit: NTD and foreign currency  
thousands

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	71,200 (USD2,500)	71,200 (USD2,500)	61,631 (USD2,164)	-	2	-	Working capital	-	-	-	496,520 (USD17,434)	496,520 (USD17,434)
		AGV First Biotech Food (BVI) Limited.	Other accounts receivable	Yes	17,088 (USD 600)	17,088 (USD 600)	17,088 (USD 600)	-	2	-	Working capital	-	-	-	496,520 (USD17,434)	
2	Mascot International (BVI) Corporation	Apoland Development (Singapore) Pte Ltd.	Other accounts receivable	Yes	14,240 (USD 500)	14,240 (USD 500)	14,240 (USD 500)	-	2	-	Working capital	-	-	-	338,969 (USD11,902)	338,969 (USD11,902)
		AGV First Biotech Food (BVI) Limited.	Other accounts receivable	Yes	11,392 (USD 400)	11,392 (USD 400)	11,392 (USD 400)	-	2	-	Working capital	-	-	-	338,969 (USD11,902)	
3	Apoland Development (Singapore) Pte Ltd.	Shanghai AGV Foods Co., Ltd.	Other accounts receivable	Yes	342,045 (USD 12,010)	342,045 (USD 12,010)	342,045 (USD 12,010)	-	2	-	Working capital	-	-	-	1,618,575 (USD56,832)	1,618,575 (USD56,832)
4	AGV First Biotech Food (BVI) Limited.	Shandong AGV Food Technology Co., Ltd.	Other accounts receivable	Yes	146,672 (USD 5,150)	146,672 (USD 5,150)	77,836 (USD 2,733)	-	2	-	Working capital	-	-	-	3,437,650 (USD120,704)	3,437,650 (USD120,704)
5	AGV International (BVI) Limited	AGV First Biotech Food (BVI) Limited.	Other accounts receivable	Yes	11,107 (USD 390)	11,107 (USD 390)	11,107 (USD 390)	-	2	-	Working capital	-	-	-	65,988 (USD2,317)	65,988 (USD2,317)
6	AGV Biohealthy Food Limited	AGV First Biotech Food (BVI) Limited.	Other accounts receivable	Yes	8,259 (USD 290)	8,259 (USD 290)	8,259 (USD 290)	-	2	-	Working capital	-	-	-	25,005 (USD878)	25,005 (USD878)

Note 1. Limit of loans to individual borrower:

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.

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(2) For companies that need short-term financing, the loan amount to each company shall not exceed 20% of the net value of the Company.

2. Subsidiaries:

(1) The accumulated amount of loans to each company that is in business with the Company may not exceed the amount of business transactions conducted in the most recent year. The business transaction amount refers to the purchasing or selling amount between both parties, whichever is higher.

(2) Companies needing short-term financing:

Foreign subsidiaries – Apoland Development (Singapore) Pte Ltd., Mascot International (BVI) Corporation, Apoland Resource International (BVI) Corp., Taiwan First Biotechnology Corp. and AGV International (BVI) Limited: the loan amount of each company shall not exceed 20% of the net value of the company in the financial report certified by the independent auditor in the most recent period. For financing amounts between overseas companies with 100% voting shares held by the parent company directly and indirectly, these shall not exceed 5 times of the net value of such company in the financial report certified by the independent auditor in the most recent period; AGV Biohealthy Food Limited: the individual loan amount shall not exceed 40% of the net value of the company in the financial report certified by the independent auditor in the most recent period.

Note 2. Limit of total loans:

1. The Company: It shall not exceed 50% of the Company's net value; it shall not exceed 20% of the Company's net value for the same counterparty. The accumulated balance of short-term financing shall not exceed 40% of the Company's net value.
2. Subsidiaries: Overseas subsidiaries – Apoland Development (Singapore) Pte Ltd., Mascot International (BVI) Corporation, Apoland Resource International (BVI) Corp., Taiwan First Biotechnology Corp. and AGV International (BVI) Limited: the amount shall not exceed 40% of the net value of the Company in the financial report certified by the independent auditor in the most recent period. For financing amounts between overseas companies with 100% voting shares held by the parent company directly and indirectly, these shall not exceed 5 times of the net value of such company in the financial report certified by the independent auditor in the most recent period.

Note 3. Loaning of funds is completed in the following ways:

1. Please fill in 1 for those in business with the Company.
2. Please fill in 2 for in those needing short-term financing.

Note 4: Said transactions between the parent company and the subsidiaries had been written off in the consolidated statements.

Table 2

AGV Products Corporation and its Subsidiaries  
Endorsement and guarantee made for others  
December 31, 2020

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 endorsement s/guarantees toward the mainland China area
		Company name	Relationship (Note 1)										
0	AGV Products Corporation	Sontenkan Resort Development Co., Ltd.	2	2,435,741	792,000	792,000	506,500	-	13.01%	5,480,417	Yes	No	No
		Yunlin Dairy Technology Corp.	2	2,435,741	180,000	180,000	67,660	-	2.96%	5,480,417	Yes	No	No

Note 1: The relationship between the endorsing/guaranteeing subject and the endorsed/guaranteed subject is classified into 7 categories as follows. Please specify the type:

- (1) A company with which it does business.
- (2) A company in which the Company directly or indirectly holds more than 50% of voting shares.
- (3) A company directly or indirectly holds more than 50% of the Company's voting shares.
- (4) A company in which the Company directly or indirectly holds more than 90% of voting shares.
- (5) Companies in the same industry or joint builders for which the public company fulfills its contractual obligations by providing mutual endorsements/guarantees, for the purposes of undertaking a construction project.
- (6) Companies for which all capital contributing shareholders make endorsements/guarantees due to their jointly invested company in proportion to their shareholding percentages.
- (7) Companies in the same industry which provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-sale homes pursuant to the Consumer Protection Act for each other.

Note 2: The endorsement and guarantee amount made by the Company and its subsidiaries (for a single enterprise): it shall not exceed 40% of the Company's net value in the most recent financial statements.

Note 3: The total endorsement and guarantee amount made by the Company and its subsidiaries for other companies: it shall not exceed 90% of the Company's net value in the most recent financial statements.

Table 3

AGV Products Corporation and its Subsidiaries  
Marketable securities held at end of year  
December 31, 2020

Unit: Thousand shares; NTD and foreign currency thousands

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	29,448	4.07%	29,448	
		Share / Kai Chieh International Investment Ltd.	—	Financial assets at fair value through other comprehensive profit or loss – non-current	2,413	60,287	2.31%	60,287	(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	91,416	10.81%	91,416	
		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	29,640	15.00%	29,640	
		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	22,688	18.97%	22,688	
		Share / Pushi Venture Capital Co., Ltd.	—	Financial assets at fair value through other comprehensive profit or loss – non-current	114	515	0.27%	515	
		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	22,285	3.18%	22,285	
		Share / B&B International Development Co., Ltd.	—	Financial assets at fair value through other comprehensive profit or loss – non-current	1,000	12,391	0.69%	12,391	

No.	Holder	Type and name	Relationship with the security issuer	Account title	End of year				Remarks
					Shares (unit)	Book amount	Shareholding ratio	Fair value	
		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	4,749	18.95%	4,749	
		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	15,000	140,100	-	140,100	
		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	93,305	-	93,305	
		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	71,563	-	71,563	
		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	180,750	-	180,750	
		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	62,810	-	62,810	
		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	23,070	-	23,070	
		Preferred share / Kuo Cheng Investment Development Corp.	Affiliated companies	Financial assets at fair value through other comprehensive profit or loss – non-current	2,484	37,583	-	37,583	
		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	27,450	-	27,450	
		Preferred share / Taiwan Aibaonuo Biotech Co., Ltd.	–	Financial assets at fair value through other comprehensive profit or loss – non-current	600	4,296	-	4,296	
		Total				914,506		914,506	
1	Mascot International (BVI) Corporation	Share / Four Seas Efood Holdings Ltd.	–	Financial assets measured at fair value through profit or loss – current	350	887 (USD 31)	-	887 (USD 31)	
		Share / Amkey Venture Capital Fund Inc.	–	Financial assets at fair value through other comprehensive profit or loss – non-current	301	10,303 (USD 362)	10.26%	10,303 (USD 362)	
2	Aco Distribution	Share / IBF Financial Holdings Co., Ltd.	The director of the company is the second-degree relative of the	Financial assets measured at fair value through profit or loss – current	411	5,287	0.01%	5,287	

No.	Holder	Type and name	Relationship with the security issuer	Account title	End of year				Remarks
					Shares (unit)	Book amount	Shareholding ratio	Fair value	
	Corp.		Company's Chairman						
3	Koya Biotech Corp. (original Koya Agriculture 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	1,783	0.25%	1,783	
		Common stock / Leadgau Organic Co., Ltd.	–	Financial assets at fair value through other comprehensive profit or loss – non-current	240	1,952	2.40%	1,952	
		Common stock / Koyaka Biotech Co., Ltd.	The chairman of the corporate 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	51,870	-	51,870	
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 measured at fair value through profit or loss – current	842	10,823	0.03%	10,823	
		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	15,120	-	15,120	
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	284	0.22%	284	
		Share / Lijing Entertainment Co., Ltd.	–	Financial assets at fair value through other comprehensive profit or loss – non-current	650	103	2.41%	103	
		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	15,780	-	15,780	
		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	47,920	-	47,920	
		Preferred share / Kuo Cheng Investment Development Corp.	Affiliated companies	Financial assets at fair value through other comprehensive profit or loss – non-current	2,116	32,015	-	32,015	
		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	15,380	-	15,380	

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 / Zitong International Corp.	—	Financial assets at fair value through other comprehensive profit or loss – non-current	7,200	65,088	-	65,088	
		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	26,650	-	26,650	
		Share / New Takayama Leisure and Entertainment Co., Ltd	—	Financial assets at fair value through other comprehensive profit or loss – non-current	380	3,472	19.00%	3,472	
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 measured at fair value through profit or loss – current	694	8,922	0.02%	8,922	
		Share / B&B International Development Co., Ltd.	—	Financial assets at fair value through other comprehensive profit or loss – non-current	3,000	37,174	2.06%	37,174	
		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	530	18.00%	530	
		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	2,110	-	2,110	
		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	958	0.13%	958	
		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	24,449	-	24,449	
		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	7,560	-	7,560	
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 measured at fair value through profit or loss – current	244	3,139	0.01%	3,139	
		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	4,536	-	4,536	
9	Shandong AGV Food Technology	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%	-	

No.	Holder	Type and name	Relationship with the security issuer	Account title	End of year				Remarks
					Shares (unit)	Book amount	Shareholding ratio	Fair value	
	Co., Ltd.								
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 measured at fair value through profit or loss – current	514	6,600	0.02%	6,600	
		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	1,210	-	1,210	
		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	27,216	-	27,216	
11	TECO Image Systems Co., Ltd.	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	15,120	-	15,120	
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	3,024	-	3,024	

(Note 1): The shares held by the name of the Group number 2,413 thousand shares with a market price of NTD14,933 thousand. Because the counterparty of the investment item has pledged 7,327 thousand shares of Kai Chieh to the Group as a principal guarantee, the market price adding the pledged shares was NTD60,287 thousand.

(Note 2): Said transactions between the parent company and the subsidiaries had been written off in the consolidated statements.



Table 4

AGV Products Corporation and its Subsidiaries  
Amount on acquisition of property reaching NTD300 million or more than 20% of the paid-in capital  
January 1 to December 31, 2020

Unit: RMB thousand

Company disposing property	Asset name	Date of occurrence	Transaction amount	Payment of proceeds	Counterparty	Affiliation	Information about the previous transfer, if the trading counterpart is a related party.				Reference for price determination	Purpose and status	Other covenants
							Owner	Relationship with the issuer	Date of transfer	Amount			
Shandong AGV Food Technology Co., Ltd.	Plant	During December, 2012	RMB188,514	RMB143,974	Shandong Taian Construction Group Co., Ltd. and Fujian Liantai Construction Co., Ltd.	—	—	—	—	—	Contract made after price comparison	For operation and production / construction suspended	(Note)

Note: For a description of said suspended construction and unpaid amounts, please refer to the consolidated Note 9(6).

Table 5

AGV Products Corporation and its Subsidiaries  
Purchase/sale amount of transactions with the related party reaching NTD100 million or more than 20% of the paid-in capital  
January 1 to December 31, 2020

Unit: NTD thousand

Purchasing (selling) company	Counterparty	Affiliation	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	1,100,510	44.69%	O/A 60 days	Equivalent	The grace period was extended for 1-5 months after the agreement of both parties	Accounts payable	582,832	84.84%		
	NICECO International Corp.	The chairman of the company is the second-degree relative of the Company's Chairman	Purchase	215,413	8.75%	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	19,317	2.79%		
			Sale	142,613	3.64%	O/A 90 days	Equivalent	Equivalent	Notes receivable	19,151	62.09%		
				Sale	566,181	14.44%	O/A 45-60 days	Equivalent	Equivalent	Accounts receivable	13,192	2.59%	
				Sale	566,181	14.44%	O/A 45-60 days	Equivalent	Equivalent	Accounts receivable	39,180	7.70%	
	Aco Distribution Corp.	Subsidiary of the Company	Sale	205,341	5.24%	O/A 45-60 days	Equivalent	Equivalent	Accounts receivable	30,450	5.98%		

Note: Said transactions between the parent company and the subsidiaries had been written off in the consolidated statements.

Table 6

AGV Products Corporation and its Subsidiaries  
Accounts receivable from the related party reaching NTD100 million or more than 20% of the paid-in capital  
December 31, 2020

Unit: NTD thousand

Stated company of account receivable	Name of the counterparty	Affiliation	Balance of receivable accounts from the related party	Working capital	Overdue receivable accounts of the related party		Subsequent recovered amount of receivable accounts from the related party	Allowance for bad debt
					Amount	Treatment		
Apoland Development (Singapore) Pte Ltd.	Shanghai AGV Foods Co., Ltd.	Subsidiary of the Company	369,410 (Note 2)	(Note 3)	-	(Note 1)	-	-

(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 NTD342,045 thousand in financing receivable, NTD14,825 thousand in machine and equipment accounts receivable and NTD12,540 thousand in other receivables.

(Note 3): This mainly refers to other accounts receivable and therefore the turnover calculation of shall not apply.

(Note 4): Amount recovered as of March 23, 2021.

(Note 5): Said transactions between the parent company and the subsidiaries had been written off in the consolidated statements.

Table 7

AGV Products Corporation and its Subsidiaries  
Business relationship and important transactions between parent company and subsidiaries  
December 31, 2020

Individual transactions with amount less than NTD100 million (included) are not disclosed; it is disclosed in aspect of assets and revenue while the corresponding transaction is not disclosed.

Unit: NTD thousand

No. (Note 1)	Name of trader	Trading counterpart	Relationship with the counterparty (Note 2)	Transaction			
				Title	Amount	Trading conditions	Percentage in total consolidated revenue or assets (Note 3)
-	AGV Products Corporation	Hope Choice Distribution Corp.	1	Sales revenue	566,181	Equivalent to the price of the distributor, the collection period is O/A 45–60 days	12.27%
		Aco Distribution Corp.	1	Sales revenue	205,341	Equivalent to the price of the distributor, the collection period is O/A 45–60 days	4.45%
1	Apoland Development (Singapore) Pte Ltd.	Shanghai AGV Foods Co., Ltd.	1	Other accounts receivable	369,410	N/A	2.77%

Note 1: Transactions between parent company and its subsidiaries are numbered as follows:

1. 0 for the parent company.
2. The subsidiaries are numbered in sequential order from 1 and so on.

Note 2: Related-party transactions are divided into the three categories as follows:

1. Parent company to subsidiaries.
2. Subsidiaries to parent company.
3. Subsidiaries to subsidiaries.

Note 3: For computing the ratio of trade amount to total sales revenue or total assets, if it is for asset and liability account, the computation is based on the ratio of ending balance to total consolidated assets; however, if it is for income and expense account, the computation is based on the ratio of interim cumulative amount to total consolidated revenue.

Note 4: Said transactions between the parent company and the subsidiaries had been written off in the consolidated statements.

Table 8

AGV Products Corporation and its Subsidiaries  
Information related to reinvested enterprises  
December 31, 2020

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	99,305	(1,532)	(1,532)	
	Defender Private Security Inc.	Chiayi City	Security business	45,409	45,409	4,000	100.00	52,996	4,600	4,600	
	Koya Biotech Corp. (original Koya Agriculture Biotech Corp.)	Yunlin County	Gardening	196,452	186,452	14,528	87.90	106,303	(15,279)	(13,711)	
	Aco Distribution Corp.	Chiayi City	Proprietary business	40,023	40,023	5,472	100.00	103,115	10,921	10,770	
	Sasaya Vitagreen Co., Ltd.	Chiayi City	Proprietary business	5,000	5,000	500	100.00	4,488	(38)	(22)	
	AGV International (BVI) Limited	British Virgin Islands	Re-investment business	13,397	13,397	460	100.00	13,198	3	3	
	Sontenkan Resort Development Co., Ltd.	Chiayi City	Leisure and recreation business	1,151,951	981,951	138,889	100.00	1,435,590	(44,099)	(44,099)	
	Alpha International Developments Limited	British Virgin Islands	Re-investment business	73,885	73,885	2,433	100.00	27,454	1,057	1,057	
	Hope Choice Distribution Corp.	Chiayi City	Proprietary business	66,948	66,948	6,500	100.00	84,723	10,799	10,579	
	Mascot International (BVI) Corporation	British Virgin Islands	Re-investment business	295,682	295,682	9,413	96.91	60,448	(36,540)	(35,412)	
	Apoland Development (Singapore) Pte Ltd.	Singapore	Re-investment business	1,328,203	1,293,579	54,322	93.08	260,334	(18,276)	(16,716)	
	Hopeland Distribution Corp.	Taipei City	Proprietary business	12,665	12,665	1,215	81.00	17,999	3,377	2,901	
	Yunlin Dairy Technology Corp.	Yunlin County	Dairy manufacturing	35,597	35,597	4,755	75.83	103,650	32,715	24,819	
Taiwan First Biotechnology Corp.	Chiayi County	Food manufacturing	974,348	974,348	54,757	41.28	1,130,310	240,873	90,851	(Note 1)	

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 Biohealthy Food Limited	British Virgin Islands	Re-investment business	23,311	23,311	783	29.75	18,596	(1,034)	(308)	
	Aiken Biotechnology International Co., Ltd.	Chiayi City	Biotechnology service	48,000	48,000	5,757	53.77	82,217	14,020	7,456	
	AGV First Biotech Food (BVI) Limited.	British Virgin Islands	Re-investment business	653,375	637,106	25,613	100.00	132,657	(27,901)	(27,901)	
	Yanjing AGV International Company Limited	Taipei City	Proprietary business	25,000	25,000	2,500	50.00	14,807	2,949	1,474	
	Heding International Development Co., Ltd.	Chiayi City	Re-investment business	201,836	201,836	16,788	48.98	152,727	12,168	5,961	
	First Bio Venture (BVI) Capital	British Virgin Islands	Re-investment business	797	797	25	49.00	707	2	1	
	Kuo Cheng Investment Development Corp.	Taipei City	Investment business	50,000	50,000	5,000	47.62	104,499	18,186	8,660	
	Hopeman Distribution Co., Ltd.	Taipei City	Logistics business	69,518	69,518	6,950	43.44	55,032	18,184	7,899	
	Nice Investment Development Ltd.	Taipei City	Investment business	48,000	48,000	4,800	36.64	152,917	25,535	9,356	
	Nicostar Capital Investment (BVI) Ltd.	British Virgin Islands	Re-investment business	51,095	51,095	1,764	36.21	26,038	(7,654)	(2,771)	
	Eastern Taiwan Resources Development Co., Ltd.	Taipei City	Entertainment business	58,800	58,800	5,880	32.94	33,807	(13,156)	(4,334)	
	Tongjitang Medicinal Biotech Corp.	Taipei City	Medical biotechnology	50,000	50,000	5,000	26.27	49,338	1,229	323	
	Nice Enterprise Co., Ltd.	Chiayi County	Household chemicals	625,910	625,910	49,224	28.24	1,157,202	255,366	70,860	
	Tai Fu International Corp.	New Taipei City	Food manufacturing	72,970	72,970	8,615	24.83	116,397	11,144	2,767	
Apoland Resource International (BVI) Corp.	AGV & NICE(USA)	U.S.	Marketing business	1,139 (USD 40)	1,139 (USD 40)	40	57.14	-	-	-	
	Apoland Development (Singapore) Pte Ltd.	Singapore	Re-investment business	13,613 (USD 478)	13,613 (USD 478)	1,320	2.26	6,389 (USD 224)	(18,276) (USD -618)	(417) (USD -14)	
	Mascot International (BVI) Corporation	British Virgin Islands	Re-investment business	5,325 (USD 187)	5,325 (USD 187)	300	3.09	1,930 (USD 68)	(36,540) (USD -1,237)	(1,129) (USD -38)	

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			
Mascot International (BVI) Corporation	Asia Pacific Product Development Co.	Vietnam	Processing and export of vegetables	51,634 (USD1,813)	51,634 (USD1,813)	1,813	95.27	5,334 (USD 187)	(2,094) (USD -71)	(1,995) (USD -68)	
	New Zealand Cosmetic Laboratories Limited	New Zealand	Cosmetics	11,563 (USD 406)	11,563 (USD 406)	639	28.71	1,527 (USD 54)	(183) (USD -6)	(53) (USD -2)	
	Bioken Laboratories Inc.	U.S.	Biotechnology	1,139 (USD 40)	1,139 (USD 40)	40	26.67	-	(248) (USD -8)	(66) (USD -2)	
	Apoland Development (Singapore) Pte Ltd.	Singapore	Re-investment business	34,062 (USD1,196)	34,062 (USD1,196)	2,721	4.66	13,171 (USD 462)	(18,276) (USD -618)	(859) (USD -29)	
Asia Pacific Product Development Co.	Xingrong Limited	Vietnam	Gardening	2,447	2,423	-	100.00	-	(261)	(261)	
AGV Biotechnology (BVI) Products Corporation	Dongruntang Biotech Corp.	China	Food	60,634 (USD2,129)	60,634 (USD2,129)	13,971	29.53	48,060 (USD1,687)	(3,534) (USD -120)	(1,044) (USD -35)	
Aco Distribution Corp.	Tai Fu International Corp.	New Taipei City	Food manufacturing	15,000	15,000	4,956	14.29	67,467	11,144	1,592	
	Taiwan First Biotechnology Corp.	Chiayi County	Drink manufacturing	20,600	20,600	969	0.73	23,528	240,873	1,716	
Koya Biotech Corp. (original Koya Agriculture Biotech Corp.)	Yunlin Dairy Technology Corp.	Yunlin County	Dairy manufacturing	513	513	65	1.04	1,421	32,715	340	
Hope Choice Distribution Corp.	Taiwan First Biotechnology Corp.	Chiayi County	Drink manufacturing	10,350	10,350	459	0.35	11,726	240,873	809	
Defender Private Security Inc.	Taiwan First Biotechnology Corp.	Chiayi County	Drink manufacturing	35,340	35,340	1,945	1.47	39,894	240,873	3,450	
	Yunlin Dairy Technology Corp.	Yunlin County	Dairy manufacturing	314	314	44	0.70	956	32,715	229	
Sontenkan	Zhuqi Lionhead Mountain	Chiayi County	Landscape and	400	400	40	40.00	244	(12)	(4)	

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			
Resort Development Co., Ltd.	Leisure Development Co., Ltd.		interior design								
	Liantong Developments, Co., Ltd.	Chiayi City	Housing construction and building rental and sales	32,663	32,663	5,188	30.52	28,125	(313)	(98)	
	Bravo Bakery Corp.	Taipei City	Food manufacturing and sales	20,943	20,943	2,400	24.00	-	-	-	
	Eastern Taiwan Resources Development Co., Ltd.	Taipei City	Entertainment business	5,971	5,971	930	5.21	5,347	(13,156)	(685)	
	Qixing Resort Co., Ltd.	Yunlin County	Tourism and recreation	90,000	75,000	9,000	34.68	89,750	(152)	(86)	
	Nice Plaza Co., Ltd.	Chiayi City	Department store, hotel	581,874	500,000	56,700	32.81	526,809	(69,110)	(19,997)	(Note 2)
Aiken Biotechnology International Co., Ltd.	Acts Bioscience Inc.	Chiayi City	Health food and sales	121	121	13	21.00	159	(17)	(4)	
	Rosahill Leisure Industry Co., Ltd.	Chiayi City	Proprietary business	17,500	17,500	1,750	70.00	39,046	13,886	9,720	
	Songshan Village Co., Ltd.	Chiayi City	Floriculture	2,921	2,921	292	22.45	453	(4,460)	(1,001)	
	AGV Biohealthy Food Limited	British Virgin Islands	Re-investment business	25,856	25,856	800	30.38	18,992	(1,034)	(314)	
	Qixing Resort Co., Ltd.	Yunlin County	Tourism and recreation	1,000	1,000	100	0.39	997	(152)	-	

(Note 1): The Group 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 Group – Sontenkan Resort Development Co., Ltd. pledged 50,000 thousand shares of Nice Plaza as collateral for a long-term loan.

(Note 3): Said transactions between the parent company and the subsidiaries had been written off in the consolidated statements.



Table 9

AGV Products Corporation and its Subsidiaries  
Information on investments in Mainland China  
December 31, 2020

## (1) Information on investments in Mainland China

Unit: Foreign currency thousands; 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	Investment amount outward remitted or recovered in the current period		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 gain or loss (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	(二)	802,352 (USD28,172)	-	-	802,352 (USD28,172)	(30,994) (USD-1,049)	100%	(30,994) (USD -1,049) (二).2	30,260 (USD 1,062)	None
	Xiamen Aijian Traders Co., Ltd.	Food	56,675 (USD 1,990)	(二)	48,131 (USD 1,690)	-	-	48,131 (USD 1,690)	1,233 (USD 42)	84.92%	1,047 (USD 35) (二).2	24,754 (USD 869)	None
	Shandong AGV Food Technology Co., Ltd.	Food	1,186,192 (USD41,650)	(二)	486,483 (USD17,082)	-	-	486,483 (USD17,082)	(27,895) (USD -944)	100%	(27,895) (USD -944) (二).2	171,000 (USD 6,004) (註 4)	None
	Zhangzhou Pientzehuang AGV Biohealthy Food Limited	Food	230,517 (USD 8,094)	(二)	41,733 (USD 1,466)	-	-	41,733 (USD 1,466)	(15,308) (USD -518)	18.11%	(2,771) (USD -94) (二).2	17,630 (USD 619)	None
	Dongruntang Biotech Corp.	Food	206,541 (USD 7,252)	(二)	25,485 (USD 895)	-	-	25,485 (USD 895)	(3,534) (USD -120)	16.64%	(588) (USD -20) (二).3	48,060 (USD 1,687)	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 of the Ministry of Economic Affairs (Note 3)
AGV Corporation	Shanghai AGV Foods Co., Ltd.	802,352 (USD 28,172)	1,113,200 (USD 39,087)	3,653,612
	Xiamen Aijian Traders Co., Ltd.	48,131 (USD 1,690)	48,131 (USD 1,690)	
	Shandong AGV Food Technology Co., Ltd.	486,483 (USD 17,082)	569,526 (USD 19,997)	
	Zhangzhou Pientzhuang AGV Biohealthy Food Limited	41,733 (USD 1,466)	41,733 (USD 1,466)	
	Dongruntang Biotech Corp.	25,485 (USD 895)	76,937 (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: The limit is calculated based on the regulation in the “Principle of Review on Investment and Technical Cooperation in Mainland China” issued by the Investment Commission on August 29, 2008.

Note 4: This does not include the reinvestment in Shandong AGV Food Technology Co., Ltd. by Taiwan First Biotechnology Corp. through reinvestment of USD18,100 thousand preferred shares of AGV First Biotech Food (BVI) Limited.

Note 5: Said transactions between the parent company and the subsidiaries had been written off in the consolidated statements.

(2) Major transactions with the invested companies in Mainland China occurring directly or indirectly via third regions in 2020:

1. Major transactions with the invested companies in Mainland China: Please refer to Table 6 and 7 in Note 13.
2. Financing with the invested companies in Mainland China: Please refer to Table 1 in Note 13.
3. Guarantees and endorsements made for invested companies in Mainland China: None.

Table 10

AGV Products Corporation and its Subsidiaries  
Major Shareholders Information  
December 31, 2020

Major Shareholders	Shares held	Shareholding ratio
Ho Yuan Investment Co., Ltd.	33,222,258	6.71%

Note: The major shareholders information in the Table is the information of the Company's total common stocks and preferred shares with completion of non-physical delivery (including treasury stock) reaching above 5% held by the shareholders. The information is calculated by the Taiwan Depository & Clearing Corporation on the last business day at the end of each quarter. The capital stock recorded in the Company's financial report and the non-physical share delivery actually completed by the Company may vary due to different calculation basis for preparation.

#### XIV. Segment Information

(I) General information:

The management of the Group has identified the segment to be reported based on reporting information used by the decision-makers upon establishing a decision. The decision-makers of the Group carry on the business by product type or labor service type and classify the main reportable segments as a room temperature segment, low temperature segment, international trade segment, health segment and OEM segment. Information related to the operation of partial subsidiaries is not included in the operating decision report due to their small scale of operation. Therefore, the subsidiaries are not included in the reportable segment but their business results are combined into the “Other operating segment.”

(II) Measurement of segment information:

The decision-makers of the Group evaluate the performance of business segment by net income before tax excluding the impact regarding share of profit or loss of affiliates and joint ventures under the equity method, dividend revenue, disposition of investment profit or loss, net profit (loss) of financial assets and liabilities measured at fair value through profit or loss which are measured at fair value and profit from repurchased corporate bond. Relevant share of profit or loss of affiliates and joint ventures under the equity method, dividend revenue, disposition of investment profit or loss, net profit (loss) of financial assets and liabilities measured at fair value through profit or loss which are measured at fair value and profit from repurchased corporate bond are managed based on the Group without being amortized to the business segment.

(III) Financial information of segment:

2020:

Item	Room temperature segment	Low temperature segment	International trade segment	Health segment	Other segment	Adjustment and elimination	Total
Revenue							
Income from external customers	\$ 3,568,678	\$ 660,570	\$ 165,635	\$ 121,174	\$ 98,429	\$ -	\$ 4,614,486
Inter-segment income	938,523	96,736	29,890	31,377	79,253	(1,175,779)	-
Total revenues	\$ 4,507,201	\$ 757,306	\$ 195,525	\$ 152,551	\$ 177,682	\$ (1,175,779)	\$ 4,614,486
Segment profit and loss	\$ 106,242	\$ 49,415	\$ 18,759	\$ 18,059	\$ (101,108)	\$ 1,696	\$ 93,063

2019:

Item	Room	Low	International	Health segment	Other segment	Adjustment	Total
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	temperature segment	temperature segment	trade segment			and elimination	
Revenue							
Income from external customers	\$ 3,359,884	\$ 672,112	\$ 193,528	\$ 152,639	\$ 90,075	\$ -	\$ 4,468,238
Inter-segment income	936,563	113,993	30,329	44,406	76,876	(1,202,167)	-
Total revenues	\$ 4,296,447	\$ 786,105	\$ 223,857	\$ 197,045	\$ 166,951	\$(1,202,167)	\$ 4,468,238
Segment profit and loss	\$ (65,958)	\$ 40,704	\$ 20,200	\$ 23,521	\$ (108,008)	\$ 9	\$ (89,532)

(IV) Adjustment information on segment profit or loss, assets and liabilities:

The external revenue reported to the main decision-makers adopts the same measurement method as the revenue in the statement of profit and loss.

The adjustment of segment net profit and loss and pre-tax profit from continuing operational units is as follows:

Item	2020	2019
Net profit or loss from reportable segment	\$ 93,063	\$ (89,532)
Dividend revenue	15,669	18,825
Share of profit or loss of affiliates and joint ventures recognized under the equity method	175,576	99,181
Net profit (loss) of financial assets and liabilities measured at fair value through profit or loss	4,672	4,461
Gain (loss) on disposal of investment	-	1,892
Impairment loss of property, plant and equipment	(8,805)	-
Gain (loss) from fair value adjustment	30,135	35,264
Profit or loss before tax	<u>\$ 310,310</u>	<u>\$ 70,091</u>

(V) Information by product type and labor service type:

The information on the Group's revenue from external customers is as follows:

Product name	2020	2019
Tradition series	\$ 1,074,960	\$ 984,231
Dessert series	737,274	731,552
Drink series	1,518,808	1,632,323
Oat milk series	951,965	812,321
Oil series	86,666	82,037
Health series	22,063	25,621
Others	222,750	200,153
Total	<u>\$ 4,614,486</u>	<u>\$ 4,468,238</u>

(VI) Information by regions:

1. Revenue from external customers (classified by the customers' countries):

Region	2020	2019
Taiwan	\$ 4,494,754	\$ 4,336,755
Mainland China	119,732	131,483
Total	<u>\$ 4,614,486</u>	<u>\$ 4,468,238</u>

2. Non-current assets:

Region	December 31, 2020	December 31, 2019
Taiwan	\$ 8,852,885	\$ 8,453,322
Mainland China	771,750	765,712
Others	25,459	25,435
Total	<u>\$ 9,650,094</u>	<u>\$ 9,244,469</u>

XV. Reclassification of accounting items

To align with the presentation of 2020 consolidated financial statements, partial accounting items in 2019 were reclassified. A description of these changes is as follows:

1. Cash flow statement items

Accounting items	Before reclassification	Difference	After reclassification
Operating activities			
Increase (decrease) in other financial assets	(12,000)	12,000	-
Investment activities			
Increase in other financial assets	(7,297)	(12,000)	(19,297)



VI. If the Company or its affiliate has encountered any financial difficulties in the most recent years and up to the publication date of the annual report, the impact on the Company's financial condition shall be specified: None.

## Seven. Review and Analysis of Financial Status and Financial Performance and Risk Management

### I. Financial status

The main reasons for, and impact of, any material change in the Company's assets, liabilities, or equity during the most recent two years, and description of future countermeasure:

Unit: NTD thousand

Item	Year	2020	2019	Difference	
				Amount	%
Current assets		2,239,613	2,176,972	62,641	2.88%
Fund and investment (Note 1)		4,994,320	4,567,023	427,297	9.36%
Property, plant and equipment (Note 2)		5,785,799	5,758,065	27,734	0.48%
Other assets		321,127	393,926	-72,799	-18.48%
<b>Total assets</b>		<b>13,340,859</b>	<b>12,895,986</b>	<b>444,873</b>	<b>3.45%</b>
Current liabilities		3,505,952	3,346,048	159,904	4.78%
Long-term liabilities		2,976,433	3,110,672	-134,239	-4.32%
<b>Total liabilities</b>		<b>6,482,385</b>	<b>6,456,720</b>	<b>25,665</b>	<b>0.40%</b>
Capital stock		4,945,134	4,945,134	-	-
Capital surplus		268,647	266,323	2,324	0.87%
Retained earnings		820,259	606,288	213,971	35.29%
Other equity		55,312	-136,823	192,135	140.43%
Treasury stock		-	-	-	-
<b>Total equity of owners of the parent</b>		<b>6,089,352</b>	<b>5,680,922</b>	<b>408,430</b>	<b>7.19%</b>

Note 1: fund and investment refers to the total of financial assets measured at fair value through other comprehensive income – non-current and investment under the equity method.

Note 2: the property, plant and equipment refers to the total of the property, plant and equipment, right-of-use assets and investment property.

#### I. Main reasons for material changes (changes exceeding 20%):

1. Increase in retained earnings by 35.29%: This is mainly due to the increase in current net profit in 2020.
2. Increase in other equity by 140.43%: This is mainly due to the increase in unrealized profit or loss of financial assets measured at fair value through other comprehensive income and increase in the share of affiliates and joint ventures under equity method.

#### II. Impact: No significant impact.

#### III. Future countermeasures: N/A.

## II. Financial Performance

Main reasons for any material change in operating revenues, operating income, or income before tax in the most recent two years, sales volume forecast and the basis therefor, and the impact on the Company's future financial operations and countermeasure:

Unit: NTD thousand

Item \ Year	2020	2019	Difference	
			Amount	%
Operating revenue	4,614,486	4,468,238	146,248	3.27%
Operating costs	3,095,482	3,057,727	37,755	1.23%
Gross profit	1,519,004	1,410,511	108,493	7.69%
Operating expenses	1,302,903	1,278,477	24,426	1.91%
Operating profit (loss)	216,101	132,034	84,067	63.67%
Non-operating income and expenses	94,209	-61,943	156,152	252.09%
Net profit (loss) before tax	310,310	70,091	240,219	342.72%
Income tax expenses (gains)	60,916	4,758	56,158	1180.29%
Current net profit (loss)	249,394	65,333	184,061	281.73%

### I. Main reasons for material changes (changes exceeding 20%):

1. Increase in the operating profit by 63.67%: This is due to the growth of operating revenue and increase in gross margin.
2. Increase in non-operating income and expense by 252.09%: This is due to the decrease in expected credit impairment loss and increase in share of profit or loss of affiliates and joint ventures under equity method.
3. Increase in net profit before tax by 342.72%: This is due to the increase in net operating profit and non-operating income.
4. Increase in income tax expenses by 1180.29%: This is due to the impact of initial occurrence and reversal of temporary difference.

### II. Sales volume forecast and the basis:

The Company is a downstream brand owner of the food industry and we mainly engage in the production and sales of traditional pickles, desserts, drinks, juices, grains milk and other kinds of products. The sales volume of the Company's products is subject to the changes in population, weather and economic environment. Combining factors such as the actual sales volume of products in the past, new product launching plan in current period as well as the changes in internal and external economic environments in the future, we estimate that the sales volume of the Company's products will have reasonable growth this year.

### III. Impact on the Company's future financial operations: No significant impact.

### IV. Countermeasures: N/A.

### III. Analysis of Cash flow

Description and analysis of cash flow changes in the most recent year, improvement plans for illiquidity, and liquidity analysis for the coming year

#### I. Description and analysis of cash flow changes in 2020:

Item \ Year	2020	2019	Increase (decrease) ratio %
Cash flow ratio	14.16%	6.37%	122.29%
Cash flow sufficiency ratio	73.18%	40.40%	81.14%
Cash reinvestment ratio	4.03%	1.77%	127.68%

The analysis and description of change is as follows:

Increase of the cash flow ratio by 122.29%: This is mainly due to an increase of net cash inflow from operating activities.

Increase of the cash flow sufficiency ratio by 81.14%: This is mainly due to an increase of net cash flows from operating activities in the last five years.

Increase of the cash reinvestment ratio by 127.68%: This is mainly due to an increase of net cash inflow from operating activities.

#### II. Improvement plans for illiquidity: None.

#### III. Cash liquidity analysis for the next year:

Unit: NTD thousand

Cash balance at beginning of period	Expected annual net cash flow from operating activities	Expected annual cash outflow	Expected cash surplus (deficit) amount	Expected cash deficiency amount remedies	
				Investment plan	Fundraising plan
669,519	370,857	339,792	700,584	—	—

5. Operating activities: The expected growth of operating revenue and increase in profits from main business will generate the net cash inflow from operating activities.

6. Investment activities: The expected increase in the long-term and short-term investments and capital expenditure will generate net cash outflow.

7. Financing activities: The expected payment of the long-term and short-term loans will generate net cash outflow.

#### IV. Material capital expenditure in the most recent years and impacts on business performance

The capital expenditure plan of the Company is planned according to the business strategies of the Company. The main items include long-term investment and purchase of fixed assets.

The long-term investment is planned in accordance with the long-term business strategies and mainly includes the re-investment conducted in response to the demand of future business expansion and future development trend of the industry. There was no material capital expenditure in 2020. For fixed assets, the repair of plant equipment, purchase of machine and equipment as well as the upgrading and replacement of

equipment parts totaled NTD31,955,000 in 2020.

- V. The re-investment policy in the most recent year, the main reasons for the profits/losses generated thereby, improvement plan, and investment plans for the coming year

The Company's re-investment policy is to invest in the upstream and downstream industries along with the peripheral industry relevant to our main business, or focus on the investment in the leisure industry supporting the main business. We expect to diversify the operating risk in the industry by vertical or horizontal integration and diversified operations to improve the Company's profits and return on shareholder's equity. The recognized profit or loss of the Company's re-investment in 2020, and the main reason and improvement plan thereof is as follows:

Unit: NTD thousand

Item/Description	Scope of business	Investment profit or loss recognized in 2020	Main cause of profit or loss	Rectification
Apoland Resource International (BVI) Corp.	Re-investment business	(1,532)	The business performance of reinvested company is not yet revealed	Active management
Defender Private Security Inc.	Security business	4,600	Proper cost control	None
Aco Distribution Corp.	Proprietary business	10,770	Successful market development	None
Sasaya Vitagreen Co., Ltd.	Proprietary business	(22)	The business performance of reinvested company is not yet revealed in the transformation stage	None
Sontenkan Resort Development Co., Ltd.	Leisure and recreation business	(44,099)	The business performance of reinvested company is not yet revealed in the development stage	Active management
Koya Biotech Corp.	Gardening business and oil production	(13,711)	The business performance of reinvested company is not yet revealed in the transformation stage	Active development of new business
AGV International (BVI) Limited	Re-investment business	3	The company is in the startup preparation stage	None
Alpha International Developments Limited	Re-investment business	1,057	Re-investment profit	None
Hope Choice Distribution Corp.	Proprietary business	10,579	Successful market development	None

Item/Description	Scope of business	Investment profit or loss recognized in 2020	Main cause of profit or loss	Rectification
Mascot International (BVI) Corporation	Re-investment business	(35,412)	The business performance of reinvested company is not yet revealed	Active management
Apoland Development (Singapore) Pte Ltd.	Re-investment business	(16,716)	The business performance of reinvested company is not yet revealed	Active management
Hopeland Distribution Corp.	Proprietary business	2,901	Successful market development	None
Yunlin Dairy Technology Corp.	Dairy manufacturing	24,819	Successful market development	None
Taiwan First Biotechnology Corp.	Food manufacturing	90,851	Successful market development	None
AGV Biohealthy Food Limited	Re-investment business	(308)	The re-investment is in the development stage	Active management
Aiken Biotechnology International Co., Ltd.	Biotechnology service	7,456	Successful market development	None
AGV First Biotech Food (BVI) Limited.	Re-investment business	(27,901)	The business performance of reinvested company is not yet revealed	Active management
YANJING AGV INTERNATIONAL COMPANY LIMITED	Proprietary business	1,474	Proper cost control	None
Heding International Development Co., Ltd.	Re-investment business	5,961	Re-investment profit	None
ALPHA BIOTECH DEVELOPMENT (BVI) LIMITED	Re-investment business	1	The company is in the startup preparation stage	None
Kuo Cheng Investment Development Corp.	Re-investment business	8,660	Re-investment profit	None
HOPEMAN DISTRIBUTION CO., LTD.	Logistics business	7,899	Successful market development	None
Nice Investment Development Ltd.	Re-investment business	9,356	Re-investment profit	None
Nicostar Capital Investment (BVI) Ltd.	Re-investment business	(2,771)	The re-investment is in the development stage	None

Item/Description	Scope of business	Investment profit or loss recognized in 2020	Main cause of profit or loss	Rectification
Eastern Formosa Resource Development Corporation	Recreation business	(4,334)	The re-investment is in the development stage	None
Tongjitang Medicinal Biotech Corp.	Medical biotechnology	323	The re-investment is in the development stage	None
NICE Enterprise Co., Ltd.	Household chemicals	70,860	Successful market development	None
TAI FU INTERNATIONAL CORP.	Food manufacturing	2,767	Re-investment profit	None

The Company's investment plans for the coming year will focus on the food industry and related leisure industry in the hope of expanding the business scale. We will also improve the completeness and competitive advantage of the Company's future product lines based on the principles of vertical integration and technology development. We will only evaluate and consider industries irrelevant to food or leisure industry if it is beneficial to the subsequent operation development for the entire Company.

VI. Risk analysis and assessment made in the most recent year and up to the printing date of the annual report

(I) Impact of changes to interest and exchange rates as well as inflation on the Company's earnings, and responsive measures

1. Changes in interest rate

The interest rate interval of the Company's short-term bank loans in 2020 was about 1.59%–1.85%. The low market interest in recent years is beneficial to the interest rate negotiation of the Company's bank loans. Due to the impact of COVID-19 on the world, the unclear status of international environment and domestic economy, the market expects the central bank will continue to maintain the expansionary policy for short-term interest rate to drive economic growth by a environment with low interest rate. Therefore, the designated personnel of the Company's Financial Department conducts regular or irregular evaluation on the interest rate of bank loans and pays attention to the changes in financial markets at home and abroad at all times while maintaining close connection with the bank to acquire privileged interest rate and sufficient limits.

2. Changes in exchange rate

The Company has no foreign currency collection regarding the sales of products. However, we still have demand for foreign currency because part of the finished products are processed overseas. In this regard, the designated personnel of the Company's Financial Department pays attention to changes in exchange rate market at all times and fully grasps exchange rate trend and remittance timeliness based on the information of changes in exchange rate provided by the correspondent bank. We also open foreign currency account to

purchase foreign currency at the right timing in response to the demand of foreign currency generated from import of finished products and to reduce risks caused by exchange rate fluctuation.

### 3. Inflation

For the global environment in recent years, the imbalance output of agricultural products caused by abnormal climate results in increase of staple price such as the raw materials used for food production and secret concerns of inflation. However, the domestic inflation is still within certain levels thanks to the government that strove to stabilize the financial order and maintain stable prices. Also, the Company continues to devote to the reduction of production cost and the control of marketing, management and R&D expenses in recent years. Therefore, the inflation has no impact on the operation and profitability of the Company. In the future, in addition to the increase in added value of products by strategies such as product innovation and differentiation, the Company will strive to reduce cost constantly and reduce the negative impact of inflation on the operation of the Company.

(II) Policy on high-risk, high-leverage investments, loaning of funds to others, endorsements and guarantees as well as derivatives transactions, main reason for profits or losses and future countermeasures

Item	Policy	Main cause of profit or loss	Future countermeasures
High-risk, high-leverage investments	The Company does not engage in high-risk, high-leverage investments	None	None
Loaning funds to others	Implemented based on the Company's "Regulations on Loaning of Funds to Others"	None	None
Endorsement/guarantee	Implemented based on the Company's "Regulations on Endorsements and Guarantees"	None	None
Derivatives transactions	The Company does not engage in "derivatives transactions"	None	None

(III) Future research and development projects, and expenditures expected in connection therewith

1. Our design meets the food and health regulations while giving consideration to the idea of ecological conservation and economic benefits. We also research and develop functional products meeting natural, healthy, nutritious, safe and hygienic needs.
2. We promote marketing-oriented product research and development to create a

sense of belonging for the consumer. By controlling the consumer and market trends, channel information and after-sales service, we provide products that fully satisfy the customer.

3. According to the idea of similar origins between food and medicine as well as preventive medicine, we use biopharmacy technology to develop health food with “antioxidant effect and prevention of modern illness.”
  4. We establish a R&D environment with creative and innovative learning to cultivate R&D talents with comprehensive international perspective in aspects of health, technique, intelligent and manner.
  5. Being dedicated to the “material extract biotechnology” and core technology of “cold aseptic filling” for manufacturing, we develop new products with concepts meeting the contemporary trends of “germ-free, no pollution, natural flavor preserved, nutritious, healthy and eco-friendly.”
  6. Taiwan has become an aging society with aging population structure in Taiwan society. In the future, we actively develop commodities for the senior and comprehensive products with nutrient formula through industry-government-academia collaborations.
  7. By introducing foreign technology, seeking for international strategic alliances, establishing globalized operation mechanism for R&D of the Group and developing intelligent network, we accelerate the integration of entire R&D technology to create global competitive advantage for the Group.
  8. Being optimistic about the future development of functional and health drink markets in China, we deploy the markets of functional and health drinks in China and actively invest in the innovative research and development of functional drinks such as natural grain drinks, enzyme series, probiotics series and energy drinks.
  9. By investing in comprehensive food and drink plant and new product lines, we integrate R&D and new equipment to actively develop functional grain drinks managed by AGV for many years, such as oats milk. We also plan to research and develop functional juices, milk, grain drinks, desserts and functional teas suitable for the market in Mainland China.
  10. The expected expenditures for future research and development by the Company is about NTD58,000 thousand in 2021.
- (IV) Impact on the Company’s financial operations of important policy and legal developments at home and abroad, and responsive measures  
None.
- (V) The impact on the Company’s financial operations of developments in science, technology, and industry, and countermeasures  
As the diet habits of the consumer gradually change to aspects of high added value foods, convenience foods and diversified food types, the market demand begins to grow for all kinds of frozen prepared foods, prepared foods suitable for the aging population and current needs, health foods and foods convenient to prepare in response to the aging society and current consumption demand. Recently, food businesses begin to make efforts in refinement of food processing, nano-grinding technology and extracting technology.  
Nevertheless, the price increase of raw materials results in the pressure of food businesses due to the increase of production cost; on the other hand, because of



the rising health consciousness of the public, the consumer demand transforms from the pursuit of enlarged quantity in the past into the requirement for quality. Encountering the changes in technology and industry, the Company provides the following responsive measures:

1. Production innovation: using the production advantage of cold aseptic filling to develop products other competitors are unable to produce and plan to invest in production line for prepared foods to produce prepared foods and foods for the elderly.
2. Sales innovation: expanding domestic and foreign markets by innovating quality product and integrating strategic partners.
3. Manpower innovation: strengthening creativity, improving execution and strengthening teamwork of specialists in each department.
4. R&D innovation: in response to the rise of health awareness in the nation, we develop prepared foods, drinks or health foods. For example, food series with the pursuit of health to meet the demand of the public, including the pure dense oats series, HappyRanch healthy milk series, compound fermented milk, capsules, caplets, prepared foods and supplements for the senior.

(VI) Impact of changes in the Company's image upon its crisis management, and countermeasures

None.

(VII) Expected benefits and potential risks of any merger or acquisition, and measures to be adopted in response

The Company has no plan for merger or acquisition up to the present day.

(VIII) Expected benefits and potential risks of any plant expansion, and measures to be adopted in response

None.

(IX) Risks associated with any consolidation of purchasing or sales operations, and measures to be adopted in response

The main production/sales items of the Company include room temperature and low temperature processed foods and drinks with various types of products. According to the sales of top 10 customers in the most recent three years, because Hope Choice Distribution Corp. is designated by the Company for the sales and delivery of room temperature products in domestic traditional channels and CHUAN LIAN Enterprise Co., Ltd. is the largest franchises supermarket in the nation, the two companies accounted higher weight for the sales of the Company in recent years while the sales amount of other individual customer was less than 10% of the current net sales amount. In addition, the Company has control over Hope Choice Distribution Corp. since it is a 100% owned subsidiary of the Company. Hope Choice Distribution Corp. has a wide scope of product types and the downstream customers are traditional grocery stores, small shops as well as small and medium supermarkets with decentralized customer groups. In conclusion, the Company has no risk of sales concentration.

In addition, the Company commissioned AGV First Biotech Food (BVI) Limited. to produce bottled drinks since 2006 with weight of purchase respectively accounted for 40.07% and 38.72% in 2019 and 2020, which was the largest supplier of the Company. However, AGV First Biotech Food (BVI)

Limited. is the affiliate of the Company with 41.28% of shareholding. The supply quality and delivery over the years is good without any supply shortage or interruption. Overall, the Company has no risk of concentrated purchases.

- (X) Impact and risk associated with large share transfers or changes in shareholdings of directors, supervisors, or shareholders who hold more than 10% of the Company's shares, and countermeasures: None.
- (XI) Impact on and risk to the Company of change in management rights and countermeasures: None.
- (XII) (For litigation or non-litigation cases indicating the Company and directors, supervisors, President, substantial responsible person, major shareholder with shareholding exceeding 10% of the Company and affiliates that are involved in major lawsuits with affirmative judgment or is pending in the court proceeding, non-litigation or administrative dispute cases with results capable of causing material impacts on the interests of Shareholder or stock price, the dispute fact, claim amount, litigation starting date, primary litigation parties and handling status up to the printing date of the annual report shall be disclosed: None.
- (XIII) Information security risk:

Information always is the important asset of the enterprise and require higher security mechanism compared to other units in the organization to provide proper protection, prevent various threats and reduce the risk of the enterprise.

For the information security framework, due to the introduction of world-renowned ERP system (SAP), the informatization of operation method for each unit in the Company was implemented by the strict operating procedure control in the system. To prevent the impact of system disruption on the business operation in the organization, we establish highly reliable mechanism for remote host and data backup as well as disaster recovery to ensure the uninterrupted service. Besides enhancing the emergency response drill in the computer room, we test and review the computer room every day and send backup data to remote places for storage to reduce the disaster losses caused by sudden natural disaster and human neglect and make sure the information system can work normally and information can be saved as much as possible.

In addition, the Company has a complete computer security management system and has established a emergency report center. By the network monitor tool, we can control the abnormal situation in the user computer. When cyberattack or illegal conduct occurred from the contractor, the system can immediately inform related parties and report the event to the emergency report center to timely handle the event and reduce the loss of the enterprise and risk of operation disruption. Due to the updating and constantly changing cyber security threats, besides reviewing and evaluating the security program, the Company focuses on the replacement or upgrading of cyber security equipment for prevention and security improvement. We also deal with emergency via reliable backup mechanism and establish abnormal event record every time.

Because information security problem has relation to every user, the risk cannot be minimized if the concept of the user is not fully carried out, regardless of the severe system prevention or comprehensive security mechanism. Therefore, after the occurrence of each abnormal event, the

Company not only records the entire process of the event but also prepares announcement thereof to inform all employees in the Company so that every employee may have more understanding of information security protection and implement accordingly. By this continuous circle, every employee of the Company may be more aware of the information security during operation to strengthen the security of information, reduce threats and improve corporate competitiveness. The Company accepts internal audit every year to verify the level of information security risk. If the standard acceptance level is not achieved, we will perform risk management and improvement measures to reduce coming risks. After the internal audit in December, 2020, there was no significant information security event that have impact on the business operations.

As of the publication date of the annual report, the Company has no material cyberattack or event that had or may have significant adverse impact on the business and operation of the Company. Also, we are not involved in any relevant law case or under monitoring and investigation.

(XIV) Other significant risks and countermeasure:

None.

VII. Other Important matters:

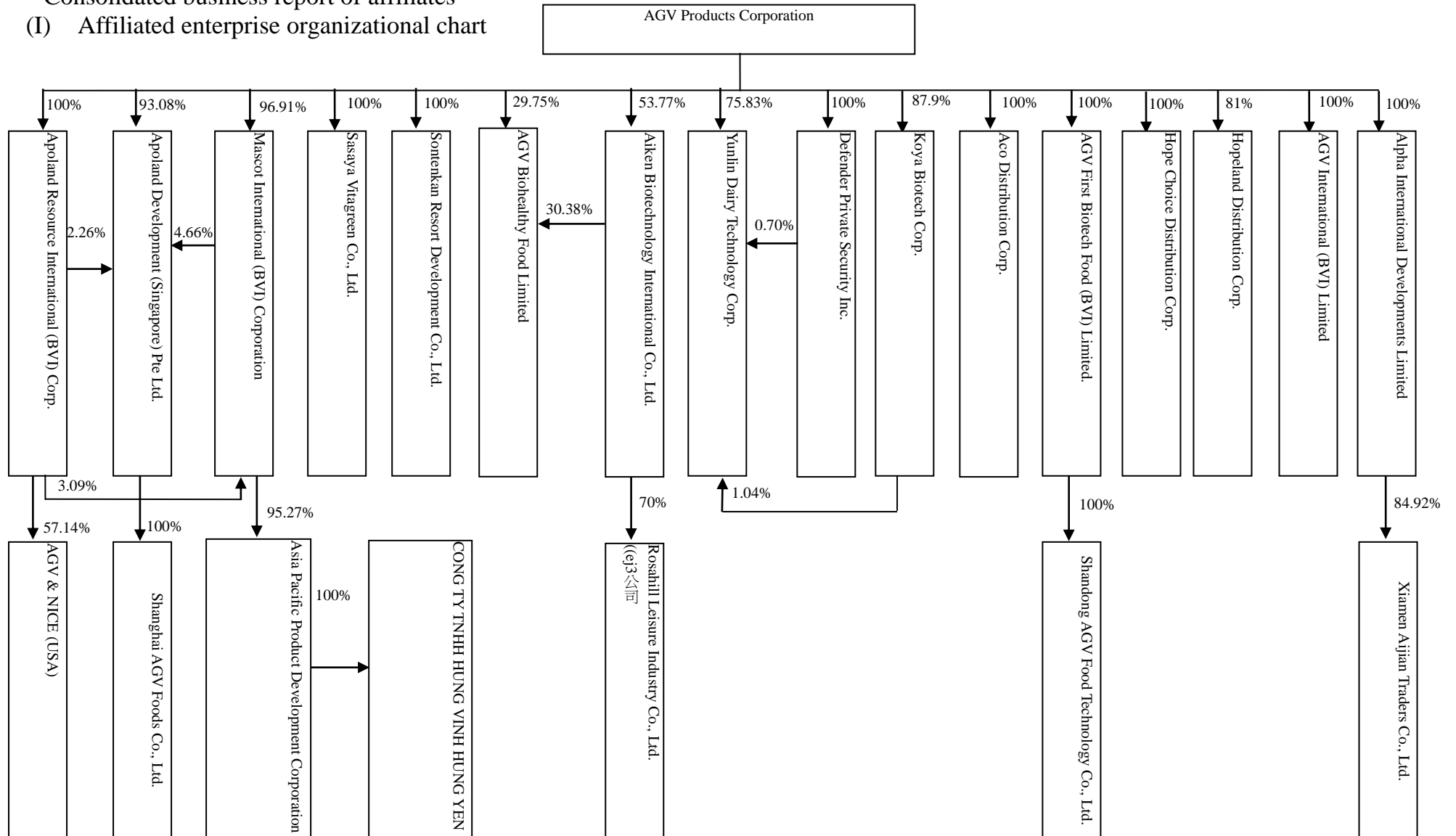
None.

## Eight. Special Items to be Included

### I. Affiliated Enterprise Information

Consolidated business report of affiliates

#### (I) Affiliated enterprise organizational chart



## (II) Basic information and business of affiliates

December 31, 2020 Unit: NTD thousand

Enterprise name	Establishment date	Address	Paid-in capital	Primary business or production item
Hope Choice Distribution Corp.	2001.05.22	No. 81, Jiangwen St., West Dist., Chiayi City	NTD65,000	Proprietary business
Hopeland Distribution Corp.	1989.10.13	17F., No. 97, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City	NTD15,000	Proprietary business
Aco Distribution Corp.	1986.08.04	13F., No. 515, Zhongxiao Rd., Zhongzhuang Vil., East Dist., Chiayi City	NTD54,720	Proprietary business
Aiken Biotechnology International Co., Ltd.	2004.10.19	No. 1, Fuquan, Fuquan Vil., Minxiong Township, Chiayi County	NTD107,066	Biotechnology service
Rosahill Leisure Industry Co., Ltd.	2013.11.19	1F., No. 77, Jiangwen St., West Dist., Chiayi City	NTD25,000	Proprietary business
Sasaya Vitagreen Co., Ltd.	2005.03.11	No. 81, Jiangwen St., West Dist., Chiayi City	NTD5,000	Proprietary business
Sontenkan Resort Development Co., Ltd.	1999.03.16	12F.-2, No. 515, Zhongxiao Rd., Chiayi City	NTD1,568,889	Leisure and recreation business
Defender Private Security Inc.	1990.07.03	3F.-2, No. 515, Zhongxiao Rd., East Dist., Chiayi City	NTD40,000	Security business
Koya Biotech Corp.	1991.04.13	No. 152, Sec. 2, Yunlin Rd., Douliu City, Yunlin County	NTD165,279	Gardening business and oil production
Yunlin Dairy Technology Corp.	2002.09.12	No. 78, Gongye Rd., Liuzhong Vil., Douliu City, Yunlin County	NTD62,700	Dairy manufacturing and sales
Mascot International (BVI) Corporation	1993.09.24	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	USD9,900	Re-investment business
Apoland Resource International (BVI) Corp.	1997.07.22	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	USD11,510	Re-investment business
Apoland Development (Singapore) Pte Ltd.	1993.09.14	8 Wilkie Edge, #03-01 Wilkie Edge, Singapore 228095	USD45,634	Re-investment business
Asia Pacific Product	1995.11.	Aiguoshe, Nance County, Hai	VND26,032,	Planting,

Development Corporation	18	Duong Province, Vietnam	702	processing and export of vegetables
Shanghai AGV Foods Co., Ltd.	1994.03.02	No. 5268, Bei Song Highway, Chedun, Songjiang District, Shanghai	CNY311,721	Food manufacturing and sales
AGV & NICE (USA), INC.	2002.04.12	44370 OLD WARM SPRINGS BLVD. FREMONT, CA94538	USD70	Marketing business
Xiamen Aijian Traders Co., Ltd.	2009.09.30	18 F., Building 2, No. 625, Sishui Road, Wuyuan Bay, Huli District, Xiamen City	CNY12,545	Food
Alpha International Developments Limited	2004.08.30	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	USD2,433	Re-investment business
AGV International (BVI) Limited	2011.08.30	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	USD460	Re-investment business
AGV First Biotech Food (BVI) Limited.	2011.10.12	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	USD43,813	Re-investment business
SHANDONG AGV FOOD TECHNOLOGY CO., LTD	2012.09.14	Room 512-513, Development Area Building 3, Kaiyuan Rd., Jiyang District, Jinan	CNY259,186	Food
AGV Biohealthy Food Limited	2013.05.25	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	USD2,633	Food
CONG TY TNHH HUNG VINH HUNG YEN	2015.03.12	Liangping Township, Jindong County, Hung Yen Province, Vietnam	VND2,071,147	Planting, processing and export of vegetables

## (III) Director and president information of affiliates

December 31, 2020 Unit: shares;%

Enterprise name	Title	Name or representative	Shareholdings	
			Shares/capital amount	Shareholding ratio
Hope Choice Distribution Corp.	Chairman Director Director Director	Representative of AGV Products Corporation: Wang Yuan-Chun	6,500,000	100.00 %
		Representative of AGV Products Corporation: Kuan-Han Chen		
		Representative of AGV Products Corporation: Chih-Chan Chen		
		Representative of AGV Products Corporation: Chien-Hua Chen		
		Representative of AGV Products Corporation: Nai-Pin Lin		
	Supervisor	Representative of AGV Products Corporation: Hsien-Chueh Hsieh		
Hopeland Distribution Corp.	Chairman Director Director Director	Representative of AGV Products Corporation: Jui-Hsu Wu	1,215,000	81.00%
		Representative of AGV Products Corporation: Chih-Chan Chen		
		Representative of AGV Products Corporation: Chien-Hua Chen		
		Representative of AGV Products Corporation: Chin-Huang Chen		
		Representative of AGV Products Corporation: Ching-Chih Chang		
	Supervisor	Representative of NICE Enterprise Co., Ltd.: Hsien-Chueh Hsieh	285,000	19.00%
Supervisor	Representative of NICE Enterprise Co., Ltd.: Ming-Cheng Hung			
Aco Distribution Corp.	Chairman Director Director Director	Representative of AGV Products Corporation: Jui-Hsu Wu	5,472,000	100.00 %
		Representative of AGV Products Corporation: Hsien-Chueh Hsieh		
		Representative of AGV Products Corporation: Chih-Chan Chen		
		Representative of AGV Products Corporation: Chien-Hua Chen		
		Representative of AGV Products Corporation: Yueh-Chu Tsai		

Enterprise name	Title	Name or representative	Shareholdings	
			Shares/capital amount	Shareholding ratio
	Supervisor or Supervisor or	Representative of AGV Products Corporation: Chih-Cheng Yang Representative of AGV Products Corporation: Chen-Jung Chang		
Sontenkan Resort Development Co., Ltd.	Chairman Director Director Director Director Director Director Supervisor or Supervisor or Supervisor or	Representative of AGV Products Corporation: Nai-Pin Lin Representative of AGV Products Corporation: Je-Fang Chen Representative of AGV Products Corporation: Ching-Jen Chen Representative of AGV Products Corporation: Chih-Chan Chen Representative of AGV Products Corporation: Chung-Sung Chen Representative of AGV Products Corporation: Kuan-Te He Representative of AGV Products Corporation: Ming-Fa Lai Representative of AGV Products Corporation: Ching-Liang Chen Representative of AGV Products Corporation: Tzu-Chiang Wang Representative of AGV Products Corporation: Vacant	common stock: 138,888,869p referred stock: 18,000,000	100.00 %
Asia Pacific Product Development Corporation	Shareholder Shareholder	Mascot International (BVI) Corporation Chin-Chih Chuang	1,813,000 90,100	95.27% 4.73%
Aiken Biotechnology International Co., Ltd.	Chairman Director Director Director Director Supervisor or Supervisor or Supervisor or	Representative of AGV Products Corporation: Chih-Yu Chang Representative of AGV Products Corporation: Kuan-Han Chen Representative of AGV Products Corporation: Chih-Chan Chen Representative of AGV Products Corporation: Chang-Fa Wang Representative of AGV Products Corporation: Kuan-Te He Representative of Taiwan First Biotechnology Corp.: Je-Fang Chen Representative of Taiwan First Biotechnology Corp.: Ching-Jen Chen Representative of Taiwan First Biotechnology Corp.: Hsien-Chueh Hsieh	5,756,900 4,680,678	53.77% 43.71%



Enterprise name	Title	Name or representative	Shareholdings	
			Shares/capital amount	Shareholding ratio
Rosahill Leisure Industry Co., Ltd.	Chairman Director Director Director	Representative of Aiken Biotechnology International Co., Ltd.: Kuan-Te He Representative of Aiken Biotechnology International Co., Ltd.: Je-Fang Chen Representative of Aiken Biotechnology International Co., Ltd.: Ching-Jen Chen Representative of Aiken Biotechnology International Co., Ltd.: Ching-Liang Chen Representative of Aiken Biotechnology International Co., Ltd.: Chih-Yu Chang Representative of Aiken Biotechnology International Co., Ltd.: Hsien-Chueh Hsieh Representative of Aiken Biotechnology International Co., Ltd.: Chih-Cheng Yang	1,750,000	70.00%
	Supervisor Supervisor	Representative of Ho Yuan Investment Co., Ltd.: Kuan-Han Chen Representative of Ho Yuan Investment Co., Ltd.: Chih-Chan Chen Representative of Ho Yuan Investment Co., Ltd.: Kuan-Ju Chen	500,000	20.00%
Sasaya Vitagreen Co., Ltd.	Chairman Director Director Director	Representative of AGV Products Corporation: Chung-Sung Chen Representative of AGV Products Corporation: Hsien-Chueh Hsieh Representative of AGV Products Corporation: Chih-Chan Chen Representative of AGV Products Corporation: Chien-Hua Chen Representative of AGV Products Corporation: Wang Yuan-Chun	500,000	100.00 %
	Supervisor Supervisor	Representative of AGV Products Corporation: Nai-Pin Lin Representative of AGV Products Corporation: Hsuan-Hui Chen		

Enterprise name	Title	Name or representative	Shareholdings	
			Shares/capital amount	Shareholding ratio
Defender Private Security Inc.	Chairman Director Director Director	Representative of AGV Products Corporation: Ching-Jen Chen	4,000,000	100.00%
		Representative of AGV Products Corporation: Kuan-Han Chen		
		Representative of AGV Products Corporation: Ching-Liang Chen		
		Representative of AGV Products Corporation: Chih-Hung Chen		
		Representative of AGV Products Corporation: Hsien-Chueh Hsieh		
		Representative of AGV Products Corporation: Yueh-Chu Tsai		
Supervisor Supervisor	Representative of AGV Products Corporation: Je-Fang Chen			
	Representative of AGV Products Corporation: Chih-Chan Chen			
Yunlin Dairy Technology Corp.	Chairman Director Director	Representative of Koya Biotech Corp.: Hsien-Chueh Hsieh	65,161	1.04%
		Representative of Koya Biotech Corp.: Pai-Fang Hsu		
		Representative of Koya Biotech Corp.: Yueh-Chu Tsai		
	Director	Representative of Defender Private Security Inc.: Je-Fang Chen	43,860	0.70%
	Director Director Director	Representative of Taiwan First Biotechnology Corp.: Ching-Jen Chen	126,322	2.01%
Representative of Taiwan First Biotechnology Corp.: Chang-Fa Wang				
Supervisor Supervisor	Representative of Taiwan First Biotechnology Corp.: Shih-Pei Yang			
	Representative of AGV Products Corporation: Chih-Chan Chen	4,754,551	75.83%	
Representative of AGV Products Corporation: Chih-Cheng Yang				
AGV & NICE (USA), INC.	Shareholder	Apoland Resource International (BVI) Corp.	40,000	57.14%
	Shareholder	Niceco Holdings Limited	30,000	42.86%

Enterprise name	Title	Name or representative	Shareholdings	
			Shares/capital amount	Shareholding ratio
Koya Biotech Corp.	Chairman Director Director Director Director Director	Representative of AGV Products Corporation: Tse-Min Pao Representative of AGV Products Corporation: Je-Fang Chen Representative of AGV Products Corporation: Kuan-Han Chen Representative of AGV Products Corporation: Ching-Jen Chen Representative of AGV Products Corporation: Hsien-Chueh Hsieh Representative of AGV Products Corporation: Chih-Chan Chen Representative of AGV Products Corporation: Nai-Pin Lin	14,527,900	87.90%
	Supervisor Supervisor Supervisor	Representative of Taiwan First Biotechnology Corp.: Ching-Liang Chen Representative of Taiwan First Biotechnology Corp.: Chang-Fa Wang Representative of Taiwan First Biotechnology Corp.: Hung-Chi Hsiao	2,000,000	12.10%
Apoland Resource International (BVI) Corp.	Shareholder	AGV Products Corporation	11,510,000	100.00%
Mascot International (BVI) Corporation	Shareholder	AGV Products Corporation	common stock: 9,413,000	96.91%
	Shareholder	Apoland Resource International (BVI) Corp.	common stock: 300,000	3.09%
	Shareholder	Tongjitang Medicinal Biotech Corp.	preferred stock: 288,000	96.00%
	Shareholder	Kun-Chin Chang	preferred stock: 8,000	2.67%
	Shareholder	Ching-Yao Chen	preferred stock: 4,000	1.33%
Apoland Development (Singapore) Pte Ltd.	Shareholder	AGV Products Corporation	common stock: 54,321,621	93.08%
	Shareholder	Mascot International (BVI) Corporation	common stock: 2,721,424	4.66%

Enterprise name	Title	Name or representative	Shareholdings	
			Shares/capital amount	Shareholding ratio
	Shareholder	Apoland Resource International (BVI) Corp.	common stock: 1,320,116	2.26%
	Shareholder	Taiwan First Biotechnology Corp.	preferred stock: 1,300,000	72.53%
	Shareholder	Tongjitang Medicinal Biotech Corp.	preferred stock: 478,110	26.67%
	Shareholder	Yu-Ying Chen Hung	preferred stock: 14,352	0.80%
Shanghai AGV Foods Co., Ltd.	Shareholder	Apoland Development (Singapore) Pte Ltd.	43,800,000	100.00 %
Xiamen Aijian Traders Co., Ltd.	Shareholder	Alpha International Developments Limited	1,690,000	84.92%
	Shareholder	Likeda Development Co., Ltd.	300,000	15.08%
Alpha International Developments Limited	Shareholder	AGV Products Corporation	2,433,455	100.00 %
AGV International (BVI) Limited	Shareholder	AGV Products Corporation	460,000	100.00 %
AGV First Biotech Food (BVI) Limited.	Shareholder	AGV Products Corporation	common stock: 25,613,400	100.00 %
	Shareholder	Taiwan First Biotechnology Corp.	preferred stock: 18,100,000	99.45%
	Shareholder	Aiken Biotechnology International Co., Ltd.	preferred stock: 100,000	0.55%
Shandong AGV Food Technology Co., Ltd.	Shareholder	AGV First Biotech Food (BVI) Limited.	259,186,235	100.00 %
AGV Biohealthy Food Limited	Shareholder	AGV Products Corporation	783,300	29.75%
	Shareholder	Aiken Biotechnology International Co., Ltd.	800,000	30.38%
	Shareholder	Taiwan First Biotechnology Corp.	1,050,000	39.87%

Enterprise name	Title	Name or representative	Shareholdings	
			Shares/capital amount	Shareholding ratio
CONG TY TNHH HUNG VINH HUNG YEN	Shareholder	Asia Pacific Product Development Corporation	2,071,147,109	100.00 %

## (IV) Operation overview of affiliates Unit: NTD thousand

Enterprise name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit	Current profit or loss after tax	EPS after tax
AGV Products Corporation	4,945,134	10,959,167	4,869,815	6,089,352	3,921,854	224,552	232,904	0.47
Hope Choice Distribution Corp.	65,000	167,598	78,810	88,788	732,529	3,834	10,799	1.66
Hopeland Distribution Corp.	15,000	52,074	27,383	24,691	120,086	2,483	3,377	2.25
Aco Distribution Corp.	54,720	148,922	45,525	103,397	252,232	7,269	10,921	2.00
Aiken Biotechnology International Co., Ltd.	107,066	168,709	16,324	152,385	57,102	3,284	14,020	1.31
Sasaya Vitagreen Co., Ltd.	5,000	4,561	73	4,488	0	-40	-38	-0.08
Sontenkan Resort Development Co., Ltd.	1,568,889	2,501,078	897,938	1,603,140	1,840	-7,762	-44,099	-0.35
Defender Private Security Inc.	40,000	70,067	17,070	52,997	53,867	1,037	4,600	1.15
Koya Biotech Corp. (original Koya Agriculture Biotech Corp.)	165,279	467,504	345,903	121,601	63,807	-6,365	-15,279	-0.95
Yunlin Dairy Technology Corp.	62,700	274,864	138,119	136,745	402,256	40,343	32,715	5.22
Mascot International (BVI) Corporation	281,941	67,958	164	67,794	0	-558	-36,540	-3.76
Asia Pacific Product Development Corporation	54,200	6,721	1,121	5,600	0	-1,809	-2,094	-1.10
Apoland	327,805	99,305	0	99,305	0	0	-1,532	-0.13

Resource International (BVI) Corp.									
AGV & NICE (USA), INC. NICE Enterprise Co., Ltd.	1,994	0	0	0	0	0	0	0	-
Apoland Development (Singapore) Pte Ltd.	1,299,649	508,759	185,043	323,716	77,416	-54,978	-18,276	-0.31	
Shanghai AGV Foods Co., Ltd.	1,360,971	503,147	472,887	30,260	77,416	-54,178	-30,993	-	
Xiamen Aijian Traders Co., Ltd.	54,773	32,064	2,916	29,148	46,662	199	1,233	-	
Alpha International Developments Limited	69,305	27,738	284	27,454	0	-4	1,057	0.43	
AGV International (BVI) Limited	13,101	13,198	0	13,198	0	0	3	0.01	
AGV First Biotech Food (BVI) Limited.	1,247,806	764,823	77,291	687,532	0	-8	-27,901	-1.09	
Shandong AGV Food Technology Co., Ltd.	1,131,603	822,167	135,680	686,487	0	-25,344	-27,895	-	
Rosahill Leisure Industry Co.,	25,000	78,209	22,429	55,780	60,707	15,035	13,886	5.55	
AGV Biohealthy Food	74,996	62,514	0	62,514	0	0	-1,034	-0.39	
CONG TY TNHH HUNG VINH HUNG YEN	2,447	29	167	-138	0	-261	-261	-	

Note: The paid-in capital with common stocks of Sontenkan Resort Development Co., Ltd. was NTD1,308,889,000, the preferred stock was NTD180,000,000 and the capital collected in advance was NTD80,000,000.

The paid-in capital with common stocks of Mascot International (BVI) Corporation was NTD276,626,000 and the preferred stock was NTD5,314,000.

The paid-in capital with common stocks of Apoland Development (Singapore) Pte Ltd. was NTD1,258,389,000 and the preferred stock was NTD41,260,000.

- II. Any private placement of securities in the most recent year up to the publication date of the annual report.: None.  
The proposal for common stock issuing by private placement of cash capital increase was approved at the 13th meeting of the 17th Board of Directors on May 11, 2021, and was submitted to the general shareholders' meeting in 2021 for review.
- III. Holding or disposal of the Company's shares by subsidiaries in the most recent year and up to the publication date of the annual report  
None.
- IV. Events having material impact on shareholders' equity or securities prices listed in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act in the most recent year and up to the publication date of the annual report  
None.
- V. Additional information required to be disclosed:  
None.



AGV Products Corporation

Chairman: Kuan-Han Chen

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