TTET UNION CORPORATION AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REVIEW REPORT

MARCH 31, 2021 AND 2020

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

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of TTET Union Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of TTET Union Corporation and its subsidiary (the "Group") as at March 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for three-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Statement of Auditing Standards No. 65, "Review of Financial Information Performed by the Independent Auditor of the Entity" in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission.

Lin, Tzu-Shu

Independent Accountants

Lin, Yung-Chih

PricewaterhouseCoopers, Taiwan
Republic of China
April 27, 2021

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TTET UNION CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of March 31, 2021 and 2020 are reviewed, not audited)

	Assets	Notes	March 31, 2021 AMOUNT	%	December 31, 2020 AMOUNT	%	March 31, 2020 AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 1,977,182	29	$ 2,848,348	45	$ 2,194,269	34
1110	Financial assets at fair value through profit or loss - current	6(2) and 12	17,234	-	9,327	-	2,043	-
1150	Notes receivable, net	6(3)	123,783	2	143,700	2	95,014	1
1170	Accounts receivable, net	6(3)	829,095	12	806,165	13	693,472	11
1180	Accounts receivable - related parties	6(3) and 7	80,887	1	93,477	2	96,880	1
1200	Other receivables		9,608	-	20,261	-	111,312	2
130X	Inventory	5(2) and 6(4)	2,314,151	34	1,037,164	16	1,915,787	30
1410	Prepayments		313,858	5	302,858	5	300,911	5
11XX	**Total current assets**		5,665,798	83	5,261,300	83	5,409,688	84
	Non-current assets							
1517	Financial assets at fair value through other comprehensive income - non-current	6(5)	6,185	-	1,275	-	1,275	-
1600	Property, plant and equipment	6(6) and 8	867,984	13	808,271	13	715,956	11
1755	Right-of-use assets	6(7) and 7	203,545	3	211,929	3	214,674	3
1780	Intangible assets	6(8)	1,304	-	1,462	-	1,703	-
1840	Deferred income tax assets	6(22)	26,643	-	26,690	-	27,650	1
1920	Guarantee deposits paid		34,036	1	37,382	1	32,706	1
1990	Other non-current asset		351	-	379	-	29	-
15XX	**Total non-current assets**		1,140,048	17	1,087,388	17	993,993	16
1XXX	**Total assets**		$ 6,805,846	100	$ 6,348,688	100	$ 6,403,681	100

(Continued)

TTET UNION CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of March 31, 2021 and 2020 are reviewed, not audited)

	Liabilities and Equity	Notes	March 31, 2021 AMOUNT	%	December 31, 2020 AMOUNT	%	March 31, 2020 AMOUNT	%
	Current liabilities							
2100	Short-term borrowings	6(9)	$ 81,338	1	$ 79,744	1	$ 734,729	12
2110	Short-term notes and bills payable	6(10)	39,995	1	19,998	-	-	-
2130	Current contract liabilities	6(15)	26,136	-	52,186	1	12,535	-
2150	Notes payable		3,591	-	4,788	-	3,591	-
2170	Accounts payable		513,150	8	575,658	9	446,621	7
2180	Accounts payable - related parties	7	58,222	1	61,314	1	44,206	1
2200	Other payables		351,453	5	435,911	7	272,240	4
2230	Current income tax liabilities	6(22)	325,357	5	200,892	3	203,780	3
2280	Lease liabilities - current	6(7) and 7	31,966	-	32,539	1	28,833	-
21XX	**Total current liabilities**		1,431,208	21	1,463,030	23	1,746,535	27
	Non-current liabilities							
2570	Deferred income tax liabilities	6(22)	13,577	-	13,853	-	12,633	-
2580	Lease liabilities - non-current	6(7) and 7	178,391	3	186,008	3	191,608	3
2640	Net defined benefit liabilities - non-current	6(11)	40,627	-	41,003	1	44,949	1
2645	Guarantee deposits received		3,465	-	3,790	-	3,460	-
25XX	**Total non-current liabilities**		236,060	3	244,654	4	252,650	4
2XXX	**Total liabilities**		1,667,268	24	1,707,684	27	1,999,185	31
	Equity attributable to owners of parent							
	Share capital							
3110	Common stock	6(12)	1,599,749	24	1,599,749	25	1,599,749	25
3200	Capital surplus	6(13)	23,784	-	23,784	1	23,784	1
	Retained earnings	6(14)						
3310	Legal reserve		1,327,386	19	1,327,386	21	1,229,453	19
3320	Special reserve		7,000	-	7,000	-	7,000	-
3350	Unappropriated retained earnings		2,091,590	31	1,603,030	25	1,473,576	23
	Other equity interest							
3400	Other equity interest		(6,972)	-	(7,000)	-	(7,000)	-
31XX	**Equity attributable to owners of the parent**		5,042,537	74	4,553,949	72	4,326,562	68
36XX	Non-controlling interest		96,041	2	87,055	1	77,934	1
3XXX	**Total equity**		5,138,578	76	4,641,004	73	4,404,496	69
	Significant contingent liabilities and unrecognized contract commitments	9						
3X2X	**Total liabilities and equity**		$ 6,805,846	100	$ 6,348,688	100	$ 6,403,681	100

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

TTET UNION CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)
(REVIEWED, NOT AUDITED)

			Three months ended March 31			
			2021		2020	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(15) and 7	$ 4,842,731	100	$ 4,073,683	100
5000	Operating costs	6(4)(8)(11)(20)(21) and 7	(4,047,615)	(83)	(3,550,333)	(87)
5900	Net operating margin		795,116	17	523,350	13
	Operating expenses	6(8)(11)(20)(21)				
6100	Selling expenses		(151,718)	(3)	(132,426)	(3)
6200	General and administrative expenses		(76,793)	(2)	(60,853)	(2)
6300	Research and development expenses		(3,011)	-	(2,034)	-
6450	Expected credit gains (losses)	12	168	-	(668)	-
6000	Total operating expenses		(231,354)	(5)	(195,981)	(5)
6900	Operating profit		563,762	12	327,369	8
	Non-operating income and expenses					
7100	Interest income	6(16)	1,667	-	2,129	-
7010	Other income	6(17)	5,845	-	3,307	-
7020	Other gains and losses	6(2)(18) and 12	51,907	1	10,657	1
7050	Finance costs	6(7)(19) and 7	(1,236)	-	(2,141)	-
7000	Total non-operating income and expenses		58,183	1	13,952	1
7900	**Profit before income tax**		621,945	13	341,321	9
7950	Income tax expense	6(22)	(124,399)	(3)	(68,310)	(2)
8200	**Profit for the period**		$ 497,546	10	$ 273,011	7
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	6(5)	$ 28	-	$ -	-
8300	**Other comprehensive income for the period**		$ 28	-	$ -	-
8500	**Total comprehensive income for the period**		$ 497,574	10	$ 273,011	7
	Profit attributable to:					
8610	Owners of the parent		$ 488,560	10	$ 266,198	7
8620	Non-controlling interest		8,986	-	6,813	-
			$ 497,546	10	$ 273,011	7
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 488,588	10	$ 266,198	7
8720	Non-controlling interest		8,986	-	6,813	-
			$ 497,574	10	$ 273,011	7
	Earnings per share (in dollars)	6(23)				
9750	Basic		$ 3.05		$ 1.66	
9850	Diluted		$ 3.05		$ 1.66	

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

TTET UNION CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

		Equity attributable to owners of the parent								
				Retained Earnings			Other Equity			
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interest	Total equity
For the three-month period ended March 31, 2020										
Balance at January 1, 2020		$1,599,749	$ 23,784	$1,229,453	$ 7,000	$1,207,378	($ 7,000)	$4,060,364	$ 71,121	$4,131,485
Net income for the three-month period ended March 31, 2020		-	-	-	-	266,198	-	266,198	6,813	273,011
Total comprehensive income for the three-month period ended March 31, 2020		-	-	-	-	266,198	-	266,198	6,813	273,011
Balance at March 31, 2020		$1,599,749	$ 23,784	$1,229,453	$ 7,000	$1,473,576	($ 7,000)	$4,326,562	$ 77,934	$4,404,496
For the three-month period ended March 31, 2021										
Balance at January 1, 2021		$1,599,749	$ 23,784	$1,327,386	$ 7,000	$1,603,030	($ 7,000)	$4,553,949	$ 87,055	$4,641,004
Net income for the three-month period ended March 31, 2021		-	-	-	-	488,560	-	488,560	8,986	497,546
Other comprehensive income for the three-month period ended March 31, 2021		-	-	-	-	-	28	28	-	28
Total comprehensive income for the three-month period ended March 31, 2021		-	-	-	-	488,560	28	488,588	8,986	497,574
Balance at March 31, 2021		$1,599,749	$ 23,784	$1,327,386	$ 7,000	$2,091,590	($ 6,972)	$5,042,537	$ 96,041	$5,138,578

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

TTET UNION CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

	Notes	For the three-month periods ended March 31, 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 621,945	$ 341,321
Adjustments			
Adjustments to reconcile profit (loss)			
Gain on financial assets and liabilities at fair value through profit or loss		(7,907)	(8,834)
Expected credit (gains) losses	12	(168)	668
(Reversal of allowance) provision for inventory market price decline	6(4)	(835)	649
Depreciation	6(6)(7)(20)	44,786	39,910
Gain on disposal of property, plant and equipment	6(18)	(114)	-
Property, plant and equipment recognized as expense	6(6)	201	859
Amortization	6(8)(20)	310	405
Interest income	6(16)	(1,667)	(2,129)
Finance costs	6(19)	1,236	2,141
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		19,998	34,323
Accounts receivable		(22,843)	50,234
Accounts receivable - related parties		12,590	5,894
Other receivables		10,653	(88,304)
Inventories		(1,276,152)	(291,759)
Prepayments		(11,000)	3,252
Changes in operating liabilities			
Current contract liabilities		(26,050)	(4,112)
Notes payable		(1,197)	(798)
Accounts payable		(62,508)	(214,161)
Accounts payable - related parties		(3,092)	(24,052)
Other payables		(84,458)	(115,290)
Net defined benefit liabilities - non-current		(376)	(251)
Cash outflow generated from operations		(786,648)	(270,034)
Interest received		1,667	2,129
Interest paid		(1,239)	(1,956)
Income tax paid		(163)	(226)
Net cash flows used in operating activities		(786,383)	(270,087)

(Continued)

TTET UNION CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

	Notes	For the three-month periods ended March 31, 2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income		(\$ 4,882)	\$ -
Acquisition of property, plant and equipment	6(6)	(92,254)	(73,846)
Proceeds from disposal of property, plant and equipment		114	-
Increase in intangible assets	6(8)	(152)	-
Decrease (increase) in guarantee deposits paid		3,346	(981)
Decrease in other non-current assets		28	12
Net cash flows used in investing activities		(93,800)	(74,815)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(25)	1,594	610,892
Increase (decrease) in short-term notes and bills payable	6(25)	20,000	(11,000)
Repayment of lease principal	6(25)	(12,252)	(12,915)
Decrease in guarantee deposit received	6(25)	(325)	(300)
Net cash flows from financing activities		9,017	586,677
Net (decrease) increase in cash and cash equivalents		(871,166)	241,775
Cash and cash equivalents at beginning of period	6(1)	2,848,348	1,952,494
Cash and cash equivalents at end of period	6(1)	\$ 1,977,182	\$ 2,194,269

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

TTET UNION CORPORATION AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(REVIEWED, NOT AUDITED)

1. HISTORY AND ORGANIZATION

(1) TTET Union Corporation (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on May 24, 1982. The Company and its subsidiary (the "Group") are primarily engaged in the manufacture, sales, processing, import and export of a variety of vegetable oils and engaged in cogeneration plant business, wholesale and retailing of oils, etc.

(2) The common shares of the Company have been listed on the Taiwan Stock Exchange since February 1996.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on April 27, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments as endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board (IASB)
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform-Phas 2'	January 1, 2021

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

None.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
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
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2023
Amendments to IAS 1,‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8,‘Disclosure of accounting estimates’	January 1, 2023
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts – cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018 – 2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

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.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, ‘Interim Financial Reporting’ as endorsed by the FSC.

(2) Basis of preparation

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

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or less.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of the subsidiary begins from the date the Group obtains control of the subsidiary and ceases when the Group loses control of the subsidiary.

(b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

(e) When the Group loses control of a subsidiary, the Group measures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiary included in the consolidated financial statements:

Name of investor	Name of subsidiary	Business activities	Ownership (%) March 31, 2021	Ownership (%) December 31, 2020	Note
TTET Union Corporation	Master Channels Corporation	Wholesale of food	80.27	80.27	—

Name of investor	Name of subsidiary	Business activities	Ownership (%) March 31, 2020	Note
TTET Union Corporation	Master Channels Corporation	Wholesale of food	80.27	—

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional and presentation currency.

A. 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.

B. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated 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.

C. 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, non-monetary 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.

D. All foreign exchange gains and losses are presented in the statement of comprehensive income, within "Other gains and losses".

(5) Classification of current and non-current items

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

(a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realized within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be paid off within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be paid off within twelve months from the balance sheet date;

(d) 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.

(6) Cash equivalents

A. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

B. Time deposits and commercial paper that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using settlement date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

(8) Accounts and notes receivable

Accounts and notes receivables entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Inventories

Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. Inventories are stated at the lower of cost and net realizable value. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses. When the cost of inventories exceeds the net realizable value, the amount of any write-down of inventories is recognized as cost of sales during the period; and the amount of any reversal of inventory write-down is recognized as a reduction in cost of sales during the period.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:
   (a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
   (b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using settlement date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:
   (a) The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.
   (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognized in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

(11) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortized cost, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognizes a financial asset when one of the following conditions is met:

A. The contractual rights to receive cash flows from the financial asset expire.

B. The contractual rights to receive cash flows from the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows from the financial asset have been transferred and the Group has not retained control of the financial asset.

(13) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Property, plant and equipment apply the cost model. Except for land, other property, plant and equipment are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each component of property, plant and equipment is significant, it is depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Asset	Useful lives
Buildings	2～40 years
Machinery	2～25 years
Transportation equipment	2～12 years
Leasehold improvements	2～13 years
Other equipment	2～19 years

(14) Leasing arrangements (lessee)－right-of-use assets/lease liabilities

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of lowvalue assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the following:

(a) Fixed payments, less any lease incentives receivable; and

(b) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date;

(c) Any initial direct costs incurred by the lessee; and

(d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall remeasure the lease liability. Further, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference in profit or loss.

(15) Intangible assets

Computer software and trademarks are stated at cost and amortized on a straight-line basis over their estimated useful lives of 1～4 years.

(16) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(17) Borrowings

A. Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

(18) Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at initial recognition:

(a) Hybrid (combined) contracts; or

(b) They eliminate or significantly reduce a measurement or recognition inconsistency; or

(c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognized in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognized in profit or loss.

(19) Accounts payable

Accounts payable are liabilities for purchases of raw materials, goods or services. The short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(21) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realized the asset and settle the liability simultaneously.

(22) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plan

For the defined contribution plan, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

I. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date).

II. Remeasurement arising on the defined benefit plan is recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

Ⅲ. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employees' compensation is distributed by shares, the Group calculated the number of shares based on the closing market price at the previous day of the board meeting resolution.

(23) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiary, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

F. The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

G. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognizes the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognized outside profit or loss is recognized in other comprehensive income or equity while the effect of the change on items recognized in profit or loss is recognized in profit or loss.

(24) Dividends

Dividends are recorded in the Company’s financial statements in the period in which they are approved by the Company’s shareholders. Cash dividends are recorded as liabilities.

(25) Revenue recognition

A. Sales of merchandise and finished goods

(a) Sales are recognized when control of the products has transferred, being when the products are delivered to the client, the client has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the client's acceptance of the products.

(b) Revenue from these sales is recognized based on the price specified in the contract, net of the estimated output tax, sales returns, and sales discounts and allowances. Accumulated experience is used to estimate and provide for the sales discounts and allowances, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognized for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term of 7~45 days. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

(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.

B. Sales of services

(a) The Group provides processing services. Revenue from processing services is recognized under the percentage-of-completion method when the outcome of services provided can be estimated reliably. The stage of completion of a service contract is measured by the percentage of the actual services performed as of the financial reporting date to the total services to be performed. If the outcome of a service contract cannot be estimated reliably, contract revenue should be recognized only to the extent that contract costs incurred are likely to be recoverable.

(b) Revenue from providing logistics services (such as transfer shipment service of goods) is measured at the fair value of the consideration received or receivable taking into account the value-added tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities. Logistics service revenue is recognized while delivering goods to destination assigned by customers.

(26) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

A. As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to fluctuations in the price of international soybean futures, the Group evaluates the amounts of market price decline due to price fluctuations, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the estimated selling price of the inventory on the measurement date. Therefore, there might be material changes to the evaluation.

B. As of March 31, 2021, the carrying amount of inventories was $2,314,151.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	March 31, 2021	December 31, 2020	March 31, 2020
Cash:			
Cash on hand	$ 2, 102	$ 2, 854	$ 2, 781
Checking and demand deposits	406, 597	417, 557	352, 414
	408, 699	420, 411	355, 195
Cash equivalents:			
Time deposits	200, 000	800, 000	1, 100, 000
Commercial paper	1, 368, 483	1, 627, 937	739, 074
	1, 568, 483	2, 427, 937	1, 839, 074
	$ 1, 977, 182	$ 2, 848, 348	$ 2, 194, 269

A. The Group associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group has no cash and cash equivalents pledged to others as of March 31, 2021, December 31, 2020 and March 31, 2020.

(2) Financial assets at fair value through profit or loss – current

	March 31, 2021	December 31, 2020	March 31, 2020
Financial assets mandatorily measured at fair value through profit or loss			
Non-hedging derivative	$ 17,234	$ 9,327	$ 2,043

A. The Group recognized net gain (shown as "Other gains and losses") on financial assets mandatorily measured at fair value amounting to $48,520 and $9,633 for the three-month periods ended March 31, 2021 and 2020, respectively.

B. The Group entered into contracts relating to derivative financial assets and liabilities which were not accounted for under hedge accounting. The information is listed below:

	March 31, 2021		December 31, 2020	
Derivative instruments	Contract amount (Notional principal)	Contract period	Contract amount (Notional principal)	Contract period
Current asset item:				
Forward foreign exchange contracts	USD 43,540	2021.1.18 ～2021.5.28	USD 39,021	2020.10.29 ～2021.3.22

	March 31, 2020	
Derivative instruments	Contract amount (Notional principal)	Contract period
Current asset item:		
Forward foreign exchange contracts	USD 36,556	2020.2.4 ～2020.5.25

The Group entered into forward foreign exchange contracts to hedge exchange rate risk of import proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Notes and accounts receivable

	March 31, 2021	December 31, 2020	March 31, 2020
Notes receivable	$ 125,131	$ 145,129	$ 96,283
Less: Allowance for uncollectible accounts	(1,348)	(1,429)	(1,269)
	$ 123,783	$ 143,700	$ 95,014

	March 31, 2021	December 31, 2020	March 31, 2020
Accounts receivable	$ 833,660	$ 810,817	$ 697,978
Accounts receivable-related parties	80,887	93,477	96,880
	914,547	904,294	794,858
Less: Allowance for uncollectible accounts	(4,565)	(4,652)	(4,506)
	$ 909,982	$ 899,642	$ 790,352

A. The ageing analysis of notes receivable and accounts receivable is as follows:

	March 31, 2021		December 31, 2020	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	$ 125,131	$ 911,459	$ 145,129	$ 901,331
Less than 30 days	−	3,083	−	2,253
31～60 days	−	5	−	26
61～90 days	−	−	−	37
91～over 120 days	−	−	−	647
	$ 125,131	$ 914,547	$ 145,129	$ 904,294

	March 31, 2020	
	Notes receivable	Accounts receivable
Not past due	$ 94,532	$ 791,223
Less than 30 days	1,736	2,890
31～60 days	15	210
61～90 days	−	379
91～over 120 days	−	156
	$ 96,283	$ 794,858

The above ageing analysis was based on past due date.

B. As at March 31, 2021, December 31, 2020 and March 31, 2020, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2020, the balance of receivables from contracts with customers amounted to $981,687.

C. As at March 31, 2021, December 31, 2020 and March 31, 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group’s notes and accounts receivable were its book value.

D. The Group holds certificates of time deposit and land as security for accounts receivable as of

March 31, 2021, December 31, 2020 and March 31, 2020.

E. The Group has no notes and accounts receivable pledged to others as at March 31, 2021, December 31, 2020 and March 31, 2020.

F. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(4) Inventories

	March 31, 2021		
	Cost	Allowance for market price decline	Book value
Merchandise	$ 229,970	($ 4,581)	$ 225,389
Raw materials	478,615	-	478,615
Raw materials in transit	1,113,673	-	1,113,673
Supplies	20,814	(538)	20,276
Work in process	105,087	-	105,087
Work in process in transit	19,326	-	19,326
Finished goods	352,173	(388)	351,785
	$ 2,319,658	($ 5,507)	$ 2,314,151

	December 31, 2020		
	Cost	Allowance for market price decline	Book value
Merchandise	$ 244,184	($ 4,752)	$ 239,432
Raw materials	102,760	-	102,760
Raw materials in transit	272,143	-	272,143
Supplies	16,417	(1,498)	14,919
Work in process	61,030	-	61,030
Work in process in transit	54,183	-	54,183
Finished goods	292,789	(92)	292,697
	$ 1,043,506	($ 6,342)	$ 1,037,164

	March 31, 2020		
	Cost	Allowance for market price decline	Book value
Merchandise	$ 211,801	($ 4,601)	$ 207,200
Raw materials	95,066	-	95,066
Raw materials in transit	990,244	-	990,244
Supplies	21,137	(804)	20,333
Work in process	142,966	-	142,966
Work in process in transit	11,681	-	11,681
Finished goods	448,427	(130)	448,297
	$1,921,322	($ 5,535)	$1,915,787

The cost of inventories recognized as expense for the period:

	For the three-month periods ended March 31,	
	2021	2020
Cost of goods sold	$ 3,975,124	$ 3,462,265
(Reversal of allowance) provision for inventory market price decline (Note)	(835)	649
Loss on physical inventory	(458)	(102)
Loss on scrapped inventories	10	4
	$ 3,973,841	$ 3,462,816

(Note) The Group recognized gain from price recovery as the increase in the international prices of raw materials led to a recovery in inventory net realizable value for the three-month period ended March 31, 2021.

(5) Financial assets at fair value through other comprehensive income – non-current

	March 31, 2021	December 31, 2020	March 31, 2020
Equity instruments			
Listed stocks	$ 4,882	$ -	$ -
Unlisted stocks	8,275	8,275	8,275
	13,157	8,275	8,275
Valuation adjustment	(6,972)	(7,000)	(7,000)
	$ 6,185	$ 1,275	$ 1,275

A. The Group has elected to classify equity investments that are considered to be strategic investments and have steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $6,185, $1,275 and $1,275 as at March 31, 2021, December 31, 2020 and March 31, 2020, respectively.

B. The Group recognized other comprehensive income in relation to the financial assets at fair value through other comprehensive income amounting to $28 and $－ for the three-month periods ended March 31, 2021 and 2020, respectively.

C. As at March 31, 2021, December 31, 2020 and March 31, 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was its book value.

D. The Group has no financial assets at fair value through other comprehensive income pledged to others.

E. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(6) Property, plant and equipment

	Land	Buildings	Machinery	Transportation equipment	Leasehold improvements	Other equipment	Construction in progress	Total
January 1, 2021								
Cost	$ 44,244	$ 912,289	$ 3,384,273	$ 15,435	$ 8,375	$ 110,020	$ 206,904	$ 4,681,540
Accumulated depreciation	-	(744,230)	(3,033,319)	(13,289)	(5,269)	(77,162)	-	(3,873,269)
	$ 44,244	$ 168,059	$ 350,954	$ 2,146	$ 3,106	$ 32,858	$ 206,904	$ 808,271
For the three-month period ended March 31, 2021								
At January 1	$ 44,244	$ 168,059	$ 350,954	$ 2,146	$ 3,106	$ 32,858	$ 206,904	$ 808,271
Additions	-	39,777	14,224	-	-	6,457	31,796	92,254
Transferred after acceptance	-	136,629	371	-	-	19,716	(156,716)	-
Depreciation	-	(8,653)	(20,660)	(178)	(177)	(2,672)	-	(32,340)
Disposals－Cost	-	-	(1,664)	-	-	(3,180)	-	(4,844)
－Accumulated depreciation	-	-	1,664	-	-	3,180	-	4,844
Expensed	-	-	-	-	-	-	(201)	(201)
At March 31	$ 44,244	$ 335,812	$ 344,889	$ 1,968	$ 2,929	$ 56,359	$ 81,783	$ 867,984
March 31, 2021								
Cost	$ 44,244	$ 1,088,695	$ 3,397,204	$ 15,435	$ 8,375	$ 133,013	$ 81,783	$ 4,768,749
Accumulated depreciation	-	(752,883)	(3,052,315)	(13,467)	(5,446)	(76,654)	-	(3,900,765)
	$ 44,244	$ 335,812	$ 344,889	$ 1,968	$ 2,929	$ 56,359	$ 81,783	$ 867,984

	Land	Buildings	Machinery	Transportation equipment	Leasehold improvements	Other equipment	Construction in progress	Total
January 1, 2020								
Cost	$ 44,244	$ 902,213	$ 3,255,996	$ 17,150	$ 15,573	$ 115,077	$ 117,798	$ 4,468,051
Accumulated depreciation	-	(720,787)	(2,973,828)	(14,077)	(11,619)	(78,444)	-	(3,798,755)
	$ 44,244	$ 181,426	$ 282,168	$ 3,073	$ 3,954	$ 36,633	$ 117,798	$ 669,296
For the three-month period ended March 31, 2020								
At January 1	$ 44,244	$ 181,426	$ 282,168	$ 3,073	$ 3,954	$ 36,633	$ 117,798	$ 669,296
Additions	-	558	13,411	-	-	470	59,407	73,846
Transferred after acceptance	-	-	23,508	-	-	-	(23,508)	-
Depreciation	-	(6,045)	(17,044)	(259)	(245)	(2,734)	-	(26,327)
Disposals－Cost	-	(973)	(3,577)	(489)	(7,198)	(9,469)	-	(21,706)
－Accumulated depreciation	-	973	3,577	489	7,198	9,469	-	21,706
Expensed	-	-	-	-	-	-	(859)	(859)
At March 31	$ 44,244	$ 175,939	$ 302,043	$ 2,814	$ 3,709	$ 34,369	$ 152,838	$ 715,956
March 31, 2020								
Cost	$ 44,244	$ 901,798	$ 3,289,338	$ 16,661	$ 8,375	$ 106,078	$ 152,838	$ 4,519,332
Accumulated depreciation	-	(725,859)	(2,987,295)	(13,847)	(4,666)	(71,709)	-	(3,803,376)
	$ 44,244	$ 175,939	$ 302,043	$ 2,814	$ 3,709	$ 34,369	$ 152,838	$ 715,956

A. The Group's property, plant and equipment are all owner-occupied as at March 31, 2021, December 31, 2020 and March 31, 2020.

B. The Group has not capitalized any interest for the three-month periods ended March 31, 2021 and 2020.

C. For more information regarding the Group's property, plant and equipment pledged to others as at March 31, 2021, December 31, 2020 and March 31, 2020, please refer to Note 8, "Pledged assets".

(7) Leasing arrangements－lessee

A. The Group leases various assets including land, buildings, and transportation equipment. Rental contracts are typically made for periods of 1 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
	Carrying amount	Carrying amount	Carrying amount
Land	$ 34,751	$ 35,394	$ 36,940
Buildings	115,193	120,729	138,027
Transportation equipment	53,601	55,806	39,707
	$ 203,545	$ 211,929	$ 214,674

	For the three-month periods ended March 31,	
	2021	2020
	Depreciation charge	Depreciation charge
Land	$ 515	$ 508
Buildings	5,536	6,796
Transportation equipment	6,395	6,279
	$ 12,446	$ 13,583

C. For the three-month periods ended March 31, 2021 and 2020, the additions to right-of-use assets were $4,232 and $34,505, respectively.

D. The information on income and expense accounts relating to lease contracts is as follows:

	For the three-month periods ended March 31,	
	2021	2020
Items affecting profit or loss		
Interest expense on lease liabilities	$ 754	$ 755
Expense on short-term lease contracts	4,728	2,927

E. For the three-month periods ended March 31, 2021 and 2020, the Group’s total cash outflow for leases were $17,734 and $16,597, respectively.

(8) Intangible assets

	Computer software	Trademark	Total
At January 1, 2021			
Cost	$ 13,306	$ 133	$ 13,439
Accumulated amortization	(11,844)	(133)	(11,977)
	$ 1,462	$ -	$ 1,462
For the three-month period ended March 31, 2021			
At January 1	$ 1,462	$ -	$ 1,462
Additions－acquired separately	152	-	152
Amortization charge	(310)	-	(310)
At March 31	$ 1,304	$ -	$ 1,304
At March 31, 2021			
Cost	$ 13,458	$ 133	$ 13,591
Accumulated amortization	(12,154)	(133)	(12,287)
	$ 1,304	$ -	$ 1,304

	Computer software	Trademark	Total
At January 1, 2020			
Cost	$ 12,310	$ 133	$ 12,443
Accumulated amortization	(10,202)	(133)	(10,335)
	$ 2,108	$ -	$ 2,108
For the three-month period ended March 31, 2020			
At January 1	$ 2,108	$ -	$ 2,108
Amortization charge	(405)	-	(405)
At March 31	$ 1,703	$ -	$ 1,703
At March 31, 2020			
Cost	$ 12,310	$ 133	$ 12,443
Accumulated amortization	(10,607)	(133)	(10,740)
	$ 1,703	$ -	$ 1,703

Details of amortization on intangible assets are as follows:

	For the three-month periods ended March 31,	
	2021	2020
Operating costs	$ 36	$ 54
Selling expenses	38	99
Administrative expenses	236	252
	$ 310	$ 405

(9) Short-term borrowings

	March 31, 2021	Interest rate range	Collateral
Bank unsecured borrowings	$ 81,338	0.63%～0.75%	None

	December 31,2020	Interest rate range	Collateral
Bank unsecured borrowings	$ 79,744	0.65%～0.92%	None

	March 31, 2020	Interest rate range	Collateral
Bank unsecured borrowings	$ 734,729	2.85%～3.07%	None

For interest expense recognized in profit or loss for the three-month periods ended March 31, 2021 and 2020, please refer to Note 6(19).

(10) Short-term notes and bills payable

	March 31, 2021	Interest rate range	Collateral
Commercial paper payable	$ 40,000	0.76%	None
Less: Unamortized discount	(5)		
	$ 39,995		

	December 31,2020	Interest rate range	Collateral
Commercial paper payable	$ 20,000	0.40%～0.76%	None
Less: Unamortized discount	(2)		
	$ 19,998		

A. The Group has no short-term notes and bills payable as of March 31, 2020.

B. The above commercial papers were issued and secured by International Bills Finance Co., Ltd., China Bills Finance Co., Ltd. and Mega Bills Finance Co., Ltd. for short-term financing.

C. For interest expense recognized in profit or loss for the three-month periods ended March 31, 2021 and 2020, please refer to Note 6(19).

(11) Pensions

A. The Group has defined benefit pension plans in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Group contributes monthly an amount equal to 2.5%～4% and 4% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, under the name of the independent retirement fund committee for the three-month periods ended March 31, 2021 and 2020, respectively. Also, the Group would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Group will make contribution for the deficit by next March. The information on the Group's defined benefit pension plan is as follows:

(a) The pension cost under the aforementioned defined benefit pension plans of the Group for the three-month periods ended March 31, 2021 and 2020 were $607 and $894, respectively.

(b) The Group's expected contributions under the defined benefit pension plans for the year ending December 31, 2021 amount to $4,290.

B. Effective July 1, 2005, the Group has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Group contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Group for the three-month periods ended March 31, 2021 and 2020 were $3,712 and $3,520, respectively.

(12) Share capital

A. Movements in the number of the Company's ordinary shares outstanding are as follows (in thousands of shares):

	For the three-month periods ended March 31,	
	2021	2020
Beginning and ending balance	159, 975	159, 975

B. As of March 31, 2021, the Company's authorized capital was $1,778,000 and the paid-in capital was $1,599,749, consisting of 159,975 thousand shares of ordinary stock, with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

(13) Capital surplus

Pursuant to the Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital reserves should not be used to cover accumulated deficit unless the legal reserve is insufficient.

Movements in the Company's capital reserves for the three-month periods ended March 31, 2021 and 2020 are as follows:

	For the three-month period ended March 31, 2021		
	Share premium	Treasury share transactions	Total
Beginning and ending balance	$ 154	$ 23,630	$ 23,784

	For the three-month period ended March 31, 2020		
	Share premium	Treasury share transactions	Total
Beginning and ending balance	$ 154	$ 23,630	$ 23,784

(14) Retained earnings

A. Pursuant to the Company Act, the current year's after-tax earnings should set aside 10% of the remaining earnings as legal reserve until the balance of legal reserve is equal to that of paid-in capital. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

B. According to the Company's Articles of Incorporation, 10% of the annual net income, after offsetting any loss of prior years and paying all taxes and dues, shall be set aside as legal reserve, and set aside or reverse special reserve. The remaining net income and the unappropriated retained earnings from prior years can be distributed in accordance with a resolution passed during a meeting of the Board of Directors and approved at the stockholders' meeting. Of the amount to be distributed by the Company, stockholders' dividends shall comprise 50% to 100% of the unappropriated retained earnings. Since the Company is in a changeable industry environment and the life cycle of the Company is in a stable growth, the appropriation of earnings should consider fund requirements and capital budgets to decide how much earnings will be kept or distributed and how much cash dividends will be distributed. The percentage of stock dividends shall not be more than 50% of dividends distributed.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

D. For the year ended December 31, 2020, the Company recognized dividends distributed to owners amounting to $799,875 ($5 (in dollars) per share as cash dividend). On March 16, 2021, the Board of Directors proposed for the distribution of dividends from 2020 earnings in the amount of $959,849 at $6 (in dollars) per share. Such dividend payable is not disclosed in this financial report.

(15) Operating revenue

	For the three-month periods ended March 31,	
	2021	2020
Revenue from contracts with customers	$ 4,842,731	$ 4,073,683

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

	For the three-month period ended March 31, 2021		
	TTET Union Corporation	Master Channels Corporation	Total
Sales revenue	$ 3,695,643	$ 1,048,848	$ 4,744,491
Processing revenue	87,194	-	87,194
Logistics service revenue	-	11,046	11,046
	$ 3,782,837	$ 1,059,894	$ 4,842,731
Timing of revenue recognition			
At a point in time	$ 3,695,643	$ 1,048,848	$ 4,744,491
Over time	87,194	11,046	98,240
	$ 3,782,837	$ 1,059,894	$ 4,842,731

	For the three-month period ended March 31, 2020		
	TTET Union Corporation	Master Channels Corporation	Total
Sales revenue	$ 3,092,519	$ 871,086	$ 3,963,605
Processing revenue	100,820	-	100,820
Logistics service revenue	-	9,258	9,258
	$ 3,193,339	$ 880,344	$ 4,073,683
Timing of revenue recognition			
At a point in time	$ 3,092,519	$ 871,086	$ 3,963,605
Over time	100,820	9,258	110,078
	$ 3,193,339	$ 880,344	$ 4,073,683

B. Contract liabilities

(a) As of March 31, 2021, December 31, 2020 and March 31, 2020, the Group has recognized the revenue-related liabilities amounting to $26,136, $52,186 and $12,535, respectively.

(b) Revenue recognized that were included in the contract liabilities balance of $52,186 and $16,647 at the beginning of 2021 and 2020 amounted to $51,928 and $16,370, respectively.

(16) Interest income

	For the three-month periods ended March 31,			
	2021		2020	
Interest income:				
Interest income from bank deposits	$	623	$	1,520
Other interest income		1,044		609
	$	1,667	$	2,129

(17) Other income

	For the three-month periods ended March 31,			
	2021		2020	
Other income	$	5,845	$	3,307

(18) Other gains and losses

	For the three-month periods ended March 31,			
	2021		2020	
Net gain on financial assets at fair value through profit or loss	$	48,520	$	9,633
Gain on disposal of property, plant and equipment		114		-
Net currency exchange gain		3,273		1,106
Other losses		-		(82)
	$	51,907	$	10,657

(19) Finance costs

	For the three-month periods ended March 31,			
	2021		2020	
Interest expense:				
Bank borrowings	$	465	$	1,368
Interest expense on lease liabilities		754		755
Other interest expense		17		18
	$	1,236	$	2,141

(20) Expenses by nature

	For the three-month period ended March 31, 2021		
	Operating cost	Operating expense	Total
Employee benefit expenses	$ 34,858	$ 134,739	$ 169,597
Depreciation	$ 27,001	$ 17,785	$ 44,786
Amortization	$ 36	$ 274	$ 310

	For the three-month period ended March 31, 2020		
	Operating cost	Operating expense	Total
Employee benefit expenses	$ 24,397	$ 115,094	$ 139,491
Depreciation	$ 23,212	$ 16,698	$ 39,910
Amortization	$ 54	$ 351	$ 405

(21) Employee benefit expense

	For the three-month period ended March 31, 2021		
	Operating cost	Operating expense	Total
Wages and salaries	$ 32,188	$ 115,935	$ 148,123
Labor and health insurance expenses	1,436	10,309	11,745
Pension costs	730	3,589	4,319
Other personnel expenses	504	4,906	5,410
	$ 34,858	$ 134,739	$ 169,597

	For the three-month period ended March 31, 2020		
	Operating cost	Operating expense	Total
Wages and salaries	$ 21,749	$ 98,882	$ 120,631
Labor and health insurance expenses	1,321	8,274	9,595
Pension costs	829	3,585	4,414
Other personnel expenses	498	4,353	4,851
	$ 24,397	$ 115,094	$ 139,491

A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 2% for employees' compensation and shall not be higher than 2% for directors' and supervisors' remuneration.

B. For the three-month periods ended March 31, 2021 and 2020, employees' compensation was accrued at $12,490 and $6,800, respectively; while directors' and supervisors' remuneration was accrued at $9,370 and $5,080, respectively. The aforementioned amounts were recognized in salary expenses and estimated and accrued based on the distributable net profit as of the end of reporting period calculated by the percentage prescribed under the Articles of Incorporation of the Company. The actual amount resolved by the Board of Directors for employees' compensation and directors' and supervisors' remuneration for 2020 was $57,396, which is different from the estimated amount recognized in the 2020 financial statements of $57,505, by ($109). Such difference will be recognized in profit and loss for the year ending December 31, 2021. Information about employees' compensation and directors' and supervisors' remuneration of the Company as proposed by the Board of Directors and resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(22) Income tax

A. Income tax expense

Components of income tax expense:

	For the three-month periods ended March 31,	
	2021	2020
Current tax:		
Current tax on profits for the period	$ 124,628	$ 67,059
Deferred tax:		
Origination and reversal of temporary differences	(229)	1,251
Income tax expense	$ 124,399	$ 68,310

B. As of April 27, 2021, the Company's income tax returns through 2019 have been assessed by the Tax Authority, and there were no disputes existing between the Company and the Tax Authority.

(23) Earnings per share

	For the three-month period ended March 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 488,560	159,975	$ 3.05
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 488,560	159,975	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	304	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 488,560	160,279	$ 3.05

	For the three-month period ended March 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 266,198	159,975	$ 1.66
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 266,198	159,975	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	313	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 266,198	160,288	$ 1.66

(24) Supplemental cash flow information

Operating activities with no cash flow effects:

	For the three-month periods ended March 31,	
	2021	2020
Write-off of allowance for doubtful accounts	$ -	$ 95

(25) Changes in liabilities from financing activities

	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2021	$ 79,744	$ 19,998	$ 218,547	$ 3,790	$ 322,079
Increase in lease liabilities	-	-	4,232	-	4,232
Decrease in lease liabilities	-	-	(170)	-	(170)
Changes in cash flow from financing activities	1,594	20,000	(12,252)	(325)	9,017
Changes in unamortized discounts	-	(3)	-	-	(3)
At March 31, 2021	$ 81,338	$ 39,995	$ 210,357	$ 3,465	$ 335,155

	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2020	$ 123,837	$ 11,000	$ 199,176	$ 3,760	$ 337,773
Increase in lease liabilities	-	-	34,505	-	34,505
Decrease in lease liabilities	-	-	(325)	-	(325)
Changes in cash flow from financing activities	610,892	(11,000)	(12,915)	(300)	586,677
At March 31, 2020	$734,729	$ -	$220,441	$ 3,460	$ 958,630

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Uni-President Enterprises Corp.	Key management individuals
Great Wall Enterprise Co., Ltd.	"
Tai Hwa Oil Industrial Co., Ltd.	"
May Lan Lei Co., Ltd.	An entity controlled by key management individuals
Total Nutrition Technologies Co., Ltd.	"
Ton-Yi Industrial Corp.	"
President Chain Store Corp.	"
Nanlien International Corp.	"
President Nisshin Corp.	"
Uni-President Vietnam Co., Ltd.	"
President Kikkoman Inc.	"
President Transnet Corp.	"
Mech-President Corporation	"
Uni-President Superior Commissary Corp.	"
Mister Donut Taiwan Co., Ltd.	"
Uni-President Oven Bakery Corp.	"
President Tokyo Corp.	"
Uni-President Vender Corp.	"
Tung-Che Corp.	"
Presco Netmarketing, Inc.	"
Tung-Ho Development Co.,Ltd	"
Tung-Xian Corp.	"
Capital Inventory Service Corp.	"
Uni-President Cold Chain Corp.	"
Tait Marketing &Distribution Co., Ltd.	"
21Century Co., Ltd.	"
Uni-President Organics Corp.	"
Zhong Yi Food Company Ltd.	"
Kouchan Mill Co., Ltd.	"
Saboten Co., Ltd.	"
An Hsin Chiao Chu Co., Ltd.	"
Oriental Best Foods Co., Ltd.	"
Xiang Cheng Co., Ltd.	"
Weilih Food Industrial Co., Ltd.	Investee of key management individual accounted for under the equity method
Kuang Chuan Dairy Co., Ltd.	"

(2) Significant transactions and balances with related parties

A. Sales and processing revenue

	For the three-month periods ended March 31, 2021	2020
Sales of merchandise and finished goods:		
－Key management individuals	$ 159, 344	$ 101, 798
－An entity controlled by key management individuals	134, 500	103, 021
－Investee of key management individual accounted for under the equity method	751	1, 382
	294, 595	206, 201
Processing revenue:		
－May Lan Lei Co., Ltd.	64, 651	78, 146
－Tai Hwa Oil Industrial Co., Ltd.	19, 341	19, 237
－Other entities controlled by key management individuals	3, 061	3, 309
－Other key management individuals	141	128
	87, 194	100, 820
	$ 381, 789	$ 307, 021

The collection period for related parties was 7~45 days after sales of goods, 10~45 days for sales to regular customers. Except for the above collection periods, other terms of sales were the same for related and third parties. The terms of providing processing services to related parties were the same with regular customers. The above related parties close their accounts at the end of each month and made payments within 15 days after. The pricing depends on the contract and management methods.

B. Purchases

	For the three-month periods ended March 31, 2021	2020
An entity controlled by key management individuals	$ 121, 187	$ 102, 370
Key management individuals	56, 100	22, 083
	$ 177, 287	$ 124, 453

The terms of purchases and payments are made in 12~25 days after receipt to related parties which were the same with third party suppliers, except for an entity controlled by key management individuals, wherein payments are made in 15~30 days after receipt for the three-month periods ended March 31, 2021 and 2020, respectively.

C. Accounts receivable

	March 31, 2021	December 31, 2020	March 31, 2020
An entity controlled by key management individuals	$ 50, 256	$ 67, 190	$ 54, 664
Key management individuals	30, 631	26, 287	42, 216
	$ 80, 887	$ 93, 477	$ 96, 880

D. Accounts payable

	March 31, 2021	December 31, 2020	March 31, 2020
An entity controlled by key management individuals	$ 54, 608	$ 55, 716	$ 41, 850
Key management individuals	3, 614	5, 598	2, 356
	$ 58, 222	$ 61, 314	$ 44, 206

E. Lease transactions－lessee

(a) The Group leases commercial vehicle from President Tokyo Corp. Rental contracts are typically made of periods of 1 to 6 years. Rents are paid monthly.

(b) Acquisition of right-of-use assets:

	For the three-month periods ended March 31,	
	2021	2020
An entity controlled by key management individuals	$ 4, 232	$ 9, 803

As of March 31, 2021, December 31, 2020 and March 31, 2020, the lease liability balance was $51,093, $52,993 and $38,311, respectively. Interest expense recognized amounted to $190 and $160 (shown as “Finance costs”) for the three-month periods ended March 31, 2021 and 2020, respectively.

(3) Key management compensation

	For the three-month periods ended March 31,	
	2021	2020
Salaries and other short-term employee benefits	$ 41, 699	$ 32, 829

8. PLEDGED ASSETS

The Group’s assets pledged as collateral were as follows:

	Book Value			
Assets pledged	March 31, 2021	December 31, 2020	March 31, 2020	Purpose of collateral
Land (Note 1)	$ 44, 244	$ 44, 244	$ 44, 244	(Note 2)
Buildings, net (Note 1)	95, 853	98, 345	105, 551	〃
	$ 140, 097	$ 142, 589	$ 149, 795	

(Note 1) Recognized as “Property, plant, and equipment”.

(Note 2) The associated debt has been repaid but the designation of ‘Property, plant, and equipment’ as collateral has not yet been removed.

9. <u>SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS</u>

(1) As of March 31, 2021, December 31, 2020 and March 31, 2020, the unused letters of credit amounted to $2,018,389, $1,576,678 and $635,562, respectively.

(2) As of March 31, 2021, December 31, 2020 and March 31, 2020, the remaining balance due for prepayments for equipment was $107,392, $128,889 and $211,166, respectively.

10. <u>SIGNIFICANT DISASTER LOSS</u>

None.

11. <u>SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE</u>

None.

12. <u>OTHERS</u>

(1) <u>Capital management</u>

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, and maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) <u>Financial instruments</u>

A. Financial instruments by category

Details of financial instruments by category of the Group are described in Note 6.

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance.

(b) Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's and the subsidiary's operating units.

(c) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Note 6(2).

C. Significant financial risks and degrees of financial risks

(a) Market risk

I. <u>Foreign exchange risk</u>

(i) Some purchases and sales are valued in US dollars, therefore the fair value changes with market exchange rate.

(ii) Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The Group hedges foreign exchange rate by using forward exchange contracts. However, the Group does not adopt hedging accounting. Details of financial assets at fair value through profit or loss are provided in Note 6(2).

(iii) The Group's businesses involve some non-functional currency operations (the Company's and the subsidiary's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	March 31, 2021		
	Foreign currency amount (in thousands)	Exchange rate	Book value
(foreign currency: functional currency)			
Financial assets			
Monetary items			
USD : NTD	$ 291	28.59	$ 8,307
Financial liabilities			
Monetary items			
USD : NTD	2,845	28.59	81,338

	December 31, 2020		
	Foreign currency amount (in thousands)	Exchange rate	Book value
(foreign currency: functional currency)			
Financial assets			
Monetary items			
USD : NTD	$ 166	28.53	$ 4,743
Financial liabilities			
Monetary items			
USD : NTD	2,795	28.53	79,744

	March 31, 2020		
	Foreign currency amount (in thousands)	Exchange rate	Book value
(foreign currency: functional currency)			
Financial assets			
Monetary items			
USD : NTD	$ 38	30.28	$ 1,144
Financial liabilities			
Monetary items			
USD : NTD	24,269	30.28	734,729

(iv) As of March 31, 2021 and 2020, if the NTD:USD exchange rate appreciates/ depreciates by 1% with all other factors remaining constant, the after-tax profit for the three-month periods ended March 31, 2021 and 2020 would increase/decrease by $584 and $5,869, respectively.

(v) The unrealized exchange gain (loss) arising from significant foreign exchange variation on monetary items held by the Group for the three-month periods ended March 31, 2021 and 2020 amounted to $122 and ($214), respectively.

II. Price risk

The Group’s equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group has set various stop loss points to ensure that the Group is not exposed to significant market risks.

The Group’s investments in equity securities comprise unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 2% with all other variables held constant, there is no significant effect on other components of equity for the three-month periods ended March 31, 2021 and 2020.

III. Cash flow and fair value interest rate risk

If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, there is no significant effect on after-tax profit for the three-month periods ended March 31, 2021 and 2020.

(b) Credit risk

I. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

II. The Group manages its credit risk taking into consideration the entire group’s concern. For banks and financial institutions, only independently rated parties with a certain rating are accepted. According to the Group’s credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.

III. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

IV. The Group adopts the assumption under IFRS 9, whereby the default occurs when the contract payments are past due over 90 days.

V. The Group classifies customer's accounts receivable in accordance with credit risk on trade. The Group applies the simplified approach using the provision matrix to estimate expected credit loss. The Group uses the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable, and the expected loss rate ranged from 0.3% to 100%. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	For the three-month period ended March 31, 2021	
	Notes receivable	Accounts receivable
At January 1	$ 1,429	$ 4,652
Reversal for impairment	(81)	(87)
At March 31	$ 1,348	$ 4,565

	For the three-month period ended March 31, 2020	
	Notes receivable	Accounts receivable
At January 1	$ 1,380	$ 3,822
(Reversal) provision for impairment	(111)	779
Write-off of allowance for doubtful accounts	-	(95)
At March 31	$ 1,269	$ 4,506

(c) Liquidity risk

I. Cash flow forecasting is performed by the Finance Division of the Group. Finance division monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

II. Forward exchange agreement which the Company is engaged in will be the item of cash outflow, amounting to US$43,540 thousand. There is no significant risk because the rate of forward exchange agreement had already been confirmed.

III. The Group has the following undrawn borrowing facilities:

	March 31, 2021	December 31, 2020	March 31, 2020
Floating rate:			
Expiring within one year	$ 5,973,292	$ 5,893,216	$ 5,384,071

IV. The table below analyses the Group's non-derivative financial liabilities and gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

March 31, 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$ 81,344	$ -	$ -	$ -
Short-term notes and bills payable	40,000	-	-	-
Notes payable	3,591	-	-	-
Accounts payable (including related parties)	571,372	-	-	-
Other payables	351,453	-	-	-
Lease liabilities (including current and non-current)	46,617	38,236	84,589	50,596
Guarantee deposits received	-	3,465	-	-

December 31, 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$ 79,750	$ -	$ -	$ -
Short-term notes and bills payable	20,000	-	-	-
Notes payable	4,788	-	-	-
Accounts payable (including related parties)	636,972	-	-	-
Other payables	435,911	-	-	-
Lease liabilities (including current and non-current)	47,408	39,160	91,239	53,056
Guarantee deposits received	-	3,790	-	-

March 31, 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$ 734,975	$ -	$ -	$ -
Notes payable	3,591	-	-	-
Accounts payable (including related parties)	490,827	-	-	-
Other payables	272,240	-	-	-
Lease liabilities (including current and non-current)	44,108	35,112	90,379	64,421
Guarantee deposits received	-	3,460	-	-

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in forward foreign exchange contracts is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

The financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables, guarantee deposits paid, short-term borrowings, short-term notes and bills payable, notes payable, accounts payable (including related parties), other payables, lease liabilities (including current and non-current) and guarantee deposits received) are based on their book value which approximates fair value.

C. The related information on financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

March 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Forward foreign exchange contract	$ -	$ 17,234	$ -	$ 17,234
Financial assets at fair value through other comprehensive income				
Equity securities - non-current	$ 4,910	$ -	$ 1,275	$ 6,185

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Forward foreign exchange contract	$ -	$ 9,327	$ -	$ 9,327
Financial assets at fair value through other comprehensive income				
Equity securities - non-current	$ -	$ -	$ 1,275	$ 1,275

March 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Forward foreign exchange contract	$ -	$ 2,043	$ -	$ 2,043
Financial assets at fair value through other comprehensive income				
Equity securities - non-current	$ -	$ -	$ 1,275	$ 1,275

D. The methods and assumptions the Group used to measure fair value are as follows:

The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.

E. For the three-month periods ended March 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.

F. The following is the movement of level 3 for three-month periods ended March 31, 2021 and 2020:

	Equity Securities
For the three-month period ended March 31, 2021	$ 1,275

	Equity Securities
For the three-month period ended March 31, 2020	$ 1,275

G For the three-month periods ended March 31, 2021 and 2020, there was no transfer into or out from Level 3.

H. Financial segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

13. SUPPLEMENTARY DISCLOSURES

According to the current regulatory requirements, the Group is only required to disclose the information for the three-month period ended March 31, 2021.

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiary, associates and joint ventures): Refer to table 1.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Refer to table 2.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: Refer to Note 6(2), "Financial assets at fair value through profit or loss - current".

J. Significant inter-company transactions during the reporting periods: Refer to table 3.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 4.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 5.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Refer to table 6.

14. SEGMENT INFORMATION

(1) General information

The management of the Group has identified the operating segments based on information provided to the Group's chief operating decision maker in order to make strategic decisions. The components of the Group and the basis for identification and measurement of segment information had no significant changes in this period.

(2) Segment information

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

For the three-month period ended March 31, 2021	TTET Union Corporation	Master Channels Corporation	Total
Segment revenue	$ 3,848,380	$ 1,059,894	$ 4,908,274
Revenue from internal customers	65,543	-	65,543
Revenue from external customers	3,782,837	1,059,894	4,842,731
Segment income	565,976	55,969	621,945
Depreciation and amortization	31,241	13,855	45,096
Segment assets	5,468,740	1,337,106	6,805,846

For the three-month period ended March 31, 2020	TTET Union Corporation	Master Channels Corporation	Total
Segment revenue	$ 3,258,715	$ 880,344	$ 4,139,059
Revenue from internal customers	65,376	-	65,376
Revenue from external customers	3,193,339	880,344	4,073,683
Segment income	299,008	42,313	341,321
Depriciation and amortization	27,377	12,938	40,315
Segment assets	5,369,038	1,034,643	6,403,681

(3) Reconciliation for segment income and segment assets

The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income. The amounts provided to the chief operating decision-maker with respect to segment income and segment assets are measured consistent with that of the financial statements.

TTET Union Corporation and Subsidiary

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

March 31, 2021

Table 1

Expressed in thousands of NTD

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of March 31, 2021				Note
				Number of shares	Book value	Ownership	Fair value	
TTET Union Corporation	Stock:							
	FOOD CHINA INC.	—	Financial assets at fair value through other comprehensive income - non-current	400,000	$ 1,275	1.08%	$ 1,275	—
	Taiwan Mobile Co., Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	50,000	4,910	—	4,910	—

TTET Union Corporation and Subsidiary

Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more

For the three-month period ended March 31, 2021

Table 2 Expressed in thousands of NTD

			Description of transaction				Description and reasons for difference in transaction terms compared to non-related party transactions		Notes or accounts receivable/(payable)		
Purchase/sale company	Counterparty	Relationship with the counterparty	Purchases /(sales)	Amount	Percentage of total purchases /(sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Note
TTET Union Corporation	Great Wall Enterprise Co., Ltd.	The director of the Company	(Sales)	($106, 371)	(3%)	10 days after sales	-	(Note 1)	$5, 716	1%	—

Note 1: The collection period for third parties was 10~45 days after sales of goods.

TTET Union Corporation and Subsidiary

Significant inter-company transactions during the reporting period

For the three-month period ended March 31, 2021

Table 3 — Expressed in thousands of NTD

				Transaction terms			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of total consolidated revenues or total assets (Note 3)
0	TTET Union Corporation	Master Channels Corporation	1	Sales	($ 65,543)	Closes its accounts each half month, notes due in 20 days	(1%)
				Accounts receivable	32,129	—	—

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice.)

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated revenues or total assets, it is computed based on period-end balance of transaction to consolidated assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

TTET Union Corporation and Subsidiary

Information on investees (not including investees in China)

For the three-month period ended March 31, 2021

Table 4

Expressed in thousands of NTD

				Initial investment amount		Shares held as at March 31, 2021					
Investor	Investee	Location	Main business activities	Balance as at March 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership	Book value	Net profit (loss) of the investee for the three-month period ended March 31, 2021	Investment income (loss) recognized by the Company for the three-month period ended March 31, 2021	Note
TTET Union Corporation	Master Channels Corporation	Taiwan	Wholesale of food	$ 138,585	$ 138,585	12,039,999	80.27	$ 389,881	$ 44,765	$ 35,779	Subsidiary

TTET Union Corporation and Subsidiary

Information on investments in Mainland China

For the three-month period ended March 31, 2021

Table 5

Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three-month period ended March 31, 2021: Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2021	Net income of investee for the three-month period ended March 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the three-month period ended March 31, 2021	Book value of investments as of March 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2021	Note
Beijing FoodChina Online Information and Technology Ltd.	Program planning, System design, etc.	$ 40,019	(2)	$ 6,860	$ -	$ -	$ 6,860	$ 265	1.08%	$ -	$ 1,275	$ -	—

Note : Investment methods are classified into the following three categories:

(1) Directly invest in a company in Mainland China.

(2) Indirect investment in PRC through the existing company (FOOD CHINA INC.) located in the third area.

(3) Others

Company name	Accumulated investment balance from Taiwan to Mainland China	Amount approved by MOEA	Ceiling amount of investments in Mainland China imposed by MOEA (Note 1)
TTET Union Corporation	$ 6,860	$ 6,860	$ 3,083,147

Note 1: The ceiling amount is 60% of consolidated net worth.

Note 2: Foreign currencies were translated into New Taiwan Dollars using the exchange rate as of balance sheet date as follows: USD:NTD 1:28.585.

TTET Union Corporation and Subsidiary

Major shareholders information

March 31, 2021

Table 6

Expressed in shares

Name of major shareholders	Number of shares held		Ownership	Note
	Common shares	Preferred shares		
Uni-President Enterprises Corp.	61,594,201	-	38.50%	—
Tai Hwa Oil Industrial Co., Ltd.	30,491,706	-	19.06%	—
Great Wall Enterprise Co., Ltd.	15,416,960	-	9.63%	—
Kai Yu Investment Co., Ltd.	12,225,730	-	7.64%	—

Note : The major shareholders information was calculated by Taiwan Depository & Clearing Corporation in accordance with the common shares (including treasury shares) and preferred shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter.

The share capital which was recorded on the financial statements might be different from the number of shares held in dematerialised form because of the different calculation basis.