



Fwusow Industry Co., Ltd.

2020 Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

2020 Annual Report is available at: <http://mops.twse.com.tw>
<http://www.fwusow.com.tw>

Printed in May, 2021

I. Spokesperson & Deputy Spokesperson

Item	Spokesperson	Deputy Spokesperson
Name	Szu-Chuan Wang	Chi Wen Chen
Title	Executive Assistant	Assistant Vice President
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II. Headquarter, Branch Office & Plant Address & Phone Number

Offices	Address	Phone Number
Headquarter	45 Sha-Tyan Rd., Shalu District, Taichung City, Taiwan	04- 2636-2111
Shalu Plant	45 Sha-Tyan Rd., Shalu District, Taichung City, Taiwan	04- 2636-2111
Taichung Harbor Plant	No.98, Zi-Chiang Rd., Wuqi District, Taichung City, Taiwan	04-2639-3111
Lukang Biotech Fertilizer Plant	No. 7, Lukang Rd., Lukang Township, Changhua County, Taiwan	04-7810-159
Kaohsiung Plant	No. 60, Chenggong N. Rd., Qiaotou Dist., Kaohsiung City Taiwan	07-6113-311
Kaohsiung Office	No. 334, Qixian 2nd Rd., Yancheng Dist., Kaohsiung City, Taiwan	07-2113-161
Taipei Office	4F, No. 72, Ningbo W. St., Zhongzheng Dist., Taipei City, Taiwan	02-2393-2241
Taipei Business Center	8F, No. 145, Wugong Rd., Wugu Dist., New Taipei City, Taiwan	02-2298-0601

III. Stock Transfer Agent

Name: KGI Securities

Address: 5F, No.2, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City

Tel: 02-2389-2999

Website: <http://www.kgiworld.com.tw>

IV. Auditors

Firm: Solomon & Co., CPAs

Auditors: Song Yu Lu, Chien Mong Wu

Address: 32F., No.787, Zhongming S. Rd., South Dist., Taichung City

Tel.: 04-2261-2200

Website: <http://www.slmcpas.com.tw>

V. Overseas Securities Exchange: None

VI. Corporate Website: <http://www.fwusow.com.tw>

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Appendix 1: Audited Consolidated Financial Statement with the Audit Report

Appendix 2: Audited Financial Statement with the Audit Report

I. Letter to Shareholders

Dear shareholders, ladies, gentlemen and all guests:

Welcome and thank you for taking your precious time in attending the 2021 Annual Shareholders' Meeting.

Looking back in 2020, it was a year full of uncertainties and unknowns as the COVID-19 pandemic impacted all aspects of our lives. Each and every country experienced an accelerated economic downturn, and Taiwan was no exception. Due to the close proximity to China, Taiwan was in a state of panic as the world first learned of the spread of COVID-19. Our company business operation was affected as well so we adopted all the necessary preventive measures as Taiwan also rolled out the crucial policy in the prevention and control of COVID-19. The Taiwan model for combating COVID-19 is a success. Our company was able to operate as usual without any disruptions from the pandemic. With the COVID-19 crisis, fundamental changes to the market and consumer behavior are knocking companies off balance. We need to develop a rapid response to address current disruptions and to repurpose for the post-COVID era.

The pandemic brought upon a huge impact on the global supply chain. The food processing industry that imported all of its raw material bore the brunt as national lockdowns and port closures caused transportation disruptions. Moreover, the effects of climate change on raw materials increased the level of operational difficulty for the industry. In recent years, corporate risk management has been our focus. By examining risks and discovering opportunities, we timely adjust the company's supply procurement model. In 2020, our grain commodity costs and the existing inventory provided us some financial advantages to allow for higher product gross profit and meet our annual operational goals. In 2020, Fwusow Industry had a modest growth compared with the previous year; the operating revenue was NT\$12,324,165,000; net income of NT\$565,233,000.

Looking forward to 2021, we will continue to pursue and enact AI smart manufacturing and smart operations as we take a step closer to digital transformation and restructure the B2C business model. The pandemic triggered a thriving stay-at-home economy. In the past, B2B is Fwusow Industry's primary business model. Besides the designated distribution channels, our products are not easily accessible to the general public. To address this issue, in recent years, we established a "B2C Office" to re-evaluate and revitalize our products through

e-commerce and various marketing channels, hoping to meet the consumers' expectations and bringing us closer to the consumers' needs. Moreover, we will expand our Fwusow pig business, from farm to table, as the government allows the imports of US pork containing ractopamine residue. Not only will we raise the production capacity but also improve quality control and implement traceability of our pork.

Maintain a balance in the sustainable development of the company and the environment is always our top priority. To further reinforce our environmental protection policy, we obtained accreditation via SGS for ISO 50001, Energy management system, and ISO 14064-1, Greenhouse Gas – quantifying emission and removals, at both Shalu plant and Taichung Harbor plant, to monitor energy usage flow and major energy consumption equipment to establish energy performance indicators. When all is said and done, sustainability is our promise to you and the world that we live.

Again, we offer our sincerest gratitude for the trust and continuing support and invite you to stay with us as we move forward and commit to optimize your investment return.

Wish you all happiness and prosperity! Healthy food Healthy people!

Fwusow Industry Co., Ltd.

Chairman, Hung, Yau-Kuen

I. 2020 Business Report

1. Operating Performance

Unit: NT\$ thousands

	2020	2019	Percent Change (%)
Net sales	12,324,165	12,259,254	0.5
Operating Profit	331,428	33,435	891.3
Pre-tax income	675,729	175,210	285.7
Net income	565,233	141,379	299.8

2. Budget Implementation: In accordance with the Regulations Governing the Publication of Financial Forecast of Public Companies, the Company does not have to prepare financial forecasts to the public.

3. Finance Income and Costs and Profitability Analysis

(1) Finance Income and Costs

- A. 2020 interest income was NT\$1,038,000 which is from bank deposits.
- B. 2020 interest expense was NT\$42,249,000 which is from bank borrowings & leases.

(2) Profitability Analysis

Item	2020	2019
Return on assets (%)	6.74	2.16
Return on owners' equity (%)	13.55	3.66
Ratio of profit before income tax to paid-in capital	20.98	5.44
Profit margin (%)	4.59	1.15
Earnings Per Share (NT\$)	1.91	0.63

4. Research and Development

From the market trends and feedback from the sales personnel, R&D are devoted to innovation and improvement of internal technical capabilities. Strategic alliances with university-research and other institutions are ways to better serve the general public as to create products that meet their expectations and needs.

- (1) Target the needs and trends for the small and single-serving packaging products of the current health and fitness population to expand our business-to-consumer business model
- (2) Develop new innovative products for providing more diversified and higher quality products to meet consumers' versatile needs

- (3) Expand and increase the applications of agricultural waste to fully execute the agri-food circular economy model
- (4) Expedite the research on microorganisms and raw materials used as food processing additives for the company's applications and operations
- (5) Carry out various internal and external research tests to adjust and reach precise feed formula in a timely manner
- (6) Establish a microbial culture center to provide functional applications for various fields

II. 2021 Business Plan

1. Business Objectives

Closely monitor the global economic prospects, COVID-19 trends, and the consumer market demands to adjust business strategies and policies dynamically. Continue to invest in our R&D, update and upgrade various software, hardware, and mechanical equipment maintenance. We have stringent control points from source management to production monitoring to storage to transportation to ensure product quality and to increase production efficiency. Expand B2C business scale. All in all, to implement the mission of "Provide safe and healthy food for all people". In recent years, as we integrate artificial intelligence technology into our operations, the use of big data analytics facilitated the precise strategic decision-making of "Building the smart factory", "Transforming to B2C business model", and "Developing green business" to increase our competitiveness. Moreover, align with environmental, social, and corporate governance strategies to take our company toward sustainable growth and operation.

2. Operations Strategy:

- (1) Use various AI technologies for data collection and analysis to achieve smart production, precise decision-making, and build smart factories
- (2) Devote and expedite the process of research and development in the consumer products, and effective use of social media and channel distributions to increase B2C and e-commerce sales
- (3) Continual certifications in the energy management system, greenhouse gas inventory verification, and product carbon footprint are the efforts to expand the scope of the agri-food circular economy. The effective use of materials and implementation of energy-saving and carbon-reduction programs will bring us closer to the development of a green business. The company publishes a corporate social responsibility (CSR) report annually, and discloses non-financial information, adopts and adheres to corporate governance, environmental and

social policies (ESG), and embracing the opportunity for the company's sustainable growth.

3. Sales forecast and sales policy

In accordance with past performance and market demand changes, 2021 projected sales volume to be of 738,000 tons.

III. Development Strategy and Policy

1. Devote efforts in the research and development of innovative and diverse products to meet the needs of the consumer market.
2. Use AI technology to improve operational efficiency in breeding management, manufacturing process and order management.
3. Monitor the global grain commodity market and the prospective planting intentions; adjust the procurement strategies, and establish risk management mechanism accordingly to adapt to the market changes.
4. Improve laboratory analysis and R&D capability to raise corporate competitiveness.
5. Incorporate risk management into the company's business strategy, focus on sustainable procurement, circular economy, carbon reduction, and other green manufacturing concepts showing determination toward the sustainable environmental development.

IV. The Impact of the External Competitive Environment, Regulatory Environment, and Macroeconomic Conditions

In 2020, due to the US-China trade war, China-India skirmishes, and COVID-19, the global economy suffered a huge blow as countries were closing the borders or in various degrees of mandated lockdown and shelter in place. The shortage in cargo containers exacerbated the condition as the demand for bulk grain commodities shot up. Taiwan rolled out the effective policy in the prevention and control of COVID-19. Our company adopted stringent preventive measures which enable us to get back on track quickly. In 2021, COVID-19 pandemic slows down across the world as vaccination drives step up. The global economy starts to show modest recovery. However, in a time of global uncertainty, all industries in Taiwan also face challenges in adapting to the new normal. Through timely adjustments in the operating strategy, business operation transformation, and innovative product creations, we can enhance the product value and improve sales performance to increase the company's profitability.

We continue to pursue various verifications, certifications and accreditations. In

2020, we obtained Laboratory Accreditation, ISO/IEC 17025, from Taiwan Accreditation Foundation, TAF, to enhance our testing, sampling, or calibration with reliable results and to offer quality and food safety in high standard. Furthermore, in a continuous effort in energy conservation and carbon reduction, we obtained accreditation via SGS for ISO 14064-1, Greenhouse Gas – quantifying emission and removals and ISO 50001, Energy management system, to increase the effectiveness and efficiency of energy consumption, to minimize environmental impact, and to expand circular economy model toward the development of a sustainable green business operation.

The integration of AI boosts our production efficiency and sharpens our competitive edge with faster data-driven decision-making; through effective risk assessment and controls, we will add value to the company and continue to grow in revenue and profits.

II. Company Profile

1. Date of Incorporation: February 7, 1955

2. Company History

1920

Hung brothers (Doe Hung, Jay Hung, Cheng Hung, Ben Hung, Boo Hung & Kuar Hung) established Chia Fa Oil Press Factory to produce peanut oil & sesame oil.

1931

Established the first peanut shelling factory in Taiwan.

1951

Chia Fa Oil Press Factory added a new expeller pressing machine, first step toward automatic oil press era.

1955

Reorganization occurred to become Chia Fa Oil Press Co., Ltd.

1958

First privately owned solvent extraction plant established and was designated as the US Aid soybean solvent extraction plant to produce soy flour and soybean oil.

1965

Company renamed as Chia Fa Industry Co., Ltd., and registered Fwusow as the trademark.

1971

Signed a technology cooperation contract with Kyodo Shiryō Co., Ltd. (for livestock feed).

1972

Affiliated entity, Chia Fa Chung Agricultural Chemical Co., Ltd, a feed processing plant, established in Qiaotou Village, Kaohsiung.

1978

Belief of 'what you take from society, you give back to society' led to the establishment of "Fwusow Society Welfare Foundation", active participation in charities and public welfare events.

1980

Established & expanded main feed plant (including livestock & poultry feed, micronized feed, grain steam cooking/ toasting, animal nutrients and by-product processing).

1982

Established Taichung Harbor cooking oil plant (at Taichung Harbor Guanlian Industrial Park).

- 1984
Technology cooperation with Toshoku Corporation & Kyodo Shiryō Co., Ltd (for pet food).
- 1985
Company renamed as Fwusow Industry Co., Ltd.
- 1986
Technology cooperation with Honen Seiyu Kabushiki (for cooking oil).
- 1988
Joint venture with Marutomo Japan to establish Marutomo Taiwan (to produce dried bonito flakes).
- 1989
Signed a technology cooperation contract with Kadoya Sesame Mills Incorporated (for cooking oil).
- 1990
Company stock listing approved by Securities & Exchange Commission.
Both oil refinery & food processing units at Taichung Harbor plant awarded GMP certifications.
- 1992
Investment made to establish Xiamen Fwusow Food Co., Ltd.
- 1994
Established Taipei Business Center.
- 1995
Invested in Central Union Oil Corp.
- 1996
Established Lukang plant – Biotech Fertilizer (at Changhua Coastal Industrial Park).
Shalu main feed plant & Taichung Harbor plant received ISO-9002 certification.
- 1998
Invested in Chia Ton Co., Ltd.
- 2000
Started the e-commerce for Pet Food to expand B2B and B2B2C customer base.
- 2001
Lukang plant (Biotech Fertilizer) awarded ISO 9001 certification, first company in Taiwan to be certified for organic fertilizer plant, obtained superior Level A qualification.
- 2003
Approved for the merger of Fwusow Industry Co., Ltd & Chia Fa Chung Agricultural Chemical Co., Ltd.

2004

Established Xiamen Fwusow Pet Care Co., Ltd.

2010

Awarded with Bronze in Taiwan Talent Quality-management System, TTQS, from Labor Committee.

The oil refinery production line at Taichung Harbor received Good Manufacturing Practice (GMP) Superior Certification.

2011

New pet food plant officially in operation and certified for ISO 22000:2005.

Active development of ecological farm in Nantou, providing & selling organic products.

2013

Taichung Harbor plant received ISO-22000 & HACCP for all products & lines of production.

Invested in Charming Food.

2014

Started the annual Taiwan-Japan Pet Management Workshop & the annual Cerear Table Tennis Tournament.

2015

Published first CSR report (2014 issue).

Taichung Harbor plant, one of the first food manufacturing companies, awarded TQF certification.

Established Fwusow Mart to provide fine products, and offer convenience to consumers.

2016

Completion of Charming Food plant - the one and only air-chilled slaughterhouse and broiler processing facility in Taiwan.

Completion of oil refining building at Taichung Harbor Plant.

Completion of R&D Center at Taichung Harbor Plant.

Sesame oil obtained carbon footprint certification.

Taichung Harbor plant obtained the FSSC 22000, ISO 22000, and HACCP certifications for all products and the production lines.

2017

Dried bonito flakes & peanut oil obtained carbon footprint certifications.

2018

Collaborated with ITRI & III to implement AI smart manufacturing & operational systems.

First food manufacturing company to be certified of the SGS 「BS 8001:2017」 with optimizing business model.

Established Wugu Fine Cuisine Interactive Kitchen (at Taipei Business Center) & company museum at Taichung Harbor.

Automated packaging center in Taichung Harbor in operation.

15 products of Greens series of pet food obtained Carbon-Footprint labels.

2019

Received Asia Pacific Entrepreneurship Award (APEA), 1111 Happiness Corporate Award, and Taiwan Academy of Corporate Sustainability (TCSA) “2019 Taiwan Corporate Sustainability Awards” – Bronze.

Taichung Harbor plant obtained SGS SQF certification for all series of food products and all the production lines.

Shalu plant and Taichung Harbor plant obtained ISO 45001 certifications.

Recognition from Agriculture and Food Agency Council of Agriculture for “Excellent Enterprise in Promoting of Agricultural Products for 2019”.

Developed IIOT integration platform with the technical collaboration of ITRI and Fwusow APP with Institute for Information Industry, III.

Signed Industry-Academia Cooperation Project Agreement with Feng Chia University.

2020

Obtained Laboratory Accreditation from Taiwan Accreditation Foundation, TAF.

Obtained Accreditations for ISO 14064-1, Quantification and Reporting of Greenhouse Gas Emissions and Removals, and ISO 50001, Energy Management System, Accreditation, for both Shalu Plant and Taichung Harbor Plant.

Celebrated company’s 100th anniversary.

Received 13th annual Taiwan Corporate Sustainability Awards (TCSA) – Silver.

Received 17th annual Taiwan Golden Root Award.

Recognition from Agriculture and Food Agency Council of Agriculture for “Excellent Enterprise of Local Grown Rice and Grains - Paramount Achievement”.

Received 6th annual GOOD award for Cerear’s Health Passion Teriyaki flavored rice cracker.

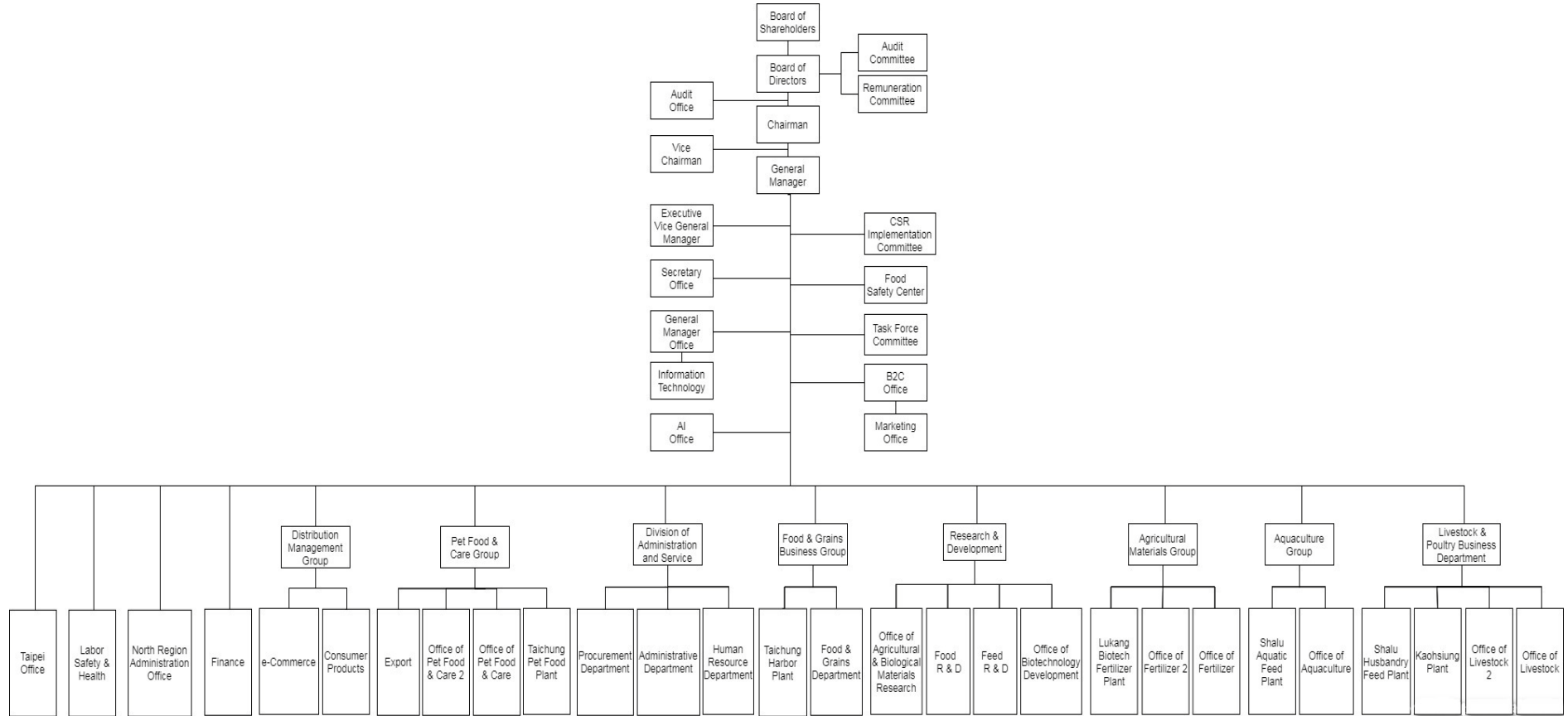
Awarded “The Commendation of Excellent Exporters/Importers of 2019” from the Bureau of Foreign Trade (BOFT).

Completed the development of smart monitoring and disaster prevention system with ITRI.

III. Corporate Governance Report

3.1. Organization

3.1.1 Organizational Chart



3.1.2 Major Corporate Function

Department	Functions
Livestock & Poultry Business Department	Responsible for product manufacturing and production capacity; efficient allocation of resources, meeting the sales forecast within the projected budgets; sales & manufacturing strategies for livestock & poultry feed
Food & Grains Business Group	Responsible for product manufacturing and production capacity; efficient allocation of resources, meeting the sales forecast within the projected budgets; sales & manufacturing strategies for cooking oil, cereal grain products, & dried fish flakes
Pet Food & Care Group	Responsible for product manufacturing and production capacity; efficient allocation of resources, meeting the sales forecast within the projected budgets; sales & manufacturing strategies for pet food for domestic & export and its related website maintenance
Distribution Management Group	Responsible for product manufacturing for e-commerce, export, and consumers; meeting the sales forecast within the projected budgets; sales & manufacturing strategies for online platforms management
Agricultural Materials Group	Responsible for product manufacturing and production capacity; efficient allocation of resources, meeting the sales forecast within the projected budgets; sales & manufacturing strategies for organic fertilizer, garden soil & fertilizer, and bio-pesticides
Aquaculture Group	Responsible for product manufacturing and production capacity; efficient allocation of resources, meeting the sales forecast within the projected budgets; sales & manufacturing strategies for aquaculture feed, aquarium fish feed & koi feed
Marketing Group	In charge of product designs, and implementing marketing strategies. Responsible for promoting corporate image, maintaining and enhancing public relations, corporate marketing activities, and participating in all relevant trade shows and exhibitions.
Division of	Planning and execution of general affairs, factory affairs, and information systems. Management and supervision of

Administration and Service	matters relating to human resources of each unit; and employee benefits, labor-management (employer-employee) relations and factory labor safety and health management matters. Responsible for the planning and implementation of production equipment, procurement of production equipment, outsourcing and maintenance, new processes and process changes and improvements, etc. Purchasing of commodities and other supplies.
Research & Development Division	Responsible for R&D of new products and technologies, product quality improvement research, cost reduction research, new product business evaluation; strategic alliance in technology; intellectual property development and management. Planning and execution of quality control systems.
Finance Department	Responsible for the summary of transaction accounting and bookkeeping, cost calculation, budget management, business and investment analysis, annual budgeting, credit control, and stocks services.
Information Technology Department	Oversee & maintenance of the hardware and software for the company's operations; supporting and maintaining of ERP; information and network system management.
Audit Office	To identify deficiencies in the internal control system, assess the effectiveness and efficiency of operations, and provide appropriate improvement suggestions to ensure the effectiveness of the internal control system as well as for continuous improvement. Implementation of all major cycles of internal audits as per the annual audit program; supervision of the implementation and amendment of internal audit system of the organization and subsidiaries; proposition of improvement recommendations; and implementation of project investigation, follow-up, and improvements of anomalies.
General Manager's Office	Strategic planning and implementation; business operation analysis, and special project monitoring and follow-ups. System development and business process reengineering; promoting various company-related matters, and management of information technology. Preview, monitor and promote the corporate social responsibility activities; set operating goals, arrange and supervise various departments to handle the business.

3.2. Directors, Supervisors and Management Team

3.2.1 Directors (1)

04/24/2020

Title	Nationality/ Country of Origin	Name	Gender	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
							Director	ROC	Hua Shao Investment Co		06/17/2020	3	06/07/2002	4,463,667			1.39	4,463,667	1.39
		Representative Hung, Yau-Kuen	M	06/17/2020	3	05/06/1999	14,476,669	4.71	14,358,669	4.46	709,797	0.22	0	0	Tamkang University, Master's degree, Council for Industrial & Commercial Development, Chairman, Taiwan Vegetable Oil Manufactures Association, Chairman, Taiwan Feed Industry Association, Chairman	Chairman of Fwusow Industry, President of Central Union Oil Corp, Chairman of Taiwan Barley Products Industry Association, Director of Fwusow Hsin Co., Ltd., Chairman of Hua Shao Investment Co.	NA	NA	NA

Director	ROC	Hung, Yau-Hsin	M	06/17/2020	3	06/03/2005	6,230,424	193	7,089,183	2.20	136,712	0.04	0	0	Komazawa University; Executive Vice General Manager of Fwusow Industry	Vice Chairman of Fwusow Industry; Chairman of Charming Food; Director of Central Union Oil Corp	NA	NA	NA
Director	ROC	Hung, Yau-Chih	M	06/17/2020	3	06/03/2005	8,447,292	262	8,447,292	2.62	501,761	0.16	0	0	Eastern Michigan University, Technology Studies, MS	Chairman of Fwusow Hsin	NA	NA	NA
Director	ROC	Cheng Rong Investment Co.		06/17/2020	3	06/26/2014	133,627	004	149,627	0.05	0	0	0	0			NA	NA	NA
		Representative Hsiao, Min-Ju	F	06/17/2020	3	06/17/2020	1,485,107	046	1,485,107	0.46	7,229,065	2.24	0	0	Providence University	Chairwoman of Cheng Rong Investment Co.			
Director	ROC	Ann Dar Hsin Investment Co.		06/17/2020	3	06/22/11	1,486,058	046	1,486,058	0.46	0	0	0	0			NA	NA	NA
		Representative Yeh, Tzu-Ling*	F	06/17/2020	3	09/14/2020	100,020	003	100,020	0.03	0	0	0	0	National Changhua University of Education Accounting manager of Shin Tai Industry Co., Ltd., Chairwoman of Tai Sheng Ocean Development Co., Ltd., Practicing Land administration agent		NA	NA	NA
Director	ROC	Taisun Yuan Co., Ltd		06/17/2020	3	06/17/2020	86,000	027	86,000	0.03	0	0	0	0			NA	NA	NA

		Liu, Wei Chen*	M	06/17/2020	3	11/09/2020	0	0	0	0	0	0	0	0	0	National Taiwan University of Science and Technology, Graduate Institute of Finance, MA, Finance Manager, Spokesperson & Convenor of Corporate Governance of Taisun Enterprise Co., Ltd.	Supervisor of Taisun Yuan, Director of Taisun Foods (Zhangzhou), Supervisor of Nikomart, Supervisor of Centrol Union Oil Corp.			
Independent Director	ROC	Huang, Tsun-Sun	M	06/17/2020	3	06/20/17	0	0	0	0	0	0	0	0	0	National Chengchi University, Graduate Institute of Public Finance, MA, Ministry of Finance, Senior Executive Officer, Associate professor at Chung Hsing University, Taiwan Financial Services Roundtable Tax Committee member, Chunghua Association of Public Finance director	Remuneration Committee member of Fwusow Industry	NA	NA	NA

Independent Director	ROC	Ren, Yao-Ting	M	06/17/2020	3	06/20/17	0	0	0	0	0	0	0	0	0	University of Tokyo, Graduate School of Agricultural & Life Sciences, PhD, Researcher at Institute of International Relations of National ChengChi University, Honorary professor & dean of Graduate Institute of Japanese Political and Economic Studies at Tamkang University	Audit Committee member & Remuneration Committee member of Fwusow Industry	NA	NA	NA
Independent Director	ROC	Huang, Shi Ping	F	06/17/2020	3	06/17/2020	0	0	0	0	0	0	0	0	0	Kun Shan University, SinoPac Securities Business VP	Audit Committee member of Fwusow Industry Chairwoman of Genesis Technology, Inc	NA	NA	NA

*Note: 1. Ann Dar Hsin Investment Co. appointed Yeh, Tzu-Ling as the new representative on 9/14/2020

*Note: 2. Taisun Yuan Co., Ltd. Appointed Liu, Wei Chen as the new representative on 11/09/2020

Major shareholders of the institutional shareholders:

04/24/2020

Name of Institutional Shareholders	Major Shareholders
Hua Shao Investment Co.	Hung, Yau-Kuen (78.03%). Shen, Kuay-Shaun (14.64%)
Cheng Rong Investment Co.	Hsiao, Min-Ju (33.34%). Hung, Cheng-Fang (33.33%). Hung, Zhao-Long (33.33%)
Ann Dar Hsin Investment Co.	Won-Nun Lin (60.00%). Won-Ying Lin (30.00%)
Taisun Yuan Co., Ltd.	Taisun Enterprise Co., Ltd. (100%)

Major shareholders of the Company's major institutional shareholders

Name of Institutional Shareholders	Major Shareholders
Taisun Enterprise Co., Ltd.	Long Bon International Co., Ltd (19.80%). Wang, Kuay-Tzeng (7.28%). Everwin Investment Co., Ltd. (6.29%). Chiu, Hsian-Dao (4.76%). Ocean Investment Co., Ltd (4.30%). Reasonable Deal Co., Ltd (3.71%). Hunya Foods Co., Ltd (3.88%). Chin Da Investment Co., Ltd (2.85%). Pin-Tai Distribution Enterprise Co., Ltd. (2.07%). Yuanta Bank in care of Taisun Enterprise Co., Ltd Trust (2.00%)

3.2.1 Directors (2)

Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria(Note 1)												Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director	
	Criteria	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11		12
Yau-Kuen Hung, (note 2)			✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Hung, Yau-Hsin			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Hung, Yau-Chih			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Hsiao, Min-Ju (note 3)			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Yeh, Tzu-Ling (note 4)			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Liu, Wei Chen (note 5)			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Huang, Tsun-Sun	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Ren, Yao-Ting	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Huang, Shi-Pin			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note: Please tick “✓” the corresponding boxes that apply to the directors during the two years prior to being elected or during the term of office.

1. Not an employee of the Company or any of its affiliates.

2. Not a director or supervisor of the Company or any of its affiliates. Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company or who holds shares ranking in the top five holdings.
6. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
7. If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
8. Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution which has a financial or business relationship with the Company.
9. Not a professional individual who is an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof. These restrictions do not apply to any member of the remuneration committee who exercises powers pursuant to Article 7 of the "Regulations Governing the Establishment and Exercise of Powers of Remuneration Committees of

Companies whose Stock is Listed on the TWSE or Traded on the TPEX“.

10. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.

11. Not been a person of any conditions defined in Article 30 of the Company Law.

12. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

Note 2: Hua Shao Investment Co., Representative; Note 3: Cheng Rong Investment Co., Representative; Note 4: Ann Dar Hsin Investment Co. Representative; Note 5: Taisun Yuan Co., Ltd., Representative

3.2.2 Management Team

04/24/2021

Title	Nationality/ Country of Origin	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
General Manager	ROC	Hung, She-Pin	F	06/17/2020	3,159,000	0.98	0	0	0	0	University of California, Irvine, Microbiology & Molecular Genetics, PhD	Director of Fwusow Hsin & Charming Foods				Refer to Note
Executive Vice General Manager	ROC	Lin, Tien-Fong	M	11/16/2020	0	0	0	0	0	0	National Taiwan Ocean University	Supervisor of Central Union Oil Corp.				
Vice General Manager	ROC	Tsai, Chia-Kang	M	03/16/2017	56,000	0.02	0	0	0	0	National Taiwan Ocean University	Director of Chiaton Corporation				
Vice General Manager	ROC	Yang, Chun-Hsien	M	11/16/2020	0	0	2,000	0	0	0	National Yunlin University of Science and Technology, MS	None				
AVP	ROC	Hung, Yau-Chih	M	08/01/2012	8,447,292	2.62	501,761	0.16	0	0	Eastern Michigan University, Technology Studies, MS	Chairman of Fwusow Hsin				
AVP	ROC	Chang, Zen-Yau	M	08/01/2012	0	0	0	0	0	0	Tung Hai University, MS	None				

AVP	ROC	Chang, Chong-Ha	M	04/01/2014	0	0	0	0	0	0	National Chung Hsing University, MS	None				
AVP	ROC	Wang, Ren-Chih	M	01/01/2015	0	0	0	0	0	0	National Kaohsiung Marine University	None				
AVP	ROC	Lee, Chih-Hong	M	09/16/2017	0	0	0	0	0	0	National Sun Yat-sen University, MS	None				
AVP	ROC	Lin, Mau-Shen	M	08/01/2019	880	0	0	0	0	0	Oriental Institute of Technology	None				
AVP	ROC	Chen, Chi-Wen	M	11/16/2020	888	0	0	0	0	0	Southern Taiwan University of Science and Technology	None				
AVP	ROC	Lee, Hsin-Lan	M	11/16/2020	0	0	0	0	0	0	National Taiwan University of Science and Technology	None				
Finance Manager	ROC	Dai, Jan-Hui	F	03/22/2019	0	0	0	0	0	0	Tung Hai University, MS	None				

Note: Company's Chairman and General Manager are not the same person nor spouses nor first kins

3.2.3 Remuneration of Directors, Supervisors, President, and Vice President

3.2.3-1 (1) Remuneration of Directors (Disclosure of Individual Compensation): Not Applicable

3.2.3-1 (2) Remuneration of Directors (Aggregate Compensation with Individual Names Disclosed):

Unit: NT\$ thousands

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary				
		Base Compensation (A)		Severance Pay (B)		Bonus to Directors (C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Profit Sharing- Employee Bonus (G)										
		The company	All companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements			The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company					Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements
																		Cash	Stock				Cash	Stock		
Director (Note 1)	Hung, Yau-Kuen	0	0	0	0	37,336	37,336	1,200	1,200	6.26	6.26	3,978	3,978	0	0	0	0	0	0	6.91	6.91	None				
Director	Hung, Yau-Hsin																									
Director	Hung, Yau-Chih																									
Director (Note 2)	Hsiao, Min-Ju																									
Director (Note 3)	Yeh, Tzu-Ling																									
Director (Note 4)	Liu, Wei-Chen																									

3.2.3-1 (3) Range of Remuneration for Directors

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Under NT\$ 1,000,000	Huang, Tsun-Sun / Ren, Yao-Ting / Huang, Shi-Pin	Huang, Tsun-Sun / Ren, Yao-Ting / Huang, Shi-Pin	Huang, Tsun-Sun / Ren, Yao-Ting / Huang, Shi-Pin	Huang, Tsun-Sun / Ren, Yao-Ting / Huang, Shi-Pin
NT\$1,000,000 (incl) ~ NT\$2,000,000				
NT\$2,000,000 (incl) ~ NT\$3,500,000				
NT\$3,500,000 (incl) ~ NT\$5,000,000				
NT\$5,000,000 (incl) ~ NT\$10,000,000	Hung, Yau-Hsin/ Hung, Yau-Chih/ Hua Shao Investment Co/ Cheng Rong Investment Co/ Ann Dar Hsin Investment Co / Taisun Yuan Investment Co.,Ltd	Hung, Yau-Hsin/ Hung, Yau-Chih/ Hua Shao Investment Co/ Cheng Rong Investment Co/ Ann Dar Hsin Investment Co / Taisun Yuan Investment Co.,Ltd	Hung, Yau-Hsin/ Hung, Yau-Chih/ Hua Shao Investment Co/ Cheng Rong Investment Co/ Ann Dar Hsin Investment Co / Taisun Yuan Investment Co.,Ltd	Hung, Yau-Hsin/ Hung, Yau-Chih/ Hua Shao Investment Co/ Cheng Rong Investment Co/ Ann Dar Hsin Investment Co / Taisun Yuan Investment Co.,Ltd
NT\$10,000,000 (incl) ~ NT\$15,000,000				
NT\$15,000,000 (incl) ~ NT\$30,000,000				
NT\$30,000,000 (incl) ~ NT\$50,000,000				
NT\$50,000,000 (incl) ~ NT\$100,000,000				
Over NT\$100,000,000				
Total	9	9	9	9

3.2.3-2 (1) Remuneration for Supervisors (Disclosure of Individual Compensation): Not Applicable

3.2.3-2 (2) Remuneration for Supervisors (Aggregate Compensation with Individual Names Disclosed): Not Applicable

3.2.3-2 (3) Range of Remuneration for Supervisors: Not Applicable

3.2.3-3 (1) Remuneration of Management Team (Disclosure of Individual Compensation): Not Applicable

3.2.3-3 (2) Remuneration of Management Team (Aggregate Compensation with Individual Names Disclosed):

Unit: NT\$ thousands

Title	Name	Remuneration										Ratio of Total Remuneration (A+B+C+D) to Net Income (%)	Compensation Paid to Management Team from an Invested Company Other than the Company's Subsidiary		
		Base Compensation (A)		Bonus to Supervisors (B)		Allowances (C)		Employee Compensation (D)							
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements					The company
						Cash Amount	Stock Amount	Cash Amount	Stock Amount						
GM	Hung, She-Pin	5,810	5,810	0	0	0	0	105					0.96	0.96	None
Executive Vice GM	Lin, Tien-Fong														
Vice GM	Yang, Chun-Hsien														
Vice GM	Tsai, Chia-Kang														

3.2.3-3 (3) Range of Remuneration for Management Team:

Range of Remuneration for GM & Vice GM	Name of GM & Vice GM	
	The company	Companies in the consolidated financial statements
Under NT\$ 1,000,000		
NT\$1,000,000 (incl) ~ NT\$2,000,000	Hung, She-Pin/ Lin, Tien-Fong / Yang, Chun-Hsien/ Tsai, Chia-Kang	Hung, She-Pin/ Lin, Tien-Fong / Yang, Chun-Hsien/ Tsai, Chia-Kang
NT\$2,000,000 (incl) ~ NT\$3,500,000		
NT\$3,500,000 (incl) ~ NT\$5,000,000		
NT\$5,000,000 (incl) ~ NT\$10,000,000		
NT\$10,000,000 (incl) ~ NT\$15,000,000		
NT\$15,000,000 (incl) ~ NT\$30,000,000		
NT\$30,000,001 ~ NT\$50,000,000		
NT\$50,000,001 ~ NT\$100,000,000		
Over NT\$100,000,000		
Total	4	4

2.3.3-4. Remuneration of the Top 5 Management Team Members (Disclosure of Individual Compensation & Names): Not Applicable

2.3.3-5. Distribution of compensation to Company management

Unit: NT\$ thousands

	Title	Name	Employee Bonus - in Stock (Fair Market Value)	Employee Bonus - in Cash	Total	Ratio of Total Amount to Net Income (%)
Management Officers	GM	Hung, She-Pin	0	316	316	0.05
	Executive Vice GM	Lin, Tien-Fong				
	Vice GM	Yang, Chun-Hsien				
	Vice GM	Tsai, Chia-Kang				
	AVP	Hung, Yau-Chih				
	AVP	Chang, Zen-Yao				
	AVP	Chang, Chong-Ha				
	AVP	Wang, Ren-Chih				
	AVP	Lee, Chih-Hong				
	AVP	Lin, Mau-Shen				
	AVP	Chen, Chi-Wen				
	AVP	Lee, Hsin-Lan				
	Manager	Dai, Jen-Hui				

3.2.4 Comparison of Remuneration for Directors, Supervisors, Presidents and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, Presidents and Vice Presidents

3.2.4-1. The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements to the net income.

Year	2020 Ratio of total remuneration paid to net income (%)		2019 Ratio of total remuneration paid to net income (%)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Directors (note)	6.91	6.91	10.39	10.39
GM & Vice GM	0.96	0.96	3.51	3.51

3.2.4-2. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with business performance.

(1) The compensation to directors was determined by the Remuneration Committee of the Company in accordance with the individual performance, and the stipulations in the Articles of Incorporation

(2) The compensation of general manager & vice general manager was measured based on each individual personal achievements, contribution made to the business operation, the years of service at the company, the work experiences and the stipulations in the Articles of Incorporation.

3.3. Implementation of Corporate Governance

3.3.1 Board of Directors

3.3.1-1 A total of 8 meetings (A) of the Board of Directors were held in the previous period.

The attendance of director and supervisor were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【 B / A 】	Remarks
Chairman	Hua Shao Investment Co., Representative: Yau-Kuen Hung,	8	0	100.00	6/17/2020 Re-elected
Vice Chairman	Hung, Yau-Hsin	7	1	87.50	6/17/2020 Re-elected
Director	Hung, Yau-Chih	8	0	100.00	6/17/2020 Re-elected
Director	Cheng-Rong Investment Co.; Representative: Hsiao, Min-Ju	4	0	100.00	6/17/2020 newly elected
Director	Ann Dar Hsin Investment Co., Representative: Wu, Mei- Hon	5	0	83.33	6/17/2020 Re-elected
Director	Ann Dar Hsin Investment Co., Representative: Yeh, Tzu-Ling	2	0	100.00	9/14/2020 Change of Representative
Director	Taisun Yuan Co., Representative: Jan, Yee-Hon	1	0	50.00	6/17/2020 newly elected
Director	Taisun Yuan Co., Representative: Liu, Wei Chen	2	0	100.00	11/09/2020 Change of Representative
Director	Hung, Yuan-Yen	4	0	100.00	Former director whose term ended on June 17, 2020
Director	Hung, Tsun-Lin	4	1	100.00	Former director whose term ended on June 17, 2020
Independent	Huang, Tsun-Sun	8	0	100.00	6/17/2020

director					Re-elected
Independent director	Ren, Yao-Ting	7	0	87.50	6/17/2020 Re-elected
Independent director	Huang, Shi-Pin	4	0	100.00	6/17/2020 newly elected
Independent director	Chen, Chung-Ray	2	0	50.00	Former director whose term ended on June 17, 2020

Other mentionable items:

1. In the event of either of the following situations, dates, sessions, contents of resolutions of the Board Meetings, opinions from all independent directors, and Company responses to their opinions should be noted:
 - (1) Issues specified in Article 14-3 of the Securities and Exchange Act: Significant issues were approved & ratified by the Independent Directors
 - (2) Other issues opposed by independent directors or about which said directors have reservations should be recorded in writing in the meeting minutes of the Board: None
2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None
3. Status of Self (or Peer) Evaluation conducted by the Board of Directors in terms of frequency, period, area of assessment, methods and contents: Please refer to Form 2 The Board Performance Evaluation (see the following page).
4. During this and recent past fiscal years, measures taken to strengthen the functionality of the board:
 - (1) On March 22, 2019, Board members approved its "Standard Operating Procedure for Handling Director's Request"
 - (2) On May 12, 2020, Board members approved its' "Regulations Governing the Board Performance Evaluation"

3.3.1-2 Performance Evaluation of the Board of Director

Evaluation Cycle	Evaluation Period	Scope	Method of Assessment	Assessment Items
Conducted once a year	01/01/2020~ 12/31/2020	Performance evaluation of the Board of Directors, independent directors & functional task committee members	Self-evaluation by board members	<ol style="list-style-type: none"> 1.Participation in company operations 2.Improve the decision-making quality of the Board of Directors 3.Structures of Board of Directors 4.Professional and continuing education of directors 5.Internal controls
Conducted once a year	01/01/2020~ 12/31/2020	Assessment of each individual board members	Board member self-assessment	<ol style="list-style-type: none"> 1.Mastery of company goals and tasks 2.Fully knowledgeable and understanding of the responsibilities of Board of directors 3.Participation in company operations, 4.Internal relationship management and communication 5.Board operation, professional and continuing education of directors 6.Internal controls
Conducted once a year	01/01/2020~ 12/31/2020	Board performance evaluation	Remuneration Committee	<ol style="list-style-type: none"> 1.Participation in company operations 2.Improve the decision-making quality of the Board of Directors 3.Structures of Board of Directors 4.Professional and continuing education of directors 5.Internal controls
Conducted once a year	01/01/2020~ 12/31/2020	Functional task force committee performance evaluation	Audit Committee member self-assessment	<ol style="list-style-type: none"> 1.Participation in company operations 2.Cognition of responsibilities by functional task force committee directors. 3.Improve the decision-making quality of the Directors 4.Structures & formation of functional task force committee directors 5.Internal controls
Conducted once a year	01/01/2020~ 12/31/2020	Functional task force committee performance evaluation	Remuneration Committee self-assessment	<ol style="list-style-type: none"> 1.Participation in company operations 2.Cognition of responsibilities by functional task force committee directors. 3.Improve the decision-making quality of the Directors 4.Structures & formation of functional task force committee directors 5.Internal controls

3.3.2 Operations of the Audit Committee

3.3.2-1. Information regarding Audit Committee Operations

- (1) Adoption or amendment of an internal control system pursuant to Article 14-1 of Securities and Exchange Act.
- (2) Assessment of the effectiveness of the internal control system.
- (3) Adoption or amendment, pursuant to Article 36-1 of Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
- (4) A matter bearing on the personal interest of a director.
- (5) A material asset or derivatives transaction.
- (6) A material monetary loan, endorsement, or provision of guarantee.
- (7) The offering, issuance, or private placement of any equity-type securities.
- (8) The hiring or dismissal of a certified public accountant, or the compensation given thereto.
- (9) The appointment or discharge of a financial, accounting, or internal auditing officer.
- (10) Annual and quarterly financial reports
- (11) Any other material matter so required by the company or the Competent Authority

3.3.2-2 In 2020, a total of 7 (A) Audit Committee meetings were held. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【 B / A 】	Remarks
Independent director	Huang, Tsun-Sun	7	0	100.00	Re-elected
Independent director	Ren, Yao-Ting	7	0	100.00	Re-elected
Independent director	Huang, Shi-Pin	4	0	100.00	Newly elected
Independent director	Chen, Chung-Ray	2	0	66.67	Former director whose term ended in June 17, 2020

Other mentionable items:

1. In the event of either of the following situations, dates, sessions, contents of resolutions of the Board Meetings, opinions from all audit committee directors, and Company responses to their opinions should be noted:
 - (1) For matters listed in Article 14-5 of the Securities and Exchange Act: Audit committee approved & ratified
 - (2) Items were not approved by the Audit Committee but were approved by two thirds or more of all directors: None
2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None
3. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the items, methods and results of audits of corporate finance or operations, etc.)
 - (1) The internal audit manager attends the Board meetings and has communicated the result of the audit reports to the members of the Audit Committee.
 - (2) The audit reports are presented to the independent directors: all the findings, and the necessary follow-ups on a quarterly basis.
 - (3) After reading the audit reports, the independent directors can inquire the internal audit manager should there be any questions or concerns.
 - (4) Through the board meetings, reports from the Audit committee and the internal audits, the independent directors will have an understanding of company operations, financial status and the internal audit activities. Also, the independent auditors will have communication channel with the company's CPA.

3.3.2-3 Operations & Major resolutions of the Audit Committee meeting in 2020:

Date of Board Meetings	Proposals & Resolutions	Opinions	The Company's response to the Audit Committee
3/25/2020 (16 th meeting in 1 st session)	<ol style="list-style-type: none"> 1.The financial statements of year 2019 2.To revise Company's "Articles of Incorporation" 3. To revise the 2020 Internal Auditing Proposal 4. To change the deputy spokesperson 5. The statement of internal control 6. The evaluation of external auditor's independence. 7. To change the appointment of the company's CPA 8. To raise cash capital for the subsidiary, Charming Foods 	The proposals were deemed approved	Those opinions were raised at the Company's Board for discussion
5/4/2020 (17 th meeting 1 st session)	<ol style="list-style-type: none"> 1. The distribution of retained earnings for year 2019 2. To revise Company's "Articles of Incorporation" 	The proposals were deemed approved	Those opinions were raised at the Company's Board for discussion
5/12/2020 (18 th meeting 1 st session)	<ol style="list-style-type: none"> 1.The consolidated financial statements for first quarter of 2020 2. To endorse and guarantee for the subsidiary 	The proposals were deemed approved	Those opinions were raised at the Company's Board for discussion
6/17/2020 (1 st meeting 2 nd session)	<ol style="list-style-type: none"> 1. To elect the convener and meeting chair 	Mr. Huang, Tsun-Sun was elected as the convener and meeting chair	None
8/11/2020 (2 nd meeting 2 nd session)	<ol style="list-style-type: none"> 1. The consolidated financial statements for the second quarter of 2020 2. To endorse and guarantee for the subsidiary 	The proposals were deemed approved	Those opinions were raised at the Company's Board for discussion
11/10/2020 (3 rd meeting 2 nd session)	<ol style="list-style-type: none"> 1. The consolidated financial statements for third quarter of 2020 2. Internal auditing proposal for year 2021 3. Establish a subsidiary and transfer a business unit to it, Won Gee Sheng Agricultural Technology Co., Ltd 	The proposals were deemed approved	Those opinions were raised at the Company's Board for discussion
12/23/2020 (4 th meeting 2 nd session)	<ol style="list-style-type: none"> 1. Budget Plan for 2021 2. To revise the "Management of the procedures for preparation of financial statements" 3. To revise the "Company employees' Codes of Ethical Conduct" 	The proposals were deemed approved	Those opinions were raised at the Company's Board for discussion

3.3.3 Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	✓		The Company has established and revised the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and approved in the Board meeting. The information has been disclosed on the Company’s website and MOPS.	None
2. Shareholding structure & shareholders’ rights				
(1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		In order to ensure shareholders 'rights, the company has spokespersons, to handle shareholders' suggestions, doubts, disputes and litigation.	None
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		The company shall regularly obtain the latest register of shareholders from the stock affairs agency: the list of major shareholders and the list of ultimate owners and periodically reports the changes of internal shareholdings.	None

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	✓		Rules are made to strictly regulate the activities of trading, endorsement and loans between the Company and its affiliates. The assets, business, and finance between the company and affiliates shall be split clearly and operated independently	None
(4) Does the company establish internal rules against insiders trading with undisclosed information?	✓		The Company has established a “Corporate Insider Trading Prevention and Management Program” that the company personnel shall follow the security law: not make insiders trading with undisclosed information nor expose undisclosed information to others, in order to prevent others from using such information to engage in insider trading	None
3. Composition and Responsibilities of the Board of Directors				

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(1) Does the Board develop and implement a diversified policy for the composition of its members	✓		<p>1. The Company's Corporate Governance Principle has stated the Board objectively chooses candidates to meet the goal of member diversification with an appropriate policy based on the company's business operations, operating dynamics, and development.</p> <p>2. Developed a diversified policy for the composition of the board members in terms of professional experience, skills and knowledge. The board members will include at least one female director. The directors concurrently serving as company officers not to exceed one-third of the total number of the board members. (refer to Note 1)</p>	None
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	✓		The company has set up the Remuneration Committee and the Audit Committee according to law	None

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company establish a standard to measure the performance of the Board, and implement it annually?	✓		The board meeting in May 2020 had approved the rules and procedures for "Measures for the Performance Evaluation of Directors". Effective in 2021, the performance evaluation of the Directors will be conducted annually. The evaluation standard will be based on rule#7 of the “Measures for the Performance Evaluation of Directors”. The results of the evaluation will be submitted to the board meeting for review and for future improvements.	None
(4) Does the company regularly evaluate the independence of CPAs?	✓		1. In compliance to the Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies, the Company evaluates the independence and suitability of CPAs engaged by the company annually. The accountants of Solomon & Co., CPAs through our evaluation has met the standard of independence and are qualified to be our company's CPA (refer to Note 2) 2. The result is reported to the Audit Committee and further has received approval by the Board of Directors on 03/23/2021.	None

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
4. Does the listed company appoint an exclusively (or concurrently) responsible unit or personnel to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors and supervisors, and handling, in accordance with relevant laws, matters related to board meetings and shareholders' meetings, business registration and changes to the registration, and for preparing minutes of board meetings and shareholders' meetings)?	✓		<p>The appointed personnel shall be responsible for handling matters related to the Board of Directors and shareholders' meeting in accordance with laws, drawing up agendas of the board meetings and shareholders' meetings, assisting induction of directors and independent directors, providing directors with the information required to carry out business, and assisting directors and independent directors to comply with ordinance.</p> <p>Be responsible for checking the release of the major information related to the important resolutions made by the Board of Directors, and ensure the legality and accuracy of the contents of such information, to reinforce and implement corporate governance.</p>	
5. Has the company established a communication channel with stakeholders (including but not limited to shareholders, employees, customers, and	✓		The Company has created a “Stakeholders” section in the corporate website providing detailed contact information, telephone numbers and email addresses. Ensuring that various interested parties, employees, consumers and	None

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
suppliers)? Has a stakeholders' area been established in the company's website? Are major Corporate Social Responsibility (CSR) topics that the stakeholders are concerned with addressed appropriately by the company?			suppliers, have channels to communicate with the Company. Please refer to our CSR report about the aspects that the stakeholders are most concerned about.	
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company has appointed KGI Securities to handle affairs of the shareholders' meeting	None
7. Information Disclosure				
(1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	✓		The Company has established a Chinese/ English website (www.fwusow.com.tw) to disclose information regarding the Company's financials, business and corporate governance status.	None

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	✓		<p>1. The company has a spokesperson and a deputy spokesperson. The Company has assigned a dedicated person to handle information collection and disclosure.</p> <p>2. Investor conference was held at Taiwan Stock Exchange 1F on 9/18/2020; information was disclosed on MOPS and the corporate website.</p>	None
(3) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline?	✓		The Company announced and reported the financial statements, each quarter financial statements as well as the operating status of each month before the prescribed deadline	None

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
8. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	✓		<p>1. Employee's rights and wellness: The company values greatly the harmonious labor relations, and effective communication channels.</p> <p>2. Investor relations: the company discloses all the information on Market Observation Post System (MOPS) in accordance with acts and regulations to protect rights of investors. The company continues to maintain good interactions with investors, including financial information disclosure, communication with investors regularly (for example, via spokesperson).</p> <p>3. Supplier relations: With equality and mutual benefits principle in practice, the company and the suppliers establish and maintain a long-term, stable and cooperative relationship with mutual trust, jointly pursuing sustainable growth. Furthermore, the company carries out supplier evaluation on a regular basis and selects good suppliers as partners</p> <p>4. Customer policy: The company strives to provide safe, healthy and good quality products for our consumers. Food</p>	None

Evaluation Item	Implementation Status ¹		Abstract Illustration	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			<p>safety and health food certification are our obligations to our customers. The Company has established a customer services hotline to deal with the consumer complaints and protect consumer rights.</p> <p>5. Continuing education of directors: the directors of the company are qualified with professional skills and they attend training courses periodically.</p> <p>6. Stakeholders' rights: the company maintains a smooth communication channel for the stakeholders' rights, and respects and maintains their legitimate rights. If there is any dispute about the legitimate rights of the stakeholders, the company shall abide by the principle of sincerity and settle the disputes properly</p> <p>7. Purchase of liability insurance for directors and corporate auditors by the company: The Company has purchased Directors & Officers insurance for its directors.</p>	

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	

9. Please state the improved situation according to the corporate governance evaluation results released by the Corporate Governance Center of TWSE in the latest year, and put forward priority items and measures for those which have not been improved:

Item No.	Evaluation Indicator	Improvement Status
1.9	Did the company simultaneously provide the Chinese and English versions of the meeting notice 30 days prior to the day of the Annual General Meeting (AGM)?	To upload 30 days prior to the AGM
1.10	Did the company disclose the English versions of the meeting agenda handbook and supplemental meeting materials 30 days before the day of the Annual General Meeting?	To upload 30 days prior to the AGM
1.11	Did the company provide the English annual report 7 days before the day of the Annual General Meeting?	To upload 7 days prior to the AGM
2.23	Have the rules adopted by the company for assessing the performance of the board of directors been passed by the board, with the express requirement that an external assessment be carried out at least once every three years, and has it furthermore carried out the assessment within the time limit under its rules, and disclosed the implementation status and assessment results on its website or in its annual report?	The Board Meeting approved the “Regulations Governing the Board Performance Evaluation” and the results were disclosed in the annual reports.

Note 1: Implementation of diversification of Board of Directors

Name	Gender	Leadership Ability	Management Ability	Industry Knowledge	Accounting & Finance Knowledge	Operational Judgment Ability
Hung, Yau-Kuen	Male	V	V	V	V	V
Hung, Yau-Hsin	Male	V	V	V	V	V
Hung, Yau-Chih	Male	V	V	V	V	V
Hsiao, Min-Ju	Female	V	V	V	V	V
Yeh, Tzu-Ling	Female	V	V	V	V	V
Liu, Wei Chen	Male	V	V	V	V	V
Huang, Tsun-Sun	Male	V	V	V	V	V
Ren, Yao-Ting	Male	V	V	V	V	V
Huang, Shi-Pin	Female	V	V	V	V	V

Note 2: Evaluation of Independence of external CPAs

Items that may affect the independence of CPAs	Yes(No)
1.Review and evaluate CPA credentials	Yes
2.Evaluate CPA firm’s size and reputation	Yes
3.Whether the CPAs are involved with decision-making management functions of the Company (taking roles as board of directors, or senior managers)?	Yes
4.Whether the CPAs are spouses, lineal relatives, relatives by marriage, or relatives within the second degree of kinship to managerial officers of the Company?	Yes
5. Whether the CPAs have remained unchanged for seven years, up till the latest audit?	Yes
6. Does the CPA provide the statement of independence?	Yes
7. Review the quality and timeliness of audit and tax services	Yes
8. No litigation or corrective actions pending with of the authorities	Yes
9.Good interaction & communication with the management and the internal audit supervisor	Yes
10. Whether the CPAs have significant financial interests in the Company?	Yes
11. Whether the CPAs own shares of the Company or its associates?	Yes

Period Evaluated: year of 2020

Evaluation Result: CPAs met the Company’s standards for independence

3.3.4. Composition, Responsibilities and Operations of the Remuneration Committee

(1) The company has a Remuneration Committee of three members.

(2) The term of the committee member: June 17, 2020 to June 16, 2023

Two Remuneration Committee meetings were held in 2020 (A), and the qualifications of the members and their attendance were as follow:

Title	Name	Attendance in person (B)	Proxy Attendance	Attendance Rate (B/A)	Remarks
Independent Director	Ren, Yao-Ting	2	0	100%	Re-elected
Independent Director	Huang, Tsun-Sun	2	0	100%	Re-elected
Committee Member	Huang, Chu-Min	1	0	100%	Elected
Committee Member	Chen, Ray-Rong	1	0	100%	Term ended

Other matters:

I. If the Board of Directors chooses not to adopt or revise recommendations proposed by the Remuneration Committee, the date of the meeting, term, agenda, resolution results, and the company's response to the comments provided by the Remuneration Committee shall be described: None

II. If the resolutions to which the members of the Remuneration Committee have an objection or reservation are recorded or written, please state the date and session of the meeting of the Remuneration Committee, proposals, opinions of the members, and handling of the opinions: None.

III. Discussions and resolutions of the Remuneration Committee: see below

Date of Meeting	Proposals	Resolutions	Company's Response
5/4/2020 (7 th meeting 3 rd session)	Report on the Distribution Status of the Compensation of Employees and Directors for 2019	Approved	Remuneration committee's opinion shall be raised at the Company's Board meeting for discussion
8/11/2020 (1st meeting 4th session)	To elect the 4 th session convener and meeting chair for the Remuneration Committee	Approved	Disclosed on MOPS

Professional Qualifications and Independence Analysis of Remuneration Committee Members

Title (Note 1)	Name	Meets One of the Following Professional Qualification Requirements, Together with at Least Five Years' Work Experience			Independence Criteria (Note 2)										Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member	Remarks	
		Criteria	An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	A judge, public prosecutor, attorney, Certified Public Accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9			10
Independent Director	Huang, Tsun-Sun		V	V	V	V	V	V	V	V	V	V	V	V	V	0	
Independent Director	Ren, Yao-Ting	V		V	V	V	V	V	V	V	V	V	V	V	V	0	
Committee Member	Huang, Chu-Min		V	V	V	V	V	V	V	V	V	V	V	V	V	0	

Note 1: Title is classified as General Director, Independent Director or Other

Note 2: For any committee member who fulfills the relevant condition(s) 2 years before being elected or during the term of office, please provide the "V" sign in the field next to the corresponding condition(s).

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the company or any of its related/ affiliated company (not applicable in cases where the person is an independent director of the company, its parent company, its subsidiaries 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 or subsidiary).
- (3) Not a natural person shareholder who holds more than one percent (1%) of issued shares or is ranked top ten in terms of the total quantity of shares held, including the shares held in the name of the person, the person's spouse, minor children, or in the name of others.
- (4) Not a managerial officer listed in (1) or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship listed in (2) and (3).
- (5) Not a director, supervisor, or employee of a corporate who directly holds 5% or more of the total outstanding shares of the company or of a corporate shareholder that ranks among the top five in shareholdings, appointed according to Article 27 (1) or (2) of Company Act (Not applicable in cases where the person is an independent director of the company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary).
- (6) Not a director, supervisor or employees of another company controlled by the same person with more than half of the company's director seats or voting shares (Not applicable in cases where the person is an independent director of the company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)
- (7) Not a director, supervisor, or an employee of a company where the chairman, general manager or any equivalent position are held by the same person or by his/her spouse separately (Not applicable in cases where the person is an independent director of the company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)

- (8) Not a director, supervisor, manager, or shareholder holding 5% or more of the shares of a specified company or institution which has a financial or business relationship with the company (excluding specified companies or institutions holding more than 20% but less than 50% of the total issued shares of the company, and independent directors appointed by both the company and its parent company, subsidiary or subsidiaries under the same parent company pursuant to this regulation or the local regulations).
- (9) Not a professional individual who is an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution, or a spouse thereof, that provides commercial, legal, financial, accounting services or consultation to the company or its affiliated companies, or those made an accumulated profit of less than NT\$500,000 over the last 2 years. However, members of the special committee on remuneration, public acquisition review, or merger and acquisition who perform their functions and powers in accordance with the provisions of the Securities and Exchange Act or Business Mergers and Acquisitions Act and other relevant regulations shall not be subject to this provision.
- (10) Where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies

3.3.5 Corporate Social Responsibility

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
1. Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related policy or strategy?	✓		<p>To ensure the company actively adhere to the materiality principle, significant and operational issues related to environmental, social and governance were identified and control processes were design in accordance to the risk assessment along with an implementation plan.</p> <ol style="list-style-type: none"> 1. Establish a Food Safety Center to control the risks arising in food safety issues. 2. Comply with the guidelines in corporate social responsibility to evaluate corporate governance and risk assessment. 	None
2. Does the company establish exclusive (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	✓		<p>The CSR Implementation Committee promotes sustainability strategic planning and plans implementation on a broad scale, and bears responsibility for drafting and reviewing corporate social responsibility policies, systems, or relevant management guidelines. The Committee reports the results to the board of directors each year on a periodic basis</p>	None
3. Environmental Topics				

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(1) Has the Company set an environmental management system designed to industry characteristics?	✓		We continue to pursue improved environmental and energy use performance. We further employ environment management programs and energy baseline surveys and the establishment of management systems to strengthen environmental and energy management and to reduce carbon emission intensity.	None
(2) Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact?	✓		We implemented recycle of all wastes and reported all the hazardous industrial waste disposals. We are actively researching ways of reusing waste and resources, and hope to find alternatives for natural resources and raw materials. While seeking to reduce the unit energy consumption of our products, we also hope to simultaneously reduce our greenhouse gas emissions	None
(3) Does the Company evaluate current and future climate change potential risks and opportunities and take measures related to climate related topics?	✓		The potential risks arising from the extreme climate changes, and the increasing green consumption consciousness expedited the process to implement numerous carbon reduction policies, and, in turn, we obtained product carbon footprints and verifications.	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons									
	Yes	No	Abstract Explanation										
(4) Does the Company collect data for greenhouse gas emissions, water usage and waste quantity in the past two years, and set energy conservation, greenhouse gas emissions reduction, water usage reduction and other waste management policies?	✓		<p>Ongoing process in quantifying greenhouse gas emissions inventory and carbon reduction programs. Via SGS verification, we passed the ISO 14064-1 & ISO 50001, to reduce the impact on the resources and the environment.</p> <p>Operation-Induced Waste Generated: 2020: 190.14 tons 2019: 124.98</p> <p>Reuse of water collected from steam condenser: 2020: 15,063 tons 2019: 18,790 tons</p> <p>Greenhouse Gas Emissions:</p> <table border="1"> <thead> <tr> <th></th> <th>Scope 1</th> <th>Scope 2</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>8,237 tons</td> <td>15,752 tons</td> </tr> <tr> <td>2019</td> <td>8,221.7 tons</td> <td>15,916 tons</td> </tr> </tbody> </table>		Scope 1	Scope 2	2020	8,237 tons	15,752 tons	2019	8,221.7 tons	15,916 tons	None
	Scope 1	Scope 2											
2020	8,237 tons	15,752 tons											
2019	8,221.7 tons	15,916 tons											
4. Social Topic													
(1) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?	✓		The company strictly abides by the labor law and upholds the international human rights standard. The company also protects employees’ freedom of assembly and association in that organizes labor union to communicate and interact rationally; and, to reach a collective agreement between employer and labor union.	None									

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(2) Has the Company established appropriately managed employee welfare measures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation?	✓		The company has established appropriately managed employee welfare measures (include salary, compensation, and leave of absence), and link operational performance or achievements to employee salary and compensation.	None
(3) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	✓		The company is certified with ISO 45001 – Health and safety management standard. The company organizes regular health checkup, safety education and onsite fire drill training to enhance the enterprise safety culture through systematic and continuous improvements; thus, provides a healthy and safe workplace for the labors.	None
(4) Has the Company established effective career development training plans?	✓		In our pursuit of professionalism, we outline the blueprint for talent cultivation from the perspective of practicality and long-term operation. We provide abundant learning resources and talent-oriented work plan for the employees. Moreover, the company expands its plans and vision, expecting to cultivate professionals and leaders internally. We also offer internal e-learning self-study	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			courses. By doing so, we wish to achieve individual career development alongside enterprise development.	
(5) Does the Company's product and service comply with related regulations and international rules for customers' health and safety, privacy, sales, labelling and set policies to protect consumers' rights and consumer appeal procedures?	✓		The company embraces product responsibility and value marketing ethics. In the process of procurement, production, operation, and service, the Company shall ensure the transparency and safety of product labeling and service information. The Company shall also define and disclose our consumer rights policy and benefits so as to prevent our products or services from harming the rights, benefits, health, or safety of consumers. We set up a consumer service hotline to respond to customer complaints.	None
(6) Does the Company set supplier management policy and request suppliers to comply with related standards on the topics of environmental, occupational safety and health or labor right, and their implementation	✓		Given food safety is the most important matter to protect the consumer rights and benefits, all food-related suppliers must be lawfully registered with the governmental agency and preferably with the food-related safety certifications. Regular on-site visit to key suppliers have been conducted, and supplier evaluation has been implemented to understand the current management status of the suppliers. Sustainability evaluation items include labor conditions, occupational safety and health, environment, norms of ethics, and management system.	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
status?				
5. Enhancing Information Disclosure Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit?	✓		The CSR report framework was based on the Global Reporting Initiative (GRI) and the supplemental indicators were from the food processing industry. Via a third party verification, an independent limited assurance was conducted on this report. The contents are published on both the company website and MOPS.	None
6. If the Company has established the corporate social responsibility principles based on “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the Principles and their implementation: No material difference exists in our “Corporate Social Responsibility Best Practice Principles” and the implementation. A CSR report is issued annually.				

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
<p>7. Other important information to facilitate better understanding of the Company’s corporate social responsibility practices :</p> <p>(1) Corporate Social Responsibility Practices</p> <p>a. 6th Annual Cerear Table Tennis Tournament To encourage and motivate school kids to exercise, along with Taichung City Council, we hosted the 6th Annual Cerear Table Tennis Tournament at Wuqi District Chung Gang Senior High School Gymnasium in 2020. A total of 65 teams with 547 students & faculty from 24 elementary schools in 7 different cities. The tournament is gaining wider attention and it’s very competitive. Our effort in advocating interest for table tennis with school kids is showing fruitful results.</p> <p>b. Offer Hypochlorous acid as disinfectant for neighboring residents Due to the impact of COVID-19, all cleaning & disinfectant products were short in supply. In April 2020, cooperating with the pandemic prevention measures, we processed hypochlorous acid at Taichung Shalu Headquarter to offer to the community residents and our employees.</p> <p>c. Support our medical staff COVID-19 pandemic in 2020 was a stressful year for all. The medical teams in Taiwan were at extreme risks as they put their lives ahead of the general public. Making sure the virus does not spread and allowing the population to be free from such threat. We donated food and cash to show our support and appreciation to the dedicated and hard-working medical staff. We will beat the pandemic as we take the preventive measures as mandated by CDC.</p> <p>d. Winter charity For consecutive 14 years, we participated in Huichung Winter Charity Event. We not only sponsored cooking oil but also organized a team of volunteers to assist in handing out the charitable items. In an effort to show, actions speak louder than words.</p> <p>(2)Corporate Social Responsibility Report: please refer to our company website http://csr.fwusow.com.tw/index.php/2016-07-15-10-17-15</p>				

3.3.6 Ethical Corporate Management

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs				
(1) Does the company declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board to implement the policies?	✓		The Company has established the “Ethical Corporate Management Best Practice Principles”. The principles are disclosed in the annual report, the company website and MOPS. The Board of Directors and the management place the greatest importance in adopting the highest standards of integrity and ethics in corporate management and employee work conduct.	None
(2) Does the company establish appropriate precautions against high-potential unethical conduct or listed activities stated in Article 2, Paragraph 7 of the ethical corporate management best-practice principles for TWSE listed companies?	✓		The company has established precautions against high-potential unethical conducts and state the relevant operating procedures in guiding the implementation.	None

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, and the commitment to implement the policies?	✓		The Company’s Ethical Corporate Management Best-Practice Principles have established preventive measures, procedures, guidelines, and punishment for violation against unethical conducts. Furthermore, hotlines have been established for employees to use in reporting any ethical irregularities for investigation; all employees must disclose any matters that have or may have the appearance of undermining the Principle, such as any actual or potential conflict of interest.	None
2. Fulfill ethical management				

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	✓		The Company practices due diligence before trading with upstream and downstream companies to minimize the risks of unethical conducts and conveys our integrity requirements to all our business partners. In addition, an ethic-related clause is included in every business contract. If there is any breach of the clause, the Company may terminate the partnership at any time without any further obligation or compensation.	None
(2) Does the company establish an exclusively dedicated unit supervised by the Board to be in charge of corporate ethical management and report to the board on a regular basis? (at least once a year)	✓		Under the supervision of the Board of Directors, the Audit Committee overlooks the company's operational integrity and reports to the Board regularly.	None

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(3) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels for complaints and implement the policies?	✓		The Company has made a hotline available for reporting of any acts of conflicts of interest and has established internal control systems to ensure integrity in our operations.	None
(4) Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management, and are they audited by either internal auditors or CPAs on a regular basis?	✓		The company has established effective accounting and internal control systems to fulfill ethical management and assigned internal auditors to audit regularly. The audit reports are then reported to the Board of Directors.	None
(5) Does the company regularly hold internal and external educational trainings on ethical management?	✓		The Company carries out regular training for employees. For new employees, training on ethical rules, conflicts of interest, business morals, and all other related subjects are carried out during their orientation. All vendors and suppliers are advocated and informed of the importance of business integrity.	None
3. Whistleblower Policy				

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(1) Does the company establish a clear whistleblowing and reward system and set up a convenient channel for reporting unethical activities? Can the accused be reached by an appropriate person for follow-up?	✓		The Company establishes various reporting channels so that employees and relevant people can report improper business behaviors through the system. After a confidential investigation, anyone who violates the regulations on operational integrity will be punished according to the Company’s regulations on reward and punishment. In cases of illegal conduct, legal actions will be taken as well.	None
(2) Does the company establish standard operating procedures for confidential reporting on investigating accusation cases?	✓		The Company has SOPs in place which would be applied to any confidential reporting and investigations.	None
(3) Does the company provide proper whistleblower protection?	✓		The Company takes whistleblower protection seriously since the core purpose is to protect diligent employees who step forward to identify potential wrongdoing from unlawful reprisal.	None
4. Strengthening information disclosure				

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?	✓		The Company discloses the Company’s Ethical Corporate Management Policies and the results of our implementations in the annual reports, the corporate website, and MOPS for the investors to download the relevant information	None
<p>5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation. The Company has established "Ethical Corporate Management Principle" based on the Ethical Corporate Management Best Practice Principles for TWSE Listed Companies. Therefore, there have been no differences. The Company and the subsidiaries follow the ethical principle to implement the corporate ethics in internal control system and relevant mechanism</p>				
<p>6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies).</p> <p>(a) The Company has established the “Insider Trading Prevention Regulations” to prohibit directors, managers, and employees from disclosing material internal information to a third party or from enquiring or collecting undisclosed material internal information unrelated with own duties from those acknowledging such material internal information. They are also requested not to disclose to others undisclosed material internal information acknowledged from work.</p> <p>(b) The Company has specified the avoidance of conflicts of interest policy in the “Rules of Procedure for Board Meetings”. Under this policy, the proposals constituting a conflict of interest between himself/herself or his/her representatives that may harm the</p>				

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>interest of the Company, a director may express opinions and answer to interpellation but is not allowed to join relevant discussions and vote for the proposal. In addition, this director should recur from the discussions and voting of the proposal.</p> <p>(c) The Company always observes the Company Act, Securities and Exchange Act, Business Entity Accounting Act, relevant rules and regulations governing TWSE/TPEX listed companies, and other business behaviors to implement fair and ethical business operations.</p>				

3.3.7 Corporate governance rules, regulations, and disclosures of the Company:

The Company discloses its ethical corporate management policies and results of its implementation on the MOPS (<http://mops.twse.com.tw>) and the company's website (<http://www.fwusow.com.tw>)

3.3.8 Other Significant Information that will provide a better understanding of the company's implementation of corporate governance may also be disclosed

- (1) To implement carbon reduction & energy conservation, we obtained the certifications of ISO 14061 & ISO 50001 and carbon footprints for 22 products
- (2) To enforce the importance of occupational safety, we were certified for ISO 45001
- (3) To meet the sustainable operational management needs, we established selection criteria for the board members, and succession planning standards
- (4) Acquisition of licenses and certificates designated by competent authorities by personnel in relation to financial transparency.
 - a. Certified Internal Auditor (CIA): 1 person
 - b. Internal Auditor of Republic of China certified: 1 person
 - c. The Internal Control Business Basic Ability: 5 persons

3.3.9 Implementation Status of Internal Control System

- (1) Statement of Internal Control: Please see next page
- (2) If the company has commissioned external auditors to review the company's internal control system, the external auditor's report should be disclosed:
None.

3.3.10 Conviction of corporate or employees' wrongdoings, Company's punishment on employee for violation of internal control, major faults and improvements during recent fiscal period and to the publish date of the annual report: None

Statement of Internal Control

Fwusow Industry Co., Ltd. Statement of Internal Control

3/23/2021

With reference to the 2020 self-assessment of the internal control system, we hereby declare:

1. We acknowledge and understand that it is the responsibility of our Board of Directors and the managers to establish, implement, and maintain the internal control system. The Company has established the internal control system to provide a reasonable assurance for the realization of operating effectiveness and efficiency (including profitability, performance, and security of assets), the reliability, timeliness, transparency, and compliance of reports, and the conformity to relevant laws and regulations.
2. The internal control system has inherent limitations. An effective internal control system can only ensure the three aforementioned goals are achieved. Due to the changes in the environment and conditions, the effectiveness of an internal control system could change at any time. Our internal control system is designed with self-monitoring mechanisms; therefore, we can take immediate corrective actions upon identifying any nonconformity.
3. To determine the effectiveness of the design and implementation of our internal control system, we based the criteria as specified in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (referred to as "the Criteria" hereinafter). The Criteria divided the internal control system into 5 elements: (1) environment control (2) risk assessment (3) control activities (4) information and communication (5) monitoring. Each element is further subdivided into different audit items. Please refer to the Criteria for the details of the said items.
4. We have evaluated the effectiveness of design and implementation of our internal control system with such criteria aforementioned.
5. With the aforementioned assessment results, the company's internal control system as of December 31, 2020 (the supervision and management of subsidiaries), including the understanding of business performance and efficiency, the reliability, timeliness, transparency, and regulatory compliance of reports, the conformity to governing regulations, and the design and enforcement are effective and feasible to ensure the realization of the aforementioned objectives.
6. This statement of internal control shall be an integral part of our annual report and the prospectus to be disclosed as public information. If there are any fraud, concealment and unlawful practices found in the above contents, we shall be held liable under Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.
7. We hereby declare that this statement of declaration was approved unanimously by the nine directors at the board meeting on March 23, 2021.

Fwusow Industry Co., Ltd
Chairman: Yau-Kuen Hung

General Manager: She-Pin Hung

3.3.11 Major Resolutions of Shareholders' Meeting and Board Meetings for the most recent year and to the date of annual report publication:

3.3.11-1. Major resolutions of 2020 General Shareholders Meeting

Date of the Shareholders' Meeting: June 17, 2020

Resolutions	Implementation & Execution
<p>Resolutions & Results:</p> <p>(1) Submission of the 2019 business reports and financial statements of the company for approval</p> <p>(2) Submission of 2019 earning distribution plan for approval</p>	<p>(1) Accepted, disclosed and reported to the relevant agencies</p> <p>(2) Cash dividend NT\$0.40 per share; ex-dividend date: 7/14/2020; payment date of cash dividend: 7/29/2020</p>
<p>Discussion:</p> <p>(1) 13th Term Election of Board of Directors</p> <p>(2) Amendment to the release of non-competition promise on company's directors</p> <p>(3) Amendments to Articles of Incorporation</p>	<p>(1) Ministry of Economic Affairs approved of the nomination of Board of Directors and disclosed on 7/17/2020</p> <p>(2) Effective after the approved by the annual general shareholders meeting</p> <p>(3) Ministry of Economic Affairs approved of the amendments and disclosed on the company website on 7/17/2020</p>

3.3.11-2. Major resolutions of 2020 Board Meetings

Date	Major Resolutions
3/25/2020	<ol style="list-style-type: none"> 1. Approval of the 2019 business report and financial statements. 2. The resolution on the date and agenda and other related matters of 2020 shareholders' general meeting of the company was passed 3. The resolution on Reelecting the 13th Term of Board of Directors was passed 4. Amendments to Articles of Incorporation 5. Amendment to the release of non-competition promise on company's directors 6. Amendment to the 2020 Internal Audit Proposal 7. Approved the replacement of the deputy spokesperson 8. Approval of amendment to the Remuneration Committee Charter 9. The resolution on the Internal Control Statement was passed 10. The resolution on the evaluation of the independence of CPAs was passed 11. Approved the change of appointment of CPAs was passed
4/7/2020	<ol style="list-style-type: none"> 1. Implemented the treasury stock buyback 2. Created the procedures and guidelines for transferring the treasury stock to the employees
5/4/2020	<ol style="list-style-type: none"> 1. Approved the 2019 earning distribution plan of the company 2. Amendments to Articles of Incorporation 3. Approved the profit sharing plan for employees and board directors of the company 4. Board of Directors nominated and evaluated director candidate with 1% stake in the company stock 5. Approved the procedures and guidelines for transferring the treasury stock to the employees

5/12/2020	1. Approved the consolidated financial statements for first quarter of year 2020 2.Approved of the “Board of Directors Performance Evaluation”
6/17/2020	1. Nominated and elected company Chairman 2. Nominated and elected company Vice Chairman 3. Approved & hired General Manager
8/11/2020	1. Approved the consolidated financial statements for second quarter of year 2020 2.Appointed 4th term of Remuneration Committee members 3.Approved the procedures and guidelines for the treasury stock buyback 4. Approved the management of procedures and guidelines for the treasury stock buyback
11/10/2020	1. Approved the consolidated financial statements for third quarter of year 2020 2. Approved the 2021 Internal Audit Proposal 3. Submission for approval for creating of a subsidiary, Won Gee Sheng Agricultural Technology Co., Ltd
12/23/2020	1.Approved of the 2021 budget plan 2.To revise the “Management of the procedures for preparation of financial statements” 3.To revise the “Company employees’ Codes of Ethical Conduct”
3/23/2021	1.Approval of the 2020 business report and financial statements. 2. The resolution on the date and agenda and other related matters of 2021 shareholders' general meeting of the company was passed 3. The resolution on the Internal Control Statement was passed 4. The resolution on the evaluation of the independence of CPAs was passed

3.3.12 Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors:
None

3.3.13 Resignation or Dismissal of the Company’s Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit and R&D

Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal
General Manager	Hung, Yau-Kuen	01/23/2017	06/17/2020	Term ended

3.4. Information Regarding the Audit Fee

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Remarks
Solomon & Co., CPAs	Lu, Song Yu & Chen, Tze Yu	2020.01.01~2020.12.31	None

\$ Unit: NT\$ thousands

Fee Category		Audit Fee	Non-audit Fee	Total
Fee Scale				
1	Under NT\$ 2,000,000		✓	
2	NT\$2,000,001 ~ NT\$4,000,000	✓		✓
3	NT\$4,000,001 ~ NT\$6,000,000			
4	NT\$6,000,001 ~ NT\$8,000,000			
5	NT\$8,000,001 ~ NT\$10,000,000			
6	Over NT\$100,000,000			

3.4.1. The amount of the non-audit fees paid to a CPA, a CPA firm, and its affiliates above one-fourth of the audit fee disclosed as follow:

Unit: NT\$ thousands

Accounting Firm	Name of CPA	Audit Fee	Non-audit Fee				Period Covered by CPA's Audit	Remarks	
			System of Design	Company Registration	Human Resource	Others			Subtotal
Solomon & Co., CPAs	Lu, Song Yu	3,325	-	4	-	145	149	2020.01.01~ 2020.12.31	including non-audit services such as pricing transfer & consulting services
	Chen, Tze Yu								

3.4.2. Where the CPA firm was replaced, and the audit fees in the fiscal year when the replacement was made were less than that in the previous fiscal year before replacement, the amount of audit fees paid before replacement and reasons for paying this amount shall be disclosed: Not applicable.

3.4.3. Where audit fee paid for the year was more than 15% less than that of the previous year, the amount, proportion, and cause of the reduction shall be disclosed: None

3.5. Replacement of CPA

3.5.1. Regarding the former CPA

Replacement Date	March 25, 2020		
Replacement reasons and explanations	Internal duty adjustment of Solomon & Co., CPAs		
Describe whether the Company terminated or the CPA did not accept the appointment	Parties	CPA	The Company
	Status		
	Termination of appointment	v	-
No longer accepted (continued) appointment		-	-
Other issues (except for unqualified issues) in the audit reports within the last two years	None		
Opinions different from the issuer	Yes	-	Accounting principles or practices
		-	Disclosure of Financial Statements
		-	Audit scope or steps
		-	Others
	None	v	
Remarks/specify details: None			
Other Information to Disclose (Information to be disclosed: Items 1-4 to 1-7, Paragraph 6, Article 10 of the Regulations)	None		

3.5.2. Regarding the successor CPA

Name of accounting firm	Solomon & Co., CPAs
Name of CPA	Lu, Song Yu and Chen, Tze Yu
Date of appointment	March 25, 2020
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement.	None
Succeeding CPA's written opinion of disagreement toward the former CPA	None

3.5.3. Former CPA's reply to sub-paragraph 1 and sub-paragraph 2-3, paragraph 6, Article 10 of the Regulations Governing Information to be published in Annual Reports of Public Companies: None

3.6. The chairman, president and/or managerial officers in charge of finance or accounting positions served at the firm(s) or affiliate(s) of the auditing CPAs in the preceding year: None

3.7. Changes in Shareholding of Directors, Managers and Major Shareholders over 10% of the outstanding shares in the preceding year and by the date of report publication

3.7.1. Recent changes of holding of directors, managers & major shareholders

Title	Name	2020		As of Apr. 24, 2021	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Director	Hua Shao Investment Co., representative: Hung, Yau-Kuen	0	0	0	0
Director	Hung, Yau-Hsin	858,759	0	0	0
Director	Hung, Yau-Chih	0	0	0	0
Director	Cheng-Rong Investment Co., representative: Hsiao, Min-Ju	6,000	0	10,000	0
Director	Ann Dar Hsin Investment Co., representative: Yeh, Tzu-Ling	0	0	0	0
Director	Taisun Yuan Investment Co., representative: Liu, Wei Chen	0	0	0	0
Independent Director	Huang, Tsun-Sun	0	0	0	0
Independent Director	Ren, Yao-Ting	0	0	0	0
Independent Director	Huang, Shi-Pin	0	0	0	0
General Manager	Hung, She-Pin	0	0	0	0
Executive Vice General Manger	Lin, Tien-Fung	0	0	0	0

Vice General Manager	Tsai, Chia-Kung	0	0	0	0
Vice General Manager	Yang, Chun-Hsien	0	0	0	0
Major Shareholder	Shin Tai Industry Co., Ltd, representative: Wu, Sing-Cheng	(6,632,000)	(22,520,840)	(5,865,000)	(3,770,000)

3.7.2. Shares Trade with Related Parties

Name	Reason for Transfer	Date of Transaction	Transferee	Relationship between Transferee and Directors, Supervisors, Managers and Major Shareholders	Shares	Transaction Price (NT\$)
None						

3.7.3. Shares Pledge with Related Parties

Name	Reason for Pledge	Date of Transaction	Transferee	Relationship between Transferee and Directors, Supervisors, Managers and Major Shareholders	Shares	Shares holding %	Shares Pledged %	Pledged Amount
None								

3.8. Relationship among the Top Ten Shareholders

As of 12/31/2020

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Shin Tai Industry Co., Ltd	39,240,567	12.19	0	0	0	0	Ahn Dar Investment Co	Same Chairman	
Wu, Hsin Cheng, representative of Shin Tai Industry Co., Ltd	966,107	0.30	0	0	0	0			
Hung, Yau-Kuen	14,358,669	4.46	709,797	0.22	0	0	-	-	
Shen, Sher-Shaun	11,302,002	3.51	7,194,812	2.23	0	0	Hung, Yen-Yuan	Spouse	
Ahn Dar Investment Co.	8,653,473	2.69	0	0	0	0	Shin Tai Industry Co., Ltd	Same Chairman	
Wu, Hsin Cheng, representative of Ahn Dar Investment Co.	966,107	0.30	0	0	0	0			
Hung, Yau-Chih	8,447,292	2.62	501,761	0.16	0	0	Chiang, Ling-Yu	Mother & Son	
							Hung, Yau-Hao & Hung, Yau-Tzer	Siblings	
Hung, Yau-Hao	7,425,930	2.31	0	0	0	0	Chiang, Ling-Yu	Mother & Son	
							Hung, Yau-Chih & Hung, Yau-Tzer	Siblings	
Chiang, Ling-Yu	7,394,194	2.30	6,947,255	2.16	0	0	Hung, Yau-Chih, Hung, Yau-Hao & Hung, Yau-Tzer	Mother & Son	
Hung, Cheng-Fang	7,229,065	2.24	1,485,107	0.46	0	0	-	-	
Hung, Yen-Yuan	7,194,812	2.23	11,302,002	3.51	0	0	Shen, Sher-Shaun	Spouse	

3.9. Total Percentage of Ownership of Investees

12/31/2020 Unit: shares/ %

Investment Business	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Fwusow Hsin Co., Ltd	5,473,703	99.07%	12,849	0.23%	5,486,552	99.30%
Wonderful Investment	10,785,000	85.70%	0	0	10,785,000	85.70%
Zillion Holding Group Corp	183,000	100%	0	0	183,000	100%
Central Union Oil Corp	19,399,028	32.33%	0	0	19,399,028	32.33%
Chiaton Industry Co., Ltd	3,562,501	37.50%	0	0	3,562,501	37.50%
Charming Food	29,100,000	72.75%	0	0	29,100,000	72.75%
Won Gee Sheng Agricultural Technology Co., Ltd	5,000,000	100.00%	0	0	5,000,000	100.00%

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

4.1.1-1 Type of Stock

Type of Share	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Registered Common Stock	322,013,887	177,986,113	500,000,000	

4.1.1-2. Information for Shelf Registration

Securities Type	Preparing to Issue Amount		Issued Amount		Purpose and Effect for Issued Shares	Issue Period for Unissued Shares	Remarks
	Total Shares	Authorized Amount (NT\$ thousands)	Shares	Price (NT\$)			
Not Applicable							

4.1.1-3. Issued Shares

Date		Par Value (NT\$)	Authorized Capital		Paid-in Capital		Sources of Capital	Other
Year	Month		Shares	Amount (NT\$)	Shares	Amount (NT\$)		
1991	08	10	165,000,000	1,650,000,000	165,000,000	1,650,000,000	Cash capital increase \$250,000,000 Capitalization of retained earnings \$87,500,000 Capitalization of capital reserves \$62,500,000	1991.08.02(80) Tai Tsai Cheng (1) No.02144
1992	09	10	230,000,000	2,300,000,000	181,500,000	1,815,000,000	Capitalization of retained earnings \$33,000,000 Capitalization of capital reserves \$132,000,000	1992/09/19(81) Tai Tsai Cheng (1) No.02428
1994	06	10	230,000,000	2,300,000,000	190,575,000	1,905,750,000	Capitalization of capital reserves \$90,750,000	1994/06/20(83) Tai Tsai Cheng (1) No.28037
1995	06	10	230,000,000	2,300,000,000	200,103,000	2,001,037,000	Capitalization of capital reserves \$95,287,000	1995/06/05(84) Tai Tsai Cheng(1) No.32960
1996	06	10	230,000,000	2,300,000,000	230,000,000	2,300,000,000	Cash capital increase \$198,911,000 Capitalization of retained earnings \$100,052,000	1996/06/08(85) Tai Tsai Cheng(1) No.33629

1997	05	10	276,000,000	2,760,000,000	241,500,000	2,415,000,000	Capitalization of retained earnings \$46,000,000 Capitalization of capital reserves \$69,000,000	1997/05/26(86) Tai Tsai Cheng(1) No.42244
1998	06	10	276,000,000	2,760,000,000	246,330,000	2,463,300,000	Capitalization of retained earnings \$48,300,000	1998.06.20(87) Tai Tsai Cheng(1) No.48089
2002	06	10	276,000,000	2,760,000,000	245,026,000	2,450,260,000	Capital Reduction via Treasury Stocks Buyback	2002/06/10(91)Tai Cheng Son Tzu No.012923
2003	02	10	276,000,000	2,760,000,000	272,229,000	2,722,294,000	Capitalization \$306,000,000 Capital reduction via Treasury Stocks Buyback \$33,966,000	2002/10/24(91) Tai Tsai Cheng(1) No.0910154807
2006	09	10	276,000,000	2,760,000,000	266,318,000	2,663,184,000	Capital reduction via Treasury Stocks Buyback \$59,110,000	2006/09/25 Tai Cheng Son Tzi No.0950025510
2008	07	10	276,000,000	2,760,000,000	274,308,000	2,743,080,000	Capitalization of retained earnings \$53,264,000 Capitalization of capital reserves \$26,632,000	2008/07/22 Jin Kuan Cheng 1 Tzi No.0970036894
2010	07	10	320,000,000	3,200,000,000	283,909,000	2,839,087,000	Capitalization of retained earnings \$96,008,000	2010/07/14 Jin Kuan Cheng Fa Tzi No.0990036618
2011	07	10	320,000,000	3,200,000,000	292,426,000	2,924,260,000	Capitalization of retained earnings \$85,173,000	2011/07/18 Jin Kuan Cheng Fa Tzi No.1000033218
2012	06	10	320,000,000	3,200,000,000	307,047,000	3,070,473,000	Capitalization of retained earnings \$146,213,000	2012/06/29 Jin Kuan Cheng Fa Tzi No.1010028796
2013	07	10	320,000,000	3,200,000,000	313,188,000	3,131,882,000	Capitalization of retained earnings \$61,409,000	2013/07/05 Jin Kuan Cheng Fa Tzi No.1020026261
2015	07	10	320,000,000	3,200,000,000	318,825,000	3,188,256,000	Capitalization of retained earnings \$56,373,000	2015/07/06 Jin Kuan Cheng Fa Tzi No.1040025322
2017	08	17	350,000,000	3,500,000,000	322,013,000	3,220,138,000	Capitalization of retained earnings \$31,882,000	2017/08/17 Jin So Sun Tzi No.10601117260

Remark: No property other than cash is used to purchase the shares

4.1.2 Structure of Shareholdings

As of 04/24/2021

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	0	178	29,244	64	29,486
Shareholding (shares)	0	0	70,653,945	235,677,813	15,682,129	322,013,887
Percentage	0	0	21.94	73.19	4.87	100.00
Note: No Investors from China						

4.1.3 Shareholding Distribution

4.1.3-1. Common Shares

As of 04/24/2021

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	22,632	1,597,117	0.50
1,000 ~ 5,000	4,919	10,451,233	3.25
5,001 ~ 10,000	887	7,107,219	2.21
10,001 ~ 15,000	289	3,662,385	1.14
15,001 ~ 20,000	198	3,698,215	1.15
20,001 ~ 30,000	198	5,068,275	1.57
30,001 ~ 50,000	126	5,103,850	1.59
50,001 ~ 100,000	97	6,916,226	2.15
100,001 ~ 200,000	43	5,884,226	1.83
200,001 ~ 400,000	18	5,081,317	0.80
400,001 ~ 600,000	12	5,716,366	1.78
600,001 ~ 800,000	8	5,757,895	1.79
800,001 ~ 1,000,000	5	4,509,515	1.40
1,000,001 or over	54	251,013,887	78.06
Total	29,486	322,013,887	100.00

4.1.3-2. Preferred Shares: Not Applicable

4.1.4 List of Major Shareholders: Shareholding >5% / top 10 major shareholders

As of 04/24/2021

Shareholder's Name	Shareholding	
	Shares	Percentage
Shin Tai Industry Co., Ltd	39,240,567	12.19
Hung, Yau-Kuen	14,358,669	4.46
Shen, Sher-Shaun	11,302,002	3.51
Ahn Dar Investment Co., Ltd	8,653,473	2.69
Hung, Yau-Chih	8,447,292	2.62
Hung, Yau-Hao	7,425,930	2.31
Chiang, Ling-Yu	7,394,194	2.30
Hung, Yau-Tzer	7,297,352	2.27
Hung, Cheng-Fang	7,229,065	2.24
Hung, Yen-Yuan	7,194,812	2.23

4.1.5 Share Price, Net Value, Earnings, Dividends, and other relevant information for the last two years

Unit: NT\$, shares, %

Items	Year		2019	2020	As of 03/31/2021
Market price per share	Highest		18.80	25.50	22.10
	Lowest		17.30	16.70	18.30
	Average		18.33	20.48	20.15
Net worth per share	Before Distribution		12.21	13.70	14.43
	After Distribution		11.81	(Note 1)	(Note 1)
Earnings per share	Weighted average shares		322,013,887	322,013,887	322,013,887
	Earnings per share	Earnings per share (undiluted)	0.63	1.91	0.73
		Earnings per share (diluted) Note2	0.63	(Note 1)	-
Dividends per share	Cash Dividends		0.4	1.0	-
	Stock Dividends	Dividends from Retained Earnings	0	(Note 1)	-
		Dividends from Capital Reserve	0	(Note 1)	-
	Accumulated Undistributed Dividends		0	(Note 1)	-
Return on Investment	Price / Earnings Ratio (Note 3)		29.10	10.72	-
	Price / Dividend Ratio (Note 4)		45.82	(Note 1)	-
	Cash Dividend Yield Rate (Note 5)		2.18	(Note 1)	-

Note 1: Earning distribution subject to the approval of annual shareholders' meeting

Note 2: A reverse adjustment is required for stock dividend - disclose the EPS before and after the adjustment.

Note 3: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 4: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 5: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

4.1.6 Dividend Policy and Implementation Status

4.1.6-1. Dividend Policy

The business environment of the company is constantly changing but its life cycle is at a stable and mature stage. The annual earnings distribution should consider the following factors: future capital needs, long-term financial planning, and the expectations and demands of shareholders for cash inflows. If there are available earnings for distribution at the end of each fiscal year, after offsetting any loss from prior year(s) and paying all taxes and dues, 10% of the remaining net earnings shall be set aside as legal reserve, then would be appropriated in accordance with Securities Exchange Law. The remaining net earnings can be distributed together with prior accumulated unappropriated retained earnings. The Board of Directors will consider the above-mentioned factors to make the dividend distribution proposal. The dividends shall be 40% to 90% of the accumulated unappropriated retained earnings, and the amount of cash dividend shall be at least 10% of the total amount of dividends distribution. If the cash dividend is less than NTD\$0.1, stock dividends shall be distributed thereof. The dividends will be distributed in accordance with the resolution approved by the Board of Directors and the Annual Shareholders' Meeting.

4.1.6-2. Proposed Distribution of Dividend

The proposal for the distribution profits was passed in the Board meeting. The proposal for a cash dividend of NT\$ 1.00 per share and a stock dividend of NT\$0 per share will be discussed at the annual shareholders' meeting and will also authorize the board of directors to set the ex-dividend date.

4.1.6-3. Expected major changes in the dividend policy: None

4.1.7 Impact of stock dividend distribution on the operating performances and EPS of this year: Not Applicable

4.1.8 Employee Compensation and Directors' Remuneration

4.1.8-1. Information Relating to Employee Compensation and Directors' Remuneration:

Should there be profit for the year, the Company shall appropriate no less than 2% of the profit for the employees' compensation and no more than 5% of the profit for the directors' remuneration. After deliberation and approval by the Remuneration Committee, it is submitted to the Board of Directors for resolution. The compensation appropriations shall be reported in the shareholders' meeting. Accumulated losses from previous years should be retained before such allocation is appropriated.

4.1.8-2. The Estimated Basis for Calculating the Employee Compensation and Directors' Remuneration

- (1) The Company shall appropriate no less than 2% of the profit for the employees' compensation and no more than 5% of the profit for the directors' remuneration.
- (2) The stock compensations to employees and the ratio of the stock compensations to the total amount of net income and total remuneration to employees: None.
- (3) If the basis for estimating cash compensations for employees and directors is at variance with the actual amounts, the compensations will be adjusted based on the profits of the year of distribution

4.1.8-3. Profit Distribution of Year 2020 Approved in the Board of Directors Meeting for Employee Bonus and Directors' Remuneration

- (1) Recommended Distribution of Employee Bonus and Directors' Remuneration: (NT\$ thousands)

Directors' Remuneration	\$37,336
Employee Bonus – in Cash	\$14,934
Total	\$52,270

There is no variance between the distribution and the financial statements.

- (2) The stock compensations to employees and the ratio of the stock compensations to the total amount of net income and total remuneration to employees: Not Applicable

4.1.8-4. Information of 2019 Earnings Set Aside for Employee Bonus and Directors' and Remuneration: (NT\$ thousands)

Directors' Remuneration	\$12,483
Employee Bonus – in Cash	\$4,993
Total	\$17,476

The above-mentioned actual distribution of employee bonus and directors' and remuneration was in line with the recommended resolution of the Board of Directors.

4.1.9 Status of Treasury Stock Buyback

4.1.9-1. Status of stock repurchases (already completed):

As of 06/06/2020

Number (installment) of buybacks	Second Time(Installment)
Purpose of buyback	Transfer to employees
Type of shares to be repurchased	Common stocks
Ceiling on the total amount of repurchase (NT\$)	NT\$476,765,356
Planned period for the repurchase	04/08/2020~06/07/2020
Number of shares to be repurchased (shares)	10,000,000 shares
Price range of Buybacks (NT\$)	13.00~26.00
Types and number of shares bought(shares)	Common stocks; 364,000 shares
Amount of buyback (NT\$)	6,734,625
Ratio of the number of shares that were repurchased to the planned number of shares to be repurchased (%)	3.64%

4.1.9-2. Status of stock repurchases (still in progress): Not Applicable

4.2 Corporate Bonds: Not Applicable

4.3 Preferred Stocks: Not Applicable

4.4 Global Depositary Receipt: Not Applicable

4.5 Employee Stock Options: Not Applicable

4.6 Issuance of New Restricted Employee Shares: Not Applicable

4.7 Issuance of New Shares in connection with Mergers & Acquisitions:
Not Applicable

4.8 Financing Plans & Implementations: Not Applicable

V. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

(1) Main areas of business operations

Manufacture and sale of animal feeds, pet foods, cooking oil, soy flour, processed barley products, grain cereals, organic fertilizers, international trade, import, export and sale of grain commodity.

(2) Product Items

Cooking oil, sesame oil, soy flour, cereals, pet foods, animal and aquatic feeds, organic fertilizers, processed barley products, animal husbandry products.

(3) Operating Business Ratio

Product Items	% of overall business ratio
Feeds	33.7%
Cooking Oil	19.0%
Single ingredient products (Barley)	21.5%
Organic Fertilizer	2.8%
Grain Commodity	12.7%
Husbandry products (Others)	10.3%
Total	100.0%

(4) New products development

Probiotics additives, biological pesticides, flavored cooking oil, nutritious mixed nuts products, microbial fertilizer, and high efficiency immuno-function feeds

5.1.2 Industry Overview.

A. Feed Industry

a. COVID-19 pandemic caused a spike in the prices of global grain commodity, which partly was due to the port closures causing delays and leading to increase cost of transportation fees. Therefore, the rising costs of raw materials such as corn, soy flour and other ingredients impacted the business profit.

b. The rising costs in the feed products increase the operational risk for the breeders, which in turn, affect breeders' willingness to remain in the market; furthermore, influence the need for animal feeds.

c. "Food safety" is a focal issue for the consumers and behavioral trend is changing the market structure along the way. Therefore, emphasis on "feed safety" as part of the product quality control is crucial.

B. Cooking Oil Industry

a. The consumer trend is changing the market and leading to the fierce competition for market shares among different distribution channels.

b. COVID-19 pandemic caused the international transportation cost to spike.

c. Targeting the stay-at-home economy and price-sensitive economy, we need to offer multi-purpose healthy vegetable cooking oil.

C. Organic Fertilizer Industry

- a. With the remarkable success in quality agricultural products export, and the popularity in domestic leisure farms, we strive to improve the quality and increase the quantity of agricultural products to reduce the fallow area and elevate management efficiency
- b. The government is advocating the “quality agriculture” policy which will impact the consumer market trends and expectations for food safety, environmental protection, and the development of natural and organic products.
- c. The preventive care, sustainable farming, carbon reduction and energy conservation are all part of the trending issues in “green energy circulation”. Organic agricultural products, home gardening and agricultural waste management are gaining popularity.

D. Pet Food Industry

- a. “Pet Health” is a focal issue for the consumers.
- b. Due to the changes in consumer behavior and market structure, the importance of pet food quality is gaining ground, especially in the food safety area; therefore, emphasis on product quality control is crucial.
- c. In the development of the pet food industry, the preventive health care concept is the focus
- d. Due to the declining birthrate and aging population, the pet market demand continues to grow year after year.
- e. Due to COVID-19 pandemic, no growth in sales.
- f. Continue with the fresh pet food development

E. Grains Products

- a. Volatility in the pricing of global grain commodity increased operational costs as well as operational risks
- b. Due to the changes in consumer concept and market structure, the stringent product quality control as well as educating the consumers is important food safety issues.

5.1.3 Research and Development

5.1.3-1. R&D expenditure in the latest year and to the publish date of the annual report

- (1) R&D expenditure in year 2020: \$35,865,000
- (2) R&D expenditure up to the publish date: \$9,059,000

5.1.3-2. Research and Development Achievements

- (1) Our Cerear rice cracker products, using only rice flour, capture a wide array of consumers from children to seniors.
- (2) Circular agricultural fertilizer for watermelon use

- (3) Low pollutant, environmental friendly and highly efficient aquatic sinking feed.
- (4) High fiber pet food

5.1.4 Long-term and Short-term Development

5.1.4-1 Short-term Development

- (1) Fortify the communication among our upstream and downstream suppliers and vendors to offer our customers the whole scope of industry information and technology as value-added services to maintain and grow market share.
- (2) Actively expand and diversify our aquatic feed products to satisfy not only the existing customers but also to attract new customers to increase market share.
- (3) Cooperate with our customers to promote our products to expand our distribution channels.
- (4) Offer customers with the whole scope of industry information and technology as value-added services.
- (5) Develop bang for the buck products, create product value and improve the competitiveness of our products
- (6) Increase the event promotion frequency for the cereal products at the superstores to raise brand visibility in-store.

5.1.4-2 Long-term Development

- (1) Work toward product integration to increase product efficiency; provide high-quality with high feed conversion ratio feed products. Thus, raise customer satisfaction
- (2) Continue to expand circular economy in our business model, reduce environmental impacts, and maintain sustainable operations.
- (3) Use our bestsellers to drive up the sales of all company products
- (4) Diversification of new product development and combo products to meet the consumers' expectations.
- (5) Develop competitive mid-to-high price products.
- (6) Increase snack products using brand advantage and existing distribution channels to promote and increase sale

5.2 Market and Sales Overview

5.2.1 Market Analysis

5.2.1-1. Sales (Service) Region.

The company's animal feeds, cooking oil, and organic fertilizers are mainly sold in the domestic market. Domestic sales account for 99% of the sales revenue, and export sales account only for 1% of the sales revenue. The exported regions are mainly to the United States, New Zealand, Australia, and Asia.

5.2.1-2. Supply, Demand and Growth in Prospective Market

A. Feed:

1. The impacts of COVID-19 lead to rapid growth in stay-at-home economy, which also causes an increase demand for the meat-related products.
2. With the environmental changes and extreme climate conditions, breeding management is becoming increasingly important as the breeders face various influenza issues, which raises operational risks. All these factors expedited the process of vertical integration of the industry.
3. Our feed production shall meet the market demand even when the consumer awareness in food safety, freshness, carbon reduction, and the need for the quality protein increases.
4. The increases in health awareness, food safety, good hygiene, freshness, environmental protection and energy conservation are all factors leading to the further development and pursue of a circular economy.
5. Since the onset of the pandemic, the oversea demand for aquatic products has been weak with the domestic demand relatively stable; up to present, the sale price of aquatic products is still negatively affected, which dampened the willingness of the farmers to continue in fish farming. Therefore, the sale for aquaculture feed declines as well.
6. The impact of the governmental energy conservation policy along with the COVID-19 pandemic raises the operational risks for the farm breeders. Thus, these farm breeders shifted to fishery and electricity symbiosis to meet the government's policy changes in pursuit of stable profit. Therefore, amount of stocking and feed demand will be steady.

B. Cooking Oil

1. Effective utilization of the company's refinery plant to manufacture high-quality vegetable oil, with three main products: soybean oil, canola, and palm oil; the emphasis and the appeal to the consumer market is on food safety and nutrition of oil products.
2. To effectively and systematically promote the vegetable oil, the developmental focus will be: Product functionality, relevant certifications to enhance product transparency, product differentiation

in the distribution channels, technical inspection analysis, and preventive contamination procedures.

3. Healthy concepts and nutritional value of vegetable oil are the message and focus of our research to inform the consumers in choosing better quality oil products.
4. The soybean oil market is at the maturity stage domestically with zero growth. However, the emerging market is driving the growth of palm oil at 5% each year. Currently, the company is actively utilizing company's superior refinery technology as the product marketing pitch, hoping to increase market share via the existing distribution channel.

C. Organic Fertilizers

(a) Market Supply Side

1. Council of Agriculture is advocating 'Healthy, Superior Quality Agriculture Plan'. The importance of strengthening safe, healthy and non-toxic agricultural policy will enhance future certification in the area of organic agriculture. Also, the emphasis on the organic certification management with the promotion of our own brand via marketing channels should have a positive influence in the development of domestic organic agriculture.
2. With higher living standards, the pursuit of healthy consumptions and the emphasis in environmental protection, the consumers are placing an importance on high-quality and safe organic agricultural products. We will abide by the relevant laws and regulations in our production to construct an effective, safe and vigorous industrial chain to the market.
3. The fertilizer industry is moving toward the development of "organic" and "biological" aspects. Under the government policy and subsidy programs, organic fertilizer will replace chemical fertilizer. Therefore, the growth in domestic organic fertilizer industry will be substantial.

(b) Market Demand Side

1. Although the overall agricultural output value and arable area are shrinking, the fields in organic rice, high-value fruit trees, leafy vegetables, and home gardening will increase the value-added for arable farming.
2. Change in lifestyle and increase in senior population promote the growth of leisure farming and home gardening; therefore, the sale of home garden fertilizers will continue to increase.
3. With raising awareness in health and environmental conservation, farmers realize the importance of sustainable use of land and competitiveness of the agricultural products as consumers prefer such products that use organic fertilizers

(c) Future Growth

1. Since most of the main raw materials rely on imports, we have established a procurement mechanism to integrate market information. Firm grasp of the supply sources, understanding of the market prices, the ability and flexibility to adjust inventory and implementation of various hedging methods to reduce price-driven demand will be key to maintain market share and profitability.

2. Our gross national income reaches the level of developed countries; therefore, the consumers place a high emphasis on food quality. So, functional products that emphasize no drug residues, healthy and preventive care products will have growth opportunities.
3. Under the government regulations, cross-strait relations and the Cross-Straits Service Trade Agreement, we hope that through negotiations, agricultural policies elaboration will enable us to upgrade and enhance quality agriculture. Furthermore, through strategic planning, we strive to gain market share in Mainland China and other foreign markets.
4. Understanding the trend of "quality agriculture, non-toxic farming and green eating" will offer further directions in building brand recognition. Also, the production of "organic fertilizer", "biological fertilizer", and "biological pesticide" will help in gaining market share.

D. Pet Food

1. The market for dog food slightly declines.
2. The market for cat food continues to grow.
3. The market for the global brand products continues to grow.
4. Affordable products will continue to gain popularity.
5. The consumer trend is moving towards functional pet food; thus, the quality and food safety requirements are even more stringent.
6. Integration of the market information will be achieved with a thorough understanding of the supply source and the market price.
7. In search and develop franchise distribution channels and the opportunities in the operations of animal hospital.
8. E-commerce continues to grow.
9. Accelerate the process to expand the markets to the mainland, Southeast Asia, and other foreign markets to gain global recognition and market share.
10. Advocate for certifications of pet care food.
11. Develop pet care and preventive food products
12. Develop fresh pet food.

E. Cereal grains

1. Market Supply Side
 - a. Overall market growth is expected to flat as the value will be greater than the output
 - b. The market for low price products will increase in volume
 - c. Global brand products will continue to prosper
2. Market Demand Side
 - a. Affordable pricing products will gain popularity
 - b. Consumer trend is moving toward functional pet care food products; thus, the quality and food safety requirements are ever more stringent.

3. Future Growth

- a. Integration of the market information will be achieved with a thorough understanding of the supply source and the market price.
- b. The increasing consumer awareness in quality and food safety enhances the opportunities in developing preventive care, functional and natural food products.
- c. Accelerate the process to expand the markets to the mainland China, Southeast Asia, and other foreign markets to gain global recognition and market share.
- d. Develop franchise distribution channels to raise direct sales; thus, to gain market shares.

5.2.1-3. Favorable, Unfavorable Factors and Strategies in the Long Term:

(1) Favorable Factors:

- a. The increase awareness in food safety, good hygiene, freshness, environmental protection, convenience, energy conservation and carbon reduction are all factors leading to the slight growth in the development of traceable feeds.
- b. With the scarcity of marine resources, aquaculture fisheries are gaining importance as the consumptions of aquatic products increase.
- c. Our professional vegetable oil refinery will meet the market expectations and demands.
- d. Our professional know-how in organic fertilizers will enable us to expand and diversified our fertilizer business unit, which leads to the R&D and production of microbial agents, and biological pesticides
- e. Pet-personification, aging society, and declining birthrate are the going trend.

(2) Unfavorable Factors and Strategies:

- a. International market of raw material and commodity pricing is unpredictable. Strategies: Flexibility in raw material procurement strategy will allow for better timing in purchasing and inventory control. Further, it enhances the competitiveness of the business operations and risk management.
- b. Government's strict regulations and monitoring measures for drug residues. Strategies: Educate the husbandry farmers about the consequences of the use of prohibited drugs in raising livestock, poultry and aquaculture to prevent disruption to the product quality and pricing in the market.
- c. The decline in soybean oil and the rise in palm oil affect the traditional uses of the vegetable oil.
Strategies: We are re-aligning our distribution channels to meet the market needs and changes.
- d. The international trade environment is rapidly changing, and the

extreme climate conditions are adding uncertain variables to our operations and increasing manufacturing costs.

Strategies: Continue to educate and train employees on effectiveness and efficiency to improve operational performance and monitor risk management to an acceptable level and enhance customer satisfaction.

5.2.2 Production Procedures of Main Products

5.2.2-1. Major Products and Their Main Uses

- (1) Cooking Oil: Vegetable oil, peanut oil, sunflower oil, olive oil, palm oil, sesame oil, and etc. for cooking, frying, dipping, and salad dressing purposes
- (2) Grain cereal: Ready-to-eat nutritious grain cereal and muesli with mixed fruit for breakfast or leisure snack
- (3) Livestock, poultry & aquaculture: eggs, pork, chicken, milk fish and tilapia.
- (4) Pet food: Dog food, cat food, koi feed, aquarium fish feed and bird feed & etc
- (5) Feed: Animal feed for pigs, and poultry, and aquatic feed
- (6) Organic fertilizers: to improve soil quality, and to increase crop yield and quality such as soybean flakes, potting soil and other fertilizer materials.
- (7) Single-ingredient products: selected & screened feed grade soybean, soybean meal, extruded food products and etc as raw material for manufacturing feed and organic fertilizers. Also, edible grade whole soybean and pressed barley

5.2.2-2. Major Products and Their Production Processes

- (1) Feed:
Raw material → Mix → Product → Package → Storage
- (2) Cooking Oil:
Raw material → Screen/ Selection → Extraction → refined edible oil → Package → Storage
- (3) Sesame Oil:
Raw material → Screen/ Selection → Toast → Steam → Extraction → Filtration → Sesame Oil → Package → Storage
- (4) Organic Fertilizer:
Raw material → Grind → Mix → Granulation → Drying & Cooling → Screening → Package → Storage

5.2.3. Supply Status of Main Materials

- (1) Oversea Procurement: Through a procuring alliance with other companies in the same industry, we purchase grains such as soybeans, barley, corn, etc., from the United States, Central and South American countries, India to reduce costs and stabilize supply
- (2) Domestic Procurement: Based on the production capacity and the estimated sales, we purchase directly from the suppliers or contract with the farmers for the estimated raw material demands to gauge inventory and timing

coordination in making the purchases.

- (3) For all raw materials, we practice due diligence in comparing multiple suppliers to receive competitive bids, quality products and stable supply chain.

5.2.4 Major Suppliers and Clients

5.2.4-1. Major Suppliers in the Last Two Calendar Years

Unit: NT\$ thousands

Item	2020				2019			
	Company Name	Amount	[%]	Relation with Issuer	Company Name	金額	[%]	Relation with Issuer
	None			-	None			-

Note: Major suppliers refer to those commanding 10%-plus share of annual order volume.

5.2.4-2. Major Clients in the Last Two Calendar Years

Unit: NT\$ thousands

Item	2020				2019			
	Company Name	Amount	[%]	Relation with Issuer	Company Name	Amount	[%]	Relation with Issuer
1	Central Union Oil Corp.	1,913,599	16.25	Re-investment	Central Union Oil Corp.	1,826,871	15.71	Re-investment
	Net Sale Amount	11,775,775	100.00	-	Net Sale Amount	11,627,824	100.00	-

Note: The changes in sale: primarily due to market economy and fluctuation of market price.

5.2.5 Production in the Last Two Years

Unit: Tons, NT\$ thousands

Major Products	2020			2019		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Feed	370,000	304,608	3,665,408	370,000	304,871	3,785,964
Edible Oil	Note	41,347	1,351,606	Note	44,144	1,350,630
Single-Ingredient Products	Note	252,313	2,891,337	Note	267,823	3,157,503
Organic Fertilizer	48,700	31,792	237,629	48,700	28,999	252,610
Livestock fresh meat products (Other)	36,900	24,305	1,125,939	36,900	21,788	1,085,967
Total		654,365	9,271,919		667,625	9,632,674

Note: Entrusted with Central Union Oil Corp for OEM

5.2.6 Shipments and Sales in the Last Two Years

Unit: Tons, NT\$ thousands

Year	2020				2019			
	Local		Export		Local		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Major Products								
Feed	264,506	3,843,083	3,695	127,235	254,270	3,787,547	3,808	132,313
Edible Oil	67,165	2,169,219	321	66,861	66,178	2,040,718	211	36,398
Single-Ingredient Products	197,443	2,534,805	0	0	204,643	2,591,412	0	0
Organic Fertilizer	37,868	324,270	20	238	38,858	331,896	72	1,737
Grain commodity	165,430	1,491,648	0	0	169,293	1,587,413	0	0
Livestock fresh meat products(Other)	24,979	1,216,868	37	1,548	23,421	1,115,150	46	3,240
Total	757,391	11,579,893	4,073	195,882	756,663	11,454,136	4,137	173,688

5.3 Human Resources

Year		2020	2019	As of March 31, 2021
Number of employees	Management & Staff	363	307	342
	Technicians &	271	303	271
	Total	634	610	613
Average Age		41.3	42.1	42.2
Average Years of Service		4.89	6.06	6.29
Education	PhD	0.3	0.3	0.3
	Masters	11.2	11.0	11.6
	Bachelors	48.9	47.9	49.1
	Senior High School	29.3	30.3	28.9
	Below Senior High	10.3	10.7	10.1

5.4 Environmental Protection Expenditure

5.4.1 Total Losses and Penalties

The loss or penalty caused by environmental pollution during the latest year and up to the date of publication of this annual report: There were 5 air pollution violations: 2 odor emission violations, fined NT\$400,000; 2 violations of not repairing the preventive odor emission equipment in a timely manner, fined NT\$200,000; 1 violation in waste disposal declaration with the toxic chemical substance due to not filing in a time, fined NT\$60,000.

5.4.2 The relevant operational cost of environmental protection and Countermeasures

1. Environmental Protection Expenses

Items	Amount (NT\$ thousands)
Environmental protection preventive equipment (Dust collection, odor emission/exhaust, wastewater)	12,552

2. The Company takes the following measures to protect the environment:

Prevention of water pollution: At the feed plant, wastewater is treated then water quality analysis is regularly outsourced to verify it meets the discharge standard before discharge. While at Charming Food and other production plants, wastewater is treated through a sewage treatment system at the industrial park.

Prevention of stationary pollution source: Natural gas boilers are used for all production processes, and no sulfur oxides (SO_x) air pollutants are emitted. The particulates (PM) generated during the production process are collected and filtered by the dust collection cyclone separator before released into the air. Emission testing analysis is carried out regularly.

Cleaning of wastes: Contract with a qualified environmental waste management company to remove and transport the wastes generated during the production process. Also, "Business Waste Removal Policy and Procedure" is created and implemented to ensure to track the final flow of waste.

5.5 Labor Relations

5.5.1. The Implementation of Employee Welfare, Education, Training, Retirement Policy, as well as the Agreements between Employer and Employees and Employees' Rights Protection Measures:

(1) Employee Welfare:

We provide diverse employee welfare and benefit programs such as recreational activities, domestic (abroad) travel subsidies, injury and illness relief funds, and emergency relief funds, scholarships for children of employees, continuing education funds. To further build a sense of belonging to the company, we establish an employee stock ownership trust account program. The employees can participate voluntarily and, for each participant, we match 20% of the employee's contribution amount on a monthly basis. With the intention that the employees can share the company profits and commit to the company, the employee stock ownership trust also serves to improve employee welfare and retirement planning. Moreover, in anticipation of meeting the needs of nursing female employees, a lactation room is set up.

(2) Employer-employee relations:

To strengthen and promote harmonious labor-management relations, we establish various policies and programs to improve communication on various labor conditions, have regular meetings with the employee welfare committees, and regularly conduct labor safety meetings to provide a safe and friendly workplace. Fwusow Industry is an equal opportunity employer. We will not discriminate in employment, recruitment, compensation, promotions, and other conditions of employment against any employee or job applicant on the bases of race, color, gender, national origin, or different political views. We strictly prohibit the use of child labor and young workers under the age of 18. In 2020, no such incidents occurred.

To prevent sexual harassment and handle such complaints in the workplace, a "Sexual Harassment Complaint Investigation Committee" is established to implement preventive measures, investigative measures, and disciplinary actions to promote gender equality and a workplace free from such harassment

behavior. No complaints such as sexual harassment occurred in 2020.

(3) Employee’s continuous education and training:

Due to COVID-19 pandemic, it accelerated the pace of digital transformation.

We have implemented artificial intelligence (AI) in various business aspects such as the development of smart manufacturing and e-commerce to increase the operational efficiency. To further promote AI and its integration in our business operations, our chairman was one of the first to sign up with Taiwan AI Academy to learn what AI has to offer and its business implications; successively the company also arranged senior level managers to participate in the 16-week long AI program to improve their capabilities. Moreover, we continue to optimize our e-learning platform to offer valuable resources for our employees to enhance their knowledge and user friendly learning environment.

To cultivate talents, motivate employees, improve working morale, and reduce employee turnover rates, we raised employee salaries and performance bonus in 2020.

Employee Training Hours

Year	Job Position	Male			Female		
		Training Hours	# of People	Average hour	Training Hours	# of People	Average hour
2020	Staff	4,019	348	12	1,355	146	9
	Management	5,790	118	49	997	22	45
	Total	9,809	466	21	2,352	168	14

(4) Retirement planning & the implementations:

We have a Workers Retirement Reserve Fund Committee, which serves the employees under the grandfathered retirement plan, that a monthly retirement reserve fund is transferred to a designated account at Bank of Taiwan. For all the employees outside of the grandfather clause, in accordance with Labor Pension Act, the company contributes a monthly retirement fund, 6% of each employee’s monthly salary, to the individual labor pension account at the Bureau for the employees covered by the Act, respectively.

(5) Code of Ethics and Professional Conduct

The company has established work rules policy and various management regulations as the employees' daily work standard. Reward and punishment

systems are created as part of the implementation process, which also serves as part of the annual employee performance evaluation. All awards and punishments are conducted with fairness, impartiality, and openness.

(6) Employee Rights and Occupational Safety Measures

a. Resident nurse and contract occupational medicine physician

Medical care services with contract occupational medicine doctor and contract nurse were offered onsite.

b. Premium Annual Physical Examination & Preventive Measures for working environment with special conditions

To raise health awareness, we offer the premium annual physical examination to our employees, which was above and beyond the government regulations. For the employees at Taichung Harbor plant and Taichung Pet food plant, we offer physical examination designed for the food industry. We inspect and monitor working conditions and environment to ensure and provide preventive measures against occupational hazards.

c. Providing Onsite flu shots service

For the health of our employees, we invited the Shalu District Health Bureau to our plant to administer flu shots.

d. Promote First Aid Guide and Emergency Treatment Instructions with AED training sessions

At each of our plants, we stock AED, and we regularly offer training sessions to enhance first aid knowledge

e. All health related issues & awareness

We have a health awareness section in our Fwusow e-letter, which advocates and promotes all health related topics and issues and all relevant information will also be populated to our Line group

f. Preventive Measures taken against COVID-19 pandemic

In 2020, COVID-19 raged around the world. The company actively adopted the government policies and pandemic preventive measures such as temperature monitoring, thorough disinfection, social distancing in the cafeteria seating arrangement, video conferencing for internal meetings, motion sensor faucets, and etc. to ensure employees' health.

5.5.2. Losses resulting from labor disputes in the most recent years and up to the publish date of the annual report: None.

5.6 Important Contracts

Agreement	Counterparty	Period	Major Contents	Restrictions
Mid-term & Long-term Loan	Bank of Taiwan	2018.07.06-2023.07.06	Revolving credit agreement	None
Mid-term & Long-term Loan	Bank of Taiwan	2015.07.10-2020.07.10	Revolving credit agreement	None
Mid-term & Long-term Loan	O-Bank	2018.04.26-2023.04.15	Revolving credit agreement	None
Mid-term & Long-term Loan	Taiwan Cooperative Bank	2019.07.11-2024.07.11	Revolving credit agreement	None
Mid-term & Long-term Loan	Taiwan Cooperative Bank	2015.10.06-2020.09.30	Revolving credit agreement	None
Mid-term & Long-term Loan	Taiwan Business Bank	2016.06.17-2021.06.17	Revolving credit agreement	None
Mid-term & Long-term Loan	Taiwan Business Bank	2020.01.30-2025.01.15	Revolving credit agreement	None
Mid-term & Long-term Loan	Taiwan Business Bank	2020.01.30-2025.01.30	Revolving credit agreement	None
Mid-term & Long-term Loan	The Export-Import Bank of the Republic of China	2019.08.19-2020.08.19	Revolving credit agreement	None

VI. Financial Information

6.1 Five-Year Financial Summary: Condensed Balance Sheet, Income Statements, CPAs and Their Opinions

6.1.1 Condensed Balance Sheet

6.1.1-1. Consolidated Condensed Balance Sheet – Based on International Financial Reporting Standards (IFRS)

Unit : NT\$ thousands

Year		Financial Summary over the past five years					2021 Q1
		2016	2017	2018	2019	2020	
Item							
Current Assets		3,957,017	4,099,966	3,967,423	4,439,679	4,148,204	4,319,081
Property, Plant & Equipment		3,620,593	3,881,628	4,060,899	3,996,629	3,877,047	3,835,680
Intangible Assets		25,579	32,272	31,594	28,902	34,744	33,096
Other Assets		425,881	447,921	455,611	472,361	490,068	474,165
Total Assets		8,029,070	8,461,787	8,515,527	8,937,571	8,550,063	8,662,022
Current Liabilities	Before Distribution	4,152,210	4,099,966	2,331,975	2,697,617	2,007,574	1,716,636
	After Distribution	4,247,858	4,196,570	2,364,176	2,826,423	Note 1	Note 1
Non-Current Liabilities		2,284,981	2,442,447	2,366,920	2,280,664	2,099,075	2,201,058
Total Liabilities	Before Distribution	4,152,210	4,514,128	4,698,895	4,978,281	4,106,649	3,917,694
	After Distribution	4,247,858	4,610,732	4,731,096	5,107,087	Note 1	Note 1
Equity attributable to owners of the parent		3,854,895	3,903,781	3,785,291	3,931,220	4,413,032	4,647,848
Common Stock		3,188,256	3,220,138	3,220,138	3,220,139	3,220,139	3,220,139
Capital Surplus		32,946	32,946	32,946	14,358	14,358	14,358
Retained Earnings	Before Distribution	634,818	653,637	535,877	704,042	1,191,228	1,426,583
	After Distribution	539,170	557,033	503,676	575,237	Note 1	Note 1
Other Equity		(1,125)	(2,941)	(3,671)	(7,319)	(5,958)	(6,497)
Treasury Stock		0	0	0	0	(6,735)	(6,735)
Non-Controlling Interest		21,965	43,878	31,341	28,070	30,382	96,480
Total Equity	Before Distribution	3,876,860	3,947,659	3,816,632	3,959,290	4,443,414	4,744,848
	After Distribution	3,781,212	3,851,055	3,784,431	3,830,484	Note 1	Note 1

Note1: The Proposal of 2019 profit distribution is pending for resolution by the Annual General Shareholders' Meeting

Note 2: Financial information as of first quarter of 2020 has been audited and verified by CPAs.

6.1.1-2. Condensed non-consolidated balance sheet- IFRS

Unit: NT\$ thousands

Year Item		Financial Summary for The Last Five Years				
		2016	2017	2018	2019	2020
Current assets		4,092,655	4,048,019	3,959,612	4,209,524	3,898,607
Property, Plant & Equipment		2,471,024	2,706,035	2,887,718	2,874,176	2,846,159
Intangible assets		0	0	0	38,689	14,338
Other assets		706,916	728,340	669,611	729,895	820,020
Total assets		7,270,595	7,482,394	7,516,941	7,852,284	7,579,124
Current liabilities	Before distribution	1,770,434	1,758,829	1,717,158	2,116,722	1,492,320
	After distribution	1,866,082	1,855,433	1,749,359	2,245,528	Note 1
Non-Current Liabilities		1,645,266	1,819,784	2,014,492	1,804,342	1,673,772
Total liabilities	Before distribution	3,415,700	3,578,613	3,731,650	3,921,064	3,166,092
	After distribution	3,511,348	3,675,217	3,763,851	4,049,870	Note 1
Equity attributable to owners of the parent		3,854,895	3,903,781	3,785,291	3,931,220	4,413,032
Common Stock		3,188,256	3,220,138	3,220,138	3,220,139	3,220,139
Capital surplus		32,946	32,946	32,946	14,358	14,358
Retained earnings	Before distribution	634,818	653,637	535,877	704,042	1,191,228
	After distribution	539,170	557,033	321,676	575,237	Note 1
Other Equity		(1,125)	(2,941)	(3,671)	(7,319)	(5,958)
Treasury Stock		0	0	0	0	(6,735)
Non-Controlling Interest		0	0	0	0	0
Total equity	Before distribution	3,854,895	3,903,781	3,785,291	3,931,220	4,413,032
	After distribution	3,759,247	3,807,177	3,817,492	3,802,414	Note 1

Note1: The Proposal of 2020 profit distribution is pending for resolution by the Annual General Shareholders' Meeting

Note 2: Financial information has been audited and verified by CPAs.

Note 3: No non-consolidated financial report for 2021 Q1

6.1.2 Condensed Statement of Comprehensive Income/Condensed Statement of Income

6.1.2-1. Consolidated Condensed Statement of Comprehensive Income – Based on IFRS

Unit: NT\$ thousands

Year Item	Financial Summary for The Last Five Years					As of March 31, 2021
	2016	2017	2018	2019	2020	
Operating Revenue	10,965,542	10,822,788	11,709,984	12,259,254	12,324,165	3,720,354
Gross Profit	980,842	896,460	790,072	995,926	1,358,002	513,206
Operating Profit	75,423	10,967	(82,697)	33,435	331,428	237,364
Non-operating income & Expense	18,579	45,878	(1,368)	141,775	344,301	30,761
Income before tax	94,002	56,845	(84,065)	175,210	675,729	268,125
Profit from Continuing Operations	94,002	56,845	(84,065)	175,210	675,729	268,125
Profit/Loss from Discontinued Operations	0	0	0	0	0	0
Net Income (Loss)	57,610	54,983	(95,623)	141,379	565,233	227,993
Other Comprehensive Income/ Loss for the period (After Tax)	(25,009)	3,464	(2,161)	(3,495)	2,348	(654)
Total Comprehensive Income/Loss	32,601	58,447	(97,784)	137,884	567,581	227,339
Net earnings attributable to owners of the parent	156,018	140,727	(11,233)	203,114	615,277	235,355
Net earnings attributable to non-controlling interest	(98,408)	(85,744)	(84,390)	(61,735)	(50,044)	(7,362)
Comprehensive Income attributable to owners of the parent	131,795	144,534	(13,247)	200,349	617,352	234,816
Comprehensive Income attributable to non-controlling interest	(99,194)	(86,087)	(84,537)	(62,465)	(49,771)	(7,477)
Earnings per Share	0.48	0.44	(0.03)	0.63	1.91	0.73

Note: Financial information as of first quarter of 2020 has been audited and verified by CPAs.

6.1.2-2. Parent Company Only Condensed Statement of Comprehensive Income

Unit: NT\$ thousands

Year Item	Financial Summary for The Last Five Years				
	2016	2017	2018	2019	2020
Operating revenue	10,556,709	10,365,649	10,952,677	11,627,824	11,775,775
Gross Profit	1,103,210	1,003,547	853,744	1,074,922	1,384,225
Operating Profit	346,284	274,526	134,942	288,268	519,022
Non-operating income & Expense	(153,874)	(107,937)	(134,618)	(56,082)	175,430
Income before tax	192,410	166,589	324	232,186	694,452
Profit from Continuing Operations	192,410	166,589	324	232,186	232,186
Profit/Loss from Discontinued Operations	0	0	0	0	0
Net Income (Loss)	156,018	140,727	(11,233)	203,114	615,277
Other Comprehensive Income/ Loss for the period (After Tax)	(24,223)	3,807	(2,014)	(2,765)	2,075
Total Comprehensive Income/Loss	131,795	144,534	(13,247)	200,349	617,352
Earnings per Share	0.48	0.44	(0.03)	0.63	1.91

Note 1: Financial information has been audited and verified by CPAs.

Note 2: No non-consolidated financial report for 2021 Q1

6.1.3 Auditors' Opinions for the Last Five Years

Year	Accounting Firm	CPA	Audit Opinion
2016	Solomon & Co., CPAs	Lu, Song Yu & Chen, Yu Tzu	Unqualified
2017	Solomon & Co., CPAs	Lu, Song Yu & Chen, Yu Tzu	Unqualified
2018	Solomon & Co., CPAs	Lu, Song Yu & Wu, Chien Mong	Unqualified
2019	Solomon & Co., CPAs	Lu, Song Yu & Wu, Chien Mong	Unqualified
2020	Solomon & Co., CPAs	Lu, Song Yu & Chen, Yu Tzu	Unqualified

Note: Changes in CPA - Internal duty adjustment of Solomon & Co., CPAs

6.2 Five-Year Financial Analysis

6.2.1. Consolidated Financial Analysis – Based on IFRS

Item	Year	Financial Summary for The Last Five Years					As of March 31, 2021
		2016	2017	2018	2019	2020	
Financial Structure (%)	Debt Ratio	51.71	53.35	55.18	55.70	47.80	45.23
	Ratio of long-term capital to property, plant and equipment	146.34	149.63	140.46	143.62	156.54	167.08
Solvency (%)	Current Ratio	211.92	197.91	170.13	164.58	206.63	251.60
	Quick Ratio	127.89	108.22	106.44	93.22	128.13	153.22
	Interest earned ratio (times)	3.58	2.24	(0.69)	3.95	16.99	33.65
Operating Performance	Accounts receivable turnover (times)	9.20	8.67	9.29	9.20	8.94	10.62
	Average collection days in sales	39.67	42.12	39.29	39.65	40.84	34.36
	Inventory turnover (times)	6.02	6.05	6.70	6.79	6.35	8.06
	Accounts payable turnover (times)	24.54	24.33	26.40	26.73	26.82	29.66
	Average days in sales	60.63	60.33	54.48	53.76	57.48	45.29
	Property, plant and equipment turnover (times)	3.03	2.79	2.88	3.07	3.18	3.88
	Total assets turnover (times)	1.39	1.31	1.38	1.40	1.41	1.71
Profitability	Return on total assets (%)	1.12	1.13	(0.66)	2.16	6.85	11.10
	Return on stockholders' equity (%)	1.50	1.42	(2.49)	3.66	13.55	21.29
	Net income before tax as a percentage of paid-in capital (%)	2.95	1.77	(2.61)	5.44	20.98	33.31
	Profit Margin (%)	0.53	0.51	(0.82)	1.15	4.59	6.33
	Earnings per share (NT\$)	0.49	0.44	(0.03)	0.63	1.91	0.73
Cash Flow	Cash flow ratio (%)	28.33	(15.92)	14.10	(4.14)	40.99	5.34
	Cash flow adequacy ratio (%)	24.47	23.87	5.66	(0.05)	77.15	101.31
	Cash reinvestment ratio (%)	4.82	(4.42)	2.42	(1.50)	6.87	0.88
Leverage	Operating leverage	33.44	86.97	(30.44)	81.93	9.11	4.26
	Financial leverage	1.93	(1.55)	0.62	(1.92)	1.15	1.04

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

1. Solvency: current ratio increased 26%; quick ratio increased 37%; interest coverage ratio increased 3 times.
The net profit before tax increased 2.86 times; paid down the short-term loans; current liabilities decreased 26%.
2. Profitability: Rate of return on assets increased 2.2 times; rate of return on equity increased 2.7 times; net income before tax as a percentage of paid-in capital increased 2.9 times; profit margin increased 3 times; EPS increased 2 times. Mainly, the net profit before tax increased 2.86 times.
3. Cash Flow: The three cash flow ratios all turned positive. Mainly, the net inflow from operation was positive.
4. Leverage: Operating leverage decreased 89%; financial leverage increased 1.9 times. Mainly, the operating profit increased 9 times.

Note 1: Financial information of most recent year & first quarter of 2021 has been audited and verified by CPAs

6.2.2. Parent Company Only Financial Analysis

Year Item		Financial Summary for The Last Five Years				
		2016	2017	2018	2019	2020
Financial Structure (%)	Debt Ratio	46.98	47.83	49.62	49.94	41.77
	Ratio of long-term capital to property, plant and equipment	194.79	192.30	177.14	174.18	188.78
Solvency (%)	Current Ratio	231.17	230.15	230.74	198.87	261.24
	Quick Ratio	150.13	126.30	149.32	113.47	163.08
	Interest earned ratio (times)	9.62	6.24	1.01	7.04	28.85
Operating Performance	Accounts receivable turnover (times)	8.21	7.41	8.17	8.57	8.12
	Average collection days in sales	44.48	49.24	44.68	42.59	44.97
	Inventory turnover (times)	6.04	6.00	6.41	6.76	6.42
	Accounts payable turnover (times)	25.79	22.80	21.42	25.33	24.66
	Average days in sales	60.43	60.83	56.94	53.99	56.85
	Property, plant and equipment turnover (times)	4.27	3.83	3.79	4.05	4.14
	Total assets turnover (times)	1.49	1.41	1.46	1.51	1.53
Profitability	Return on total assets (%)	2.46	2.27	0.20	3.04	8.23
	Return on stockholders' equity (%)	4.07	3.63	(0.29)	5.26	14.75
	Net income before tax as a percentage of paid-in capital (%)	6.03	5.17	0.01	7.21	21.57
	Profit Margin (%)	1.48	1.36	(0.10)	1.75	5.22
	Earnings per share (NT\$)	0.49	0.44	(0.03)	0.63	1.91
Cash Flow	Cash flow ratio (%)	28.27	2.60	30.19	2.89	86.61
	Cash flow adequacy ratio (%)	40.28	59.53	30.82	38.89	197.25
	Cash reinvestment ratio (%)	5.12	(0.59)	4.86	0.33	12.58
Leverage	Operating leverage	7.44	9.56	18.25	9.50	5.78
	Financial leverage	1.07	1.14	1.32	1.15	1.05

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

1. Solvency: current ratio increased 31%; quick ratio increased 44%; interest coverage ratio increased 3 times.
The net profit before tax increased 2 times; paid down the short-term loans; current liabilities decreased 29%
2. Profitability: Rate of return on assets increased 1.7 times; rate of return on equity increased 1.8 times; net income before tax as a percentage of paid-in capital increased 2 times; profit margin increased 2 times; EPS increased 2 times. Mainly, the net profit before tax increased 2 times.
3. Cash Flow: The three cash flow ratios all increased 4~37 times. Mainly, the net inflow from operation was increased.
4. Leverage: Operating leverage decreased 39%. Mainly, the operating profit increased 80%.

Note: Financial information has been audited and verified by CPAs.

Note 2: The equations for calculation in financial analysis for 6.2.1 & 6.2.2.:

[I] Financial structure

- (1) Liabilities to assets ratio = Total liabilities / Total assets
- (2) Long-term capital to PP&E ratio = (Gross shareholder's equity + Non-current liabilities) / Net PP&E

[II] Solvency

- (1) Current ratio = Current assets / Current liabilities
- (2) Quick ratio = (Current assets – Inventory – Prepayments) / Current liabilities
- (3) Interest coverage ratio = EBIT / Interest expense for current period

[III] Operations

- (1) Account receivable (including account receivable and note receivable from operation) turnover = Net revenue / Balance of average account receivable (including account receivable and note receivable from operation)
- (2) Average collection period = 365 / Account receivable turnover
- (3) Inventory turnover = Cost of goods sold / Average inventory
- (4) Account payable (including account payable and note payable from operation) turnover = Cost of goods sold / Balance of average account payable (including account payable and note payable from operation)
- (5) Average daily sales = 365 / Inventory turnover
- (6) PP&E turnover = Net revenue / Average Net PP&E
- (7) Total assets turnover = Net revenue / Average total assets

[IV] Profitability

- (1) ROA = [Profit(loss) after tax + Interest expenses x (1-tax rate)] / Average total assets
- (2) ROE = Profit(Loss) after tax / Average equity
- (3) Net income before tax as a percentage of paid-in capital = pre-tax profit / Paid-in Capital
- (4) Net profit rate = Profit(Loss) after tax / Net revenue
- (5) EPS = (Net profit attributable to owners of the parent – dividend from preferred shares) / Weighted average number of outstanding shares

[V] Cash flow

- (1) Cash flow ratio = Net cash flow from operating activities / Current liabilities
- (2) Cash flow adequacy ratio = Net cash flow from operating activities for the past five years / (Capital expenditure + Increases in inventory + Cash dividends) over the past five years
- (3) Cash reinvestment ratio = (Net cash flow from operating activities – Cash dividends) / (Gross PP&E + Long-term investments + Other non-current assets + Working capital)

[VI] Leverage

(1) Operations leverage = (Net revenue – Variable cost and expenses from operations) / Operating profit

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

Note 3: When analyzing EPS equation above, please note the followings:

1. Based on weighted average common stocks, not the shares issued at the end of the year.
2. Calculation for weighted-average common stock shall take into consideration the number of floating days of new shares issued from cash funding and treasury shares
3. Those that had capital increase from retain earnings or capital reserve, the total capital shall be adjusted retroactively by the percentage of increase, and no consideration for the issuing period is needed, when calculate EPS for the entire fiscal year or the first six months
4. If the preferred shares are non-convertible cumulative preferred stocks, the dividend (whether paid or not) shall be deducted from the after-tax net income/loss. If the preferred shares are non-cumulative preferred stocks, the dividends shall be deducted from the after-tax net income. No such adjustment shall be made if after-tax net loss.

Note 4: When analyzing the cash flows, please note the following matters:

1. Cash flows from operating activities mean the business has generated a net inflow of cash.
2. Capital expenditure means cash paid for long-term assets purchase during the year.
3. Inventory addition is only included when inventory balance at the period end is bigger than that at the beginning of the period. No inventory addition is included if inventory balance was down at the year end.
4. Cash dividend includes cash distribution paid to holders of both common stocks and preferred stocks.
5. Gross fixed assets means total fixed assets before depreciation.

Note 5: The issuer shall divide each operation cost and expense into fixed and variable categories based on their natures, if it is done by estimation or subjective judgments, the bases shall be logical and consistent.

Note 6: If the Company's stock is without a par value or the par value is not NT\$10, the calculation of paid-in capital ratio referred to above should be replaced with the equity ratio attributable to the shareholders of the parent company on the balance sheet.

6.3 Audit Committee's Report for the Most Recent Year

To: The General Meeting of Shareholders of year 2021

The undersigned has duly audited the Operating Report, Financial Statements and Schedule of Earnings Distribution prepared by the Board of Directors for the year of 2020, and found the same to be true and correct. Therefore, the Audit Committee's Report is hereby issued in accordance with the Article 14-4 of the Securities and Exchange Act and the Article 219 of Company Act.

Fwusow Industry Co., Ltd.

Audit Committee Convener: Tsun-Sun Huang

April 28, 2021

6.4 Consolidated Financial Statements for the most recent year:

Appendix I

6.5 Parent Financial Statements for the most recent year: Appendix II

6.6 Financial difficulties for the company and its affiliates in the current year and up to the printing of the annual report: None.

VII. Review of Financial Conditions, Financial Performance, and Risk Management

7.1 Analysis of Financial Status

7.1.1. Financial Analysis – Consolidated Financial Statements

Unit: NT\$ thousands

Item \ Year	2020	2019	Difference	
			Amount	%
Current Assets	4,148,204	4,439,679	(291,475)	(6.57)
Property, Plant and Equipment	3,877,047	3,996,629	(119,582)	(2.99)
Other Assets	524,812	501,263	23,549	4.70
Total Assets	8,550,063	8,937,571	(387,508)	(4.34)
Current Liabilities	2,007,574	2,697,617	(690,043)	(25.58)
Non-Current Liabilities	2,099,075	2,280,664	(181,589)	(7.96)
Total Liabilities	4,106,649	4,978,281	(871,632)	(17.51)
Capital stock	3,220,139	3,220,139	0	0
Capital surplus	14,358	14,358	0	0
Retained Earnings	1,191,228	704,042	487,186	69.20
Equity attributed to owners of the parent	4,413,032	3,931,220	481,812	12.26
Total Equity	4,443,414	3,959,290	484,124	12.23
Explanation for variance (if the variation is 20 % or more & the amount is equal to or larger than NT\$10 million): <ol style="list-style-type: none"> 1. Current liabilities decreased by NT\$690 million, a decrease of 25.58%, mainly repayment of short-term loans and loans with maturity term less than a year. Total of NT\$790 million in long-term loans. 2. Retained earnings increased NT\$490 million, an increase of 69.2%. Mainly, net profit after tax increased NT\$430 million. 				

7.1.2. Effect of changes on the company's financial condition & future response actions: The Company's financial condition has not changed significantly

7.2 Financial Performance

7.2.1. Financial Performance Comparison

Unit: NT\$ thousands

Item	Year		Difference	
	2020	2019	Amount	%
Net Operating Revenue	12,324,165	12,259,254	64,911	0.53
Operating Cost	10,983,163	11,263,328	(280,165)	(2.49)
Gross Profit	1,358,002	995,926	362,076	36.36
Operating Expenses	1,026,574	962,491	64,083	6.66
Operating Income	331,428	33,435	297,993	891.26
Non-operating Income and Expenses	344,301	141,775	202,526	142.85
Income Before Tax	675,729	175,210	500,519	285.67
Income Tax Expenses	110,496	33,831	76,665	226.61
Net Income	565,233	141,379	423,854	299.80
Other Comprehensive Income	2,348	(3,495)	5,843	167.18
Total Comprehensive Income	567,581	137,884	429,697	311.64

Explanation of variance when the variation is 20% or more and the amount is equal or larger than NT\$10 million:

1. Gross profit increased NT\$360 million, an increase of 36.36%, mainly, cost of grain commodity, main source of raw material, was low, a decrease of 3.8%, which reduced operating expenses by NT\$280 million. Raised the gross profit margin from 8.1% to 11.1%.
2. Operating income increased NT\$298 million, an increase of 8.9 times, mainly, an increase of 1.1 times in profits in the cooking oil business unit.
3. Income before tax increased NT\$500 million, an increase of 2.86 times, mainly, an increase of NT\$250 million from the subsidiaries' income.
4. Net profit increased NT\$424 million, an increase of 3 times, mainly, parent company's income before tax increased NT\$460 million, an increase of 2.3 times.

7.2.2 Sales Volume Forecast

Based on the anticipated product orders and future operation and production capacity, we forecasted sale volume to be 738,000 tons.

7.2.3. Effect of changes on the company's future business:

1. The Company's business scope has not changed significantly.
2. Future response actions: None

7.3 Analysis of Cash Flow

7.3.1 Cash Flow Analysis for the Current Year

Unit: NT\$ thousands

Cash and Cash Equivalents, Beginning of Year	Net Cash Flow from Operating Activities	Net Cash Flow from Investing Activities	Net Cash Flow from Financing Activities	Effects of Exchange rate	Cash Surplus (Deficit)	Leverage of Cash Deficit	
						Investment Plans	Financing Plans
689,959	1,292,425	(209,614)	(1,033,437)	0	739,333	-	-
<p>Analysis of cash flow changes:</p> <ol style="list-style-type: none"> 1. Operating Activities: net cash inflow mainly because of the income before tax increase. 2. Investing Activities: net cash outflow mainly because of the plant procurement and the increase in obtaining the right-of-use assets 3. Financing Activities: net cash outflow mainly because of loan repayments, distribution of cash dividends. Net cash inflow mainly because of obtaining bank loans. 							

7.3.2 Remedy for Cash Deficit and Improvement for Low Liquidity: Not Applicable

7.3.3 Cash Flow Analysis for the Coming Year

Unit: NT\$ thousands

Cash and Cash Equivalents, Beginning of Year (1)	Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (Inflow) (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
739,333	486,296	(534,614)	691,015	-	-
<p>Analysis of cash liquidity in the coming year:</p> <ol style="list-style-type: none"> 1. Operating activities: business operations expected to increase which would raise cash inflow. 2. Investment activities: Mainly equipment procurement and plant maintenance. 3. Financing activities: Mainly cash dividend distribution and repayment of short-term and long-term bank loans. 					

7.4 Major Capital Expenditure Items Impact Financial Conditions: None

7.5 Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

Investment Plan:

1. Causes for profits or losses for the recent investments:

(1) Policy: An extension of our core businesses in the production of feed, cooking oil, fertilizer and pet food. We strive to offer quality products to consumers; proactively raise brand awareness and visibility; increase operating income.

(2) Causes for profits or losses: Refer to the disclosures in Consolidated Financial Statement for the investments.

(3) Improvement plans: Continue to integrate resource and operational marketing strategies to strengthen operational efficiency and enhance competitiveness to reach profitability.

2. Investment for the coming year: None.

7.6 Analysis of Risk Management

1. Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

(1) Interest rate

a. The interest rate for the long and short-term loans will not have significant changes. Therefore, the interest expenses does not affect our operations too much.

b. COVID-19 had a global impact to the economy; closely monitor the interest rate changes in the post COVID-19 era

(2) Foreign exchange rates

The company's main raw material imports are mainly paid in U.S. dollars. Closely monitor the impact of COVID-19 pandemic on exchange rates, adopt hedge strategy to reduce the risk of exchange rate fluctuations, and adjust foreign exchange strategy to minimize the risk of exchange rate accordingly.

(3) Inflation

COVID-19 pandemic has an impact on inflation due to the drastic increase of raw material in grain commodity and energy. We are actively purchasing

- raw material to maintain our production level and monitor the price fluctuations in grain commodity and adopt relevant countermeasures.
2. Policies, Main Causes of Profit or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions
 - (1) The Company did not engage in any high-risk or high-leveraged investments.
 - (2) The transactions and procedures related to lending and endorsement are based on the Company's "Procedures for Lending" and "Procedures for Endorsement Guarantee". Furthermore, derivative transactions follow the "Procedures for Acquisition and Disposal of Assets".
 3. Future Research & Development Projects and Corresponding Budget
 - (1) Future research & development projects:

Probiotic feeds, applications in agricultural circular economy, whole grain products, AI smart farming and pet care products.
 - (2) Projected research & development expenses:

Projected NT\$40,000,000 toward research and development.
 4. Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales

The Company consistently pays close attention to any changes in local and foreign policies and regulations and makes appropriate amendments to our system when necessary. The company also implements Food safety and Sanitation Act to ensure to provide peace of mind to the consumers.
 5. Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales

The Company attaches great importance to improvements in technology especially the AI development and carefully monitors market trends and assesses the impact they may have on the company's operations.
 6. The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures: None
 7. Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans: None
 8. Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans: None
 9. Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration: None
 10. Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%: None
 11. Effects of, Risks Relating to and Response to the Changes in Management Rights: None

12. Litigation or Non-litigation Matters

- (1) Major ongoing lawsuits, non-lawsuits or administrative lawsuit: None.
- (2) Major ongoing lawsuits, non-lawsuits or administrative lawsuits caused by directors, supervisors or shareholders with over 10% shareholdings: None.

13. Other Major Risks

Information security risk

(1) Management structure for Information Security:

In view of the current trend of information security threats such as ransomware, scam websites, and social engineering attacks, we signed an information security protection contract with Chunghwa Telecom. We also outsourced information security vendor to maintain and update the information security protection program monthly. Additionally, we upgrade software, monitor information security issues, plan response plans, conduct trainings for different information security situations to strengthen the response ability and prevent the threat at the time of detection.

(2) Information Security Policy & Management Procedures:

External:

- a. Build intrusion prevention + application software protection + APT + Event Viewer + firewall.
- b. Install Anti-spam, MDLP(mail pre-auditing) and mail post auditing: prevent threats penetrate through emails and provide post-disaster proofs; ensure protection over company's intellectual assets.
- c. Use of ISP

Internal:

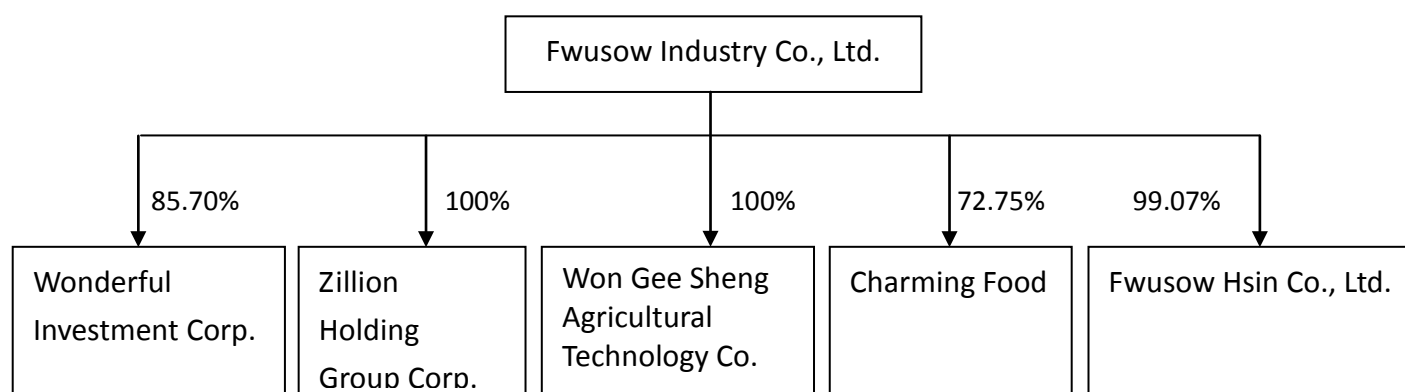
- a. Install and regularly update anti-virus program
- b. All data access are strictly controlled (CRUD)
- c. Restrict internet and social media use; permission given when necessary for work
- d. Data backup and offsite storage
- e. Set up an offsite server room and execute scheduled daily backups for all systems.

7.7 Other significant matters: None

VIII. Special Disclosure

8.1 Summary of Affiliated Companies

8.1.1 Summary of Affiliated Companies



8.1.2 Data of Affiliates:

Unit: NT\$ thousands

Affiliate	Date of Establishment	Address	Total Paid-in Capital	Major business or products
Fwusow Hsin Co., Ltd	04/21/1989	No. 36-1, Datong St., Shalu Dist., Taichung City, Taiwan (R.O.C.)	55,251	Sale of food products, property leasing
Wonderful Investment Corp.	01/15/2007	Unit 25, 2nd Floor, Nia Mall, Saleufi Street , Apia, Samoa	US\$12,585,000	Investment, importing and exporting business, husbandry management of poultry, processed products
Zillion Holding Group Corp.	05/21/2015	Unit 25, 2nd Floor, Nia Mall, Saleufi Street , Apia, Samoa	US\$183,000	Investment
Charming Food	12/21/2012	No. 33, Datong St., Shalu Dist., Taichung City, Taiwan (R.O.C.)	400,000	Poultry processing plant
Won Gee Sheng Agricultural Technology Co., Ltd	12/17/2020	No. 45, Sha-Tyan Rd., Shalu Dist., Taichung City, Taiwan (R.O.C.)	50,000	Animal husbandry operations

8.1.3 Presumed Control and Be-controlled Relation Information: None

8.1.4 Line of business for the inter-companies: None

8.1.5 Information regarding Directors, Supervisors, and Chairman of Affiliates

Entity Name	Position	Name or Representative	Shareholding	
			Shares	%
Fwusow Hsin Co., Ltd	Director	Representative: Hung, Yau-Kuen, Hung, Yau-Chun, Hung, Tsun-Lin, Hung, She-Pin Representative: Hung, Yao-Don Hung, Yau-Chih	5,473,703	99.07
	Supervisor			
	General Manager			
Wonderful Investment Corp.	Directors	Representative: Hung, Yau-Kuen, Hung, Yau-Hsin, Hung, Yau-Chun, Lin, Tien-Fong, Chang, Tzen-Yao Hung, Yau-Kuen	12,585,000	85.70
	General Manager			
Zillion Holding Group Corp.	Directors	Representative: Hung, Yau-Kuen, Hung, Yau-Hsin, Hung, Yau-Chun Hung, Yau-Kuen	183,000	100.00
	General Manager			
Charming Food	Directors	Representative: Hung, Yau-Hsin, Hung, She-Pin Hung, Yuan-Chin Chao, Wen-Chon	29,100,000	72.75
	Supervisor			
	General Manager			
Won Gee Sheng Agricultural Technology Co., Ltd	Director	Representative: Hung, Tsun-Lin Wang, Dee	5,000,000	100.00
	General Manager			

8.1.6 Operations of Affiliates

Year 2020

Unit: NT\$ (USD) thousands

Entity Name	Total Paid-in Capital	Total Equity	Total Liability	Net Value	Operating Revenue	Operating Income	Net Income (after tax)	EPS	Currency
Fwusow Hsin Co., Ltd	55,251	215,838	9,174	206,664	58,451	(615)	253,244	45.84	NT\$
Wonderful Investment Corp.	12,585	4,941	0	4,941	0	0	2,969	0.28	USD
Zillion Holding Group Corp.	183	234	46	188	0	0	3	0.016	USD
Charming Food	400,000	1,518,146	1,487,556	30,590	1,263,805	(182,194)	(192,890)	(4.82)	NT\$
Won Gee Sheng Agricultural Technology Co., Ltd	50,000	50,000	44	49,956	0	(44)	(44)	(0.01)	NT\$

(1) Consolidated Financial Statements of Affiliated Companies & Affiliation Report: Refer to appendix for disclosure statement

(2) Affiliation Report: Not applicable

8.2 Private Placement Securities in the Most Recent Years and to the publish date of the annual report: None.

8.3 The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years and to the publish date of the annual report: None.

8.4 Other Essential Supplement: None

IX. The Items with Material Impact on Shareholder's Equity or Stock Market Price in accordance with the Article 36, paragraph 3 item 2 of Securities and Exchange Act: None.

Appendix I: 2020 Audited Consolidated Financial Reports

FWUSOW INDUSTRY CO., LTD. and Subsidiaries

Consolidated Financial Statements for the Years Ended

December 31, 2020 and 2019 and Independent Auditors' Report

FWUSOW INDUSTRY CO., LTD. and Subsidiaries

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REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of FWUSOW INDUSTRY CO., LTD. as of and for the year ended December 31, 2020, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, FWUSOW INDUSTRY CO., LTD. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

FWUSOW INDUSTRY CO., LTD.

By

Yau Kuen Hung

Chairman

March 23, 2021

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
FWUSOW INDUSTRY CO., LTD.

Opinion

We have audited the accompanying consolidated financial statements of FWUSOW INDUSTRY CO., LTD. and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards(IFRS),International Accounting Standards(IAS),IFRIC Interpretations(IFRIC),and SIC Interpretation(SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we are independent of the parent company and subsidiaries, fulfilling our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's consolidated financial statements for the year ended December 31, 2020 are stated as follows:

Property, plant and equipment impairment assessment

The balance of the real property, plant and equipment of FWUSOW INDUSTRY CO., LTD. and its subsidiaries as of December 31, 2020 was NTD 3,877,047 thousand, accounting for 45% of the total assets, in accordance with the provisions of the International Accounting Standards Bulletin, when the real property, plant and equipment of each cash-generating unit show signs of impairment, it should assess whether the asset has been impaired. As mentioned in Notes 4 and 5 of the consolidated financial statements, the management adopts the value-in-use model to evaluate the recoverable amount. When determining the future operating cash flow, it will consider its future operating outlook to estimate the predicted sales growth and profit, etc., and estimate the weighting. The average cost of capital rate is used as the discount rate. As these assumptions involve subjective judgments and may be affected by the future market conditions, there is a high degree of uncertainty.

The main audit procedures carried out by the accountant include obtaining the asset impairment assessment form of the cash-generating unit self-assessed by the management of the subsidiary and the key assumptions used in the assessment of the future cash flow of the management of the subsidiary, including the comparison with the historical results to evaluate the estimated business. Check whether the discount rate used is appropriate.

Impairment of accounts receivable

The loss allowance for accounts receivable is measured by management's simplified method in accordance with IFRS9 "Financial Instruments", which appropriates a loss allowance at an amount equal to accounts receivable lifetime expected credit loss. The assessment of the loss allowance for accounts receivable is based on historical default records, current informed financial conditions as well as forward-looking economic conditions. Due to the fact that appropriateness of the allowance loss is significant management judgement, it is deemed to be one of the key audit matters.

The accounting policies are as described in Note 4 and 5 of the consolidated financial report. For the book value of accounts receivable, please refer to the disclosures in notes 6 (5) of the consolidated financial report.

The main audit procedures carried out by the accountants include testing the effectiveness of internal control operations related to accounts receivable, carefully assessing the management's classification of accounts receivable aging schedule and the reasonableness of the loss rate ratio, comparing current year's aging distribution of accounts receivable with the year before, and analyzing whether there are any major abnormalities in the turnover rate of accounts receivable in the two periods. We also send out confirmation letters to clients which have outstanding balance by the end of the year and review its collection after this accounting year.

Inventory evaluation

The value of inventory is affected by market supply and demand. In addition, the allocation of inventory cost elements and the estimated amount of net realizable value are subject to the subjective judgment of the management. Therefore, the accountants pay special attention to the cost and net realizable value and the appropriateness of the loss of devaluation of inventories by management in accordance with the requirements of International Accounting Standards (IAS2) and the reasonableness of the management to appropriate allowance for inventory demmvaluation losses.

The principal audit procedure performed by the accountant is to obtain inventory entry data and perform detailed tests to verify that the raw material cost, labor input and manufacturing costs of the inventory have been reasonably allocated to the appropriate inventory items. The accountants compare the actual sales price of the inventory at the end of the period with its book value in a sampling manner to verify whether the inventory has been evaluated at the lower of cost or net realizable value. The accountants also compare the inventory quantity data obtained from annual inventory check with accounting record to test the existence and completeness of inventory in the end of year. By participating in and observing the annual perpetual inventory, the accountants assess the appropriateness of allowance for inventory devaluation losses.

Other Matter

Listed in Fushou Group's consolidated financial statements in 2020, the financial statements of some of the subsidiaries were checked by other accountants. Therefore, in the accountant's opinion on the above consolidated financial statements, the amounts listed in the aforementioned subsidiary's financial statements are based on the audit reports of other accountants. The total assets of the aforementioned subsidiary as of December 31, 2020 were NTD 50,001 thousand (the same below), accounting for 0.58% of the total consolidated assets; NTD 0 thousand, accounting for 0% of consolidated operating income. It is also included in the above-mentioned consolidated financial statements. Regarding the investee company evaluated by the equity method, its financial statements have not been checked by this accountant but by other accountants. Therefore, the accountant's opinion on the above financial statements is related to this. The amounts listed in the company's financial statements and the relevant information disclosed in Note 13 are based on audit reports by other accountants. FWUSOW INDUSTRY CO., LTD. and its subsidiaries adopted equity method investment balances of NTD267,321 thousand and NTD250,531 thousand respectively for the above-mentioned investee companies on December 31, 2020 and 2019, respectively, accounting for 3.13% of the total consolidated assets and 2.80%, and the total consolidated profit and loss recognized using the equity method in 2020 and 2019 in the Republic of China were 40,069 thousand and 26,607 thousand, respectively, accounting for 7.06% and 19.30% of the total consolidated profit and loss.

We have also audited the parent company only financial statements of FWUSOW INDUSTRY

CO., LTD. As of and for the years ended December 31,2020 and 2019 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the preparation of Financial Reports by Securities Issuers and the IFRS,IAS,IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the Company's ability 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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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.
2. 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 Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. 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 Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinions.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. 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 communication.

The engagement partners on the audit resulting in this independent auditors' report are Sung-Yu Liu and Zi-Yu Chen.

SOLOMON & CO., CPAs.

Taichung, Taiwan

Republic of China

March 23, 2021

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

FWUSOW INDUSTRY CO., LTD.
AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

<i>Assets</i>		<i>2020</i>		<i>2019</i>	
		<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
Current assets					
1100	Cash and cash equivalents(Note 6(1))	\$ 943,986	11.1	\$ 970,228	10.9
1110	Current financial asset at fair value through profit or loss (Note 6(2))	30,342	0.4	9,371	0.1
1136	Amortized cost financial assets(Note6(3))	109,649	1.3	—	—
1150	Notes receivable, net(Note 6(3))	344,939	4.0	303,469	3.4
1170	Accounts receivable, net(Note 6(4))	805,844	9.4	785,151	8.8
1180	Accounts receivable due from related parties, net(Note 7(4))	244,623	2.9	254,913	2.9
1200	Other receivable(Note 7(4))	23,505	0.3	29,374	0.3
1220	Current tax assets	207	—	205	—
130X	Inventories, net(Note 6(5))	1,517,090	17.7	1,847,911	20.7
1400	Current biological assets	96,086	1.1	80,042	0.9
1410	Prepayments	22,946	0.3	20,550	0.2
1470	Other current assets(Notes 6(1) 、 8)	8,987	0.1	138,465	1.5
	Total current Assets	4,148,204	48.6	4,439,679	49.7
Non-current assets					
1550	Investments accounted for under equity method(Note 6(6))	332,027	3.9	309,736	3.5
1600	Property, plant and equipment(Note6(7) 、 8)	3,877,047	45.3	3,996,629	44.7
1755	Right-of-use asset(Note6(8))	26,415	0.3	41,876	0.5
1780	Intangible assets	34,744	0.4	28,902	0.3
1830	Non-current biological assets	23,000	0.3	14,127	0.2
1840	Deferred income tax assets(Note6(12))	79,842	0.9	77,705	0.9
1920	Guarantee deposits paid	17,766	0.2	14,563	0.1
1990	Other non-current assets (Note6(4))	11,018	0.1	14,354	0.1
	Total non-current assets	4,401,859	51.4	4,497,892	50.3
	Total assets	\$ 8,550,063	100.0	\$ 8,937,571	100.0

The accompanying notes are an integral part of these parent company only financial statements.

(With Solomon & Co., audit report dated March 23, 2021)

FWUSOW INDUSTRY CO., LTD.
AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

<i>Liabilities and Equity</i>		<i>Year ended December 31</i>			
		<i>2020</i>		<i>2019</i>	
		<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
Current liabilities					
2100	Short-term loans(Note 6(11))	\$ 672,414	7.9	\$ 1,300,202	14.5
2110	Short-term notes and bills payable(Note 6(11))	119,930	1.4	89,821	1.0
2120	Current financial liability at fair value through profit or loss(Note 6(2))	—	—	1,604	—
2130	Current contract liability-current(Note6(18))	6,062	0.1	4,574	0.1
2150	Notes payable(Note7(4))	129,272	1.4	133,432	1.5
2170	Accounts payable(Note7(4))	218,290	2.5	244,952	2.7
2200	Other payables(Note7(4))	315,863	3.7	218,417	2.4
2230	Current tax liabilities	67,864	0.8	27,557	0.3
2280	Current lease liabilities(Note6(9))	7,189	0.1	12,098	0.1
2310	Advance receipt	1,740	—	35,190	0.4
2322	Current portion of long-term loans(Note6(12))	463,816	5.4	626,282	7.0
2399	Other current liabilities	5,134	—	3,488	0.1
	Total current Liabilities	<u>2,007,574</u>	<u>23.3</u>	<u>2,697,617</u>	<u>30.1</u>
Non-current liabilities					
2540	Long-term loans(Note 6(12))	1,655,956	19.3	1,808,757	20.2
2571	Deferred tax liabilities - land value increment tax	416,032	4.9	433,454	4.8
2580	Non current lease liabilities(Note 6(9))	18,900	0.2	28,987	0.3
2640	Net defined benefit liability-non current(Note 6(13))	5,774	0.1	6,812	0.1
2645	Guarantee deposits received	2,413	—	2,654	—
	Total non-current liabilities	<u>2,099,075</u>	<u>24.5</u>	<u>2,280,664</u>	<u>25.4</u>
	Total liabilities	<u>4,106,649</u>	<u>47.8</u>	<u>4,978,281</u>	<u>55.5</u>
Equity attributable to owners of parent (Note 6(15))					
3110	Share capital	3,220,139	37.7	3,220,139	36.0
3200	Capital surplus	14,358	0.2	14,358	0.2
3300	Retained earnings	1,191,228	13.9	704,042	7.9
3400	Other equity interest	(5,958)	—	(7,319)	—
3500	Treasury share	(6,735)	—	—	—
	Total equity	<u>4,413,032</u>	<u>51.8</u>	<u>3,931,220</u>	<u>44.1</u>
36XX	Non-controlling interests	30,382	0.4	28,070	0.4
	Total equity	<u>4,443,414</u>	<u>52.2</u>	<u>3,959,290</u>	<u>44.5</u>
	Total liabilities and equity	<u>\$ 8,550,063</u>	<u>100.0</u>	<u>\$ 8,937,571</u>	<u>100.0</u>

The accompanying notes are an integral part of these parent company only financial statements.

(With Solomon & Co., audit report dated March 23, 2021)

FWUSOW INDUSTRY CO., LTD.
AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

		<i>Year ended December 31</i>			
		<i>2020</i>		<i>2019</i>	
		<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
4100	Net operating revenue (Note6(18))	\$ 12,324,165	100.0	\$ 12,259,254	100.0
5000	Operating costs (Note6(6))	(10,974,663)	(89.0)	(11,262,328)	(91.9)
5860	Gains(Losses) on changes in fair value less costs to sell of biological assets for current period	8,500	0.1	(1,000)	—
	Gross Profit	<u>1,358,002</u>	<u>11.1</u>	<u>995,926</u>	<u>8.1</u>
6000	Operating Expenses				
6100	Selling expenses	(648,934)	(5.3)	(636,671)	(5.2)
6200	Administrative expenses	(332,016)	(2.7)	(282,613)	(2.3)
6300	Research and development expenses	(35,870)	(0.3)	(39,553)	(0.3)
6450	Overdue credit(impairment loss)gain on reversal	(9,754)	(0.1)	(3,654)	—
		<u>(1,026,574)</u>	<u>(8.4)</u>	<u>(962,491)</u>	<u>(7.8)</u>
	Net operating profit	<u>331,428</u>	<u>2.7</u>	<u>33,435</u>	<u>0.3</u>
7000	Non-operating income and expenses				
7100	Interest income	1,038	—	1,225	—
7010	Other income (Note6(19))	46,717	0.4	22,794	0.2
7020	Other gains and losses (Note6(20))	287,700	2.3	140,495	1.1
7050	Financial costs (Note6(21))	(42,249)	(0.3)	(59,394)	(0.5)
7070	Share of Profit or Loss of Associates & Joint Ventures Accounted for Using Equity Method (Note(6(7)))	51,095	0.4	36,655	0.3
		<u>344,301</u>	<u>2.8</u>	<u>141,775</u>	<u>1.1</u>
7900	Profit before income tax	675,729	5.5	175,210	1.4
7950	Income tax expense (Note6(14))	(110,496)	(0.9)	(33,831)	(0.3)
	Profit for the year	<u>565,233</u>	<u>4.6</u>	<u>141,379</u>	<u>1.1</u>
8300	Other comprehensive income				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	(1,108)	—	1,915	—
8321	Other comprehensive income, before tax, actuarial gain (losses) on defined benefit plans for Using Equity Method	1,600	—	(649)	—
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	222	—	(383)	—
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation	1,975	—	(5,289)	—
8399	Income tax benefit related to items that will not be reclassified subsequently	(341)	—	911	—
	Other comprehensive income(net income after tax)	<u>2,348</u>	<u>—</u>	<u>(3,495)</u>	<u>—</u>
8500	Total comprehensive income	<u>\$ 567,581</u>	<u>4.6</u>	<u>\$ 137,884</u>	<u>1.1</u>
8600	Profit (loss), attributable to owners of parent				
8610	Stockholders of the Company	\$ 615,277	4.9	\$ 203,114	1.6
8620	Non-controlling Interest	(50,044)	(0.4)	(61,735)	(0.5)
		<u>\$ 565,233</u>	<u>4.5</u>	<u>\$ 141,379</u>	<u>1.1</u>
8700	Comprehensive income attributable to:				
8710	Stockholders of the Company	\$ 617,352	5.0	\$ 200,349	1.6
8720	Non-controlling Interest	(49,771)	(0.4)	(62,465)	(0.5)
	Total comprehensive income	<u>\$ 567,581</u>	<u>4.6</u>	<u>\$ 137,884</u>	<u>1.1</u>
	Earnings per share				
9750	Basic earnings per share(dollar) (Note6(17))	<u>\$</u>	<u>1.91</u>	<u>\$</u>	<u>0.63</u>

The accompanying notes are an integral part of these consolidated financial statements.

(With Solomon & Co., audit report dated March 23, 2021)

FWUSOW INDUSTRY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

	<i>Equity attributable to owners of the parent</i>									
	<i>Retained Earnings</i>						<i>Other equity interest</i>			
	<i>Shares</i>	<i>Capital Surplus</i>	<i>Legal reserve</i>	<i>Special Reserve</i>	<i>Unappropriated Earnings</i>		<i>Foreign Currency Translation Reserve</i>	<i>Treasury Stock</i>	<i>Non-controlling Interests</i>	<i>Total Equity</i>
					<i>(Accumulated Deficit)</i>	<i>Total</i>				
Balance at January 1, 2019	\$ 3,220,139	\$ 32,946	\$ 246,604	\$ 233,273	\$ 56,000	\$ 535,877	\$ (3,671)	\$ —	\$ 31,341	\$ 3,816,632
Appropriation of net income:										
Legal and Special reserve used to offset accumulated deficit	—	—	—	—	—	—	—	—	—	—
Cash dividends to shareholders	—	—	—	—	(32,201)	(32,201)	—	—	(25)	(32,226)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	—	(18,588)	—	—	(3,631)	(3,631)	—	—	22,219	—
Profit for the 2019	—	—	—	—	203,114	203,114	—	—	(61,735)	141,379
Other comprehensive loss for the 2019	—	—	—	—	883	883	(3,648)	—	(730)	(3,495)
Changes in non-controlling interests	—	—	—	—	—	—	—	—	37,000	37,000
Balance at December 31, 2019	3,220,139	14,358	246,604	233,273	224,165	704,042	(7,319)	—	28,070	3,959,290
Increase in treasury stock	—	—	—	—	—	—	—	(6,735)	—	(6,735)
Appropriation of 2020 earnings:										
Legal reserve	—	—	20,399	—	(20,399)	—	—	—	—	—
Cash dividends to shareholders	—	—	—	—	(128,805)	(128,805)	—	—	(2,417)	(131,222)
Profit for the year	—	—	—	—	615,277	615,277	—	—	(50,044)	565,233
Other comprehensive income	—	—	—	—	714	714	1,361	—	273	2,348
Changes in non-controlling interests	—	—	—	—	—	—	—	—	54,500	54,500
Balance at December 31, 2020	<u>\$ 3,220,139</u>	<u>\$ 14,358</u>	<u>\$ 267,003</u>	<u>\$ 233,273</u>	<u>\$ 690,952</u>	<u>\$ 1,191,228</u>	<u>\$ (5,958)</u>	<u>\$ (6,735)</u>	<u>\$ 30,382</u>	<u>\$ 4,443,414</u>

*The accompanying notes are an integral part of the parent company only financial statements
(With Solomon & Co., audit report dated March 23, 2021)*

FWUSOW INDUSTRY CO., LTD.
AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in Thousands of New Taiwan Dollars)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Profit before tax	\$ 675,729	\$ 175,210
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation expense	261,150	266,623
Amortized expense	1,966	2,491
Expected credit loss	9,754	3,654
Allowance for inventory valuation and obsolescence loss	(20,555)	32,065
Change in fair value less cost to sell of biological assets	(8,500)	1,000
Loss (gains) on Financial Assets and Liabilities at Fair Value through profit or loss	(2,753)	1,054
Finance costs	42,249	59,394
Dividend income	(444)	(771)
Interest income	(1,038)	(1,225)
Share of loss (profit) of associates and joint ventures accounted for using equity method	(51,095)	(36,655)
Loss (gain) on disposal of property, plant and equipment	(277,904)	(126,917)
Reversal of impairment loss recognized in profit or loss, property, plant and equipment	—	(17,322)
Property, plant and equipment transferred expences	64	126
Loss (gain) on disposal of financial assets	641	(17)
Gain on reversal of impairment loss of financial assets	(3,603)	—
Loss of lease modification	(128)	6
Other adjustments to reconcile profit (loss)	1,790	3,545
Total adjustments to reconcile profit (loss)	<u>(48,406)</u>	<u>187,051</u>
Changes in operating assets and liabilities:		
Changes in operating assets		
Financial assets and liabilities at fair value through profit or loss	(19,677)	17
Notes receivable (include related parties)	(41,470)	114,700
Accounts receivable (include related parties)	(18,223)	(156,198)
Other receivables (include related parties)	(3,034)	12,378
Inventories	351,670	(489,019)
Biological assets	(33,012)	23,026
Prepayments	1,180	72,745
Other current assets	10,453	10,175
Overdue receivables (include related parties)	(1,701)	2,393
Changes in operating liabilities		
Notes payable (include related parties)	(4,160)	(102,892)
Accounts payable (include related parties)	(26,662)	56,956
Other payables (include related parties)	96,709	35,646
Advance receipts	(33,450)	35,190
Contract liabilities	1,488	(61,114)
Other current liabilities	1,646	(5,873)
Net defined benefit liability	(2,146)	(3,357)
Total changes in operating assets and liabilities	<u>279,611</u>	<u>(455,227)</u>
Total adjustments	<u>231,205</u>	<u>(268,176)</u>
Cash inflow (outflow) generated from operations	906,934	(92,966)
Interest received	1,038	1,225
Dividend received	30,848	20,170
Interest paid	(43,082)	(62,466)
Income tax refund (paid)	(72,804)	22,468
Cash provided by (used in) operating activities	<u>822,934</u>	<u>(111,569)</u>

(Carried over)

(Brought forward)

	<u>2020</u>	<u>2019</u>
Cash flows from investing activities:		
Proceeds from disposal of property, plant and equipment	333,908	186,834
Additions to property, plant and equipment	(192,562)	(213,622)
Acquisition of financial assets at amortised cost	(109,649)	—
Proceeds from disposal of investment properties	2,816	—
Acquisition of intangible assets	(391)	(392)
Decrease (increase) in other financial assets	125,515	(125,630)
Decrease (increase) in other assets	824	(1,060)
Decrease (increase) in refundable deposits	(3,203)	1,138
Net cash flows from (used in) investing activities	<u>157,258</u>	<u>(152,732)</u>
Cash flows from financing activities:		
Increase (decrease) in short-term loans	(627,789)	253,251
Increase (decrease) in commercial paper payable	30,109	(19,992)
Proceeds from long-term bank loans	367,610	955,123
Repayment of long-term bank loans	(682,877)	(930,879)
Cash dividends paid	(128,805)	(32,201)
Decrease in quarantine deposits received	(241)	(24)
Repayment of principal of lease liabilities	(11,206)	(13,641)
Increase in non-controlling interests	52,083	36,975
Payments to acquire treasury shares	(6,735)	—
Net cash flows from (used in) financing activities	<u>(1,007,851)</u>	<u>248,612</u>
Effects of exchange rate change on cash	<u>1,417</u>	<u>(4,321)</u>
Net increase (decrease) in cash and cash equivalents	(26,242)	(20,010)
Cash and cash equivalents at beginning of year	970,228	990,238
Cash and cash equivalents at end of year	<u>\$ 943,986</u>	<u>\$ 970,228</u>

*The accompanying notes are an integral part of the consolidated financial statements
(With Solomon & Co., audit report dated March 23, 2021)*

FWUSOW INDUSTRY CO., LTD. and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Specified)

1. Organization

FWUSOW INDUSTRY CO., LTD. (the Company) was incorporated in February, 1955. Its shares were listed on Taiwan Stock Exchange (TSE), in December, 1990. FWUSOW INDUSTRY CO., LTD. and its subsidiaries (collectively referred to as the “Group” or the “Company”).

The main operating activities of the Company are

- I. Animal and vegetable oil refining and processing business.
- II. Manufacturing, processing and trading of feed and general feed additives.
- III. The breeding and processing business of livestock and poultry (except goat milk and mutton).
- IV. Manufacturing, processing, and trading of processed agricultural foods, milled foods, and baked processed foods such as rice, beans, and wheat.
- V. Canned food, frozen food, beverages, condiments (bonito flavor, chicken flavor), dairy products (except goat milk), sugar and sugar products and other food manufacturing, processing and trading business.
- VI. Manufacturing, processing, and trading of organic fertilizers.
- VII. Warehousing and labor transportation supply industry, refrigeration industry and supermarket operation
- VIII. Warehousing industry.
- IX. Meat slaughtering and processing industry

2. The Date and Procedure for the Authorization Of Financial Statements

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 23, 2021.

3. Application Of New And Revised International Financial Reporting Standards

A. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the Company’s accounting policies:

Amendments to IAS 1 and IAS 8 “Definition of Materiality”

The Company adopted the amendments starting from January 1, 2020. The threshold of materiality that could influence the users of financial reports has been changed to “could reasonably be expected to influence the user of financial reports”. Accordingly, disclosures in the parent company only financial statements do not include immaterial information that may obscure material information.

B. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2021 are as follows:

<u>New IFRSs</u>	<u>Effective Date Announced by IASB</u>
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021
Amendment to IFRS 16 “Covid-19 - Related Rent Concessions”	June 1, 2020

As of the date the parent company only financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of above standards and interpretations will have on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

C. The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022(Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022(Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent”	January 1, 2023
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022(Note 4)
Amendments to IAS 37 “Onerous Contracts–Cost of Fulfilling a Contract”	January 1, 2022(Note 5)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments to IFRS 9 will be applied to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business acquisition after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are expected to be operated by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. Summary Of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

I. Compliance statement

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC with the effective dates (collectively, “Taiwan-IFRSs”).

II. Basis of Preparation

A. Measurement Bases

Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

- (a) Financial instruments that are measured at fair values
- (b) Biological assets measured at fair value less costs to sell.
- (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. Functional Currency and Presentation Currency

The company uses the currency of the main economic environment in which it operates as its functional currency. The consolidated financial statements are presented in New Taiwan dollars, which is the Company’s functional currency. All financial information expressed in New Taiwan Dollars are in units of New Taiwan Dollars Thousands.

III. Basis of Consolidation

A. The basis for the consolidated financial statements

The consolidated financial statements incorporate the financial statements of FWUSOW INDUSTRY CO., LTD. and entities controlled by FWUSOW INDUSTRY CO., LTD. (its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of are included in the consolidated statement of comprehensive income from the effective date of acquisition

and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the shareholders of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions.

B. The subsidiaries in the consolidated financial statements

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership		
			December 31, 2020	December 31, 2019	
FWUSOW INDUSTRY CO., LTD.	FWUSOW NEW INDUSTRY CO., LTD.	Leasing and Retail Trade	99.07%	99.07%	
	CHARMING FOOD INTERNATIONAL MARKETING CO., LTD.	Electric poultry slaughter, poultry meat processing, cutting, trading	72.75%	72.75%	
	ZILLION HOLDING CO.	Investment holding company	100.00%	100.00%	
	WONDERFUL INVESTMENT CO.	Investment holding company	85.70%	85.70%	
	WANJISHENG AGRICULTURAL TECHNOLOGY CO.,	Livestock breeding, etc.	100.00%	—% ^{Note (1)}	
	WONDERFUL INVESTMENT CO.	XIAMEN FWUSOW INDUSTRY CO., LTD.	Manufacturing and sales	100.00%	100.00%
	ZILLION HOLDING CO.	XIAMEN FWUSOW TRADING CO., LTD	Buying and selling pet food, supplies, etc.	100.00%	100.00%

Note 1 : The company invested in the establishment of WANJISHENG AGRICULTURAL TECHNOLOGY CO., in December 2020, with the main purpose of vertical integration of the group's business, which has been approved by the competent authority.

IV.Foreign Currency

A. Foreign currency transaction

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise. Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, nonmonetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

B. Translation of foreign operations

Assets and liabilities of foreign operations, including the goodwill and fair value adjustment generated at the time of acquisition, shall be converted into the presentation currency of the parent company only financial statements on the reporting date. Income and expenses are converted into presentation currency of the parent company only financial statements at the average exchange rate in the current period, and the exchange different generated therefore shall be stated as other comprehensive profit or loss.

When the disposal of a foreign operation causing a loss of control, loss of joint control, or significant influence, the cumulative exchange difference related to the foreign operation is entirely reclassified as profit or loss. If the disposal involves any subsidiary of the

foreign operations, the relevant accumulated exchange difference shall be reclassified into the non-controlling interests on a pro rata basis. If the disposal involves any affiliate or joint venture of the foreign operations, the relevant accumulated exchange difference shall be reclassified into income or loss on a pro rata basis.

If no repayment program is defined with respect to monetary item receivable or payable of the foreign operations and it is impossible to settle in the foreseeable future, the foreign currency exchange gain or loss generated therefor shall be held as a part of the net investment of the foreign operations and recognized as other comprehensive profit or loss.

V. Classification of current and non-current items

Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets held mainly for trading purposes;
- (b) Assets that are expected to be realized within twelve months from the balance sheet date;
- (c) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

Liability that meet one of the following criteria are classified as current liability; otherwise they are classified as non-current liability:

- (a) Liabilities arising mainly from trading activities;
- (b) Liabilities that are to be settled within twelve months from the balance sheet date;
- (c) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

VI. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Time deposits with maturities less than 3 months and held for the purpose of meeting short-term cash commitments rather than for investment or other purpose are classified as cash equivalents.

VII. Financial Instruments

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

Financial assets and liabilities are initially recognized at fair value with transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, when the financial assets and liabilities are not measured at fair value but through profit or loss. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

A. Financial Assets

Measurement category

On regular way purchases or sales of financial assets, the derivative are recognized and derecognized on settlement date basis, the other financial assets are recognized and derecognized on trade date basis.

Financial assets held by the Company are classified into financial assets at fair value through profit or loss and financial assets at amortized cost.

(1) Financial assets at fair value through profit or loss (Financial asset at FVTPL)

Financial asset is classified as at FVTPL when the financial asset is mandatorily classified or designated at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 6(22).

(2) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- (a) The financial asset is 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.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, and trade receivables at amortized cost, are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

- (a) For purchased or created credit-impaired financial assets, interest income is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial asset.
- (b) For financial assets that are not purchased or initiated credit impairment, but subsequently become credit impairment, interest income is calculated by multiplying the effective interest rate by the cost of financial assets amortization.

Impairment of financial assets

The company assesses financial assets (including accounts receivable) measured at amortized cost based on expected credit losses on each balance sheet date.

Accounts receivable shall be recognized as an allowance loss based on the expected credit loss during the duration. For other financial assets, first assess whether there is a significant increase in credit risk since the initial recognition. If there is no significant increase, the allowance loss is recognized based on the 12-month expected credit loss; if it has increased significantly, it is recognized based on the duration of the expected credit loss Allowance for losses.

Expected credit loss is the weighted average credit loss based on the risk of default. The 12-month expected credit loss refers to the expected credit loss caused by the possible default

event of the financial instrument within 12 months after the reporting date, and the lifetime expected credit loss represents the expected credit loss caused by all possible default events during the expected lifetime of the financial instrument.

The impairment loss of all financial assets is reduced by the allowance account.

B. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

The debt and equity instruments issued by the company are classified as financial liabilities or equity based on the substance of the contractual agreement and the definition of financial liabilities and equity instruments.

An equity instrument refers to any contract that recognizes the remaining equity of the company after deducting all its liabilities from its assets.

The equity instruments issued by the company are recognized at the amount obtained after deducting the cost of direct issuance.

Interests and losses or benefits related to financial liabilities are recognized as profit and loss and listed under non-operating income and expenses.

Financial liabilities are reclassified into equity at the time of conversion, and the conversion does not generate profit or loss.

(2) Financial liabilities measured at fair value through profit and loss

Such financial liabilities are measured at fair value at the time of initial recognition, and transaction costs are recognized as profit or loss when incurred; subsequent evaluations are measured at fair value, and then the resulting benefits or losses (including related interest expenses) are recognized as profit or loss. It is also reported under non-operating income and expenses.

(3) Other financial liabilities

Financial liabilities are not held for trading and are not designated as those measured at fair value through profit and loss (including long-term and short-term borrowings, accounts payable and other payables). The original recognition is measured at fair value plus directly attributable transaction costs ; The subsequent evaluation adopts the effective interest rate method to measure the cost after amortization. Interest expenses that have not been capitalized as the cost of assets are reported under non-operating income and expenses.

(4) Derecognition of financial liabilities

The company derecognizes financial liabilities when contractual obligations have been fulfilled, cancelled or expired.

When derecognizing financial liabilities, the difference between the book value and the total consideration paid or payable (including any transferred non-cash assets or liabilities) is recognized as gain and loss which is reported under non-operating income and expenses.

(5) Mutual offset of financial assets and liabilities

Financial assets and financial liabilities are only offset when the company has the statutory right to offset and intend to settle on a net amount or to realize assets and settle liabilities at the same time, and then financial assets and liabilities are offset and expressed on the balance sheet as a net amount.

VIII. Inventories

Inventories are stated at the lower of cost or net realizable value. When comparing lower of cost and net realizable value, except for the comparison of same inventory, it shall be made item by item. The cost of inventories, using weighted average method, includes expenditures incurred in acquiring the inventories, production cost and other costs incurred in bringing them to their existing location and condition. The cost of finished goods and work in process will be allocated production costs based on normal production. Net realized value is the estimated by the difference of the selling price in the ordinary course of business and the estimated cost of completion and applicable variable selling expenses.

IX. Biological assets

Biological assets are initially recognized and measured at their fair value less costs to sell at each report date. The selling cost means that any additional cost can be directly attributed to the disposal assets except for the financial cost and income tax. Gains or losses from initial recognition of biological assets and subsequent changes in fair value less costs to sell are recognized profit or loss in current period.

X. Investment in related enterprises

Affiliated company refers to the company that has significant influence on its financial and operating policies but has not reached the control capacity. When the company holds 20% to 50% of the voting rights of the invested company, it is assumed to have significant influence.

Under the equity method, the original acquisition is recognized based on cost, and investment costs include transaction costs. The book value of the investment in the related company includes the goodwill identified at the time of the original investment, minus any accumulated impairment losses.

The individual financial report includes from the date of significant influence to the date of loss of significant influence. After making adjustments to the company's accounting policy consistency, the company recognizes the profit and loss of each investment related company and other related companies based on the proportion of equity. The amount of comprehensive profit and loss.

Unrealized benefits arising from transactions between the company and affiliated companies have been eliminated within the scope of the company's equity in the investee company. The method of eliminating unrealized losses is the same as that of unrealized benefits, but only when there is no evidence of impairment.

When the company shall recognize the loss of the affiliated company in proportion to or exceed its equity in the affiliated company, it shall stop recognizing its losses, and only when legal obligations, constructive obligations or payments have been made on behalf of the invested company have occurred. Within the scope, additional losses and related liabilities are recognized.

XI. Property, Plant and Equipment

A. Recognition and Measurement

Property, plant and equipment are measured at cost less accumulated depreciation and impairment. Cost includes expenditures that can be directly attributable to the acquisition of assets. The cost of self-built assets includes raw materials and direct labor, any cost to bring the asset to the usable state for its intended use, the cost of dismantling and removing and restoring the location, and the borrowing cost of the capitalized assets that meet the requirements. The software purchased to integrate the functions of the related equipment is also capitalized as part of the equipment.

When property, plant and equipment are in different categories and the difference is significant to the total cost, it would be appropriate to adopt different depreciation rate or method as separate item.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in net profit or loss in other income or loss.

B. Subsequent cost

Subsequent expenditure is capitalized, only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the expenditure can be measured reliably. The carrying amount of the replacement is derecognized. Ongoing repairs and maintenance are expensed when incurred.

C. Depreciation

The property, plant and equipment were depreciated on straight-line basis over the estimated useful life. Depreciation of property, plant and equipment is evaluated by major identical category. Only when the useful lives of the assets in that category are different from the rest. Thus that different category shall be depreciated separately. Depreciation is recognized as profit or loss.

Land is not depreciated.

The estimated useful lives of property, plant and equipment in current and comparative period are as follows:

- (1) Buildings 3~50 years
- (2) Machinery and equipment 3~20 years
- (3) Transportation equipment 3~12 years
- (4) Office and Other equipment 3~18 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If the expected value is different from original estimation, it will be adjusted appropriately when necessary. Such adjustment shall be accounted for a change in accounting estimation.

XII. Intangible assets

The computer software is recorded based on the acquisition cost, and the subsequent measurement is processed according to the cost model. After the initial recognition, the amortization expense is calculated based on the amortizable amount, and the amortization expense is averaged for 3-16 years from the month of acquisition.

XIII. Lease

The company assesses whether the contract belongs to (or includes) a lease on the date of contract establishment.

A. The company is the lessor

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

Under finance leases, lease payments include fixed payments and variable lease payments that depend on an index or rate. The net lease investment is measured by the sum of the present value of the lease payment receivable and the unguaranteed residual value plus the original direct cost and expressed as a financial lease receivable. Finance income is allocated to each accounting period to reflect the fixed rate of return that the combined company's unexpired net lease investment can obtain in each period.

Under operating leases, lease payments after deducting lease incentives are recognized as income on a straight-line basis during the relevant lease period. The original direct cost incurred in obtaining an operating lease is added to the book value of the underlying asset and recognized as an expense during the lease period on a straight-line basis.

B. The company is the lessee

Except for the lease payments of low-value underlying asset leases and short-term leases that are subject to the applicable recognition exemption, the lease payments are recognized as expenses on a straight-line basis during the lease period, and other leases are recognized as right-of-use assets and lease liabilities on the lease start date.

The right-of-use asset is initially measured at cost (including the original measured amount

of the lease liability and the lease payment paid before the lease start date), and subsequently measured at the cost after deducting accumulated depreciation and accumulated impairment losses, and the remeasured amount of the lease liability is adjusted. Right-of-use assets are separately expressed on the balance sheet.

Right-of-use assets are depreciated on a straight-line basis from the lease start date to the end of the service life or the expiration of the lease term, whichever is earlier.

Lease liabilities were originally measured by the present value of lease payments (including fixed payments and substantive fixed payments). If the implicit interest rate of the lease is easy to determine, the lease payment is discounted using that interest rate. If the interest rate is not easy to determine, use the lessee's incremental borrowing interest rate.

Subsequently, the lease liability is measured on the amortized cost basis using the effective interest method, and the interest expense is amortized during the lease period. If changes in the lease period lead to changes in future lease payments, the company will re-measure the lease liabilities and relatively adjust the right-of-use asset. However, if the book value of the right-of-use asset has been reduced to zero, the remaining remeasured amount is recognized in profit and loss. Lease liabilities are separately expressed on the balance sheet.

The variable rent in the lease agreement that is not dependent on the index or rate is recognized as an expense in the period in which it occurs.

XIV. Impairment of Non-financial Assets

The Company measures whether impairment occurred in non-financial assets, except for inventories, deferred income tax assets, employee benefits and biological assets at the end of every reporting date, and estimates the recoverable amount. If it is not possible to determine the recoverable amount (fair value less cost to sell and value in use) for the individual asset, then the Company will evaluate the impairment based on the recoverable amount from the asset's cash-generating unit.

The recoverable amount is determined by the higher value of an individual asset or a cash-generating unit less costs to sell or its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount and recognized an impairment loss. An impairment loss shall be recognized immediately in current period.

The Company should assess at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than

goodwill may no longer exist or may have decreased. If any such indication exists, the entity shall estimate the recoverable amount of that asset. An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount. That increase is a reversal of an impairment loss. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Regarding inventory, deferred income tax assets, assets generated from employee benefits, and non-financial assets other than biological assets, the company assesses whether impairment has occurred at the end of each reporting period, and estimates the recoverable amount of assets with signs of impairment. If the recoverable amount of an individual asset cannot be estimated, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs to assess the impairment.

XV. Treasury Stock

The Company acquires its outstanding shares, the acquisition cost is debited to the treasury stock account (including any directly attributable costs). When treasury stock is sold, the excess of the selling price over the carrying amount is credited to the capital surplus from treasury stock transactions account. If the carrying amount exceeds the selling price, the excess is first offset against capital surplus from the same class of treasury stock transactions, and the remainder, if any, is debited to retained earnings. The carrying amount of treasury stock is calculated by using the weighted-average approach according to the same class of treasury stock (common stock or preferred stock).

When the Company's treasury stock is the capital surplus - premium on stock account and capital stock account should be debited proportionately according to the share ratio. The carrying value of treasury stock in excess of the sum of its par value and premium on stock should first be offset against capital surplus from the same class of treasury stock transactions, and the remainder, if any, debited to retained earnings. The sum of the par value and premium on treasury stock in excess of its carrying value should be credited to capital surplus from the same class of treasury stock transactions.

XVI. Revenue recognition

A. Sales of goods

- (1) The Company manufactures and sells animal feeds, cooking oil, agricultural livestock products and related consumer food. Sales are recognized when control of the products has transferred, which also means that the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- (2) Revenue from sales of goods is recognized based on the price specified in the contract, net of the estimated volume discounts, sales discounts and allowances. The volume discount or sales allowance is usually offered by client's purchase volume. Based on historical experience of sales discounts offered, revenue is only recognized to the extent that it is highly probable that no significant reversal will occur. The estimation is reassessed at each reporting date. The credit term of 30 to 60 days after shipment is consistent with market practice, which is deemed not involved major financial arrangement in the sales contracts. The down payment receiving from selling products is deemed as contractual liability to fulfill the Company's obligation.
- (3) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Financing components

The contract between the Company and client is the obligation to transfer goods or services to the client and payment term is within one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

XVII. Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution plans are recognized as pension expense in the period when employees render service.

B. Defined benefit plans

Defined benefit costs (including service cost, net interest and rereasurement) under the defined benefit retirement benefit plans are determined using the Projected Unit Credit Method. Service cost (including current service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefit expense in the period they occur. Rereasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Rereasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. Net defined benefit asset is recognized to the extent of a contribution refund to the plan or deduction in future payments.

C. Short-term employee benefits

Short-term employee benefits are expensed at the undiscounted amount in exchange for service rendered by employees. A liability is reliably estimated and recognized for the amount of short-term cash bonus or employee dividend plan expected to be paid when the Company has a present legal or constructive obligation as a result of past service provided by the employee.

XVIII. Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for

the year, and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- A. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- B. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- C. taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- A. the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- B. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (1) the same taxable entity; or
 - (2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable

profits improves.

XIX. Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share are calculated as the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share are calculated as the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee bonus.

XX. Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of the consolidated financial statements in conformity with "International Financial Reporting Standards By The Financial Supervisory Commission" requires management to make judgments, estimations and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimations.

The Group has considered the economic implications of COVID-19 on critical accounting estimates and will continue evaluating the impact on its financial position and financial performance as a result of the pandemic. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years. The following are the key

assumptions concerning the future, and other key sources of estimation :

1. Note 6(5) , Assessment of impairment of accounts receivable
2. Note 6(6) , Valuation of Inventory
3. Note 6(8) , Assessment of impairment of property, plant and equipment
4. Note 6(13) , Measurement of net definite benefit liabilities
5. Note 6(14) , Realization of Deferred Income Tax Assets ◦

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash on hand	\$ 1,463	\$ 1,773
Checking accounts	5,392	4,026
Demand deposits	920,253	891,908
Foreign currency deposit	16,878	65,536
Cash equivalents – Short-term notes	—	6,985
	<u>\$ 943,986</u>	<u>\$ 970,228</u>

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Interest rate range	—	0.40%
Maturity year	—	2020.1

Other current assets

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Time deposits (the original expiry date is more than three months)	\$ 8,608	\$ 8,489
Restricted deposit	188	125,822
	<u>\$ 8,796</u>	<u>\$ 134,311</u>

Interest rate risk and sensitivity analysis details of the consol Group's financial asset and liability in Note 6(22)

(2) Current financial asset and liability at fair value through profit or loss

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Listed OTC stock and fund	\$ 9,160	\$ 11,268
Unquoted shares	83,373	83,373
Open-end fund	21,930	—
Adjustments for change	(84,121)	(85,270)
	<u>\$ 30,342</u>	<u>\$ 9,371</u>

Current financial liability at fair value through profit or loss

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Forward exchange agreement	\$ —	\$ 1,604

The Group entered into forward exchange contracts to hedge foreign currency exposures.

The outstanding forward exchange agreement is as follows:

	<u>December 31, 2019</u>		
	<u>Currency</u>	<u>Expiration date</u>	<u>Contract amount (thousand dollars)</u>
Pre-ordered forward exchange	USD exchange TWD	2020.1	USD 2,880

The group's estimated net profit and loss on derivative financial products in 2020 and 2019 are 1,604 thousand dollars and (1,704) thousand dollars.

In 2020 and 2019, the net gains and losses recognized by offsetting contracts of derivative financial asset transactions were 44 thousand dollars and 1352 thousand dollars, respectively.

(3) Financial assets amortized cost

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Bank debenture	\$ 109,649	\$ —
Interest rate range	1.11%	—
Maturity year	2021.4	—

(4) Notes receivable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Notes receivable	\$ 345,169	\$ 303,699
Less: Loss allowance	(230)	(230)
	<u>\$ 344,939</u>	<u>\$ 300,469</u>

(5) Accounts receivable (including overdue receivables)

Current:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts receivable	\$ 815,051	\$ 792,625
Less: Loss allowance	(9,207)	(7,474)
	<u>\$ 805,844</u>	<u>\$ 785,151</u>

Non-current :

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
overdue receivables	\$ 25,597	\$ 23,751
Less: Loss allowance	(25,597)	(23,751)
	<u>\$ —</u>	<u>\$ —</u>

The average credit period for sales of goods was 30-60 days. No interest was charged on accounts receivable. In determining the recoverability of a trade receivable, the Group considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period. The group will first review the credit rating of customers for new transactions, and obtain sufficient guarantees if necessary to reduce the risk of financial losses due to defaults. The group will use other publicly available financial information and historical transaction records to rate major customers. The Group's credit exposures and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty credit limit that are reviewed and approved by the accounting department annually.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. ° The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group estimates expected credit losses based on past due days. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

The Group writes off accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover

the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable based on the Group's provision matrix.

December 31, 2020

	<u>Current</u>	<u>1 to 30 days</u>	<u>31 to 60 days</u>	<u>61 to 120 days</u>	<u>Over 120 days</u>	<u>Total</u>
Expected Credit Loss	0%-0.2%	0%-10%	0%-50%	0%~100%	100%	
Carrying amount	\$1,212,258	\$ 161,887	\$ 23,378	\$ 7,702	\$ 25,597	\$1,430,822
lifetime expected credit losses	(5,496)	(213)	(2,296)	(1,814)	(25,597)	(35,416)
Amortized cost	<u>\$1,206,762</u>	<u>\$ 161,674</u>	<u>\$ 21,082</u>	<u>\$ 5,888</u>	<u>\$ —</u>	<u>\$1,395,406</u>

December 31, 2019

	<u>Current</u>	<u>1 to 30 days</u>	<u>31 to 60 days</u>	<u>61 to 120 days</u>	<u>Over 120 days</u>	<u>Total</u>
Expected Credit Loss	0%-1%	4%-7%	17%-90%	90%~100%	100%	
Carrying amount	\$1,309,164	\$ 31,028	\$ 10,424	\$ 1,003	\$ 23,751	\$ 1,375,370
lifetime expected credit losses	(2,846)	(2,133)	(2,117)	(990)	(23,751)	(31,837)
Amortized cost	<u>\$1,306,318</u>	<u>\$ 28,895</u>	<u>\$ 8,307</u>	<u>\$ 13</u>	<u>\$ —</u>	<u>\$ 1,343,533</u>

Change information of loss allowance :

	<u>2020</u>	<u>2019</u>
Opening balance	\$ 31,837	\$ 29,056
Overdue credit impairment loss	9,754	3,654
Non recoverable receivable	(6,175)	(561)
Effect of exchange rate changes	—	(312)
Ending balance	<u>\$ 35,416</u>	<u>\$ 31,837</u>

(6) Inventories

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Raw materials	\$ 612,616	\$ 1,024,081
Materials	54,271	62,078
Semi-manufactures	25,642	26,957
Manufactures	464,948	410,023
Commodity	4,475	2,569
Inventory in transit - materials	390,948	378,568
	<u>1,552,900</u>	<u>1,904,276</u>
Less: allowance for inventory write-down	(35,810)	(56,365)
Net inventories	<u>\$ 1,517,090</u>	<u>\$ 1,847,911</u>

The cost of inventories recognized as expense for the year:

	<u>2020</u>	<u>2019</u>
Cost of goods sold	\$ 10,943,524	\$ 11,184,295
Costs of conversion	3,082	3,529
Loss on decline in market value	(20,555)	32,065
Net loss on physical inventory	28,125	35,545
Income from disposal of leftover and scraps	(914)	(1,367)
Others	21,401	8,261
	<u>\$ 10,974,663</u>	<u>\$ 11,262,328</u>

1. Write-down of inventories to net realizable value and reversal of write-down of inventories resulting from the increase in net realizable value were included in the cost of revenue, as illustrated below:

	<u>2020</u>	<u>2019</u>
Inventory losses (reversal of write-down of inventories)	\$ (20,555)	\$ 32,065

2. As of December 31, 2020 and 2019, the Group's inventories were not provided as pledged assets.

(7) Investments accounted for under equity method

Details of investments accounted for using equity method-subidiaries are provided as follows:

Investee	<u>December 31, 2020</u>		<u>December 31, 2019</u>	
	Carrying amount	Share holding ratio %	Carrying amount	Share holding ratio %
CENTRAL UNION OIL CORP.	\$ 267,321	32.33	\$ 250,531	32.33
CHIATON INTERNATIONAL CO., LTD.	64,706	37.50	59,205	37.50
	<u>\$ 332,027</u>		<u>\$ 309,736</u>	

1. The Group's investments accounted for its subsidiaries were unquoted.

2. Details of Share of Profit or Loss of Joint Ventures Accounted:

	<u>2020</u>	<u>2019</u>
The Group's share of the net profit of the associated companies for the current period	\$ 51,095	\$ 36,655
The group's share of other comprehensive profits and losses of associated companies	\$ 1,600	\$ (649)

Details of financial information of Joint Ventures Accounted:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Total assets	\$ 2,955,556	\$ 2,681,945
Total liability	<u>1,956,200</u>	<u>1,749,188</u>
Net assets	<u>\$ 999,356</u>	<u>\$ 932,757</u>
	<u>2020</u>	<u>2019</u>
Revenues	<u>\$ 7,542,697</u>	<u>\$ 7,498,485</u>
Net profit	<u>\$ 152,652</u>	<u>\$ 109,364</u>
Share of profit (loss) of associates and joint ventures accounted for using equity method	<u>\$ 4,948</u>	<u>\$ (2,009)</u>

The financial information is not adjusted according to the percentage of ownership.

The investment gains and losses recognized by the equity method in 2020 and 2019 were calculated based on the financial statements of the investee company verified by accountants.

3. As of December 31, 2020 and 2019, the Group did not provide any investment accounted for using equity method as collaterals for its loans.

(8) Property, plant and equipment

1. Capitalization amount and interest rate range of borrowing costs for property, plan and equipment:

	<u>2020</u>	<u>2019</u>
Capitalization amount	<u>\$ —</u>	<u>\$ 1,685</u>
Capitalization interest rate	<u>—</u>	<u>1.27%</u>

2. Details of property, plant and equipment

	Land	Buildings	Machinery and Equipment	Transportation equipment	Other equipment	Construction in progress and equipment to be inspected	Total
Cost :							
At January 1, 2020	\$ 1,489,953	\$ 2,470,035	\$ 2,853,171	\$ 126,286	\$ 298,753	\$ 91,866	\$ 7,330,064
Additions	4,229	6,132	19,626	2,288	5,492	166,365	194,132
Reclassifications	17,850	63,079	69,138	2,623	32,506	(200,204)	(15,088)
Disposals	(61,113)	—	(7,052)	(5,636)	(2,172)	—	(75,973)
December 31, 2020	<u>\$ 1,450,919</u>	<u>\$ 2,539,246</u>	<u>\$ 2,924,883</u>	<u>\$ 125,561</u>	<u>\$ 334,579</u>	<u>\$ 58,027</u>	<u>\$ 7,433,215</u>
At January 1, 2019	\$ 1,484,038	\$ 2,510,088	\$ 2,893,239	\$ 128,688	\$ 297,861	\$ 170,404	\$ 7,484,318
Additions	8,588	13,705	7,834	10,823	6,313	170,817	218,080
Reclassifications	—	62,150	163,608	684	9,749	(249,355)	(13,164)
Disposals	(2,673)	(116,224)	(212,066)	(13,919)	(15,194)	—	(360,076)
Effect of foreign currency exchange differences	—	316	556	10	24	—	906
December 31, 2019	<u>\$ 1,489,953</u>	<u>\$ 2,470,035</u>	<u>\$ 2,853,171</u>	<u>\$ 126,286</u>	<u>\$ 298,753</u>	<u>\$ 91,866</u>	<u>\$ 7,330,064</u>
Accumulated depreciation and impairment							
At January 1, 2020	\$ (26,643)	\$ (1,294,396)	\$ (1,746,352)	\$ (95,584)	\$ (170,460)	\$ —	\$ (3,333,435)
Additions	—	(90,884)	(110,453)	(9,591)	(23,617)	—	(234,545)
Gain on reversal of impairment loss	—	—	—	—	—	—	—
Disposals	—	—	4,987	4,710	2,115	—	11,812
At December 31, 2020	<u>\$ (26,643)</u>	<u>\$ (1,385,280)</u>	<u>\$ (1,851,818)</u>	<u>\$ (100,465)</u>	<u>\$ (191,962)</u>	<u>\$ —</u>	<u>\$ (3,556,168)</u>
At January 1, 2019	\$ (27,830)	\$ (1,311,868)	\$ (1,824,997)	\$ (97,016)	\$ (161,708)	\$ —	\$ (3,423,419)
Additions	—	(91,562)	(104,331)	(10,819)	(22,462)	—	(229,174)
Gain on reversal of impairment loss	1,187	16,135	—	—	—	—	17,322
Disposals	—	93,195	183,461	12,257	13,731	—	302,644
Effect of foreign currency exchange differences	—	(296)	(485)	(6)	(21)	—	(808)
At December 31, 2019	<u>\$ (26,643)</u>	<u>\$ (1,294,396)</u>	<u>\$ (1,746,352)</u>	<u>\$ (95,584)</u>	<u>\$ (170,460)</u>	<u>\$ —</u>	<u>\$ (3,333,435)</u>
Book Value:							
December 31, 2020	<u>\$ 1,424,276</u>	<u>\$ 1,153,966</u>	<u>\$ 1,073,065</u>	<u>\$ 25,096</u>	<u>\$ 142,617</u>	<u>\$ 58,027</u>	<u>\$ 3,877,047</u>
December 31, 2019	<u>\$ 1,463,310</u>	<u>\$ 1,175,639</u>	<u>\$ 1,106,819</u>	<u>\$ 30,702</u>	<u>\$ 128,293</u>	<u>\$ 91,866</u>	<u>\$ 3,996,629</u>

3. In 2019, the consolidated company reopened the idle land that was provided as impairment losses in the previous year. The recoverable amount was assessed to be higher than the book value, so the impairment reversion benefit was recognized as 1,187.

4. On November 25, 2019, the board of directors of the ultimate parent company (FWUSOW INDUSTRY CO., LTD.) passed a resolution to sell all the real property, plant and equipment and land use rights of the Sub-subsidiary Xiamen FWUSOW Industrial Ltd. to a non-related parties in Xiamen Shengqian Steel Products Technology Ltd. The sale price exceeds the book value of the asset, so the impairment loss of 16,135 was reversed at the time of sale.

5. In December 2019, the board of directors of the subsidiary FWUSOW NEW INDUSTRY CO., LTD. approved the sale of 15 lands including land number 473 in Xing'an Section of Shalu District for a total sale price of 324,891 .The transfer was completed in March 2020.

6. The land and building in Zhuzi Douliu City, Yunlin County owned by the Company was in agriculture and animal husbandry category, which was registered under personal name. The Company had agreement to pledge the property to the Company as collateral.

7. The information about the property, plant and equipment is pledged as collateral is disclosed in Note8.

(9)Lease arrangements

(a)Right-of-use assets

	<u>Land</u>	<u>Building</u>	<u>Machinery and Equipment</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost :					
Balance at January 1, 2020	\$ 13,847	\$ 13,194	\$ 3,303	\$ 25,856	\$ 56,200
Addition	—	—	—	2,667	2,667
Lease Modifying	(248)	(9,316)	—	(5,460)	(15,024)
Balance at December 31, 2020	<u>\$ 13,599</u>	<u>\$ 3,878</u>	<u>\$ 3,303</u>	<u>\$ 23,063</u>	<u>\$ 43,843</u>
Accumulated depreciation and impairment:					
Balance at January 1, 2020	\$ (1,790)	\$ (2,548)	\$ (809)	\$ (9,177)	\$ (14,324)
Depreciation	(1,789)	(1,783)	(809)	(7,419)	(11,800)
Decrease	237	3,000	—	5,459	8,696
Balance at December 31, 2020	<u>\$ (3,342)</u>	<u>\$ (1,331)</u>	<u>\$ (1,618)</u>	<u>\$ (11,137)</u>	<u>\$ (17,428)</u>
Book value:					
Balance at December 31, 2020	<u>\$ 10,258</u>	<u>\$ 2,546</u>	<u>\$ 1,685</u>	<u>\$ 11,927</u>	<u>\$ 26,415</u>

	Land	Building	Machinery and Equipment	Transportation equipment	Total
Cost :					
Balance at January 1, 2019	\$ —	\$ —	\$ —	\$ —	\$ —
First-time Application IFRS 16	26,095	13,798	3,303	25,856	69,052
Addition	—	—	—	—	—
Decrease	(11,750)	—	—	—	(11,750)
Lease Modifying	—	(604)	—	—	(604)
Effect of foreign currency exchange differences	(498)	—	—	—	(498)
Balance at December 31, 2019	<u>\$ 13,847</u>	<u>\$ 13,194</u>	<u>\$ 3,303</u>	<u>\$ 25,856</u>	<u>\$ 56,200</u>
Accumulated depreciation and impairment:					
Balance at January 1, 2019	\$ —	\$ —	\$ —	\$ —	\$ —
Depreciation	(1,790)	(3,134)	(809)	(9,177)	(14,910)
Decrease	—	586	—	—	586
Balance at December 31, 2019	<u>\$ (1,790)</u>	<u>\$ (2,548)</u>	<u>\$ (809)</u>	<u>\$ (9,177)</u>	<u>\$ (14,324)</u>
Book value:					
Balance at December 31, 2019	<u>\$ 12,057</u>	<u>\$ 10,646</u>	<u>\$ 2,494</u>	<u>\$ 16,679</u>	<u>\$ 41,876</u>

For the years ended December 31, 2020 and 2019, the Company did not undergo major sub-leases and impairments.

(b) Lease liabilities

	December 31, 2020	December 31, 2019
Book value of lease liabilities		
current	<u>\$ 7,189</u>	<u>\$ 12,098</u>
non-current	<u>\$ 18,900</u>	<u>\$ 28,987</u>

Discount rate for lease liabilities under the Group's 2020 and 2019 are 1.21% ~ 1.88%.

(c) Material lease-in activities and terms

The Group leases buildings for the use of warehouse and offices with lease terms of 1 to 9 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

(d) Other lease information

	2020	2019
Expenses relating to short-term leases	\$ 13,784	\$ 5,637
Low-value asset lease expenses	\$ 1,297	\$ 931
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ 11,304	\$ 8,968
Total cash (outflow) for leases	\$ 44,208	\$ 31,718

The Group applies the recognition exemption to leases of transportation equipment qualifying as short-term leases and certain photocopier qualifying as low-value asset leases and does not recognize right-of-use assets and lease liabilities for these leases.

(10) Intangible assets

December 31, 2020

Project	Cost	Additions	Amortization	Accumulated amortization	Carrying amounts
Software	\$ 39,411	\$ 11,117	\$ (5,275)	\$ (15,784)	\$ 34,744

December 31, 2019

Project	Cost	Additions	Amortization	Accumulated amortization	Carrying amounts
Software	\$ 37,749	\$ 1,662	\$ (4,354)	\$ (10,509)	\$ 28,902

(11) SHORT-TERM LOANS

(a) Short-term borrowings

Nature of loan	December 31, 2020	interest rates range from	Maturity year	Collateral
Bank loans				
Purchase loans	\$ 92,414	0.78% ~ 1.10%	2021.03 ~ 2021.06	NONE
Credit loans	580,000	0.90% ~ 1.45%	2021.01 ~ 2021.10	NONE
	<u>\$ 672,414</u>			

Nature of loan	December 31, 2019	interest rates range from	Maturity year	Collateral
Bank loans				
Purchase loans	\$ 200,202	2.46% ~ 2.85%	2020.02 ~ 2020.06	NONE
Credit loans	1,100,000	0.96% ~ 1.88%	2020.01 ~ 2020.09	NONE
	<u>\$ 1,300,202</u>			

(b) Short-term commercial paper payable

	<u>December 31, 2020</u>	<u>December 31, 2019,</u>
Commercial paper payable	\$ 120,000	\$ 90,000
Discount	(70)	(179)
	<u>\$ 119,930</u>	<u>\$ 89,821</u>
Interest rate range	1.30%	1.06% ~ 1.34%
Maturity year	2021.01	2020.02 ~ 2020.03

1. Short-term commercial paper payable pledged as collateral are set out in Note 8.

2. The above short-term bills payable are guaranteed by financial institutions.

(12)Long-term loans

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Collateralize loans	\$ 911,966	\$ 977,151
Credit loans	1,207,806	1,457,888
Less: Current portion of long-term loans payable	(463,816)	(626,282)
Long-term debt payable	<u>\$ 1,655,956</u>	<u>\$ 1,808,757</u>
Interest rate range	<u>0.88% ~ 1.61%</u>	<u>1.13% ~ 1.86%</u>
Maturity year	<u>2021.6 ~ 2039.8</u>	<u>2020.7 ~ 2039.8</u>
Unspent amount	<u>\$ 1,387,000</u>	<u>\$ 1,092,444</u>

(13)Plan of post-retirement benefits

A. Defined benefit plans

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Total present value of obligations	\$ 14,929	\$ 13,566
Fair value of project assets	(9,155)	(6,754)
Recognized definite benefit obligation liabilities	<u>\$ 5,774</u>	<u>\$ 6,812</u>

The Group's employee retirement plan based on the Labor Standards Law is a definite benefit plan. According to the plan, a monthly retirement reserve fund is allocated at 10% of the total salary of the employees, which is managed by the Labor Retirement Reserve Supervision Committee, and deposited in the special retirement reserve account of the Trust Department of Bank of Taiwan in the name of the committee. The retirement payment of each employee subject to the Labor Standards Law is calculated based on the base number of years of service and the average salary of the six months before retirement.

(a)Statement of changes present value of a defined benefit obligation

	2020	2019
present value of a defined benefit	\$ 13,566	\$ 12,958
employee benefits expense	—	—
Current service cost and interest	119	99
Recognition of other comprehensive income	1,244	509
present value of a defined benefit	<u>\$ 14,929</u>	<u>\$ 13,566</u>

(b)Composition of project asset composition

The retirement fund allocated by the group in accordance with the Labor Standards Law is coordinated and managed by the Labor Retirement Fund Supervisory Committee of the Labor Committee of the Executive Yuan. According to the provisions of the "Labor Retirement Fund Revenue and Expenditure and Utilization Measures", the use of the fund and its annual final accounting distribution of the lowest income, shall not be lower than the income calculated based on the two-year fixed deposit interest rate of the local bank.

Details of employee benefit plan bank account:

	2020	2019
Fair value of planned assets at the beginning of the period	\$ 6,754	\$ 874
Allocated amount	2,191	3,444
Interest income	74	11
Plan asset return	136	2,425
Fair value of plan assets at the end of the period	<u>\$ 9,155</u>	<u>\$ 6,754</u>

(c)Recognition as an profit and loss

	2020	2019
Current service cost	\$ —	\$ —
Interest cost	119	99
Interest income	(74)	(11)
Employee retirement benefits	<u>\$ 45</u>	<u>\$ 88</u>

(d)Actuarial gains and losses recognized as other comprehensive gains and losses (before tax)

	2020	2019
Accumulated balance on January 1	\$ 157,966	\$ 159,881
Current	1,108	(1,915)
Accumulated balance on December 31	<u>\$ 159,074</u>	<u>\$ 157,966</u>

(e) Actuarial assumptions

The Group is exposed to the following risks due to the pension system of the "Labor Standards Law":

- 1). Investment risk: The Labor Fund Utilization Bureau of the Ministry of Labor invests labor retirement funds in domestic (foreign) equity securities, debt securities, and bank deposits through its own use and entrusted operations, but the group's planned assets can be allocated to the amount of The income calculated based on the interest rate not lower than the local bank's 2-year fixed deposit rate.
- 2). Interest rate risk: The decline in the interest rate of government bonds will increase the present value of defined welfare obligations, but the return on debt investment of planned assets will also increase, and the impact of the two on the net defined welfare liabilities will partially offset the effect.
- 3). Salary risk: The calculation to determine the present value of the benefit obligation refers to the future salary of the plan members. Therefore, the increase in the salary of the plan members will increase the present value of the determined benefit obligation.

The present value of the group's determined welfare obligations is actuarially calculated by qualified actuaries. The major assumptions on the measurement date are as follows:

	<u>2020</u>	<u>2019</u>
<u>Discount rate</u>	0.50%	0.88%
Expected salary increase rate	2.00%	2.00%

(f)When calculating and determining the present value of welfare obligations, the group must use judgments and estimates to determine relevant actuarial assumptions on the balance sheet date, including employee turnover rates and future salary changes. Any change in actuarial assumptions may materially affect the amount of the group's determined welfare obligations.

Assuming that the discount rate changes by 0.25%, there will be the following effects:

	<u>2020</u>	
	<u>Increase</u>	<u>Decrease</u>
Net defined benefit liability	<u>\$ 490</u>	<u>\$ (514)</u>

	<u>2019</u>	
	<u>Increase</u>	<u>Decrease</u>
Net defined benefit liability	<u>\$ 460</u>	<u>\$ (483)</u>

The group expects to allocate 2,000 thousand dollar to the determined benefit plan within one year after December 31, 2020.

B. Defined contribution plans

The group's definite allocation plan is based on the labor pension regulations, and is allocated to the labor insurance bureau's labor pension individual account at a rate of 6% of the labor's monthly salary. After the fixed amount is allocated to the Labor Insurance Bureau under this plan, there is no statutory or constructive obligation to pay additional amounts.

The pension expenses under the Group's 2020 and 2019 pension plans are 23,074 thousand dollar and 22,569 thousand dollar respectively, which have been transferred to the Labor Insurance Bureau.

(14)Income tax

1.Income tax expense recognized in profit or loss :

	2020	2019
Income tax expense calculated at the statutory rate	\$ 154,871	\$ 25,542
Amount of tax impact of income tax adjustment items		
Permanent differences	(114,630)	(23,584)
Temporary differences	(4,856)	7,033
Effect of loss carryforwards	34,847	(11,195)
Adjustments for prior years	10,971	37
Prior deferred income tax asset adjustment	—	1,442
Land Value Increment Tax	25,549	1,535
Deferred income tax expenses adjusted this year	3,744	33,021
Income tax expense	\$ 110,496	\$ 33,831

2. Deferred income tax

The analysis of deferred income tax assets (liabilities) is as follows :

	2020			
	Balance on January 1	Profit and loss	Other comprehensiv e income	Balance as of December 31
Temporary differences				
Deferred Bad Debt Losses	\$ 2,250	\$ 800	\$ —	\$ 3,050
Inventory Valuation Losses	3,912	(1,700)	—	2,212
Unrealized Gain or Loss	(311)	318	—	7
Net changes in equity of investment accounted for using equity method	34,266	(1,811)	—	32,455
Impairment loss recognized under the cost method	7,218	—	—	7,218

Fixed asset impairment loss	(468)	—	—	(468)
Others	(177)	(1,351)	—	(1,528)
Loss carryforwards	32,000	6,000	—	38,000
Defined benefit plans actuarial loss	(383)	—	222	(161)
Conversion difference in the conversion of financial statements of foreign operating organizations	(602)	—	(341)	(943)
	<u>\$ 77,705</u>	<u>\$ 2,256</u>	<u>\$ (119)</u>	<u>\$ 79,842</u>

	2019			
	Balance on January 1	Profit and loss	Other comprehensive income	Balance as of December 31
Temporary differences				
Deferred Bad Debt Losses	\$ 1,952	\$ 298	\$ —	\$ 2,250
Inventory Valuation Losses	2,966	946	—	3,912
Unrealized Gain or Loss	(265)	(46)	—	(311)
Net changes in equity of investment accounted for using equity method	28,107	6,159	—	34,266
Impairment loss recognized under the cost method	7,218	—	—	7,218
Fixed asset impairment loss	(229)	(239)	—	(468)
Others	(93)	(84)	—	(177)
Loss carryforwards	43,195	(11,195)	—	32,000
Defined benefit plans actuarial loss	—	—	(383)	(383)
Conversion difference in the conversion of financial statements of foreign operating organizations	(1,513)	—	911	(602)
	<u>\$ 81,338</u>	<u>\$ (4,161)</u>	<u>\$ 528</u>	<u>\$ 77,705</u>

2. Deductible temporary differences and unused taxable loss balances that are not recognized as deferred income tax assets:

	2020	2019
Allowance for uncollectible accounts	\$ 360	\$ 359
Net investment income or loss accounted for using equity method	44,859	44,893
Net investment income or loss accounted for using cost method	7,690	7,690
Inventory Valuation Losses	3,161	3,251
Loss on Disposal of Investment and Impairment Loss	500	1,500
Loss carryforwards	216,978	182,050
Foreign exchange gain	(4)	(16)
	<u>\$ 273,544</u>	<u>\$ 239,727</u>

3. The income tax settlement declaration of the group's for-profit business has been approved by the auditing agency until 2018.

(15)Capital and other equity

A. Issuance of ordinary shares

In 2020 and 2019, the total amount of the group's rated share capital is 500,000 dollar , each with a par value of 10 dollars, and the issued shares are all 322,014 thousand ordinary shares.

B. Additional paid-in capital

Details of capital reserve balance:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Treasury stock trading	\$ 5,996	\$ 5,996
Others	8,362	8,362
	<u>\$ 14,358</u>	<u>\$ 14,358</u>

According to the provisions of the Company Law, the capital reserve must be given priority to make up for the losses before it can be issued to new shares or cash in proportion to the shareholders' original shares based on the realized capital reserve. The "realized capital reserve" mentioned in the preceding paragraph includes the excess of the issuance of stocks in excess of the par value and the income received from donations. In accordance with the issuer's guidelines for the handling of securities raised and issued, the total amount of the capital reserve that can be allocated for replenishment each year shall not exceed 10% of the paid-in capital.

C. Retained earnings

If the company makes a profit in the year, it shall allocate 2% for employee remuneration, and the remuneration of directors and supervisors shall be no more than 5%. After review and approval by the Salary and Remuneration Committee, it shall be submitted to the board of directors for resolution. Employee compensation and the distribution of directors and supervisors' compensation shall be reported to the shareholders meeting. However, when the company still has accumulated losses, it shall retain the amount of the loss to be made up before the allocation, and then allocate the compensation for employees and directors and supervisors in proportion to the preceding paragraph. If the company has surpluses after its annual accounts, in addition to paying income tax and making up previous losses in accordance with the law, it should first set aside 10% of the statutory surplus reserve, and deduct the shareholders' equity (including foreign operating institutions). The balance of the conversion difference in the conversion of financial statements, unrealized gains and losses of

financial assets available for sale, and the cumulative balance of hedging tool benefits and losses that are the effective hedging part of cash flow hedging) shall be set to special surplus reserve. If there is a subsequent reduction in the amount of deductions for shareholders' equity, the reduced amount can be transferred from the special surplus reserve back to the undistributed surplus. If there is a balance available for the current period, the shareholder's dividend will be based on the current period's distributable amount and the accumulated undistributed surplus in the previous year. The allocated surplus and the undistributed surplus adjustment amount of the current year shall be allocated 40% to 90%, of which the cash dividend shall not be less than 10% of the total dividend. If the cash dividend per share is less than 0.1 dollar, the payment shall be made as a stock dividend.

(a)Legal reserve

According to the company law, the company shall allocate 10% of its net profit after tax as a statutory surplus reserve until it is equal to the total capital. When the company has no losses, it may be approved by the shareholders' meeting to issue new shares or cash with the statutory surplus reserve, but only if the reserve exceeds 25% of the paid-in capital.

(b)Appropriated Retained Earnings

When the company first adopted the International Financial Reporting Standards recognized by the FSC, it chose to apply the IFRS No. 1 "First-time Application of International Financial Reporting Standards" exemption item, and accounted for the unrealized revaluation increase and accumulation under shareholders' equity Conversion adjustments (benefits), and the fair value on the conversion date is used as the recognized cost to increase the retained surplus amount to 243,814 thousand dollars. The same amount is set forth in accordance with the FCA's April 6, 2012 Jin Guan Zheng Fa Zi Order No. 1010012865 When using, disposing of, or reclassifying related assets, the proportion of the special surplus reserve that was originally set aside may be converted to distribute the surplus. As of December 31, 2020, the balance of this special surplus reserve is 233,273 thousand dollars.

In accordance with the provisions of the letter and order mentioned in the previous paragraph, when the company distributes distributable surplus, the difference between the net deduction of other shareholders' equity in the current year and the balance of the special surplus reserve mentioned in the previous paragraph shall be calculated from the current profit and loss The undistributed surplus in the previous period shall be added to the special surplus reserve; the

amount of other shareholder equity deductions accumulated in the previous period will not be distributed to the special surplus reserve from the undistributed surplus in the previous period. If there is a subsequent reversal of the deduction of other shareholders' equity, the reversal part of the surplus may be distributed.

(c)Disposition of net income

Details of the company passed the 2019 and 2018 annual earnings distribution proposal and dividend distribution on June 17, 2020 and June 27, 2019 through the resolutions of the shareholders' meeting

	Surplus distribution		Dividend per share(dollar)	
	2019	2018	2019	2018
Legal reserve	\$ 20,399	\$ —	—	—
Cash dividends	128,805	32,201	0.40	0.10
Stock dividend	—	—	—	—
	<u>\$ 149,204</u>	<u>\$ 32,201</u>		

D. Other equity

The items listed under other equity are the cumulative amount of net after-tax in the financial statements of the company's foreign operating organizations.

(16)Treasury stock

Reason	2020			
	Beginning	Increase	Decrease	The end
Transfer shares to employees	—	364,000	—	364,000

A. Ordinary Stock

(a)The company's board of directors resolved on April 7, 2020 to buy back 10,000,000 common shares in order to transfer shares to employees. The price per share is scheduled to be between 13.00 dollars and 26.00 dollars, and the total amount of shares to be repurchased is expected to be capped at 476,765. Thousand dollar. As of June 6, 2020, 364,000 shares have been executed, accounting for 0.11% of the total issued shares of the company. The average repurchase price is 18.50 dollars, and the repurchase cost is 6,735 thousand dollars.

(17) Earnings Per Share

	2020	2019
	After tax	After tax
Consolidated net income attributed to stockholders of the company	\$ 615,277	\$ 203,114
Number of issued shares at the beginning of the period (thousand)	322,014	322,014
Stock repurchase	(273)	—
Number of shares outstanding at the end of the period(thousand)(B)	321,741	322,014
Basic(A/B)(dollar)	\$ 1.91	\$ 0.63

(18) Customer contract revenue

A. Customer contract revenue

	2020	2019
Animal Feeds	\$ 3,810,187	\$ 3,982,148
Food	5,315,113	5,791,647
Meat processing	1,263,805	1,145,052
Others	1,935,060	1,340,407
	\$ 12,324,165	\$ 12,259,254

B. Contract balance

	December 31, 2020	December 31, 2019
<u>Current contract liabilities</u>		
Advance sales receipts	\$ 6,062	\$ 4,574

	2020	2019
<u>Contract liabilities from the beginning of the year</u>		
Merchandise sales	\$ 4,562	\$ 62,676

(19) Other revenue

	2020	2019
Rent revenue	\$ 7,956	\$ 8,153
Investment revenue	444	771
Income from subsidies and tax refunds	7,193	4,030
Income from subsidies	20,141	—
Others revenue	10,983	9,840
	\$ 46,717	\$ 22,794

(20) Other benefits and losses

	2020	2019
Foreign currency exchange gains and losses	\$ 9,312	\$ 3,956
financial asset at fair value through profit or loss	2,753	(1,054)
Gain on disposal of financial assets	(641)	17
Gain on disposal of property plant and equipment	277,904	126,917
Reversal of impairment loss Investments accounted for using equity method	3,603	—
lease modify income	128	(6)
Property plant and equipment gain on reversal of impairment loss	—	17,322
other	(5,359)	(6,657)
	<u>\$ 287,700</u>	<u>\$ 140,495</u>

(21) Financial costs

	2020	2019
Interest on bank loans	\$ 42,222	\$ 60,536
Interest on lease liabilities	27	543
Minus : Capitalization of interest	—	(1,685)
	<u>\$ 42,249</u>	<u>\$ 59,394</u>

(22) Financial Instruments

A. Credit risk

The carrying amount of financial assets represents the maximum credit exposure. Requirement credit risk comes from cash and cash equivalents, derivative financial instruments, and deposits in banks and financial institutions. There are also credit risks from wholesale and retail customers, including unpaid receivables and promised transaction.

The Group's customers are significantly concentrated in a few customers. The Group's customers are significantly concentrated in a few customers. In 2020 and 2019, a small number of companies accounted for 17.1% and 16.8% of accounts receivable, both of which were composed of two customers.

B. Liquidity risk

The following table is an analysis of the contractual maturity date of financial liabilities, including estimated interest, but does not include the impact of the net agreement.

December 31, 2020

	<u>Book value</u>	<u>cash flow</u>	<u>under one year</u>	<u>1~5 years</u>	<u>five years and above</u>
non-derivative financial liability					
Short-term loans and finance bills	\$ 792,344	\$ 792,344	\$ 792,344	\$ —	\$ —
Notes payable and account payable	347,562	347,562	347,562	—	—
Lease liability	26,089	54,952	12,144	27,838	14,970
Long-term loans	2,119,772	2,119,772	463,816	1,330,241	325,715
	<u>\$ 3,285,767</u>	<u>\$ 3,314,630</u>	<u>\$ 1,615,866</u>	<u>\$ 1,358,079</u>	<u>\$ 340,685</u>

December 31, 2019

	<u>Book value</u>	<u>cash flow</u>	<u>under one year</u>	<u>1~5 years</u>	<u>five years and above</u>
non-derivative financial liability					
Short-term loans and finance bills	\$ 1,390,023	\$ 1,390,023	\$ 1,390,023	\$ —	\$ —
Notes payable and account payable	378,384	378,384	378,384	—	—
Lease liability	41,085	47,673	13,591	30,367	3,715
Long-term loans	2,435,039	2,435,039	626,282	1,334,535	474,222
	<u>\$ 4,244,531</u>	<u>\$ 4,251,119</u>	<u>\$ 2,408,280</u>	<u>\$ 1,364,902</u>	<u>\$ 477,937</u>

The Group does not expect the cash flow analysis on the due date to occur significantly earlier, or the actual amount will be significantly different.

C. Foreign currency risk

(a)The Group undertook transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arose.

	<u>December 31, 2020</u>			<u>December 31, 2019</u>		
	<u>Foreign currency</u>	<u>exchange rate</u>	<u>New Taiwan dollar</u>	<u>Foreign currency</u>	<u>exchange rate</u>	<u>New Taiwan dollar</u>
Financial asset						
<u>Currency units</u>						
USD	1,679	28.48	47,818	2,417	29.98	72,468
CNY	33,037	4.38	144,702	34,807	4.31	150,018

	December 31, 2020			December 31, 2019		
	Foreign currency	exchange rate	New Taiwan dollar	Foreign currency	exchange rate	New Taiwan dollar
<u>Financial liability</u>						
<u>Currency units</u>						
USD	3,245	28.48	92,418	6,678	29.98	200,206
CNY	—	—	—	269	4.31	1,160

The group's monetary items have a significant impact due to exchange rate fluctuations, and the total exchange gains and losses for 2020 and 2019 respectively are 9,312 thousand dollars and 3,956 thousand dollars.

(b)Sensitivity analysis

The group's exchange rate risk mainly comes from foreign currency denominated cash and cash equivalents, accounts receivable, other receivables, loans, accounts payable, expenses payable and other payables, etc., resulting in foreign currency exchange gains and losses during conversion. In December 31, 2019, when the new Taiwan dollar depreciated or appreciated by 1% relative to the U.S. dollar, and all other factors remained unchanged, the net profit after tax in 2020 and 2019 would increase 1,001 thousand or decrease 211 thousand

4. Interest rate analysis

The group's analysis method for floating interest rate liabilities assumes that the amount of liabilities out of circulation at the reporting date is in circulation throughout the year. The rate of change used by the group when reporting interest rates internally to key management is an increase or decrease of 1% in interest rates, which also represents management's assessment of the reasonably possible range of changes in interest rates.

If interest rates increase or decrease by 1% on the reporting date, and all other variables remain unchanged, the company's net profit for 2020 and 2019 will decrease or increase by 29,121 thousand and 38,251 thousand, mainly due to the group's floating interest rate loan.

5. Fair value

A. Fair value and book amount

The management of the group believes that the financial assets and financial liabilities measured by the group's amortized cost in the financial statements are close to their fair value.

B. Fair value measurement

The determination of the fair value of the company's financial assets and financial liabilities is based on the following methods and assumptions:

- (1)The stocks of listed (counter) companies are financial assets and financial liabilities that have standard terms and conditions and are traded in an active market, and their fair values are determined with reference to market quotes
- (2)The fair value of stocks of unlisted (counter) companies without an active market is estimated by the market method, and the judgment is made with reference to recent fund-raising activities, evaluations of similar companies, company technological development, market conditions and other economic indicators.
- (3)The fair value of other financial assets and financial liabilities is determined by the generally accepted evaluation model based on discounted cash flow analysis.

C. level of fair value

The following table analyzes financial instruments measured by fair value. The fair value levels are defined as follows:

Level 1:Public quotation of the same asset or liability in an active market.

Level 2:Except for the public quotes included in the first level, the input parameters of assets or liabilities are directly or indirectly observable.

Level 3:Input parameters of assets or liabilities are not based on observable market data.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2020				
Current Financial Assets at Fair Value through Profit or Loss	<u>\$ 30,342</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 30,342</u>
December 31, 2019				
Current Financial Assets at Fair Value through Profit or Loss	<u>\$ 9,371</u>	<u>\$ (1,604)</u>	<u>\$ —</u>	<u>\$ 7,767</u>

(a) Fair value evaluation for measuring financial instruments

Non hedge Derivative financial instruments

It is based on evaluation models that are widely accepted by market users, such as discount method and option pricing model. Forward foreign exchange contracts are

usually evaluated based on the current forward exchange rate.

(b) Transfer between the first level and the second level

There was no transfer of the second-tier financial assets to the first-tier situation in 2020 and 2019.

(c) List of changes in the third level: None

The company's favorable and unfavorable changes refer to the fluctuation of fair value, and the fair value is calculated based on the evaluation technology based on the unobservable input parameters of different degrees. The above table only reflects the impact of a single input value change, and does not take into account the correlation and variability between input values.

(d) Classification of Financial Instruments

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial asset</u>		
Amortized cost		
Cash and Cash equivalents	\$ 943,986	\$ 970,228
Accounts receivable and notes receivable	1,395,406	1,343,533
other receivable	23,505	29,374
other financial asset	8,796	134,311
Refundable Deposits	17,766	14,563
Current Financial Assets at Fair Value through Profit or Loss	30,342	9,371
Amortized Cost Financial Assets	109,649	—
<u>Financial liability</u>		
financial liability at fair		
value through profit or loss	—	1,604
Amortized cost		
Short-term loans	792,344	1,390,023
Accounts payable and notes payable	347,562	378,384
other payable	315,863	218,417
Long-term loans	2,119,772	2,435,039
deposits received	2,413	2,654

(23) Financial risk management

The Group's main financial instruments include accounts receivable and accounts payable. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze the exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk

and interest rate risk), credit risk and liquidity risk.

1. Market risk

The purpose of the group's financial derivative transactions is to avoid the risks of foreign currency net assets or net liabilities due to exchange rate or interest rate fluctuations, because the profits and losses arising from exchange rate and interest rate fluctuations will generally offset the profits and losses of hedging projects. Therefore, the market price risk should not be significant.

2. Credit risk

Financial assets are potentially affected by the group's counterparty's failure to perform contractual obligations. Financial assets with positive fair values at the balance sheet date are evaluated for credit risk. The Corporation only transacts with financial institutions and companies with good credit ratings. Therefore, no significant credit risk is anticipated.

3. Liquidity Risk

The group has obtained sufficient loan credit lines from financial institutions and the working capital is still sufficient to cover it, so there is no liquidity risk due to the inability to raise funds to fulfill contractual obligations

4. Cash flow risk from changes in interest rates

If the long-term and short-term bank borrowings undertaken by the company are debts with floating interest rates, changes in market interest rates will cause the effective interest rates of the long-term and short-term bank borrowings to change accordingly, which will cause fluctuations in future cash flows.

The company manages interest rate risk by maintaining an appropriate combination of fixed and floating interest rates and using interest rate exchange contracts. The company regularly evaluates hedging activities to make them consistent with the interest rate view and established risk appetite to ensure that the most cost-effective hedging strategy is adopted.

(24) Capital risk management

The Company manages its capital to ensure its ability to continue as a going concern while maximizing the returns to shareholders. The capital structure of the Company consists of its net debt (loan after deduction of cash and cash equivalents) and equity. The Company is not subject to

any externally imposed capital requirements.

The main management of the company regularly reviews the capital structure, and its review includes consideration of the cost of various types of capital and related risks. The company will balance its overall capital structure by paying dividends and issuing new shares based on the recommendations of the main management.

7、**Related Party Transaction**

(1) Parent and ultimate controlling party:

The company is the ultimate controller of the combined company.

(2) Compensation of key management personnel

	2020	2019
short-term employee benefits	\$ 13,281	\$ 15,893
Post-employment benefits	305	303
	<u>\$ 13,586</u>	<u>\$ 16,196</u>

(3) Related Party Transactions

Names of related parties	Relationship with the Group
CENTRAL UNION OIL CORP.	Associates
CHIATON INTERNATIONAL CO., LTD.	Associates
CHIA FHA HSING AGRICULTURAL SCIENCE AND TECHNOLOGY CO., LTD	Other related parties
CHIA YUH TRADING CO., LTD.	Other related parties
CHIA FA INDUSTRY CO., LTD.	Other related parties
CHIA LI ENTERPRISE CO., LTD.	Other related parties
CHIA YOU ENTERPRISE CO., LTD.	Other related parties
Tsung Lin Hung	Substantive Related Parties

(4) The significant transactions between the Company and its related parties, other than those disclosed in other notes, are summarized as follows:

1. Net revenue

Related Parties	2020 Amount	2019 Amount
CENTRAL UNION OIL CORP.	\$ 1,899,057	\$ 1,826,871
Other related parties	2,472	1,318
	<u>\$ 1,901,529</u>	<u>\$ 1,828,189</u>

The sales transaction conditions are as follows:

(1) sales price : According to current prices and products individually negotiated.

(2) Payment terms : The average collection period is about 60-90 days, which is not significantly different from the average company.

2. Purchases

Related Parties	2020	2019
	Amount	Amount
CENTRAL UNION OIL CORP.	\$ 125,603	\$ 67,840

The purchase transaction conditions are as follows:

(1) Purchases price : According to current prices and products individually negotiated.

(2) Payment terms : The average payment period is about 15-30 days, which is not significantly different from the average company.

3. Receivables from related parties

Item	Company	December 31, 2020	December 31, 2019
		Amount	Amount
Accounts receivable	CENTRAL UNION OIL CORP.	\$ 244,218	\$ 254,501
	Associates	27	17
	Other related parties	760	777
Less: allowance for loss		(382)	(382)
NET		\$ 244,623	\$ 254,913
Other receivable	Associates	\$ 7,125	\$ 7,125

4. Payables to related parties

Item	Company	December 31, 2020	December 31, 2019
		Amount	Amount
Accounts payable	Associates	\$ 7,264	\$ 9,367
	Other related parties	73	67
		\$ 7,337	\$ 9,434
Other payable	Associates	\$ —	\$ 3
	Other related parties	4,629	1,802
		\$ 4,629	\$ 1,805

5. Manufacturing expenses and Operating cost

Item	2020	2019
Manufacturing expenses		
CENTRAL UNION	\$ 223,547	\$ 235,398
Other related parties	913	3,756
Operating cost — Other expenses		
Associates	21	115
Other related parties	8,831	21,279
		\$ 260,548
	\$ 233,312	\$ 8

The above-mentioned processing fees and other expenses are the processing expenses of entrusting CENTRAL UNION and Fats and Qiafaxing, and the production and management expenses of seconded personnel from Qiafaxing enterprises to engage in the production and management of compound feed. They are settled once a month and the payment period is one month.

6. Lease agreement

Related Party Categories	2020	2019
<u>Right-of-use asset</u>		
Other related parties	\$ 4,665	\$ 5,753
<u>Lease obligations</u>		
Other related parties	\$ 4,570	\$ 5,622
<u>Interest expense</u>		
Other related parties	\$ 63	\$ 41

7. Non- operating income

	2020	2019
<u>Rent revenue</u>		
Other related parties	\$ 131	\$ 97

The group collects rental income from CHIA YUH TRADING CO., LTD. Trading based on the lease price.

8. Consignment

	2020		2019	
Substantive Related Parties	Consignment	Commissions Expense	Consignment	Commissions Expense
Other related parties	\$ 6,505	\$ 127	\$ 7,488	\$ 158

The merged company entrusts CHIA FHA HSING AGRICULTURAL SCIENCE AND TECHNOLOGY CO., LTD. Enterprise and CHIA YUH TRADING CO., LTD. Trading to sell pet feed and supplies, and pay a commission of 3% and 2% each month based on the amount of agency sales.

9. Acquisition/Disposal of property, plant and equipment

Related Party Categories	Acquisition Price	
	2020	2019
Substantively related person-advance land payment	\$ 4,000	\$ —
Other related parties-transportation equipment	504	278
	<u>\$ 4,504</u>	<u>\$ 278</u>

2020:

Item	Related Party	Disposal/purchase price	Book value	Disposal of gains and losses
mechanical equipment	Associated companies	<u>\$ 1,000</u>	<u>\$ 1,049</u>	<u>\$ (49)</u>

2019: Non

10. The group endorses and guarantees information for related parties : Table 1 attached ◦

8、Mortgage Assets

The consolidated company provides its own assets as a guarantor, and its book value is as follows:

Items	property	December 31, 2020	December 31, 2019
Property, plant and equipment			
Land	Bank loan	\$ 423,151	\$ 423,151
Buildings, net	Bank loan	555,616	588,703
Machinery equipment, net	Bank loan	162,771	175,239
Restricted assets — Bank savings (Fixed deposit)	Bank loan	100	100
Restricted assets — Bank savings (Demand Deposits)	Reserve Account	88	125,722
		<u>\$ 1,141,726</u>	<u>\$ 1,312,915</u>

9、Commitments And Contingent Liabilities

		December 31, 2020	December 31, 2019
1. The Company had outstanding usance letters of credit amounting to	USD	\$ 22,001	\$ 7,283
2.The balance of guaranteed bills issued for borrowing and developing letters of credit	NTD	3,950,000	3,750,000
	USD	24,000	24,000
3.Equipment and engineering contracts that have been signed but not fulfilled, Promised to pay the project payment in the future	NTD	22,983	53,949
	USD	58	—

10、Significant Losses From Disasters : NONE

11、Significant Subsequent Events : NONE

12、Others :

1. Statement of labor, depreciation and amortization by function:

	2020			2019		
	Classified as Cost of Revenue	Classified as Operating Expenses	Total	Classified as Cost of Revenue	Classified as Operating Expenses	Total
Labor cost						
Salary and bonus	\$ 225,153	\$ 342,061	\$ 567,214	\$ 213,039	\$ 255,018	\$ 468,057
Labor and health insurance	21,909	26,523	48,432	20,882	25,202	46,084
Pension	9,446	13,673	23,119	9,032	13,625	22,657
Board compensation	—	39,016	39,016	—	12,483	12,483
Others	9,283	18,721	28,004	9,609	19,367	28,976
Depreciation-PPE	194,876	51,469	246,345	188,417	55,683	244,100
Depreciation-Biological assets	14,805	—	14,805	22,523	—	22,523
Amortization	—	1,966	1,966	—	2,491	2,491

As of December 31, 2020 and 2019, the group had 860 and 864 employees, There were 10 non-employee directors, respectively.

There is no difference between the actual allotment of employee compensation and directors' compensation in the year 108 and the amount of employee compensation and directors' compensation recognized in the 108 individual financial report.

The estimated amount of remuneration for employees and directors and supervisors of the company in 2020 is 52,571 thousand, which is based on the deduction of pre-tax benefits before the distribution of employees and directors' and supervisors' remuneration at a rate of 2% and under 5% respectively. The remuneration of directors and supervisors shall be reported as operating costs or operating expenses in 2020. If there is a difference between the actual distribution amount and the estimated amount, it shall be dealt with according to the change in accounting estimates, and the difference shall be recognized as the operating cost in 2021 profit and loss.

13 、 Additional Disclosures

(A) Following are the additional disclosures required by the Securities and Futures Bureau for the Company:

1. Financings provided: NONE
2. Endorsement/guarantee provided: See Table 1 attached
3. Marketable securities held (excluding investments in subsidiaries and associates): See Table 2 attached;
4. Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: NONE
5. Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: NONE
6. Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: See Table 3 attached
7. Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: See Table 4 attached;
8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 5 attached
9. Information about the derivative financial instruments transaction: See Notes 6(2)
10. Other : Business relations and important transactions and amounts between parent and subsidiary companies and between subsidiaries : See Table 6 attached
11. Names, locations, and related information of investees over which the Company exercises significant influence (excluding information on investment in mainland China): See Table 7 attached;

(B) Information on investment in mainland China

1. The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee:

See Table 8 attached.

2. Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports: None
3. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes :

Object	Purposes	December31, 2020	December 31, 2019
XIAMEN FWUSOW INDUSTRY CO., LTD.	Provided as a financing guarantee	RMB —	RMB 6,000

(C) Information of major shareholders

List of all shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder: See Table 9 attached.

14、Operating Segments Information

For the purpose of management, the merged company divides the operating units according to different products and services, which are mainly divided into the food department, the food department and the meat processing department:

(一) Industry-specific financial information

The management individually monitors the operating results of their business units to make decisions on resource allocation and performance evaluation. The department's performance is evaluated based on the department's profit and loss and measured in a manner consistent with the department's profit and loss in the consolidated financial report.

2020:

	Feed Division	Food Division	Meat Processing Department	Other Department	Adjustment	Consolidated
Departmental revenue of non-enterprise customers	\$3,810,163	\$4,931,626	\$1,263,805	\$1,935,060	\$ 383,511	\$12,324,165
Departmental revenue of other departments in the enterprise	24	383,487	—	—	(383,511)	—
Total net operating income	<u>\$3,810,187</u>	<u>\$ 5,315,113</u>	<u>\$1,263,805</u>	<u>\$1,935,060</u>	<u>\$ —</u>	<u>\$12,324,165</u>
Departmental profit and loss	<u>\$ 371,092</u>	<u>\$ 365,022</u>	<u>\$ (94,687)</u>	<u>\$ 22,017</u>		\$ 663,444
Non-operating income and expenses						344,301
General management office expenses						(332,016)
Pre-tax benefits						<u>\$ 675,729</u>
Identifiable assets	<u>\$1,639,791</u>	<u>\$1,784,013</u>	<u>\$1,363,808</u>	<u>\$1,462,052</u>		<u>\$ 6,249,664</u>

2019 :

	Feed Division	Food Division	Meat Processing Department	Other Department	Adjustment	Consolidated
Departmental revenue of non-enterprise customers	\$3,975,033	\$5,238,817	\$1,145,052	\$1,307,260	\$ 593,092	\$12,259,254
Departmental revenue of other departments in the enterprise	7,115	552,830	—	33,147	(593,092)	—
Total net operating income	<u>\$3,982,148</u>	<u>\$5,791,647</u>	<u>\$1,145,052</u>	<u>\$1,340,407</u>	<u>\$ —</u>	<u>\$12,259,254</u>
Departmental profit and loss	<u>\$ 283,243</u>	<u>\$ 256,906</u>	<u>\$ (143,763)</u>	<u>\$ (80,338)</u>		\$ 316,048
Non-operating income and expenses						141,775
General management office expenses						(282,613)
Pre-tax benefits						<u>\$ 175,210</u>
Identifiable assets	<u>\$1,617,464</u>	<u>\$1,730,032</u>	<u>\$1,374,980</u>	<u>\$1,426,333</u>		<u>\$ 6,148,809</u>

1. The merged company is mainly engaged in three types of businesses including feed,

food and meat processing. The departmental income listed in the above table refers to the department's sales income to customers outside the enterprise and the transfer income to other departments within the enterprise (both including sales of goods and The income from processing is the same below). But departmental income does not include non-operating income and benefits. For the transfer income between departments, the transfer pricing basis shall be calculated according to the following methods.

(1) Raw material part:

Depending on the nature of the raw materials, mergers or market price transfers are used.

(2) Finished part

According to the nature of the finished product, the combined addition or market price transfer is adopted.

2. Departmental profit and loss is the balance of departmental revenue minus departmental consolidation and expenses. The term "departmental integration and expenses" refers to the integration and expenses related to the income of the product department. Purchases between departments and transfers between departments use the same transfer pricing basis. If the business integration and expenses cannot be directly attributable, the relative operating income ratio will be allocated to each department. However, the departmental consolidation and expenses do not include the following items:

(1) General company expenses not related to the department.

(2) Non-operating expenses and losses.

3. Departmental identifiable assets refer to tangible assets that can be directly identified as belonging to the department, but departmental identifiable assets do not include the following items:

(1) General assets of the company held not for the business use of any particular department.

(2) External equity investment evaluated in accordance with the equity method.

(2) Region-specific information

Item	2020		2019	
	total		total	
Taiwan	\$	12,128,283	\$	12,085,566
Operating income from export				
America		60,059		32,508
Asia		127,079		134,245
Other		8,744		6,935
Net operating income	\$	12,324,165	\$	12,259,254

(3) Important customer information

Customer	2020		2019	
	Food Division	%	Food Division	%
CENTRAL UNION OIL CORP.	\$ 1,899,057	15.4	\$ 1,826,871	14.9

Schedule 1 Endorsement for civilians

(Expressed in Thousands of New Taiwan Dollars, amount unless otherwise specified)

2020

Endorser	Object of endorsement guarantee		Endorsement guarantee limit for a single enterprise (Note 3)	The highest endorsement guarantee balance for the current period	Endorsement guarantee balance at the end of the period (Note 5)	Actual spending amount (Note 6)	Amount of endorsement guaranteed by property	Ratio	Endorsement guarantee maximum limit	The parent company's endorsement guarantee to the subsidiary (Note 4)	Subsidiary company endorses the parent company (Note 4)	An endorsement guarantee to the mainland area (Note 4)
	Name	relationship (Note 2)										
FWUSOW INDUSTRY CO.,LTD	CHARMING FOOD INTERNATIONAL MARKETING CO., LTD.	2	\$ 882,606	\$ 580,000	\$ 580,000	\$ 240,000	None	13.14%	\$ 1,765,213	Y	—	—
FWUSOW INDUSTRY CO.,LTD	XIAMEN FWUSOW INDUSTRY CO.,LTD	3	882,606	21,600	—	—	None	—	1,765,213	Y	—	Y

Note 1: The parent company and its subsidiaries are coded as follows:

1. The parent company is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above

Note 2: According to the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers" issued by the R.O.C. Securities and Futures Bureau, receiving parties should be disclosed as one of the following:

1. A company with which it does business.
2. A company in which the public company directly and indirectly holds more than 50% of the voting shares
3. A company that directly and indirectly holds more than 50 % of the voting shares in the public company.
4. A company in which the public company holds, directly or indirectly, 90% or more of the voting shares
5. A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
6. A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages
7. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note3: The maximum amount endorsed guarantee is the total amount of the endorsement guarantee approved by the company's shareholders meeting.

The calculation is as follows:

1. External endorsements and guarantees made by the Company may not exceed 40% of the Company's net worth. (4,413,032*40%=1,765,213)
2. Endorsements and guarantees made by the Company to a single enterprise may not exceed 20% of the Company's net worth. (4,413,032*20%=882,606)

Note 4: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary, provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Note 5: The responsibility of endorsements and guarantees is confirmed after the contract is signed and approved by the bank, and all the related events shall be accounted for in the ending balance.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Schedule 2 SITUATION OF HOLDING SECURITIES AT THE END OF THE PERIOD
(Expressed in Thousands of New Taiwan Dollars, amount unless otherwise specified)
2020

Holding company	Types and names of securities	Relationship	Account	BALANCE IN YEAR ENDED				
				Number of shares	Book value	Shareholding ratio (%)	Market price	Note
FWUSOW INDUSTRY CO., LTD.	Stock - IBF FINANCIAL HOLDINGS CO.,LTD.	—	Current Financial Assets at Fair Value through Profit or Loss	157,053	2,018		2,018	
	Stock - INNOLUX CORPORATION	—	Current Financial Assets at Fair Value through Profit or Loss	9,453	134		134	
	Fund - CATHAY FLOBAL RESOURCES FUND TWD	—	Current Financial Assets at Fair Value through Profit or Loss	300,000	1,614		1,614	
	Fund - CATHAY FTSE EMERGING MARKETS ETF	—	Current Financial Assets at Fair Value through Profit or Loss	357,676	4,646		4,646	
	Subtotal				8,412		8,412	
	Stock - MITHRA BIOINDUSTRY CO.,LTD.	—	Current Financial Assets at Fair Value through Profit or Loss	76,518	—		—	
	Stock - RICE TECHNOLOGY COMPANY	—	Current Financial Assets at Fair Value through Profit or Loss	310,000	—		—	
	Stock - HUA-JIE (TAIWAN) CORP.	—	Current Financial Assets at Fair Value through Profit or Loss	822,646	—		—	(Note 2)
	Stock - PROMOS TECHNOLOGIES INC.	—	Current Financial Assets at Fair Value through Profit or Loss	30	—		—	
Subtotal				—		—		
XIAMEN FWUSOW INDUSTRY CO.,LTD	Open end Funds -Nong Yin Shih Shih Fu	Grandson company	Current Financial Assets at Fair Value through Profit or Loss	5,000,000	21,930		21,930	

Note 1: The numbers filled in for market value are as follows:

(1) Where there is a quoted market price, the fair value is based on the closing price at the balance sheet date, the fair value of open-end funds is based on the net asset value at the balance sheet date.

(2) Where there is no quoted market price, Since there is no active market transaction quotation, no fair value can be referred to and liquidity is very low, the book amount is evaluated as 0 since the application of IFRS 9 at 2018.01.01.

Note2:Preference share

Schedule 3 PROCEDURES FOR DISPOSAL OF REAL ESTATE WITH AN AMOUNT OF NT\$300 MILLION OR MORE THAN 20% OF THE PAID-IN CAPITAL
(Expressed in Thousands of New Taiwan Dollars, amount unless otherwise specified)
 2020

<i>Companies that dispose of real estate</i>	<i>Property</i>	<i>Occurrence date</i>	<i>Date of acquisition</i>	<i>Book value</i>	<i>Transaction amount</i>	<i>Collection of price</i>	<i>Disposal of gains and losses</i>	<i>Trading partners</i>	<i>Relationship</i>	<i>The purpose of disposition</i>	<i>Reference basis for price determination</i>	<i>Other agreed matters</i>
FWUSOW NEW INDUSTRY CO., LTD.	15 lots of land in Xing'an Section, Shalu District, Taichung City	2019.12.11	2004.09.01	61,113	324,891	received all the payment	277,799	LIN,RO NG-JIN	Current Portion	Activated assets	The price refers to the report of the professional agency	NONE

Schedule 4 The amount of purchases and sales with related parties reaches 100 million New Taiwan dollars or more than 20% of the paid-in capital
 (Expressed in Thousands of New Taiwan Dollars, amount unless otherwise specified)

2020

<i>Purchasing and sales company</i>	<i>Trading partners</i>	<i>Relationship</i>	<i>Transaction situation</i>				<i>reasons why trading conditions are different from ordinary trading</i>		<i>Notes and accounts receivable (payable)</i>		
			<i>Purchase and sales</i>	<i>Amount</i>	<i>ratio(%)</i>	<i>Credit period</i>	<i>unit price</i>	<i>Credit period</i>	<i>Balance</i>	<i>ratio(%)</i>	
FWUSOW INDUSTRY CO., LTD.	CENTRAL UNION OIL CORP.	Net investment accounted for using equity method	Sales	\$ 1,899,057	16.1%	D/A 60	—	—	A/R	\$ 244,218	23.1%
			Purchase	125,603	1.4%				A/P	7,229	3.3%
FWUSOW INDUSTRY CO., LTD.	CHARMING FOOD INTERNATIONAL MARKETING CO., LTD.	Subsidiary	Sales	\$ 760,225	6.5%	D/A120	—	—	N/R	\$ 179,177	34.4%
									N/P	64,792	6.1%

Schedule 5 Receivables from related parties amount to NT\$100 million or more than 20% of the paid-in capital

(Expressed in Thousands of New Taiwan Dollars, amount unless otherwise specified)

2020

<i>Company with accounts receivable</i>	<i>Trading partners</i>	<i>Relationship</i>	<i>Balance of accounts receivable from related parties</i>	<i>Turnover</i>	<i>Overdue amounts due from related parties</i>		<i>Receivable amount of money due from related party</i>	<i>Provision of allowance for loss amount</i>
					<i>Amount</i>	<i>Processing method</i>		
FWUSOW INDUSTRY CO., LTD.	CENTRAL UNION OIL CORP.	Net investment accounted for using equity	A/R \$ 244,218	7.6	—	—	\$ 244,218	\$ 382
FWUSOW INDUSTRY CO., LTD.	CHARMING FOOD INTERNATIONAL MARKETING CO., LTD.	Subsidiary	N/R 179,177 A/R 64,792 O/R 18,867	3.1	—	—	262,836	—

Schedule 6 BUSINESS RELATIONS AND IMPORTANT TRANSACTIONS BETWEEN PARENT AND SUBSIDIARY COMPANIES AND BETWEEN SUBSIDIARY COMPANIES

(Expressed in Thousands of New Taiwan Dollars, amount unless otherwise specified)

2020

<i>Trader</i>	<i>Transaction object</i>	<i>Relationship</i>	<i>Transaction situation</i>			
			<i>Account</i>	<i>Amount</i>	<i>Transaction requirement</i>	<i>Ratio of total revenue or assets</i>
FWUSOW INDUSTRY CO., LTD.	FWUSOW NEW INDUSTRY CO., LTD.	Parent company to subsidiary company	Sales revenue	\$ 26,477	Mutual agreement	0.21
			Other expenses	7,014	Mutual agreement	0.06
			Rent revenue	269	Mutual agreement	—
			Accounts receivables	1,428	Mutual agreement	0.02
			Others receivable	467	Mutual agreement	—
			Right-of-use asset	1,079	Mutual agreement	0.01
			Lease obligations	1,079	Mutual agreement	0.01
			Depreciation expense	360	Mutual agreement	—
FWUSOW INDUSTRY CO., LTD.	CHARMING FOOD INTERNATIONAL MARKETING CO.,LTD.	Parent company to subsidiary company	Sales revenue	760,225	Mutual agreement	6.06
			Rent revenue	234	Mutual agreement	—
			Otheres expenses	492	Mutual agreement	—
			Notes Receivable	179,177	Mutual agreement	2.10
			Accounts receivables	64,792	Mutual agreement	0.76
			Others receivable	18,867	Mutual agreement	0.22
FWUSOW NEW INDUSTRY CO., LTD.	CHARMING FOOD INTERNATIONAL MARKETING CO.,LTD.	Subsidiary company to subsidiary	Sales revenue	3,883	Mutual agreement	0.03
			Purchase	26,477	Mutual agreement	0.21
			Others revenue	1,777	Mutual agreement	0.01
			Accounts payable	1,428	Mutual agreement	0.02

Schedule 7 DETAILS OF INVESTEE (EXCEPT FOR CHINESE MAINLAND INVESTEE)
(Expressed in Thousands of New Taiwan Dollars, amount unless otherwise specified)

2020

Investor	Investee	Area	Service Items	Original investment amount		Year ended of 2020			Current profit(loss) of investee	Net investment profit(loss)	Note
				Year ended of 2020	Year ended of 2019	Number of shares	Ratio(%)	Book value			
FWUSOW INDUSTRY CO., LTD.	FWUSOW NEW INDUSTRY CO., LTD.	No.36-1, Datong St., Shalu Dist., Taichung City 433103, Taiwan (R.O.C.)	Residence and Buildings Lease Construction and	\$ 217,854	\$ 217,854	5,473,703	99.07	\$ 204,741	\$ 253,244	\$ 250,902	Subsidiary company
	WONDERFUL INVESTMENT CO.	LEVEL2. LOTEMAU CENTRE, VAEA STREET, APIA, SAMOA.	Reinvestment Chinese Mainland Prepared Animal Feeds Manufacturing	USD 12,585,000	USD 12,585,000	12,585,000	85.70	120,598	1,141	977	Subsidiary company
	CHARMING FOOD INTERNATIONAL MARKETING CO., LTD.	No.33, Datong St., Shalu Dist., Taichung City 433103, Taiwan (R.O.C.)	Canned, Frozen, Dehydrated Food Manufacturing, Animal	291,000	291,000	29,100,000	72.75	(271,804)	(192,890)	(140,298)	Subsidiary company
	ZILLION HOLDING CO.	2 nd Floor, Building B, SNPF Plaza, Savalalo, Apia, Samoa.	Reinvestment Chinese Mainland Investment Industry	USD 183,000	USD 183,000	183,000	100.00	5,359	95	95	Subsidiary company
	WANJISHENG AGRICULTURAL TECHNOLOGY CO.,	No.45, Shatian Rd., Shalu Dist., Taichung City 433518, Taiwan (R.O.C.)	Cattle, Animal Husbandry, Livestock Farming	50,000	—	5,000,000	100.00	49,956	(44)	(44)	Subsidiary company
	CENTRAL UNION OIL CORP.	No.1-8, Beiti Rd., Cingshuei Dist., Taichung City 436455, Taiwan (R.O.C.)	Oil Processing	197,232	197,232	19,399,028	32.33	267,321	118,982	38,469	
	CHIATON INTERNATIONAL CO., LTD.	No.21-6, Fazihou, Syuejia Dist., Tainan City 726006, Taiwan (R.O.C.)	Canned, Frozen, Dehydrated Food Manufacturing	16,125	16,125	3,562,501	37.50	64,706	33,670	12,626	

Schedule 8 DETAILS OF INVEST IN CHINESE MAINLAND

(Expressed in Thousands of New Taiwan Dollars, amount unless otherwise specified)

2020

Investee	Service Items	Paid-in Capital	Cumulative investment amount remitted from Taiwan at the beginning of the period	Investment amount remitted or recovered in the current period		Cumulative investment amount remitted from Taiwan at the end of the period	Current profit(loss) of investee	The company's direct or indirect investment shareholding ratio	Net investment profit(loss)	Investment book value	Investment income has been repatriated as of the current period
				Export	Withdraw						
XIAMEN FWUSOW INDUSTRY CO., LTD.	Livestock Farming , Prepared Animal Feeds Manufacturing	USD 12,585,000	\$ 309,281	—	—	\$ 309,281	\$ 1,141	85.70%	\$ 977	\$ 120,598	—
XIAMEN FWUSOW TRADING CO., LTD	Wholesale and import and export of pet food, supplies and equipment	USD 140,000	\$ 5,476	—	—	\$ 5,476	\$ 95	100%	\$ 95	\$ 5,359	—

Accumulated Outflow for Investments in Mainland China as of December 31, 2020	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on Investments
\$ 314,757	USD 10,922,250	\$ 2,647,819

Schedule 9

DETAILS OF MAJORITY SHAREHOLDER

Majority shareholder	Shareholding	Shareholding ratio
SHIN TAI INDUSTRY CO.,LTD.	45,105,567	14.00%

Appendix II: 2020 Audited Parent Company Financial Reports

FWUSOW INDUSTRY CO., LTD.

Parent Company Only Financial Statements for the Years Ended
December 31, 2020 and 2019 and Independent Auditors' Report

FWUSOW INDUSTRY CO., LTD.
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INDEPENDENT AUDITORS' REPORT

Translated from Chinese

The Board of Directors and Shareholders
FWUSOW INDUSTRY CO., LTD.

Opinion

We have audited the accompanying parent company only financial statements of FWUSOW INDUSTRY CO., LTD. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2020 and 2019, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion and other auditors' reports set forth in Major Accounting Items, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we are independent of the Company, fulfilling our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements for the year ended December 31 2021 are stated as follows:

Impairment of accounts receivable

The loss allowance for accounts receivable is measured by management's simplified method in accordance with IFRS9 "Financial Instruments", which appropriates a loss allowance at an amount equal to accounts receivable lifetime expected credit loss. The assessment of the loss allowance for accounts receivable is based on historical default records, current informed financial conditions as well as forward-looking economic conditions. Due to the fact that appropriateness of the allowance loss is significant management judgement, it is deemed to be one of the key audit matters.

The accounting policies are described in Note of the individual financial report. For book value of accounts receivable, please refer to the disclosures in note 6(4) and (20) of the individual financial report.

The main audit procedures carried out by the accountants include testing the effectiveness of internal control operations related to accounts receivable, carefully assessing the management's classification of accounts receivable aging schedule and the reasonableness of the loss rate ratio, comparing current year's aging distribution of accounts receivable with the year before, and analyzing whether there are any major abnormalities in the turnover rate of accounts receivable in the two periods. We also send out confirmation letters to clients which have outstanding balance by the end of the year and review its collection after this accounting year.

Inventory evaluation

The value of inventory is affected by market supply and demand. In addition, the allocation of inventory cost elements and the estimated amount of net realizable value are subject to the subjective judgment of the management. Therefore, the accountants pay special attention to the cost and net realizable value and the appropriateness of the loss of devaluation of inventories by management in accordance with the requirements of International Accounting Standards (IAS2).and the reasonableness of the management to appropriate allowance for inventory demmvaluation losses.

The principal audit procedure performed by the accountant is to obtain inventory entry data and perform detailed tests to verify that the raw material cost, labor input and manufacturing costs of the inventory have been reasonably allocated to the appropriate inventory items. The accountants compare the actual sales price of the inventory at the end of the period with its book value in a sampling manner to verify whether the inventory has been evaluated at the lower of cost or net realizable value. The accountants also compare the inventory quantity data obtained from annual inventory check with accounting record to test the existence and completeness of inventory in the end of year; By participating in and observing the annual perpetual inventory, accountants assess the appropriateness of allowance for inventory devaluation losses .

Other major accounting issue

The financial statements in year 2020 and 2019 of some investee companies accounted for using the equity method, were not audited by us but other accountants; therefore, the accountants' opinions in the Company's financial statements and the relevant information disclosed in Note 13 are based on the audit reports of other accountants. The Company's equity investment in the above-mentioned investee companies as of December 31, 2020 and 2019, were NT\$317,277 thousand and NT\$250,531 thousand respectively, accounting for 4.19% and 3.19% of the total assets,. The comprehensive benefits recognized by the equity method in 2020 and 2019 were NT\$40,025 thousand and NT\$26,607 thousand, respectively, accounting for 6.48% and 13.28% of the total comprehensive benefits.

Responsibilities of management and governance units for Parent Company Only financial statements

The management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulation Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

When preparing parent company only financial statements, the management's responsibilities also include assessing the company's ability to continue as going concern, disclosure of related matters, and the adoption of the accounting basis as a going concern, unless the management either intends to liquidate the Company or to cease operations, or in addition to liquidation or there is no other practical and feasible plan but to do so.

The governing unit (including the audit committee) of the Company is responsible for supervising the financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objective is to obtain reasonable assurance about whether the financial statements 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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.
2. 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 Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. 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 Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinions.

We communicate with those charged with governance regarding, among other matters, the planned scope and, the timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the year ended December 31, 2020 and are therefore the key audit matters. 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 communication.

The engagement partners on the audit resulting in this independent auditors' report are Sung-Yu Liu and Zi-Yu Chen

SOLOMON & CO., CPAs.

Taichung, Taiwan

Republic of China

March 23, 2021

Notice to Readers

The accompanying standalone financial statements are intended only to present the standalone financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such standalone financial statements are those generally applied in the Republic of China. For the convenience of readers, the independent auditors' report and the accompanying standalone financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and standalone financial statements shall prevail.

FWUSOW INDUSTRY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

<i>Assets</i>		<i>Year ended December 31</i>			
		<i>2020</i>		<i>2019</i>	
		<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
Current assets					
1100	Cash and cash equivalents(Note 6(1))	739,333	10	689,959	9
1110	Current Financial asset at fair value through profit or loss (Note 6(2))	8,412	—	9,371	—
1150	Notes receivable, net(Note 6(3))	341,250	4.5	300,503	3.8
1160	Notes receivable due from related parties, net(Note 7(4))	179,177	2.4	175,560	2.2
1170	Accounts receivable, net(Note 6(4))	735,487	9.7	691,321	8.8
1180	Accounts receivable due from related parties, net(Note 7(4))	310,831	4.1	329,031	4.2
1200	Other receivables(Note 7(4))	42,317	0.6	19,672	0.3
1220	Current tax assets	160	—	160	—
1310	Inventories, net(Note 6(5))	1,428,262	18.8	1,772,330	22.6
1400	Current biological assets	96,086	1.3	80,042	1.0
1410	Prepayments	17,204	0.2	15,853	0.2
1470	Other current assets(Notes 6(1) 、 8)	88	—	125,722	1.6
	Total current Assets	<u>3,898,607</u>	<u>51.5</u>	<u>4,209,524</u>	<u>53.6</u>
Non-current assets					
1550	Investments accounted for under equity method(Note 6(6))	712,681	9.4	644,080	8.2
1600	Property, plant and equipment(Note6(7) 、 8)	2,846,159	37.6	2,874,176	36.6
1755	Right-of-use asset(Note6(8))	25,090	0.3	38,689	0.5
1780	Intangible assets	14,338	0.2	6,964	0.1
1830	Non-current biological assets	23,000	0.3	14,127	0.2
1840	Deferred tax assets(Note6(12))	41,842	0.6	45,705	0.6
1920	Guarantee deposits paid	14,696	0.1	12,625	0.1
1990	Other non-current assets (Note6(4))	2,711	—	6,394	0.1
	Total non-current assets	<u>3,680,517</u>	<u>48.5</u>	<u>3,642,760</u>	<u>46.4</u>
	Total assets	<u><u>7,579,124</u></u>	<u><u>100.0</u></u>	<u><u>7,852,284</u></u>	<u><u>100.0</u></u>

The accompanying notes are an integral part of these parent company only financial statements.

(With Solomon & Co., audit report dated March 23, 2021)

FWUSOW INDUSTRY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

<i>Liabilities and Equity</i>		<i>Year ended December 31</i>			
		<i>2020</i>		<i>2019</i>	
		<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
Current liabilities					
2100	Short-term loans(Note 6(9))	\$ 372,414	4.9	\$ 980,202	12.5
2120	Current financial liabilities at fair value through profit or loss(Note 6(2))	—	—	1,604	—
2130	Current Contract liabilities(Note6(16))	6,062	0.1	4,574	0.1
2150	Notes payable(Note7(4))	128,653	1.7	133,273	1.7
2170	Accounts payable(Note7(4))	216,716	2.9	225,666	2.9
2200	Other payables(Note7(4))	274,189	3.6	160,419	2.0
2230	Current tax liabilities	67,864	0.9	16,816	0.2
2280	Current lease liabilities(Note6(8))	6,747	0.1	10,912	0.1
2322	Current portion of long-term loans(Note6(10))	415,000	5.5	580,000	7.4
2399	Other current liabilities	4,675	—	3,256	—
	Total current Liabilities	<u>1,492,320</u>	<u>19.7</u>	<u>2,116,722</u>	<u>26.9</u>
Non-current liabilities					
2540	Long-term loans(Note 6(10))	960,000	12.7	1,075,000	13.7
2571	Deferred tax liabilities - land value increment tax	416,032	5.5	416,032	5.3
2580	Non current lease liabilities(Note 6(8))	18,609	0.2	28,019	0.4
2640	Net defined benefit liability-non current(Note 6(11))	5,774	0.1	6,812	0.1
2645	Guarantee deposits received	1,553	—	1,473	—
2650	Investments accounted loss for using equity method(Note6(6))	271,804	3.6	277,006	3.5
	Total non-current liabilities	<u>1,673,772</u>	<u>22.1</u>	<u>1,804,342</u>	<u>23.0</u>
	Total liabilities	<u>3,166,092</u>	<u>41.8</u>	<u>3,921,064</u>	<u>49.9</u>
Equity attributable to owners of parent (Note 6(13))					
3110	Share capital	3,220,139	42.5	3,220,139	41.0
3200	Capital surplus	14,358	0.2	14,358	0.2
3300	Retained earnings	1,191,228	15.7	704,042	9.0
3400	Other equity interest	(5,958)	(0.1)	(7,319)	(0.1)
3500	Treasury shares(Note 6(14))	(6,735)	(0.1)	—	—
	Total equity	<u>4,413,032</u>	<u>58.2</u>	<u>3,931,220</u>	<u>50.1</u>
	Total liabilities and equity	<u>\$ 7,579,124</u>	<u>100.0</u>	<u>\$ 7,852,284</u>	<u>100.0</u>

The accompanying notes are an integral part of these parent company only financial statements.

(With Solomon & Co., audit report dated March 23, 2021)

FWUSOW INDUSTRY CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

	2020		2019	
	Amount	%	Amount	%
4100 Net operating revenue (Note 6(16))	\$ 11,775,775	100.0	\$ 11,627,824	100.0
5000 Operating costs (Note6(5))	(10,400,050)	(88.3)	(10,551,902)	(90.7)
5860 Gains(Losses) on changes in fair value less costs to sell of biological assets for current period	8,500	0.1	(1,000)	—
Gross Profit	<u>1,384,225</u>	<u>11.8</u>	<u>1,074,922</u>	<u>9.3</u>
6000 Operating Expenses				
6100 Selling expenses	(577,400)	(4.9)	(558,378)	(4.8)
6200 Administrative expenses	(247,748)	(2.1)	(186,670)	(1.6)
6300 Research and development expenses	(35,865)	(0.4)	(39,552)	(0.4)
6450 Overdue credit(impairment loss)gain on reversal (Note 6(4))	(4,190)	—	(2,054)	—
	<u>(865,203)</u>	<u>(7.4)</u>	<u>(786,654)</u>	<u>(6.8)</u>
Net operating profit	<u>519,022</u>	<u>4.4</u>	<u>288,268</u>	<u>2.5</u>
7000 Non-operating income and expenses				
7100 Interest income	368	—	883	—
7010 Other income (Note 6(17))	27,070	0.2	25,494	0.2
7020 Other gains and losses (Note6(18))	10,200	0.1	(636)	—
7050 Financial costs (Note6(19))	(24,935)	(0.2)	(38,441)	(0.3)
7060 Share of Profit or Loss of Associates & Joint Ventures Accounted for Using Equity Method (Note6(6))	162,727	1.4	(43,382)	(0.4)
	<u>175,430</u>	<u>1.5</u>	<u>(56,082)</u>	<u>(0.5)</u>
7900 Profit before income tax	694,452	5.9	232,186	2.0
7950 Income tax expense (Note6(12))	(79,175)	(0.7)	(29,072)	(0.3)
Profit	<u>615,277</u>	<u>5.2</u>	<u>203,114</u>	<u>1.7</u>
8300 Other comprehensive income				
8310 Components of other comprehensive income that will not be reclassified to profit or loss				
8311 Gains (losses) on remeasurements of defined benefit plans	(1,108)	(0.1)	1,915	(0.1)
8321 Other comprehensive income, before tax,actuarial gain (losses) on defined benefit plans for Using Equity Method	1,600	—	(649)	—
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	222	—	(383)	—
8360 Components of other comprehensive income that will be reclassified to profit or loss				
8361 Exchange differences on translation	1,702	—	(4,559)	—
8399 Income tax benefit related to items that will not be reclassified subsequently	(341)	—	911	—
Other comprehensive income(net income after tax)	<u>2,075</u>	<u>(0.1)</u>	<u>(2,765)</u>	<u>(0.1)</u>
8500 Total comprehensive income	<u>\$ 617,352</u>	<u>5.1</u>	<u>\$ 200,349</u>	<u>1.6</u>
Earnings per share				
9750 Basic earnings per share(dollar) (Note6(15))	<u>\$</u>	<u>1.91</u>	<u>\$</u>	<u>0.63</u>

The accompanying notes are an integral part of these parent company only financial statements.

(With Solomon & Co., audit report dated March 23, 2021)

FWUSOW INDUSTRY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

	<i>Shares</i>	<i>Capital Surplus</i>	<i>Retained Earnings</i>			<i>Other equity interest</i>			<i>Total Equity</i>
			<i>Legal reserve</i>	<i>Special Reserve</i>	<i>Earnings Accumulated</i>	<i>Total</i>	<i>Foreign Currency Translation Reserve</i>	<i>Treasury Shares</i>	
Balance at January 1, 2019	\$ 3,220,139	\$ 32,946	\$ 246,604	\$ 233,273	\$ 56,000	\$ 535,877	\$ (3,671)	\$ —	\$ 3,785,291
Appropriation of earning:									
Cash dividends to shareholders	—	—	—	—	(32,201)	(32,201)	—	—	(32,201)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	—	(18,588)	—	—	(3,631)	(3,631)	—	—	(22,219)
Profit for the 2019	—	—	—	—	203,114	203,114	—	—	203,114
Other comprehensive loss for the 2019	—	—	—	—	883	883	(3,648)	—	(2,765)
Balance at December 31, 2019	3,220,139	14,358	246,604	233,273	224,165	704,042	(7,319)	—	3,931,220
Purchase of treasury shares	—	—	—	—	—	—	—	(6,735)	(6,735)
Appropriation of earnings:									
Legal reserve	—	—	20,399	—	(20,399)	—	—	—	—
Cash dividends to shareholders	—	—	—	—	(128,805)	(128,805)	—	—	(128,805)
Profit for the 2020	—	—	—	—	615,277	615,277	—	—	615,277
Other comprehensive income	—	—	—	—	714	714	1,361	—	2,075
Balance at December 31, 2020	<u>\$ 3,220,139</u>	<u>\$ 14,358</u>	<u>\$ 267,003</u>	<u>\$ 233,273</u>	<u>\$ 690,952</u>	<u>\$ 1,191,228</u>	<u>\$ (5,958)</u>	<u>\$ (6,735)</u>	<u>\$ 4,413,032</u>

The accompanying notes are an integral part of the parent company only financial statements

(With Solomon & Co., audit report dated March 23, 2021)

FWUSOW INDUSTRY CO., LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Thousands of New Taiwan Dollars)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Profit before tax	\$ 694,452	\$ 232,186
Adjustments for		
Adjustments to reconcile profit (loss)		
Depreciation expense	189,977	195,575
Expected credit loss	4,190	2,054
Change in fair value less cost to sell of biological assets	(8,500)	1,000
Allowance for inventory valuation and obsolescence loss	—	3,730
Net loss (gains) on Financial Assets and Liabilities at Fair Value through profit or loss	(2,753)	1,054
Interest expense	24,935	38,441
Dividend income	(444)	(771)
Interest income	(368)	(883)
Share of loss (profit) of associates and joint ventures accounted for using equity method	(162,727)	43,382
Loss (gain) on disposal of property, plant and equipment	(442)	1,734
Reversal of impairment loss recognized in profit or loss, property, plant and equipment	—	(1,187)
Property, plant and equipment transferred expences	—	42
Gain of lease modification	(127)	—
Gain on Sale of Investments	(145)	(17)
Other adjustments to reconcile profit (loss)	1,790	3,545
Total adjustments to reconcile profit (loss)	<u>45,386</u>	<u>287,699</u>
Changes in operating assets and liabilities:		
Changes in operating assets		
Financial assets and liabilities at fair value through profit or loss	2,253	17
Notes receivable (include related parties)	(44,364)	(60,468)
Accounts receivable (include related parties)	(28,055)	(55,683)
Other receivables (include related parties)	(22,645)	95,074
Inventories	344,068	(459,886)
Biological assets	(33,012)	23,026
Prepayments	6,949	66,726
Overdue receivables (include related parties)	(2,101)	2,096
Changes in operating liabilities		
Notes payable (include related parties)	(4,620)	(102,543)
Accounts payable (include related parties)	(8,950)	55,474
Other payables (include related parties)	103,916	21,836
Contract liabilities	1,488	(61,114)
Other current liabilities	1,419	(149)
Net defined benefit liability	(2,146)	(3,357)
Total changes in operating assets and liabilities	<u>314,200</u>	<u>(478,951)</u>
Total adjustments	<u>359,586</u>	<u>(191,252)</u>
Cash inflow (outflow) generated from operations	1,054,038	40,934
Interest received	368	883
Interest paid	(25,768)	(38,740)
Dividend received	288,170	33,525
Income tax refund (paid)	(24,383)	24,522
Cash provided by (used in) operating activities	<u>1,292,425</u>	<u>61,124</u>

(Carried over)

(Brought forward)

	<u>2020</u>	<u>2019</u>
Cash flows from investing activities:		
Decrease (increase) in financial assets	125,634	(125,722)
Proceeds from disposal of property, plant and equipment	2,046	4,497
Acquisitions of investments accounted for using equity method	(195,500)	(163,000)
Acquisitions of property, plant and equipment	(139,723)	(168,484)
Decrease (increase) in refundable deposits	(2,071)	1,044
Net cash flows from (used in) investing activities	<u>(209,614)</u>	<u>(451,665)</u>
Cash flows from financing activities:		
Increase (decrease) in short-term loans	(607,788)	309,052
Proceeds from long-term debt	350,000	350,000
Repayment of long-term debt	(630,000)	(450,000)
Payment of lease liabilities	(10,189)	(11,939)
Cash dividends paid	(128,805)	(32,201)
Decrease in quarantine deposits received	80	(23)
Payments to acquire treasury shares	(6,735)	—
Net cash flows from (used in) financing activities	<u>(1,033,437)</u>	<u>164,889</u>
Net increase (decrease) in cash and cash equivalents	49,374	(225,652)
Cash and cash equivalents at beginning of year	<u>689,959</u>	<u>915,611</u>
Cash and cash equivalents at end of year	<u><u>\$ 739,333</u></u>	<u><u>\$ 689,959</u></u>

The accompanying notes are an integral part of these parent company only financial statements.

(With Solomon & Co., audit report dated March 23, 2021)

FWUSOW INDUSTRY CO., LTD.

Notes to Financial Statements

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. Organization

FWUSOW INDUSTRY CO., LTD. (the Company) was incorporated in February, 1955. Its shares were listed on Taiwan Stock Exchange (TSE) in December, 1990.

The main operating activities of the Company are

- I. Animal and vegetable oil refining and processing business.
- II. Manufacturing, processing and trading of feed and general feed additives.
- III. The breeding and processing business of livestock and poultry (except goat milk and mutton).
- IV. Manufacturing, processing, and trading of processed agricultural foods, milled foods, and baked processed foods such as rice, beans, and wheat.
- V. Canned food, frozen food, beverages, condiments (bonito flavor, chicken flavor), dairy products (except goat milk), sugar and sugar products and other food manufacturing, processing and trading business.
- VI. Manufacturing, processing, and trading of organic fertilizers.
- VII. Warehousing and labor transportation supply industry, refrigeration industry and supermarket operation
- VIII. Warehousing industry.

2. The Date and Procedure for the Authorization Of Financial Statements

The accompanying parent company only financial statements were approved and authorized for issue by the Board of Directors on March 23, 2021.

3. Application Of New And Revised International Financial Reporting Standards

- A. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRSs”) endorsed and issued into effect by the

Financial Supervisory Commission (FSC)

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the Company's accounting policies:

Amendments to IAS 1 and IAS 8 "Definition of Materiality"

The Company adopted the amendments starting from January 1, 2020. The threshold of materiality that could influence the users of financial reports has been changed to "could reasonably be expected to influence the user of financial reports". Accordingly, disclosures in the parent company only financial statements do not include immaterial information that may obscure material information.

- A. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application effective from 2021 are as follows:

<u>New IFRSs</u>	<u>Effective Date Announced by IASB</u>
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021
Amendment to IFRS 16 "Covid-19 - Related Rent Concessions"	June 1, 2020

As of the date the parent company only financial statements were authorized to issue, the Company is continuously assessing the possible impact that the application of above standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

- B. The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

<u>New IFRSs</u>	<u>Effective Date Announced by IASB</u>
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022(Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022(Note 3)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB

<u>New IFRSs</u>	<u>Effective Date Announced by IASB</u>
Amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent”	January 1, 2023
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022(Note 4)
Amendments to IAS 37 “Onerous Contracts– Cost of Fulfilling a Contract”	January 1, 2022(Note 5)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments to IFRS 9 will be applied to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business acquisition after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are expected to be operated by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the parent company only financial statements were authorized to issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. Summary Of Significant Accounting Policies

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

I. Compliance statement

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

II. Basis of Preparation

A. Measurement Bases

Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

- (a) Financial instruments that are measured at fair values
- (b) Biological assets measured at fair value less costs to sell.
- (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. Functional Currency and Presentation Currency

The company uses the currency of the main economic environment in which it operates as its functional currency. The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional currency. All financial information expressed in New Taiwan Dollars are in units of New Taiwan Dollars Thousands.

III. Foreign currency

A. Foreign currency transaction

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise. Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, nonmonetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

B. Translation of foreign operations

Assets and liabilities of foreign operations, including the goodwill and fair value adjustment generated at the time of merge and acquisition, shall be converted into the functional currency of the parent company only financial statements at the reporting date. Income and expenses are converted into functional currency of the parent company only financial statements at the average exchange rate in the current period, and the exchange differences are recognized in other comprehensive income

When the disposal of a foreign operation causing a loss of control, loss of joint control, or significant influence, the cumulative exchange difference related to the foreign operation is entirely reclassified as profit or loss. If the disposal involves any subsidiary of the foreign operations, the relevant accumulated exchange difference shall be reclassified into the non-controlling interests on a pro rata basis. If the disposal involves any affiliate or joint venture of the foreign operations, the relevant accumulated exchange difference shall be reclassified into income or loss on a pro rata basis.

If no repayment program is defined with respect to monetary item receivable or payable of the foreign operations and it is impossible to settle in the foreseeable future, the foreign currency exchange gain or loss generated therefor shall be held as a part of the net investment of the foreign operations and recognized as other comprehensive profit or loss.

IV. Classification of current and non-current items

Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets held mainly for trading purposes;
- (b) Assets that are expected to be realized within twelve months from the balance sheet date;
- (c) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

Liability that meet one of the following criteria are classified as current liability; otherwise they are classified as non-current liability:

- (a) Liabilities arising mainly from trading activities;
- (b) Liabilities that are to be settled within twelve months from the balance sheet date;
- (c) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

V. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Time deposits with maturities less than 3 months and held for the purpose of meeting short-term cash commitments rather than for investment or other purpose are classified as cash equivalents.

VI. Financial Instruments

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

Financial assets and liabilities are initially recognized at fair value with transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, when the financial assets and liabilities are not measured at fair value but through profit or loss. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

A. Financial Assets

Measurement category

On regular way purchases or sales of financial assets, the derivatives are recognized and derecognized on settlement date basis, the other financial assets are recognized and derecognized on trade date basis.

Financial assets held by the Company are classified into financial assets at fair value through profit or loss and financial assets at amortized cost.

(1) Financial assets at fair value through profit or loss (Financial asset at FVTPL)

Financial asset is classified as at FVTPL when the financial asset is mandatorily

classified or designated at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 6(20).

(2) Financial assets at amortized cost

Financial assets that meet the following two conditions are subsequently measured at amortized cost:

- (a) The financial asset is 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.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, and trade receivables at amortized cost, are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

- (a) For purchased or created credit-impaired financial assets, interest income is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial asset.
- (b) For financial assets that are not purchased or initiated credit impairment but subsequently become credit impairment, interest income is calculated by multiplying the effective interest rate by the cost of financial assets amortization.

Impairment of financial assets

The company assesses the expected credit losses of the financial assets (including accounts receivable) measured at amortized cost at each balance sheet date.

The loss allowance for accounts receivable is measured at an amount equal to lifetime expected credit losses. For other financial assets, when the credit risk on the financial

instrument has not increased significantly since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from possible default events of a financial instrument within 12 months after the reporting date. If, on the other hand, there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from all possible default events over the expected life of a financial instrument.

Expected credit loss is the weighted average credit loss based on the risk of default. The 12-month expected credit loss refers to the expected credit loss caused by the possible default event of the financial instrument within 12 months after the reporting date, and the lifetime expected credit loss represents the expected credit loss caused by all possible default events during the expected lifetime of the financial instrument. The impairment loss of all financial assets is adjusted through a loss allowance account.

B. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity based on the substance of the contractual agreement and the definition of financial liabilities and equity instruments.

An equity instrument refers to any contract that evidence a residual interest in the assets after deducting all its liabilities from its assets.

The equity instruments issued by the Company are recognized at the amount obtained after deducting the cost of direct issuance.

Interests and losses or benefits related to financial liabilities are recognized as profit and loss and listed under non-operating income and expenses.

Financial liabilities are reclassified into equity at the time of conversion, and conversion does not recognize gain or loss.

(2) Financial liabilities measured at fair value through profit and loss

Such financial liabilities are measured at fair value at the time of initial recognition, and transaction costs are recognized as profit or loss when incurred; subsequent evaluations are measured at fair value, and any gain or loss (including related interest expenses), which is reported under non-operating income and expenses.

(3) Other financial liabilities

Financial liabilities are not held for trading and are not designated as those measured at

fair value through profit and loss (including long-term and short-term borrowings, accounts payable and other payables). The original recognition is measured at fair value plus directly attributable transaction costs; The subsequent evaluation adopts the effective interest rate method to measure the cost after amortization. Interest expenses that have not been capitalized as the cost of assets are reported under non-operating income and expenses.

(4) Derecognition of financial liabilities

The company derecognizes financial liabilities when contractual obligations have been fulfilled, cancelled or expired.

When derecognizing financial liabilities, the difference between the book value and the total consideration paid or payable (including any transferred non-cash assets or liabilities) is recognized as gain and loss which is reported under non-operating income and expenses .

(5) Mutual offset of financial assets and liabilities

Financial assets and financial liabilities are offset only when the company has the statutory right to offset and intend to settle on a net amount or to realize assets and settle liabilities at the same time, and then financial assets and liabilities are offset and expressed on the balance sheet as a net amount.

VII. Inventories

Inventories are stated at the lower of cost or net realizable value. When comparing lower of cost and net realizable value, except for the comparison of same inventory, it shall be made item by item. The cost of inventories, using weighted average method, includes expenditures incurred in acquiring the inventories, production cost and other costs incurred in bringing them to their existing location and condition. The cost of finished goods and work in process will be allocated production costs based on normal production. Net realized value is the estimated by the difference of the selling price in the ordinary course of business and the estimated cost of completion and applicable variable selling expenses.

VIII. Biological assets

Biological assets are initially recognized and measured at their fair value less costs to sell at each report date. The selling cost means that any additional cost can be directly attributed to

the disposal assets except for the financial cost and income tax. Gains or losses from initial recognition of biological assets and subsequent changes in fair value less costs to sell are recognized profit or loss in current period.

IX. Investment in related enterprises

Affiliated company refers to the company that the Company has significant influence on its financial and operating policies but has no control. When the company holds 20% to 50% of the voting rights of the investee, it is assumed to have significant influence.

Under the equity method, the original acquisition is recognized at cost, which includes transaction costs. The book value of the investment in the related company includes the goodwill arising from the acquisition less any accumulated impairment loss.

The financial report includes the Company's share of profit and loss and other comprehensive income of the equity accounted investee after making adjustments to the company's accounting policy consistency, from the date significant influence commence to the date significant influence ceases.

Unrealized benefits arising from transactions between the company and affiliated companies have been eliminated to the extent of the company's equity in the investee company. The method of eliminating unrealized losses is the same as that of unrealized benefits, but only when there is no evidence of impairment.

When the company shall recognize the loss of the affiliated company in proportion to or exceed its equity in the affiliated company, it shall stop recognizing its losses. Only when legal obligations, constructive obligations or payments have been made on behalf of the investee have occurred, additional losses and related liabilities are recognized.

X. Investment in subsidiaries

When preparing individual financial reports, the Company adopts the equity method to evaluate investee companies with control. Under the equity method, the current profit and loss and other comprehensive profit and loss of the individual financial report are prepared on the basis of the consolidated financial report. The current profit and loss and other comprehensive profit and loss in the financial report are the same attributable to the owners of the parent company, and the owner's equity of the individual financial report is prepared on the basis of the merger. The equity attributable to the owners of the parent company in the financial report

is the same.

Changes in the ownership and equity of the subsidiary by the Company that do not result in the loss of control shall be treated as equity transactions with the owner.

XI. Property, Plant and Equipment

A. Recognition and Measurement

Property, plant and equipment are measured at cost less accumulated depreciation and impairment. Cost includes expenditures that can be directly attributable to the acquisition of assets. The cost of self-built assets includes raw materials and direct labor, any cost to bring the asset to the usable state for its intended use, the cost of dismantling and removing and restoring the location, and the borrowing cost of the capitalized assets that meet the requirements. The software purchased to integrate the functions of the related equipment is also capitalized as part of the equipment.

When property, plant and equipment are in different categories and the difference is significant to the total cost, it would be appropriate to adopt different depreciation rate or method as separate item.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in net profit or loss in other income or loss.

B. Subsequent cost

Subsequent expenditure is capitalized, only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the expenditure can be measured reliably. The carrying amount of the replacement is derecognized. Ongoing repairs and maintenance are expensed when incurred.

C. Depreciation

The property, plant and equipment were depreciated on straight-line basis over the estimated useful life. Depreciation of property, plant and equipment is evaluated by major identical category. Only when the useful lives of the assets in that category are different from the rest. Thus that different category shall be depreciated separately. Depreciation is recognized as profit or loss.

Land is not depreciated.

The estimated useful lives of property, plant and equipment in current and comparative period are as follows:

- (1) Buildings 3~50 years
- (2) Machinery and equipment 3~20 years
- (3) Transportation equipment 3~12 years
- (4) Office and Other equipment 3~18 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If the expected value is different from original estimation, it will be adjusted appropriately when necessary. Such adjustment shall be accounted for a change in accounting estimation.

XII. Lease

The company assesses whether the contract belongs to (or includes) a lease at the date of contract establishment.

A. The company is the lessor

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

Under finance leases, lease payments include fixed payments and variable lease payments that depend on an index or rate. The net lease investment is measured by the sum of the present value of the lease payment receivable and the unguaranteed residual value plus the original direct cost which is expressed as a financial lease receivable. Finance income is allocated to each accounting period to reflect the fixed rate of return that the combined company's unexpired net lease investment can obtain in each period.

Under operating leases, lease payments after deducting lease incentives are recognized as income on a straight-line basis during the relevant lease period. The original direct cost incurred in obtaining an operating lease is added to the book value of the underlying asset and recognized as an expense during the lease period on a straight-line basis.

B. The company is the lessee

Except for the lease payments of low-value underlying asset leases and short-term leases that are subject to the applicable recognition exemption, the lease payments are recognized as expenses on a straight-line basis during the lease period, and other leases are recognized as right-of-use assets and lease liabilities on the lease start date.

The right-of-use asset is initially measured at cost (including the original measured amount

of the lease liability and the lease payment paid before the lease start date), and subsequently measured at the cost after deducting accumulated depreciation and accumulated impairment losses, and the remeasured amount of the lease liability is adjusted. Right-of-use assets are separately expressed on the balance sheet.

Right-of-use assets are depreciated on a straight-line basis from the lease start date to the end of the service life or the expiration of the lease term, whichever is earlier.

Lease liabilities were originally measured by the present value of lease payments (including fixed payments and substantive fixed payments). If the implicit interest rate of the lease is easy to determine, the lease payment is discounted using that interest rate. If the interest rate is not easy to determine, use the lessee's incremental borrowing interest rate.

Subsequently, the lease liability is measured on the amortized cost basis using the effective interest method, and the interest expense is amortized during the lease period. If changes in the lease period lead to changes in future lease payments, the company will re-measure the lease liabilities and relatively adjust the right-of-use asset. However, if the book value of the right-of-use asset has been reduced to zero, the remaining remeasured amount is recognized in profit and loss. Lease liabilities are separately expressed on the balance sheet.

The variable rent in the lease agreement that is not dependent on the index or rate is recognized as an expense in the period in which it occurs.

XIII. Impairment of Non-financial Assets

The Company measures whether impairment occurred in non-financial assets, except for inventories, deferred income tax assets, employee benefits and biological assets at the end of every reporting date, and estimates the recoverable amount. If it is not possible to determine the recoverable amount (fair value less cost to sell and value in use) for the individual asset, then the Company will evaluate the impairment based on the recoverable amount from the asset's cash-generating unit.

The recoverable amount is determined by the higher value of an individual asset or a cash-generating unit less costs to sell or its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount and recognized an impairment loss. An impairment loss shall be recognized immediately in current period.

The Company should assess at the end of each reporting period whether there is any indication

that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the entity shall estimate the recoverable amount of that asset. An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount. That increase is a reversal of an impairment loss. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Regarding inventory, deferred income tax assets, assets generated from employee benefits, and non-financial assets other than biological assets, the company assesses whether impairment has occurred at the end of each reporting period, and estimates the recoverable amount of assets with signs of impairment. If the recoverable amount of an individual asset cannot be estimated, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs to assess the impairment.

XIV. Treasury Stock

The Company acquires its outstanding shares, the acquisition cost is debited to the treasury stock account (including any directly attributable costs). When treasury stock is sold, the excess of the selling price over the carrying amount is credited to the capital surplus from treasury stock transactions account. If the carrying amount exceeds the selling price, the excess is first offset against capital surplus from the same class of treasury stock transactions, and the remainder, if any, is debited to retained earnings. The carrying amount of treasury stock is calculated by using the weighted-average approach according to the same class of treasury stock (common stock or preferred stock).

When the Company's treasury stock is the capital surplus - premium on stock account and capital stock account should be debited proportionately according to the share ratio. The carrying value of treasury stock in excess of the sum of its par value and premium on stock should first be offset against capital surplus from the same class of treasury stock transactions, and the remainder, if any, debited to retained earnings. The sum of the par value and premium

on treasury stock in excess of its carrying value should be credited to capital surplus from the same class of treasury stock transactions.

XV. Revenue recognition

1. Sales of goods

- A. The Company manufactures and sells animal feeds, cooking oil, agricultural livestock products and related consumer food. Sales are recognized when control of the products has transferred, which also means that the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- B. Revenue from sales of goods is recognized based on the price specified in the contract, net of the estimated volume discounts, sales discounts and allowances. The volume discount or sales allowance is usually offered by client's purchase volume. Based on historical experience of sales discounts offered, revenue is only recognized to the extent that it is highly probable that no significant reversal will occur. The estimation is reassessed at each reporting date. The credit term of 30 to 60 days after shipment is consistent with market practice, which is deemed not involved major financial arrangement in the sales contracts. The down payment receiving from selling products is deemed as contractual liability to fulfill the Company's obligation.
- C. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

2. Financing components

The contract between the Company and client is the obligation to transfer goods or services to the client and payment term is within one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

XVI. Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution plans are recognized as pension expense in the period when employees render service.

B. Defined benefit plans

Defined benefit costs (including service cost, net interest and rereasurement) under the defined benefit retirement benefit plans are determined using the Projected Unit Credit Method. Service cost (including current service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefit expense in the period they occur. Rereasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Rereasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. Net defined benefit asset is recognized to the extent of a contribution refund to the plan or deduction in future payments.

C. Short-term employee benefits

Short-term employee benefits are expensed at the undiscounted amount in exchange for service rendered by employees. A liability is reliably estimated and recognized for the amount of short-term cash bonus or employee dividend plan expected to be paid when the Company has a present legal or constructive obligation as a result of past service provided by the employee.

XVII. Income taxes

Income taxes comprise current taxes and deferred taxes. Except for tax related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss for the period.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year, and any adjustment to the tax payable or receivable in respect of previous years

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are not recognized for the following conditions:

- A. The initial recognition of assets and liabilities in a transaction that is not a business combination which affects neither accounting nor taxable profits (losses) at the time of the transaction.
- B. Temporary differences related to investments in subsidiaries, associates and joint arrangements which is probable that they will not reverse in the foreseeable future.
- C. Temporary differences arising from the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset only when the following criteria are met:

- A. The Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- B. The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - i. The same taxable entity; or
 - ii. Different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

XVIII. Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share are calculated as the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share are calculated as the profit attributable to ordinary shareholders of the Company, divided by the weighted-average

number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee stock bonus.

XIX. Operating segments

The Company has disclosed the information on operating segments in its consolidated financial statements. Hence, no further information is disclosed in the parent company only financial statements.

5 · Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of the parent company only financial statements in conformity with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” requires management to make judgments, estimations and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimations.

The Company has considered the economic implications of COVID-19 pandemic on critical accounting estimates and will continue evaluating the impact on its financial position and financial performance as a result of the pandemic. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years. The following are the key assumptions concerning the future, and other key sources of estimation :

1. Note 6(4) · Assessment of impairment of accounts receivable
2. Note 6(5) · Valuation of Inventory
3. Note 6(11) · Measurement of net definite benefit liabilities
4. Note 6(12) · Realization of Deferred Income Tax Assets ◦

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand	\$ 1,151	\$ 1,081
Checking accounts	960	1,863
Demand deposits	721,023	632,443
Foreign currency deposit	16,199	54,572
	<u>\$ 739,333</u>	<u>\$ 689,959</u>

Other current assets

	December 31, 2020	December 31, 2019
Restricted deposit	\$ 88	\$ 125,722

Interest rate risk and sensitivity analysis details of the Company's financial asset and liability in Note 6(20).

(2) Current financial asset and liability at fair value through profit or loss

	December 31, 2020	December 31, 2019
Listed OTC stock and fund	\$ 9,160	\$ 11,268
Unquoted shares	83,373	83,373
Adjustments for change	(84,121)	(85,270)
	<u>\$ 8,412</u>	<u>\$ 9,371</u>

Current financial liability at fair value through profit or loss

	December 31, 2020	December 31, 2019
Forward exchange agreement	\$ —	\$ 1,604

The Company entered into forward exchange contracts to hedge foreign currency exposures.

The outstanding forward exchange agreement is as follows:

	December 31, 2019		
	Currency	Expiration date	Contract amount (thousand dollars)
Pre-ordered forward exchange	USD exchange TWD	2020.01	USD 2,880

The company's estimated net profit and loss on derivative financial products in 2020 and 2019 are 1,604 thousand dollars and (1,704) thousand dollars.

In 2020 and 2019, the net gains and losses recognized by offsetting contracts of derivative financial asset transactions were 44 thousand dollars and 1352 thousand dollars, respectively.

(3) Notes receivable

	December 31, 2020	December 31, 2019
Notes receivable	\$ 341,458	\$ 300,711
Less: Loss allowance	(208)	(208)
	<u>\$ 341,250</u>	<u>\$ 300,503</u>

(4) Accounts receivable (including overdue receivables)

Current:

	December 31, 2020	December 31, 2019
Accounts receivable	\$ 742,432	\$ 696,367
Less: Loss allowance	(6,945)	(5,046)
	<u>\$ 735,487</u>	<u>\$ 691,321</u>

Non-current :

	December 31, 2020	December 31, 2019
overdue receivables	\$ 17,237	\$ 15,136
Less: Loss allowance	(17,237)	(15,136)
	<u>\$ —</u>	<u>\$ —</u>

The average credit period for sales of goods was 60 days. No interest was charged on accounts receivable. In determining the recoverability of trade receivables, the Company considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period. The company will first review the credit rating of customers for new transactions, and obtain sufficient guarantees when necessary to reduce the default risk of financial losses. The company will use other publicly available financial information and historical transaction records to rate major customers. The Company's credit exposures and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty credit limit that are reviewed and approved by the accounting department annually.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Company estimates expected credit losses based on past due days. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Company's different customer base.

The Company writes off accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable based on the Company's provision matrix.

December 31, 2020

	Current	1 to 30 days	31 to 60 days	61 to 120 days	Over 120 days	Total
Expected Credit Loss	0%-0.3%	0%-10%	0%-22%	94%	100%	
Carrying amount	\$ 1,543,362	\$ 23,377	\$ 7,541	\$ —	\$ 17,237	\$ 1,591,517
lifetime expected credit losses	(3,571)	(2,296)	(1,668)	—	(17,237)	(24,772)
Amortized cost	\$ 1,539,791	\$ 21,081	\$ 5,873	\$ —	\$ —	\$ 1,566,745

December 31, 2019

	Current	1 to 30 days	31 to 60 days	61 to 120 days	Over 120 days	Total
Expected Credit Loss	0%~0.2%	0%~7%	0%~17%	90%	100%	
Carrying amount	\$ 1,470,575	\$ 23,123	\$ 8,004	\$ 349	\$ 15,136	\$ 1,517,187
lifetime expected credit losses	(3,482)	(557)	(1,283)	(314)	(15,136)	(20,772)
Amortized cost	\$ 1,467,093	\$ 22,566	\$ 6,721	\$ 35	\$ —	\$ 1,496,415

Change information of loss allowance :

	2020	2019
Opening balance	\$ 20,772	\$ 19,279
Overdue credit impairment loss	4,190	2,054
Non recoverable receivable	(190)	(561)
Ending balance	\$ 24,772	\$ 20,772

(5) Inventories

	December 31, 2020	December 31, 2019
Raw materials	\$ 612,055	\$ 1,017,653
Materials	50,502	52,388
Semi-manufactures	25,642	26,305
Manufactures	368,630	316,931
Inventory in transit - materials	390,948	378,568
	1,447,777	1,791,845
Less: allowance for inventory write-down	(19,515)	(19,515)
Net inventories	\$ 1,428,262	\$ 1,772,330

The cost of inventories recognized as expense for the year:

	2020	2019
Cost of goods sold	\$ 10,354,078	\$ 10,505,642
Costs of conversion	3,082	3,529
Loss on decline in market value	—	3,730
Net loss on physical inventory	28,114	32,460
Income from disposal of leftover and scraps	(914)	(1,367)
loss on inventory retired	6,243	—
Others	9,447	7,908
	\$ 10,400,050	\$ 10,551,902

(6) Investments accounted for under equity method

Investments accounted for using equity method-subidiaries are provided as follows:

	December 31, 2020	December 31, 2019
Subsidiary company	\$ 380,654	\$ 334,344
Associates	332,027	309,736
	<u>\$ 712,681</u>	<u>\$ 644,080</u>

1. Investments in subsidiaries

A. Investments accounted for using equity method

Investee	December 31, 2020		December 31, 2019	
	Carrying amount	share holding ratio %	Carrying amount	share holding ratio %
FWUSOW NEW INDUSTRY CO., LTD.	\$ 204,741	99.07	\$ 211,161	99.07
WONDERFUL INVESTMENT CO.	120,598	85.70	117,990	85.70
ZILLION HOLDING CO.	5,359	100.00	5,193	100.00
WANJISHENG AGRICULTURAL TECHNOLOGY CO.,	49,956	100.00	—	—
	<u>\$ 380,654</u>		<u>\$ 334,344</u>	

B. Investments accounted for using equity method credit balance

Investee	December 31, 2020		December 31, 2019	
	Carrying amount	share holding ratio %	Carrying amount	share holding ratio %
CHARMING FOOD INTERNATIONAL MARKETING CO., LTD.	\$ (271,804)	72.75	\$ (277,006)	72.75

- (a) The above-mentioned long-term equity investment and its related investment gains and losses evaluated according to the equity method are calculated based on the financial statements of the investee company that have been verified by an accountant during the same period.
- (b) Charming Food International Marketing Co., Ltd. reduced its capital in May 2020 to make up for the loss of 200,000 thousand dollar. In the same year, the Company made a new investment of 145,500 thousand dollars based on its shareholding ratio. In June of 2019, the company reduced

its capital to make up for the loss by 50%. According to the shareholding ratio, an additional investment of 163,000 thousand dollars was added, resulting in an increase in the shareholding ratio from 64.00% to 72.75%.

- (c) In 2018, the Company sold land to its subsidiary, Charming Food International Marketing Co., Ltd. deferred recognition of disposal benefits in accordance with the IFRS 10 Bulletin, and accounted for its disposal benefits of 294,128 thousand dollars for investment deductions using the equity method. The net investment using the equity method is negative, and the third party is subsequently disposed of in the subsidiary to realize its benefits.
- (d) In December 2020, the Company increased its investment in Wanjisheng Agricultural Technology Co., Ltd. by 50,000 thousand dollars, and obtained a 100% shareholding ratio based on the investment cost. The Company is mainly engaged in livestock breeding and other businesses. In accordance with the provisions of International Accounting Standard No. 27 "Consolidated and Separate Financial Statements", the Company has control over the investee and constitutes a parent subsidiary company, the investee company shall be included in the preparation scope of the consolidated statement.

2. Investments in associates

The Company's associates are as follows:

Investee	December 31, 2020		December 31, 2019	
	Carrying amount	Share holding ratio %	Carrying amount	share holding ratio %
CENTRAL UNION OIL CORP.	\$ 267,321	32.33	\$ 250,531	32.33
CHIATON INTERNATIONAL CO., LTD.	64,706	37.50	59,205	37.50
	<u>\$ 332,027</u>		<u>\$ 309,736</u>	

Details of share of profit and loss of Joint Ventures are as follows:

	2020	2019
The company's share of the net profit of the associated companies for the current period	\$ 51,095	\$ 36,655
The company's share of other comprehensive profits and losses of associated companies	\$ 1,600	\$ (649)

Details of financial information of Joint Ventures are as follows:

	December 31, 2020	December 31, 2019
Total assets	\$ 2,955,556	\$ 2,681,945
Total liability	1,956,200	1,749,188
Net assets	\$ 999,356	\$ 932,757
	2020	2019
Revenues	\$ 7,542,697	\$ 7,498,485
Net profit	\$ 152,652	\$ 109,364
Share of profit (loss) of associates and joint ventures accounted for using equity method	\$ 4,948	\$ (2,009)

(7) Property, plant and equipment

1. Capitalization amount and interest rate range of borrowing costs for property, plant and equipment:

	2020	2019
Capitalization amount	\$ —	\$ 1,685
Capitalization interest rate	—	1.27%

2. Details of property, plant and equipment

	Land	Buildings	Machinery and Equipment	Transportation equipment	Other equipment	Construction in progress and equipment to be inspected	Total
Cost :							
At January 1, 2020	\$ 1,317,252	\$ 1,729,701	\$ 2,414,982	\$ 120,863	\$ 247,821	\$ 54,189	\$ 5,884,808
Additions	4,229	996	3,030	2,214	4,894	131,510	146,873
Reclassifications	17,850	36,279	32,690	2,390	31,797	(129,461)	(8,455)
Disposals	—	—	(4,917)	(5,636)	(2,008)	—	(12,561)
December 31, 2020	\$ 1,339,331	\$ 1,766,976	\$ 2,445,785	\$ 119,831	\$ 282,504	\$ 56,238	\$ 6,010,665
At January 1, 2019	\$ 1,311,338	\$ 1,654,236	\$ 2,260,987	\$ 123,797	\$ 239,663	\$ 168,809	\$ 5,758,830
Additions	8,587	13,609	7,343	6,555	5,166	122,566	163,826
Reclassifications	—	62,037	154,365	610	8,586	(237,186)	(11,588)
Disposals	(2,673)	(181)	(7,713)	(10,099)	(5,594)	—	(26,260)
December 31, 2019	\$ 1,317,252	\$ 1,729,701	\$ 2,414,982	\$ 120,863	\$ 247,821	\$ 54,189	\$ 5,884,808

	Land	Buildings	Machinery and Equipment	Transportati on equipment	Other equipment	Construction in progress and equipment to be inspected	Total
Accumulated depreciation and impairment							
At January 1, 2020	\$ (26,643)	\$ (1,100,531)	\$ (1,647,203)	\$ (94,942)	\$ (141,313)	\$ —	\$ (3,010,632)
Additions	—	(58,265)	(80,491)	(8,726)	(17,349)	—	(164,831)
Gain on reversal of impairment loss	—	—	—	—	—	—	—
Disposals	—	—	4,260	4,710	1,987	—	10,957
At December 31, 2020	<u>\$ (26,643)</u>	<u>\$ (1,158,796)</u>	<u>\$ (1,723,434)</u>	<u>\$ (98,958)</u>	<u>\$ (156,675)</u>	<u>\$ —</u>	<u>\$ (3,164,506)</u>
At January 1, 2019	\$ (27,830)	\$ (1,041,453)	\$ (1,576,430)	\$ (94,383)	\$ (131,016)	\$ —	\$ (2,871,112)
Additions	—	(59,218)	(75,465)	(10,171)	(15,882)	—	(160,736)
Gain on reversal of impairment loss	1,187	—	—	—	—	—	1,187
Disposals	—	140	4,692	9,612	5,585	—	20,029
At December 31, 2019	<u>\$ (26,643)</u>	<u>\$ (1,100,531)</u>	<u>\$ (1,647,203)</u>	<u>\$ (94,942)</u>	<u>\$ (141,313)</u>	<u>\$ —</u>	<u>\$ (3,010,632)</u>
Book Value:							
December 31, 2020	<u>\$ 1,312,688</u>	<u>\$ 608,180</u>	<u>\$ 722,351</u>	<u>\$ 20,873</u>	<u>\$ 125,829</u>	<u>\$ 56,238</u>	<u>\$ 2,846,159</u>
December 31, 2019	<u>\$ 1,290,609</u>	<u>\$ 629,170</u>	<u>\$ 767,779</u>	<u>\$ 25,921</u>	<u>\$ 106,508</u>	<u>\$ 54,189</u>	<u>\$ 2,874,176</u>

3. The information about the property, plant and equipment is pledged as collateral is disclosed in Note 8.

4. The land and building in Zhuzi Douliu City, Yunlin County owned by the Company was in agriculture and animal husbandry category, which was registered under personal name. The Company had agreement to pledge the property to the Company as collateral.

(8) Lease arrangements

(a) Right-of-use assets

	Land	Building	Transportation equipment	Total
Cost :				
Balance at January 1, 2020	\$ 13,847	\$ 14,606	\$ 22,552	\$ 51,005
Addition	—	—	2,667	2,667
Lease Modifying	(249)	(8,837)	(5,459)	(14,545)
Balance at December 31, 2020	<u>\$ 13,598</u>	<u>\$ 5,769</u>	<u>\$ 19,760</u>	<u>\$ 39,127</u>
Accumulated depreciation and impairment:				
Balance at January 1, 2020	\$ 1,790	\$ 2,830	\$ 7,696	\$ 12,316
Depreciation	1,790	2,135	6,416	10,341
Decrease	(238)	(2,923)	(5,459)	(8,620)
Balance at December 31, 2020	<u>\$ 3,342</u>	<u>\$ 2,042</u>	<u>\$ 8,653</u>	<u>\$ 14,037</u>
Book value:				
Balance at December 31, 2020	<u>\$ 10,256</u>	<u>\$ 3,727</u>	<u>\$ 11,107</u>	<u>\$ 25,090</u>
Cost :				
Balance at January 1, 2019	\$ —	\$ —	\$ —	\$ —
First-time Application IFRS 16	13,847	14,606	22,552	51,005
Increase	—	—	—	—
Decrease	—	—	—	—
Balance at December 31, 2019	<u>\$ 13,847</u>	<u>\$ 14,606</u>	<u>\$ 22,552</u>	<u>\$ 51,005</u>
Accumulated depreciation and impairment:				
Balance at January 1, 2019	\$ —	\$ —	\$ —	\$ —
Depreciation	1,790	2,830	7,696	12,316
Decrease	—	—	—	—
Balance at December 31, 2019	<u>\$ 1,790</u>	<u>\$ 2,830</u>	<u>\$ 7,696</u>	<u>\$ 12,316</u>
Book value:				
Balance at December 31, 2019	<u>\$ 12,057</u>	<u>\$ 11,776</u>	<u>\$ 14,856</u>	<u>\$ 38,689</u>

For the years ended December 31, 2020 and 2019, the Company did not undergo major sub-leases and impairments.

(b) Lease liabilities

	December 31, 2020		December 31, 2019	
Book value of lease liabilities				
current	\$	6,747	\$	10,912
non-current	\$	18,609	\$	28,019

The discount rate of leasing liability was 1.21% in above accounting years.

(c) Material lease-in activities and terms

The Company leases buildings for the use of warehouse and offices with lease terms of 1 to 9 years. The Company does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

(d) Other lease information

	2020		2019	
Expenses relating to short-term leases	\$	13,185	\$	5,195
Low-value asset lease expenses	\$	381	\$	490
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$	327	\$	914
Total cash (outflow) for leases	\$	28,164	\$	18,868

The Company leased transportations and equipment which meets the threshold to waive the recognition of ownership assets and leasing liability.

(9) Short-term loans

Nature of loan	December 31, 2020	interest rates range from	Maturity year	Collateral
Bank loans				
Purchase loans	\$ 92,414	0.78%~1.10%	2021.03~2021.06	NONE
Credit loans	280,000	0.90%~1.08%	2021.01 ~ 2021.10	NONE
	\$ 372,414			

Nature of loan	December 31, 2019	interest rates range from	Maturity year	Collateral
Bank loans				
Purchase loans	\$ 200,202	2.46%~2.85%	2020.02~2020.06	NONE
Credit loans	780,000	0.96%~1.20%	2020.01~2020.06	NONE
	<u>\$ 980,202</u>			

(10) Long-term loans

	December 31, 2020	December 31, 2019
Collateralize loans	\$ 275,000	\$ 300,000
Credit loans	1,100,000	1,355,000
Less: Current portion of long-term loans payable	(415,000)	(580,000)
Long-term debt payable	<u>\$ 960,000</u>	<u>\$ 1,075,000</u>
Interest rate range	<u>0.88%~1.19%</u>	<u>1.12%~1.32%</u>
Maturity year	<u>110.6~114.8</u>	<u>109.7~113.9</u>
Unspent amount	<u>\$ 975,000</u>	<u>\$ 695,000</u>

(11) Plan of post-retirement benefits

A. Defined benefit plans

	December 31, 2020	December 31, 2019
Total present value of obligations	\$ 14,929	\$ 13,566
Fair value of project assets	(9,155)	(6,754)
Recognized definite benefit obligation liabilities	<u>\$ 5,774</u>	<u>\$ 6,812</u>

The Company's employee retirement plan based on the Labor Standards Law is a definite benefit plan. According to the plan, a monthly retirement reserve fund is allocated at 10% of the total salary of the employees, which is managed by the Labor Retirement Reserve Supervision Committee, and deposited in the special retirement reserve account of the Trust Department of Bank of Taiwan in the name of the committee. The retirement payment of each employee subject to the Labor Standards Law is calculated based on the base number of years of service and the average salary of the six months before retirement.

(a) Statement of changes present value of a defined benefit obligation

	2020	2019
present value of a defined benefit	\$ 13,566	\$ 12,958
employee benefits expense	—	—
Current service cost and interest	119	99
Recognition of other comprehensive income	1,244	509
present value of a defined benefit	<u>\$ 14,929</u>	<u>\$ 13,566</u>

(b) Composition of project asset composition

The retirement fund allocated by the Company in accordance with the Labor Standards Law is coordinated and managed by the Labor Retirement Fund Supervisory Committee of the Labor Committee of the Executive Yuan. According to the provisions of the "Labor Retirement Fund Revenue and Expenditure and Utilization Measures", the use of the fund and its annual final accounting distribution of the lowest income, shall not be lower than the income calculated based on the two-year fixed deposit interest rate of the local bank.

Details of employee benefit plan bank account:

	2020	2019
Fair value of planned assets at the beginning of the period	\$ 6,754	\$ 874
Allocated amount	2,191	3,444
Interest income	74	11
Plan asset return	136	2,425
Fair value of plan assets at the end of the period	<u>\$ 9,155</u>	<u>\$ 6,754</u>

(c) Recognition as an profit and loss

	2020	2019
Current service cost	\$ —	\$ —
Interest cost	119	99
Interest income	(74)	(11)
Employee retirement benefits	<u>\$ 45</u>	<u>\$ 88</u>

(d) Actuarial gains and losses recognized as other comprehensive gains and losses (before tax)

	2020	2019
Accumulated balance on January 1	\$ 157,966	\$ 159,881
Current	1,108	(1,915)
Accumulated balance on December 31	\$ 159,074	\$ 157,966

(e) Actuarial assumptions

The Company is exposed to the following risks due to the pension system of the "Labor Standards Law":

- 1). Investment risk: The Labor Fund Utilization Bureau of the Ministry of Labor invests labor retirement funds in domestic (foreign) equity securities, debt securities, and bank deposits through its own use and entrusted operations, but the company's planned assets can be allocated to the amount of The income calculated based on the interest rate not lower than the local bank's 2-year fixed deposit rate.
- 2). Interest rate risk: The decline in the interest rate of government bonds will increase the present value of defined welfare obligations, but the return on debt investment of planned assets will also increase, and the impact of the two on the net defined welfare liabilities will partially offset the effect.
- 3). Salary risk: The calculation to determine the present value of the benefit obligation refers to the future salary of the plan members. Therefore, the increase in the salary of the plan members will increase the present value of the determined benefit obligation.

The present value of the company's determined welfare obligations is actuarially calculated by qualified actuaries. The major assumptions on the measurement date are as follows:

	2020	2019
Discount rate	0.50%	0.88%
Expected salary increase rate	2.00%	2.00%

(f) When calculating and determining the present value of welfare obligations, the Company must use judgments and estimates to determine relevant actuarial assumptions on the balance sheet date, including employee turnover rates and future salary changes. Any change in actuarial assumptions may materially affect the amount of the company's determined welfare obligations.

Assuming that the discount rate changes by 0.25%, there will be the following effects:

	2020	
	Increase	Decrease
Net defined benefit liability	\$ 490	\$ (514)

	2019	
	Increase	Decrease
Net defined benefit liability	\$ 460	\$ (483)

The Company expects to allocate 2,000 thousand dollar to the determined benefit plan within one year after December 31, 2020.

B. Defined contribution plans

The company's definite allocation plan is based on the labor pension regulations, and is allocated to the labor insurance bureau's labor pension individual account at a rate of 6% of the labor's monthly salary. After the fixed amount is allocated to the Labor Insurance Bureau under this plan, there is no statutory or constructive obligation to pay additional amounts.

The pension expenses under the Company's 2020 and 2019 pension plans are 18,435 thousand dollar and 18,243 thousand dollar respectively, which have been transferred to the Labor Insurance Bureau.

(12)Income tax

1. Income tax expense recognized in profit or loss :

	2020	2019
Income tax expense calculated at the statutory rate	\$ 138,890	\$ 46,437
Amount of tax impact of income tax adjustment items		
Permanent differences	(58,880)	(23,674)
Temporary differences	(3,778)	7,033
Effect of loss carryforwards	—	(19,195)
Adjustments for prior years	(801)	37
Prior deferred income tax asset adjustment	—	1,442
Deferred income tax expenses adjusted this year	3,744	16,992
Income tax expense	\$ 79,175	\$ 29,072

2. Deferred income tax

The analysis of deferred income tax assets (liabilities) is as follows :

	2020			
	Balance on	Profit and loss	Other	Balance as of
	January 1		comprehensive	December 31
			income	
Temporary differences				
Deferred Bad Debt Losses	\$ 4,154	\$ 800	\$ —	\$ 4,954
Inventory Valuation Losses	3,912	(1,700)	—	2,212
Unrealized Gain or Loss	(311)	318	—	7
Net changes in equity of investment accounted for using equity method	34,266	(1,811)	—	32,455
Impairment loss recognized under the cost method	7,218	—	—	7,218
Fixed asset impairment loss	(468)	—	—	(468)
Others	(2,081)	(1,351)	—	(3,432)
Defined benefit plans actuarial loss	(383)	—	222	(161)
Conversion difference in the conversion of financial statements of foreign operating organizations	(602)	—	(341)	(943)
	<u>\$ 45,705</u>	<u>\$ (3,744)</u>	<u>\$ (119)</u>	<u>\$ 41,842</u>
	2019			
	Balance on	Profit and loss	Other	Balance as of
	January 1		comprehensive	December 31
			income	
Temporary differences				
Deferred Bad Debt Losses	\$ 3,856	\$ 298	\$ —	\$ 4,154
Inventory Valuation Losses	2,966	946	—	3,912
Unrealized Gain or Loss	(265)	(46)	—	(311)
Net changes in equity of investment accounted for using equity method	28,107	6,159	—	34,266
Impairment loss recognized under the cost method	7,218	—	—	7,218
Fixed asset impairment loss	(229)	(239)	—	(468)
Others	(1,997)	(84)	—	(2,081)

	2019			
	Balance on	Other		Balance as of
	January 1	Profit and loss	comprehensiv e income	December 31
Defined benefit plans actuarial loss	19,195	(19,195)	—	—
Conversion difference in the conversion of financial statements of foreign operating organizations	—	—	(383)	(383)
	<u>(1,513)</u>	<u>—</u>	<u>911</u>	<u>(602)</u>
	<u>\$ 57,338</u>	<u>\$ (12,161)</u>	<u>\$ 528</u>	<u>\$ 45,705</u>

3. Deductible temporary differences and unused taxable loss balances that are not recognized as deferred income tax assets:

	2020	2019
Net investment income or loss accounted for using equity method	\$ 44,859	\$ 44,893
Net investment income or loss accounted for using cost method	7,690	7,690
	<u>\$ 52,549</u>	<u>\$ 52,583</u>

4. The income tax settlement declaration of the company's for-profit business has been approved by the auditing agency until 2018.

(13) Capital and other equity

A. Issuance of ordinary shares

In 2020 and 2019, the total amount of the company's rated share capital is 500,000 dollar, each with a par value of 10 dollars, and the issued shares are all 322,014 thousand ordinary shares.

B. Additional paid-in capital

Details of capital reserve balance:

	December 31, 2020	December 31, 2019
Treasury stock trading	\$ 5,996	\$ 5,996
Others	8,362	8,362
	<u>\$ 14,358</u>	<u>\$ 14,358</u>

According to the provisions of the Company Law, the capital reserve must be given priority to make up for the losses before it can be issued to new shares or cash in proportion to the shareholders' original shares based on the realized capital reserve. The "realized capital reserve" mentioned in the preceding paragraph includes the excess of the issuance of stocks in excess of the par value and the income received from donations. In accordance with the issuer's guidelines for the handling of securities raised and issued, the total amount of the capital reserve that can be allocated for replenishment each year shall not exceed 10% of the paid-in capital.

C. Retained earnings

If the company makes a profit in the year, it shall allocate 2% for employee remuneration, and the remuneration of directors and supervisors shall be no more than 5%. After review and approval by the Salary and Remuneration Committee, it shall be submitted to the board of directors for resolution. Employee compensation and the distribution of directors and supervisors' compensation shall be reported to the shareholders meeting. However, when the Company still has accumulated losses, it shall retain the amount of the loss to be made up before the allocation, and then allocate the compensation for employees and directors and supervisors in proportion to the preceding paragraph.

If the Company has surpluses after its annual accounts, in addition to paying income tax and making up previous losses in accordance with the law, it should first set aside 10% of the statutory surplus reserve, and deduct the shareholders' equity (including foreign operating institutions). The balance of the conversion difference in the conversion of financial statements, unrealized gains and losses of financial assets available for sale, and the cumulative balance of hedging tool benefits and losses that are the effective hedging part of cash flow hedging) shall be set to special surplus reserve. If there is a subsequent reduction in the amount of deductions for shareholders' equity, the reduced amount can be transferred from the special surplus reserve back to the undistributed surplus. If there is a balance available for the current period, the shareholder's dividend will be based on the current period's distributable amount and the accumulated undistributed surplus in the previous year. The allocated surplus and the undistributed surplus adjustment amount of the current year shall be allocated 40% to 90%, of which the cash dividend shall not be less than 10% of the total dividend. If the cash dividend per share is less than 0.1 dollar, the payment shall be made as a stock dividend.

(a) Legal reserve

According to the Company law, the company shall allocate 10% of its net profit after tax as a statutory surplus reserve until it is equal to the total capital. When the company has no losses, it may be approved by the shareholders' meeting to issue new shares or cash with the statutory surplus reserve, but only if the reserve exceeds 25% of the paid-in capital.

(b) Appropriated Retained Earnings

When the Company first adopted the International Financial Reporting Standards recognized by the FSC, it chose to apply the IFRS No. 1 "First-time Application of International Financial Reporting Standards" exemption item, and accounted for the unrealized revaluation increase and accumulation under shareholders' equity Conversion adjustments (benefits), and the fair value on the conversion date is used as the recognized cost to increase the retained surplus amount to 243,814 thousand dollars. The same amount is set forth in accordance with the FCA's April 6, 2012 Jin Guan Zheng Fa Zi Order No. 1010012865 When using, disposing of, or reclassifying related assets, the proportion of the special surplus reserve that was originally set aside may be converted to distribute the surplus. As of December 31, 2020, the balance of this special surplus reserve is 233,273 thousand dollars.

In accordance with the provisions of the letter and order mentioned in the previous paragraph, when the company distributes distributable surplus, the difference between the net deduction of other shareholders' equity in the current year and the balance of the special surplus reserve mentioned in the previous paragraph shall be calculated from the current profit and loss The undistributed surplus in the previous period shall be added to the special surplus reserve; the amount of other shareholder equity deductions accumulated in the previous period will not be distributed to the special surplus reserve from the undistributed surplus in the previous period. If there is a subsequent reversal of the deduction of other shareholders' equity, the reversal part of the surplus may be distributed.

(c) Disposition of net income

Details of the company passed the 2019 and 2018 annual earnings distribution proposal and dividend distribution on June 17, 2020 and June 27, 2019 through the resolutions of the shareholders' meeting

	Surplus distribution		Dividend per share(dollar)	
	2019	2018	2019	2018
Legal reserve	\$ 20,399	\$ —	—	—
Cash dividends	128,805	32,201	0.40	0.10
Stock dividend	—	—	—	—
	<u>\$ 149,204</u>	<u>\$ 32,201</u>		

D. Other equity

The items listed under other equity are the cumulative amount of net after-tax in the financial statements of the company's foreign operating organizations.

(14) Treasury stock

Reason	2020			
	Beginning	Increase	Decrease	The end
Transfer shares to employees	—	364,000	—	364,000

A. Ordinary Stock

(a) The company's board of directors resolved on April 7, 2020 to buy back 10,000,000 common shares in order to transfer shares to employees. The price per share is scheduled to be between 13.00 dollars and 26.00 dollars, and the total amount of shares to be repurchased is expected to be capped at 476,765. Thousand dollar. As of June 6, 2020, 364,000 shares have been executed, accounting for 0.11% of the total issued shares of the company. The average repurchase price is 18.50 dollars, and the repurchase cost is 6,735 thousand dollars.

(15) Earnings Per Share

	2020	2019
	After tax	After tax
Consolidated net income attributed to stockholders of the company	\$ 615,277	\$ 203,114

	2020	2019
Number of issued shares at the beginning of the period (thousand)	322,014	322,014
Stock repurchase	(273)	—
Number of shares outstanding at the end of the period(thousand)(B)	321,741	322,014
Basic(A/B)(dollar)	\$ 1.91	\$ 0.63

(16)Customer contract revenue

A. Customer contract revenue

	2020	2019
Animal Feeds	\$ 5,804,024	\$ 5,864,373
Food	4,510,300	4,389,749
Others	1,461,451	1,373,702
	<u>\$ 11,775,775</u>	<u>\$ 11,627,824</u>

B. Contract balance

	December 31, 2020	December 31, 2019
<u>Current contract liabilities</u>		
Advance sales receipts	\$ 6,062	\$ 4,574

	2020	2019
<u>Contract liabilities from the beginning of the year</u>		
Merchandise sales	\$ 4,562	\$ 62,676

(17)Other revenue

	2020	2019
Rent revenue	\$ 9,111	\$ 9,054
Investment revenue	444	771
Income from subsidies and tax refunds	7,193	4,030
Others revenue	10,322	11,639
	<u>\$ 27,070</u>	<u>\$ 25,494</u>

(18) Other benefits and losses

	2020	2019
Foreign currency exchange gains and losses	\$ 9,745	\$ 3,954
financial asset or financial liability at fair value through profit or loss	2,753	(1,054)
Gain on disposal of financial assets	145	17
Gain on disposal of property plant and equipment	442	(1,734)
Property plant and equipment gain on reversal of impairment loss	—	1,187
lease modify income	127	—
other	(3,012)	(3,006)
	<u>\$ 10,200</u>	<u>\$ (636)</u>

(19) Financial costs

	2020	2019
Interest on bank loans	\$ 24,559	\$ 39,658
Interest on lease liabilities	376	468
Minus : Capitalization of interest	—	(1,685)
	<u>\$ 24,935</u>	<u>\$ 38,441</u>

(20) Financial Instruments

A. Credit risk

(a) Maximum exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. Requirement credit risk comes from cash and cash equivalents, derivative financial instruments, and deposits in banks and financial institutions. There are also credit risks from wholesale and retail customers, including unpaid receivables and promised transaction.

The Company's customers is significantly concentrated in a few customers. In 2020 and 2019, a small number of companies accounted for 30.7% and 33.2% of invoices receivable, both of which were composed of two customers.

B. Liquidity risk

The following table is an analysis of the contractual maturity date of financial liabilities,

including estimated interest, but does not include the impact of the net agreement.

December 31, 2020

	Book value	cash flow	under one year	1~5 years	five years and above
non-derivative financial liability					
Short-term loans and finance bills	\$ 372,414	\$ 372,414	\$ 372,414	\$ —	\$ —
Notes payable and account payable	345,369	345,369	345,369	—	—
Other payable	274,189	274,189	274,189	—	—
Lease liability	25,356	40,344	7,014	31,460	1,870
Long-term loans	1,375,000	1,375,000	415,000	960,000	—
	<u>\$ 2,392,328</u>	<u>\$ 2,407,316</u>	<u>\$ 1,413,986</u>	<u>\$ 991,460</u>	<u>\$ 1,870</u>

December 31, 2019

	Book value	cash flow	under one year	1~5 years	five years and above
non-derivative financial liability					
Short-term loans and finance bills	\$ 980,202	\$ 980,202	\$ 980,202	\$ —	\$ —
Notes payable and account payable	358,939	358,939	358,939	—	—
Other payable	160,419	160,419	160,419	—	—
Lease liability	38,931	53,108	11,324	26,814	14,970
Long-term loans	1,655,000	1,655,000	580,000	1,075,000	—
	<u>\$ 3,193,491</u>	<u>\$ 3,207,668</u>	<u>\$ 2,090,884</u>	<u>\$ 1,101,814</u>	<u>\$ 14,970</u>

The Company does not expect the cash flow analysis on the due date to occur significantly earlier, or the actual amount will be significantly different.

C. Foreign currency risk

(a)The Company undertook transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arose.

	December 31, 2020			December 31, 2019		
	Foreign currency	exchange rate	New Taiwan dollar	Foreign currency	exchange rate	New Taiwan dollar
<u>Financial asset</u>						
<u>Currency units</u>						
USD	1,630	28.48	46,422	2,417	29.98	72,461
<u>Financial liability</u>						
<u>Currency units</u>						
USD	3,245	28.48	92,418	6,678	29.98	200,206

The Company's monetary items have a significant impact due to exchange rate fluctuations, and the total exchange gains and losses for 2020 and 2019 respectively are 9,745 thousand dollars and 3,954 thousand dollars.

(b)Sensitivity analysis

The Company's exchange rate risk mainly comes from foreign currency denominated cash and cash equivalents, accounts receivable, other receivables, loans, accounts payable, expenses payable and other payables, etc., resulting in foreign currency exchange gains and losses during conversion. In December 31, 2019, when the new Taiwan dollar depreciated or appreciated by 1% relative to the U.S. dollar, and all other factors remained unchanged, the net profit after tax in 2020 and 2019 would increase 460 thousand or decrease 1,277 thousand.

4. Interest rate analysis

The Company's analysis method for floating interest rate liabilities assumes that the amount of liabilities out of circulation at the reporting date is in circulation throughout the year. The rate of change used by the company when reporting interest rates internally to key management is an increase or decrease of 1% in interest rates, which also represents management's assessment of the reasonably possible range of changes in interest rates.

If interest rates increase or decrease by 1% on the reporting date, and all other variables remain unchanged, the company's net profit for 2020 and 2019 will decrease or increase by 17,474 thousand and 26,352 thousand, mainly due to the company's floating interest rate loan.

5. Fair value

A. Fair value and book amount

The management of the Company believes that the financial assets and financial liabilities measured by the Company's amortized cost in the financial statements are close to their fair value.

B. Fair value measurement

The determination of the fair value of the company's financial assets and financial liabilities is based on the following methods and assumptions:

- i. The stocks of listed (counter) companies are financial assets and financial liabilities that have standard terms and conditions and are traded in an active market, and their fair values are determined with reference to market quotes.
- ii. The fair value of stocks of unlisted (counter) companies without an active market is estimated by the market method, and the judgment is made with reference to recent fund-raising activities, evaluations of similar companies, company technological development, market conditions and other economic indicators.
- iii. The fair value of other financial assets and financial liabilities is determined by the generally accepted evaluation model based on discounted cash flow analysis.

C. level of fair value

Level 1: Public quotation of the same asset or liability in an active market.

Level 2: Except for the public quotes included in the first level, the input parameters of assets or liabilities are directly or indirectly observable.

Level 3: Input parameters of assets or liabilities are not based on observable market data.

	Level 1	Level 2	Level 3	Total
December 31, 2020				
Current Financial Assets at Fair Value through Profit or Loss	\$ 8,412	\$ —	\$ —	\$ 8,412
December 31, 2019				
Current Financial Assets at Fair Value through Profit or Loss	\$ 9,371	\$ (1,604)	\$ —	\$ 7,767

(a) Fair value evaluation for measuring financial instruments

Non hedge Derivative financial instruments

It is based on evaluation models that are widely accepted by market users, such as discount method and option pricing model. Forward foreign exchange contracts are usually evaluated based on the current forward exchange rate.

(b) Transfer between the first level and the second level

There was no transfer of the second-tier financial assets to the first-tier situation in 2020 and 2019.

(c) List of changes in the third level: NONE.

The Company's favorable and unfavorable changes refer to the fluctuation of fair value, and the fair value is calculated based on the evaluation technology based on the unobservable input parameters of different degrees. The above table only reflects the impact of a single input value change, and does not take into account the correlation and variability between input values.

(d) Classification of Financial Instruments

	December 31, 2020	December 31, 2019
<u>Financial asset</u>		
Amortized cost		
Cash and Cash equivalents	\$ 739,333	\$ 689,959
Accounts receivable and notes receivable	1,566,745	1,496,415
other receivable	42,317	19,672
other financial asset	88	125,722
Refundable Deposits	14,696	12,625
financial asset at fair		
value through profit or loss	8,412	9,371

	December 31, 2020	December 31, 2019
<u>Financial liability</u>		
financial liability at fair		
value through profit or loss	—	1,604
Amortized cost		
Short-term loans	372,414	980,202
Accounts payable and notes payable	345,369	358,939
other payable	274,189	160,419
Long-term loans	1,375,000	1,655,000
deposits received	1,553	1,473

(21) Financial risk management

The Company's main financial instruments include accounts receivable and accounts payable. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze the exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

A. Market risk

The purpose of the company's financial derivative transactions is to avoid the risks of foreign currency net assets or net liabilities due to exchange rate or interest rate fluctuations, because the profits and losses arising from exchange rate and interest rate fluctuations will generally offset the profits and losses of hedging projects. Therefore, the market price risk should not be significant.

B. Credit risk

Financial assets are potentially affected by the company's counterparty's failure to perform contractual obligations. Financial assets with positive fair values at the balance sheet date are evaluated for credit risk. The Corporation only transacts with financial institutions and companies with good credit ratings. Therefore, no significant credit risk is anticipated.

C. Liquidity Risk

The company has obtained sufficient loan credit lines from financial institutions and the

working capital is still sufficient to cover it, so there is no liquidity risk due to the inability to raise funds to fulfill contractual obligations.

D. Cash flow risk from changes in interest rates

If the long-term and short-term bank borrowings undertaken by the company are debts with floating interest rates, changes in market interest rates will cause the effective interest rates of the long-term and short-term bank borrowings to change accordingly, which will cause fluctuations in future cash flows.

The company manages interest rate risk by maintaining an appropriate combination of fixed and floating interest rates and using interest rate exchange contracts. The company regularly evaluates hedging activities to make them consistent with the interest rate view and established risk appetite to ensure that the most cost-effective hedging strategy is adopted.

(22)Capital risk management

The Company manages its capital to ensure its ability to continue as a going concern while maximizing the returns to shareholders. The capital structure of the Company consists of its net debt (loan after deduction of cash and cash equivalents) and equity. The Company is not subject to any externally imposed capital requirements.

7、**RELATED PARTY TRANSACTION**

A. Parent company and ultimate controller: The company is the ultimate controller of the company and its subsidiaries

B. Compensation of key management personnel

	2020	2019
Short-term employee benefits	\$ 11,118	\$ 10,041
Post-employment benefits	197	195
	<u>\$ 11,315</u>	<u>\$ 10,236</u>

C. Related Party Transactions

Company	Relationship
FWUSOW NEW INDUSTRY CO., LTD.	Subsidiaries
CHARMING FOOD INTERNATIONAL MARKETING CO., LTD.	Subsidiaries
WAN JI SHENG AGRICULTURAL TECHNOLOGY CO., LTD.	Subsidiaries
CENTRAL UNION OIL CORP.	Associates
CHIATON INTERNATIONAL CO., LTD.	Associates
CHIA FHA HSING AGRICULTURAL SCIENCE AND TECHNOLOGY CO., LTD.	Other related parties
CHIA YUH TRADING CO., LTD.	Other related parties
CHIA FA INDUSTRY CO., LTD.	Other related parties
CHIA LI ENTERPRISE CO., LTD.	Other related parties
CHIA YOU ENTERPRISE CO., LTD.	Other related parties
Tsung Lin Hung	Substantive Related Parties

D. The significant transactions between the Company and its related parties, other than those disclosed in other notes, are summarized as follows:

1. Net revenue

Related Parties	2020	2019
	Amount	Amount
Subsidiaries	\$ 786,701	\$ 663,389
CENTRAL UNION OIL CORP.	1,899,057	1,826,871
Other related parties	2,472	1,318
	<u>\$ 2,688,230</u>	<u>\$ 2,491,578</u>

Prices and credit terms for such sales were similar to those given to third parties.

(a) Selling price: According to current prices and product individually negotiated.

(b) Payment terms: The average payment period is about 60~90 days, which is not significantly different from the general company.

2. Purchases

	2020	2019
Related Parties	Amount	Amount
Subsidiaries	\$ —	\$ 84
CENTRAL UNION OIL CORP.	125,603	67,840
	<u>\$ 125,603</u>	<u>\$ 67,924</u>

Prices and credit terms for such purchases were generally comparable to those given by other suppliers

- (a) Purchase prices: According to current prices and product individually negotiated.
- (b) Payment terms: The average payment period is about 15~30 days, which is not significantly different from the general company.

3. Receivables from related parties

Item	Company	December 31, 2020	December 31, 2019
		Amount	Amount
Notes receivable	CHARMING FOOD	\$ 179,177	\$ 175,560
Accounts receivable	CHARMING FOOD	\$ 64,792	\$ 73,268
	Subsidiaries	1,428	867
	CENTRAL UNION OIL CORP.	244,218	254,501
	Associates	27	—
	Other related parties	748	777
		<u>311,213</u>	<u>329,413</u>
Less: allowance for loss		(382)	(382)
NET		<u>\$ 310,831</u>	<u>\$ 329,031</u>
Other receivable	CHARMING FOOD	\$ 18,867	\$ 2,178
	Subsidiaries	—	124
	Associates	7,125	7,125
		<u>\$ 25,992</u>	<u>\$ 9,427</u>

4. Payables to related parties

Item	Company	December 31, 2020	December 31, 2019
		Amount	Amount
Accounts payable	Subsidiaries	\$ 1	\$ —
	Associates	7,229	9,367
		<u>\$ 7,230</u>	<u>\$ 9,367</u>
Other payable	Subsidiaries	\$ 467	\$ 1,875
	Associates	—	3
	Other related parties	4,629	1,802
		<u>\$ 5,096</u>	<u>\$ 3,680</u>

5. Manufacturing expenses and Operating cost

Company	2020	2019
	Amount	Amount
<u>Manufacturing expenses</u>		
CENTRAL UNION	\$ 223,547	\$ 235,398
Other related parties	913	3,756
<u>Operating cost — Other expenses</u>		
Subsidiaries	7,506	4,416
Associates	21	115
Other related parties	8,831	21,279
	<u>\$ 240,818</u>	<u>\$ 264,964</u>

The above-mentioned processing fees and other expenses are the processing expenses of entrusting Zhonglian Oils and Fats and Qiafaxing, and the production and management expenses of seconded personnel from Qiafaxing enterprises to engage in the production and management of compound feed. They are settled once a month and the payment period is one month.

6. Lease agreement

Related Party Categories	2020	2019
<u>Right-of-use asset</u>		
Subsidiaries	\$ 1,079	\$ 1,439
Other related parties	4,665	5,753
	<u>\$ 5,744</u>	<u>\$ 7,192</u>
<u>Lease obligations</u>		
Subsidiaries	\$ 1,079	\$ 1,430
Other related parties	4,570	5,622
	<u>\$ 5,649</u>	<u>\$ 7,052</u>
<u>Interest expense</u>		
Subsidiaries	\$ 17	\$ —
Other related parties	63	41
	<u>\$ 80</u>	<u>\$ 41</u>

7. Non- operating income

	2020	2019
<u>Endorsement guarantee fee income</u>		
Subsidiaries	\$ 1,619	\$ 2,326
<u>Rent revenue</u>		
Subsidiaries	503	635
Other related parties	131	97
<u>Technical guidance</u>		
Subsidiaries	229	229
	<u>\$ 2,482</u>	<u>\$ 3,287</u>

The company collects endorsement guarantee revenue from CHARMING FOOD INTERNATIONAL MARKETING CO., LTD., and FWUSOW NEW INDUSTRY CO., LTD., CHIA YUH TRADING CO., LTD. collect rental revenue according to the lease price, and CHARMING FOOD INTERNATIONAL MARKETING CO., LTD. collect technical guidance revenue according to the contract.

8. Consignment

Substantive Related Parties	2020		2019	
	Consignment	Commissions Expense	Consignment	Commissions Expense
Other related parties	\$ 6,505	\$ 127	\$ 7,488	\$ 158

The company entrusts CHIA FHA HSING and CHIA YUH TRADING CO., LTD. to sell pet feed and supplies, and pay a commission of 3% and 2% each month based on the amount of the agency.

9. Acquisition/Disposal of property, plant and equipment

Related Party Categories	Acquisition Price	
	2020	2019
Subsidiaries – office equipment	\$ 3	\$ –
Related parties – Prepayment for Land Purchases	4,000	–
Other related parties – Transportation equipment	504	278
	\$ 4,507	\$ 278

The aforesaid land is located in Desong Section of Qiaotou District and will be registered in 2021. It is expected to be used as a parking lot.

Related Party Categories	Proceeds		Gains(Loss)	
	2020	2019	2020	2019
Subsidiaries – office equipment	\$ 11	\$ –	\$ –	\$ –

10. The company endorses and guarantees information for related parties : See Table 1 attached .

8. Mortgage Assets

Item	Property	December 31, 2020	December 31, 2019
Bank	Reserve	\$ 88	\$ 125,722
Property, plant and equipment			
Land	Bank	311,563	311,563
Buildings, net	Bank	36,866	41,454
Machinery equipment, net	Bank	436	746
		\$ 348,953	\$ 479,485

9、Commitments And Contingent Liabilities

		December 31, 2020	December 31, 2019
A. The Company had outstanding			
usage letters of credit amounting to	USD \$	22,001	\$ 7,283
B. The balance of guaranteed bills issued	NTD	3,950,000	3,750,000
for borrowing and developing letters of			
credit	USD	24,000	24,000
C. Project payment payable	NTD	22,386	34,579

10、Significant Losses From Disasters : NONE。

11、Significant Subsequent Events : NONE。

12、Others :

(1) Statement of labor, depreciation and amortization by function:

	2020			2019		
	Classified as Cost of Revenue	Classified as Operating Expenses	Total	Classified as Cost of Revenue	Classified as Operating Expenses	Total
Labor cost						
Salary and bonus	\$ 154,685	\$ 292,634	\$ 447,319	\$ 149,044	\$ 203,512	\$ 352,556
Labor and health insurance	15,515	21,827	37,342	14,925	20,080	35,005
Pension	7,030	11,450	18,480	6,813	11,518	18,331
Board compensation	—	37,336	37,336	—	12,483	12,483
Others	7,178	15,794	22,972	7,126	15,717	22,843
Depreciation-PPE	135,758	39,414	175,172	131,325	41,727	173,052
Depreciation-Biological assets	14,805	—	14,805	22,523	—	22,523
Amortization	—	—	—	—	—	—

Note 1: As of December 31, 2020 and 2019, the Company had 632 and 610 employees, respectively. There were 6 and 5 non-employee directors, respectively.

Note 2: Companies whose stocks have been listed on the stock exchange or listed on the stock counter trading center for over-the-counter trading should increase the disclosure of the following information:

- (a) Average labor cost for the years ended December 31, 2020 and 2019 were NT\$840 thousand and NT\$709 thousand, respectively.
- (b) Average salary and bonus for the years ended December 31, 2020 and 2019 were NT\$714 thousand and NT\$583 thousand, respectively.
- (c) The average salary and bonus increased by 22% year over year.
- (d) The Company did not have supervisors for the years ended December 31, 2020 and 2019. Therefore, there was no compensation to the supervisor.

The Company's salary and remuneration policy is as follows:

A. Directors and managers

- (a) In accordance with Article 19 of the Company's articles of association, a salary and remuneration committee was set up. The committee was empowered to evaluate the salary and remuneration policies and systems of the Company's directors, independent directors and managers, and make recommendations to the board of directors for its decision-making reference.
- (b) According to Article 26 of the company's articles of association, if the Company makes a profit during the year, it shall first make up the losses and allocate no more than 5% as directors' remuneration.
- (c) The remuneration of directors, independent directors and managers, including cash remuneration, stock options, dividends, retirement benefits or severance payments, various allowances and other measures with substantial incentives; should refer to the usual level of payment in the industry and consider personal performance, The reasonableness of the relationship between the company's financial status and the Company's operating performance and future risks.

B. Employee

- (a) The salary payment standard refers to the salary market, the Company's operating conditions and the organizational structure; and it is adjusted in a timely manner according to the market salary dynamics, the overall economic and industrial boom changes, and government laws and regulations.
- (b) The salary and remuneration of employees are determined based on their academic experience, professional knowledge and technology, professional experience and personal performance, and there is no discrimination based on

their gender, race, religion, political position, marital status, or membership of a trade union.

- (c) The starting salaries of freshmen and foreign workers comply with local laws and regulations.
- (d) According to Article 26 of the Company's articles of association, if the company makes a profit each year, it shall first make up for its losses and allocate 2% as employee compensation.
- (e) The employee reward system aims at motivating employees. According to the production, business and profit goals set by the company, employees are assessed for their personal performance, and performance bonuses are issued.

At the same time, year-end bonuses are issued based on profitability.

There is no difference between the actual allotted amount of employee compensation and director compensation in 2019 and the amount of employee compensation and director compensation recognized in the 2019 individual financial report.

The estimated amount of remuneration for employees and directors and supervisors of the company for 2020 is 52,271 thousand dollars, which is based on the deduction of pre-tax benefits before the distribution of employees and directors and supervisors' remuneration at a rate of 2% and no more than 5% for employee remuneration and directors' remuneration. Supervisors' remuneration shall be reported as operating costs or operating expenses for 2020. If there is a difference between the actual distribution amount and the estimated amount, it shall be treated as a change in accounting estimates, and the difference shall be recognized as the profit and loss for 2021.

13 、 Additional Disclosures

A. Following are the additional disclosures required by the Securities and Futures Bureau for the Company:

- (1) Financings provided: NONE
- (2) Endorsement/guarantee provided: See Table 1 attached
- (3) Marketable securities held (excluding investments in subsidiaries and associates):
See Table 2 attached;
- (4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: NONE

- (5) Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: NONE
- (6) Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: NONE
- (7) Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: See Table 3 attached;
- (8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: See Table 4 attached
- (9) Information about the derivative financial instruments transaction: See Notes 6
- (10) Names, locations, and related information of investees over which the Company exercises significant influence (excluding information on investment in mainland China): See Table 5 attached;

B. Information on investment in mainland China

- (1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: See Table 6 attached.
- (2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports: NONE
- (3) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes :

Object	Purposes	December31,2020	December 31, 2019
XIAMEN FWUSOW INDUSTRY CO., LTD.	Provided as a financing guarantee	RMB —	RMB 6,000

C. Information of major shareholders

List of all shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder: See Table 7 attached.

14、**Operating Segments Information**

The Company has provided the operating segments disclosure in the consolidated financial statements.

Schedule 1 Endorsement for civilians

(Expressed in Thousands of New Taiwan Dollars, amount unless otherwise specified)

2020

Endorser	Object of endorsement guarantee		Endorsement guarantee limit for a single enterprise (Note 3)	The highest endorsement guarantee balance for the current period	Endorsement guarantee balance at the end of the period (Note 5)	Actual spending amount (Note 6)	Amount of endorsement guaranteed by property	Ratio	Endorsement guarantee maximum limit	The parent company's endorsement guarantee to the subsidiary (Note 4)	Subsidiary company endorses the parent company (Note 4)	An endorsement guarantee to the mainland area (Note 4)
	Name	relationship (Note 2)										
FWUSOW INDUSTRY CO.,LTD	CHARMING FOOD INTERNATIONAL MARKETING CO., LTD.	2	\$ 882,606	\$ 580,000	\$ 580,000	\$ 240,000	None	13.14%	\$ 1,765,213	Y	—	—
FWUSOW INDUSTRY CO.,LTD	XIAMEN FWUSOW INDUSTRY CO.,LTD	3	882,606	21,600	—	—	None	—	1,765,213	Y	—	Y

Note 1: The parent company and its subsidiaries are coded as follows:

1. The parent company is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above

Note 2: According to the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers" issued by the R.O.C. Securities and Futures Bureau, receiving parties should be disclosed as one of the following:

1. A company with which it does business.
2. A company in which the public company directly and indirectly holds more than 50% of the voting shares
3. A company that directly and indirectly holds more than 50 % of the voting shares in the public company.
4. A company in which the public company holds, directly or indirectly, 90% or more of the voting shares
5. A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
6. A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages
7. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note3:The maximum amount endorsed guarantee is the total amount of the endorsement guarantee approved by the company's shareholders meeting.

The calculation is as follows:

- 1.External endorsements and guarantees made by the Company may not exceed 40% of the Company's net worth.(4,413,032*40%=1,765,213)
- 2.Endorsements and guarantees made by the Company to a single enterprise may not exceed 20% of the Company's net worth. (4,413,032*20%=882,606)

Note 4: Fill in "Y" for those cases of provision of endorsements/guarantees by listed parent company to subsidiary, provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Note 5: The responsibility of endorsements and guarantees is confirmed after the contract is signed and approved by the bank, and all the related events shall be accounted for in the ending balance.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Schedule 2 Situation of holding securities at the end of the period
(Expressed in Thousands of New Taiwan Dollars, amount unless otherwise specified)
2020

Holding company	Types and names of securities	Relationship	Account	BALANCE IN YEAR ENDED			
				Number of shares	Book value(Note 1)	Shareholding ratio (%)	Market price
FWUSOW INDUSTRY CO., LTD.	Stock - IBF FINANCIAL HOLDINGS CO.,LTD.	—	Current Financial Assets at Fair Value through Profit or Loss	157,053	2,018		2,018
	Stock - INNOLUX CORPORATION	—	Current Financial Assets at Fair Value through Profit or Loss	9,453	134		134
	Fund - CATHAY FLOBAL RESOURCES FUND TWD	—	Current Financial Assets at Fair Value through Profit or Loss	300,000	1,614		1,614
	Fund - CATHAY FTSE EMERGING MARKETS ETF	—	Current Financial Assets at Fair Value through Profit or Loss	357,676	4,646		4,646
	Subtotal	—			8,412		8,412
	Stock - MITHRA BIOINDUSTRY CO.,LTD.	—	Current Financial Assets at Fair Value through Profit or Loss	76,518			
	Stock - RICE TECHNOLOGY COMPANY	—	Current Financial Assets at Fair Value through Profit or Loss	310,000	—		(Note 2)
	Stock - HUA-JIE (TAIWAN) CORP.	—	Current Financial Assets at Fair Value through Profit or Loss	822,646	—		—
	Stock - PROMOS TECHNOLOGIES INC.	—	Current Financial Assets at Fair Value through Profit or Loss	30	—		—
	Subtotal	—				—	—

Note 1: The numbers filled in for market value are as follows:

(1) Where there is a quoted market price, the fair value is based on the closing price at the balance sheet date, the fair value of open-end funds is based on the net asset value at the balance sheet date.

(2) Where there is no quoted market price, Since there is no active market transaction quotation, no fair value can be referred to and liquidity is very low, the book amount is evaluated as 0 since the application of IFRS 9 at 2018.01.01.

Note2:Preference share

**Schedule 3 The amount of purchases and sales with related parties reaches 100 million New Taiwan dollars or more than 20% of the paid-in capital
(Expressed in Thousands of New Taiwan Dollars, amount unless otherwise specified)**

2020

<i>Purchasing and sales company</i>	<i>Trading partners</i>	<i>Relationship</i>	<i>Transaction situation</i>				<i>Circumstances and reasons why trading conditions are different from ordinary trading</i>		<i>Notes and accounts receivable (payable)</i>		
			<i>Purchase and sales</i>	<i>Amount</i>	<i>ratio(%)</i>	<i>Credit period</i>	<i>unit price</i>	<i>Credit period</i>	<i>Balance</i>	<i>ratio(%)</i>	
FWUSOW INDUSTRY CO., LTD.	CENTRAL UNION OIL CORP.	Net investment accounted for using equity method	Sales	\$ 1,899,057	16.1%	D/A 60	—	—	A/R	\$ 244,218	23.1%
			Purchase	125,603	1.4%				A/P	7,229	3.3%
FWUSOW INDUSTRY CO., LTD.	CHARMING FOOD INTERNATIONAL MARKETING CO., LTD.	Subsidiary	Sales	\$ 760,225	6.5%	D/A120	—	—	N/R	\$ 179,177	34.4%
									N/P	64,792	6.1%

Schedule 4 Receivables from related parties amount to NT\$100 million or more than 20% of the paid-in capital

(Expressed in Thousands of New Taiwan Dollars, amount unless otherwise specified)

2020

<i>Company with accounts receivable</i>	<i>Trading partners</i>	<i>Relationship</i>	<i>Balance of accounts receivable from related parties</i>	<i>Turnover</i>	<i>Overdue amounts due from related parties</i>		<i>Receivable amount of money due from related party</i>	<i>Provision of allowance for loss amount</i>
					<i>Amount</i>	<i>Processing method</i>		
FWUSOW INDUSTRY CO., LTD.	CENTRAL UNION OIL CORP.	Net investment accounted for using equity method	A/R \$ 244,218	7.6	—	—	\$ 244,218	\$ 382
FWUSOW INDUSTRY CO., LTD.	CHARMING FOOD INTERNATIONAL MARKETING CO., LTD.	Subsidiary	N/R 179,177 A/R 64,792 O/R 18,867	3.1	—	—	262,836	—

Schedule 5 DETAILS OF INVESTEE (EXCEPT FOR CHINESE MAINLAND INVESTEE)
(Expressed in Thousands of New Taiwan Dollars, amount unless otherwise specified)

2020

Investor	Investee	Area	Service Items	Original investment amount		Year ended of 2020			Current profit(loss) of investee	Net investment profit(loss)	Note
				Year ended of 2020	Year ended of 2019	Number of share	Ratio(%)	Book value			
FWUSOW INDUSTRY CO., LTD.	FWUSOW NEW INDUSTRY CO., LTD.	No.36-1, Datong St., Shalu Dist., Taichung City 433103, Taiwan (R.O.C.)	Residence and Buildings Lease Construction and Development, Wholesale of Edible Oil	\$ 217,854	\$ 217,854	5,473,703	99.07	\$ 204,741	\$ 253,244	\$ 250,902	Subsidiary company
	WONDERFUL INVESTMENT CO.	LEVEL2. LOTEMAU CENTRE, VAEA STREET, APIA, SAMOA.	Reinvestment Chinese Mainland Prepared Animal Feeds Manufacturing	USD 12,585,000	USD 12,585,000	12,585,000	85.70	120,598	1,141	977	Subsidiary company
	CHARMING FOOD INTERNATIONAL MARKETING CO., LTD.	No.33, Datong St., Shalu Dist., Taichung City 433103, Taiwan (R.O.C.)	Canned, Frozen, Dehydrated Food Manufacturing, Animal Husbandry	291,000	291,000	29,100,000	72.75	(271,804)	(192,890)	(140,298)	Subsidiary company
	ZILLION HOLDING CO.	2 nd Floor, Building B, SNPF Plaza, Savalalo, Apia, Samoa.	Reinvestment Chinese Mainland Investment Industry	USD 183,000	USD 183,000	183,000	100.00	5,359	95	95	Subsidiary company
	WAN JI SHENG AGRICULTURAL TECHNOLOGY CO., LTD.	No.45, Shatian Rd., Shalu Dist., Taichung City 433518, Taiwan (R.O.C.)	Cattle, Animal Husbandry, Livestock Farming	50,000	—	5,000,000	100.00	49,956	(44)	(44)	Subsidiary company
	CENTRAL UNION OIL CORP.	No.1-8, Beiti Rd., Cingshuei Dist., Taichung City 436455, Taiwan (R.O.C.)	Oil Processing	197,232	197,232	19,399,028	32.33	267,321	118,982	38,469	
	CHIATON INTERNATIONAL CO., LTD.	No.21-6, Fazihou, Syuejia Dist., Tainan City 726006, Taiwan (R.O.C.)	Canned, Frozen, Dehydrated Food Manufacturing	16,125	16,125	3,562,501	37.50	64,706	33,670	12,626	

Schedule 6 DETAILS OF INVEST IN CHINESE MAINLAND

(Expressed in Thousands of New Taiwan Dollars, amount unless otherwise specified)

2020

<i>Investee</i>	<i>Service Items</i>	<i>Paid-in Capital</i>	<i>Cumulative investment amount remitted from Taiwan at the beginning of the period</i>	<i>Investment amount remitted or recovered in the current period</i>		<i>Cumulative investment amount remitted from Taiwan at the end of the period</i>	<i>Current profit(loss) of investee</i>	<i>The company's direct or indirect investment shareholding ratio</i>	<i>Net investment profit(loss)</i>	<i>Investment book value</i>	<i>Investment income has been repatriated as of the current period</i>
				<i>Export</i>	<i>Withdraw</i>						
XIAMEN FWUSOW INDUSTRY CO., LTD.	Livestock Farming , Prepared Animal Feeds Manufacturing	USD 12,585,000	\$ 309,281	—	—	\$ 309,281	\$ 1,141	85.70%	\$ 977	\$ 120,598	—
XIAMEN FWUSOW TRADING CO., LTD	Wholesale and import and export of pet food, supplies and equipment	USD 140,000	\$ 5,476	—	—	\$ 5,476	\$ 95	100%	\$ 95	\$ 5,359	—

Accumulated Outflow for Investments in Mainland China as of December 31, 2020	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on Investments
\$ 314,757	USD 10,922,250	\$ 2,647,819

Schedule 7

DETAILS OF MAJORITY SHAREHOLDER

Majority shareholder	Shareholding	Shareholding ratio
SHIN TAI INDUSTRY CO.,LTD.	45,105,567	14.00%

Fwusow Industry Co., Ltd

Chairman: Hung, Yau-Kuen