Stock No.: 1232

# 2021 Annual Report

## TTET UNION CORPORATION

Date of Publication: March 31, 2022
TTET UNION CORPORATION Website: https：//www.ttet.com.tw
Website for reference: https://mops.twse.com.tw

I. The company's spokesperson and acting spokesperson:

Spokesperson: Chen Chao-Liang
Title: General Manager
Telephone number: (06)698-4500
Email: ttet@mail.ttet.com.tw

Acting spokesperson: Hu Yu-Chih
Title: Assistant General Manager, Finance Department
Telephone number: (06)698-4500
Email: hu@mail.ttet.com.tw

II. Address and telephone number of the company's head office and plant:

Address: No.32, Gongye W. Rd., Erh Chen Vil., Guantian Dist., Tainan City
Telephone number: (06)698-4500

III. Stock transfer agency:

Name of the agent: President Securities Corp.
Address: B1, No.8, Dongxing Rd., Taipei City
Telephone number:(02)2746-3608
Website: https://www.pscnet.com.tw

IV. Certified public accountants (CPAs) who audited the company's annual financial report for the most recent fiscal year:

Names of the CPAs: Lin Tzu-Yu, Lin Yung-Chih
Name of the accounting firm: PwC Taiwan
Address and: 12F., No.395, Sec. 1, Linsen Rd., Tainan City
Telephone number: (06)234-3111
Website: https://www.pwc.tw

V. Any exchanges where the company's securities are traded offshore: None.

VI. Company website:https://www.ttet.com.tw

# Table of Contents

**Report to Shareholders**---------------------------------------------------------------------- 1

**One. Company Profile**

I. Date of Incorporation/Registration------------------------------------------------------- 6
II. Address and telephone number of the company's head office and plant------------ 6
III. Brief History of the Company------------------------------------------------------------ 6

**Two. Corporate Governance Report**

I. Organizational System of the Company---------------------------------------------- 10
II. Information on the Company's Directors, Supervisors, General Manager, Assistant General Managers, Deputy Assistant General Managers and the Supervisors of All the Company's Divisions and Branch Units------------------------------------------ 12
III. Corporate Governance-------------------------------------------------------------------- 28
IV. Professional Service Fees for Attesting CPAs------------------------------------------ 68
V. Information on Replacement of CPA---------------------------------------------------- 68
VI. Chairman, General Manager, and managers in charge of financial or accounting affairs of the Company that held a post in the firm that the CPA is affiliated with or its associated enterprise in the most recent year ------------------------------------ 68
VII. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests by a Director, Supervisor, Managerial Officer, or Shareholder with a Stake of More Than 10 Percent------------------------------------------------------------------ 68
VIII. Information on the correlation among shareholders with a shareholding ratio ranking Top 10------------------------------------------------------------------------ 69
IX. Shares Held by the Company, Directors, Supervisors, Managers of the Company, and Businesses Controlled Directly or Indirectly by the Company of Same Reinvestment Business and Consolidated Calculation of Comprehensive Shareholding Ratio---------------------------------------------------------------------- 70

**Three. Fundraising**

I. Capital and Shares-------------------------------------------------------------------------- 71
II. Performance in Corporate Bonds------------------------------------------------------- 75
III. Performance in preferred shares, offshore deposit receipt certificates (DRC), employee stock option certificates, new shares with restriction upon employees from subscription, merger (including merger, acquisition and de-merger) or inward transfer of new shares issued by other companies------------------------------------ 75
IV. Implementation of Plans in Capital Allocation ---------------------------------------- 75

**Four. Overview of Operations**

I. Business Content---------------------------------------------------------------------------- 76
II. Overview of market and production & sales-------------------------------------------- 77
III. Information on Employees---------------------------------------------------------------- 82
IV. Information of environmental protection expenditure--------------------------------- 82

V. Labor relation---------------------------------------------------------------------------------- 82
VI. Cyber security management------------------------------------------------------------- 84
VII. Important Contract--------------------------------------------------------------------------- 85

**Five. Overview of Financial Status**

I. The Condensed financial data over the past five years---------------------------------- 86
II. Analyses of finance over the past five years---------------------------------------------- 90
III. The Audit Committee's Report------------------------------------------------------------ 96
IV. The parent-only financial report of the most recent year and the Independent Auditor's Report------------------------------------------------------------------------------ 97
V. The consolidated financial report of the most recent year and the Independent Auditor's Report------------------------------------------------------------------------------ 97
VI. Facts regarding the Company and its affiliated enterprises which have developed difficult financial standing in recent year and the period as of the Annual Report date--------------------------------------------------------------------------------------- 97

**Six. A Review and Analysis of the Company's Financial Position and Financial Performance, and A Listing of Risks**

I. Financial Position---------------------------------------------------------------------------- 97
II. Financial Performance------------------------------------------------------------------------ 98
III. Cash flow review and analysis------------------------------------------------------------- 99
IV. The Effect of the Major Capital Expenditures in Recent Year on The Financial Standing------------------------------------------------------------------------------------------ 99
V. The reinvestment policy of the current year, major cause of profit or loss, corrective action plan and investment plan within one year ahead------------------------------ 99
VI. Analysis and Assessment on Risks-------------------------------------------------------- 99
VII. Other Important Matters------------------------------------------------------------------ 102

**Seven. Other Items Deserving Special Mention**

I. Information Related to the Company's Affiliates----------------------------------------103
II. Private Placement of Securities Carried Out by the Company during the Most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Printing of the Annual Report------------------------------------------------------------------------------------------ 105
III. Holding or disposal of the Company's stocks by subsidiaries during the Most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Printing of the Annual Report ----------------------------------------------------------------------------------105
IV. Other Matters That Require Additional Description------------------------------------105
V. Any of the Situations Listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities; has Occurred during the Most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Printing of the Annual Report ------------------------------------------------------------------------------ 105

# Report to Shareholders

Ladies and gentlemen, our cherished shareholders:

Hello everyone,

First, we welcome all of you as our honored guests to participate and engage in the regular meeting of shareholders today. On behalf of the Company, I would like to thank you for your support and care with the utmost respect.

The Company's operating revenue amounted to NT$16.772 billion in 2021, representing an increase of approximately 20.96% over 2020, and the consolidated operating revenue amounted to NT$20.478 billion. Before tax, the company's net income amounted to NT$1.526 billion in 2021, representing a decrease of approximately 3.58% over 2020.

Revenue grew 20.96% in 2021, mainly because the increased material price drove the finished product prices higher. In 2021, although the profit decreased moderately due to the impact of the COVID-19 pandemic, when considering the shock brought to the domestic demands from the Level 3 Alert, the decrease is deemed limited. This result shall be contributed to the national efforts of pandemic containment and the diligence of the Company's employees in their respective areas.

The Company has been focusing on the domestic market and the production and sale of soybeans related products (such as, soybean oil, soybean powder, soybean flakes, whole fat soybean powder and genetically and non-genetically modified edible soybeans) and a number of vegetable oil products (such as palm oil, canola oil or sunflower oil). Currently, most of the products of the Company are at the leading positions. However, we do not feel self-satisfied with the result and start slacking off; we even feel there is neglect. We will continue to start from our core advantages, concentrate on the development of our industry, constantly improve quality, and endeavor to enhance service standards. We hope to meet customer needs through listening to the voice of the customer, and to build the foundation for the Company's long-term development under the guidance of corporate culture of "*bona fides*."

The Company is in the industry of bulk materials with all raw materials used imported from abroad. Therefore, there are a few important tasks to be completed by the Company in order to ensure the stable supply of raw materials, the accurate control of the procurement position of raw materials and the costs of procurement (especially when facing severe market volatility) and the proper management of the position of the US dollar.

Recently, the issues focused by the international and domestic societies include the following: 1. Marine shipment ordeal: All materials used by the Company are imported internationally. While the pandemic impacts the international marine shipment market, our factories are tested for resilience by skyrocketing shipping costs and delayed shipment. We will continuously monitor the impacts on the domestic supply-demand from such factors, and take necessary countermeasures as well. 2. Animal husbandry issues: Importation of the U.S pork with Ractopamine: the Company will keep on monitoring its impact on the husbandry for early preparation. 3. Evolving COVID-19 pandemic: The Company will continuously assess the impact on the market from the pandemic.

**The Group hereby presents its operating results in 2021 and business plan for the next year as follows:**

## I. 2021 Business Report

(I) Implementation of the business plan

Unit: NT$1,000
(except for the after-tax earnings per share)

| Title | Actual amount in 2021 | Actual amount in 2020 | Percentage of Increase (Decrease) % |
|---|---|---|---|
| Operating revenue | 20,477,990 | 17,440,979 | 17.41 |
| Operating income | 1,530,914 | 1,618,136 | (5.39) |
| Pre-tax profit or loss | 1,597,770 | 1,652,289 | (3.30) |
| Post-tax earnings per share | 7.76 | 8.08 | (3.96) |

(II) Status of budget implementation on operating income and expenses

1. Operating revenue and expenses:
   (1) Revenue: The consolidated net operating revenue amounted to NT$20,477,990 thousand in 2021.
   (2) Expense: The consolidated operating cost amounted to NT$18,119,818 thousand in 2021.
   The consolidated operating expenses amounted to NT$827,258 thousand in 2021.
   The consolidated net non-operating expenses amounted to NT$66,856 thousand in 2021.
   (3) Earnings: For 2021, the consolidated net income before tax was NT$1,597,770 thousand with an income tax expense of NT$323,848 thousand for the full year of 2020. The net income after tax for the current period was NT$1,273,922 thousand.
2. The Company did not disclose the consolidated financial forecast for 2021; therefore, the information regarding budget implementation is not available.

(III) Analysis of revenues, expenditures and profitability

| Title | | 2021 | 2020 |
|---|---|---|---|
| Financial structure (%) | Debt-Asset Ratio (%) | 29.21 | 26.90 |
| | Ratio of Long-term Capital to Fixed Assets (%) | 605.41 | 604.46 |
| Solvency (%) | Current ratio (%) | 317.54 | 359.62 |
| | Quick ratio (%) | 164.22 | 268.02 |
| Profitability (%) | Asset return ratio (%) | 19.14 | 21.84 |
| | Return on Shareholders' Equity (%) | 26.54 | 30.15 |
| | Net profitability (%) | 6.22 | 7.58 |
| | Basic Earnings Per Share (NT$) | 7.76 | 8.08 |

(IV) R&D Status:

The Company is committed to the research and development of plant protein and edible oil products and has completed the R&D of whole-fat soybean powder; in the future, various products will be launched to satisfy customers' needs for one-stop procurement.

## II. Summary of the Business Plan for 2022

(I) Business policy

The Company has focused on the domestic bulk materials markets development for a long time, aiming at production and sales business of products such as soybean and related products with competitive advantage (soybean meal, full-fat soybean meal, soy lecithin, soybean oil, carefully selected soybean and non-GMO soybean), manufacture and sales of various vegetable oils (palm oil, canola oil, and sunflower oil). Currently the market shares of bread-winning products are all at the top in the country.

The Company is committed to become one of the most competitive soybean processing and vegetable oil manufacturers in Asia. On the basis of the core business, the Company will continue to focus on the development of major businesses, expand the differentiated competitive edges, while emphasizing the food safety/factory safety/environment protection, to establish the roots of the Company's sustainable development.

The COVID-19 pandemic which started in 2020 has been raging around the world still, and the development of the pandemic has made all sectors face unprecedented challenges. Fortunately, the government has effectively contained the pandemic. The domestic demand market recovered quickly after a brief shock, coupled with favorable factors such as the appreciation of TWD and the good controls over the raw material prices, we have the opportunity to maintain stable profits.

The materials used by the Company are all imported from overseas. Therefore, ensuring the stable supply of materials, accurately determining the timing of acquiring materials and USD, and precisely forecasting the movement of domestic demands and supplies for the purpose of responding in advance, are the several key tasks to the Company.

(II) Sales volume forecast and supporting basis

The business that the Company operates is a domestic food industry, and the products are livelihood essential. Changes in the business performance of the Company are significantly related to the economic cycles, the Chicago soybeans futures prices, exchange rate fluctuation of TWD, and the domestic competitions. For the past few years, the Company has continuously enhanced its overall competitiveness through methods such as cost reduction, quality and service enhancement, creation of brand values, among other things, in order to strengthen the overall competitiveness and thus the stable growth in profit is achieved.

The Company's sales volume forecasts for its main products in 2022 are as follows:

| Item | Volume (ton) |
|---|---|
| Soybean flour | 530,000 |
| Soybean oil | 120,000 |
| Other vegetable oils | 65,000 |
| Carefully selected soybean | 70,000 |

(III) Important production and sales policies

The Company is the largest domestic supplier of soybean meal and vegetable oils; consequently, regarding the production and sale policies, the Company is responsible of the stable supply and satisfaction of the domestic consumers' needs. The Company uses soybeans as main raw materials for production, which all rely on imports from the U.S. and Brazil. During soybean processing, soybean flour and soybean oil are main products. Soybean flour contains rich soybean protein and is the primary source of protein supply in feed ingredients. Soybean oil is also known as salad oil and is the most widely used vegetable oil in the country. It is mainly supplying to channels such as eating out/catering, chemical industry, home market, etc. In addition, the Company also imports palm oil from Malaysia and canola oil from Canada and Australia. After refining, these oils are supplied the domestic vegetable oil market to meet the needs of different customers.

Prices are determined by demands and supplies, which are the essential factor for the profitability of bulk material business. As the international marine shipping has been out of order due to the pandemic, the unstable conditions, such as the congestion at the loading port, less voyages or change the berthing points, have occurred, and the Company will closely monitor the arrival of vessels to strive for the stable domestic supply.

The key points of the Company's production and sale policy, is to forecast the domestic demand and supply well, with flexible adaption to the movements in the environment to avoid the imbalanced demand and supply. This is one of the continuous key tasks for the Company.

## III. The Company's Future Development Strategy

With the competitive edges established for long time, the Company expands the scale of the core business, to pursue the sustainable growth and development of the Company under the corporate culture of "bona fides, innovation and progress."

## IV. External Competition, Legal Environment and Overall Business Environment

Under the globalized and liberalized economic system, we are used to the competitions from the foreign products in the domestic market. The key for the Company's survival is how strong our own competitiveness. In an environment with low-tariffs, our products not only face domestic competition but also international competition within the same industry for the long term. We recognize that only by keeping the competitiveness of domestic soybean oil and soybean meal at any time can we prevent the massive invasion of imported oil and flour. For the issue of future importation of pork with Beta-adrenergic agonist and the potential threat of African Swine Flu, we will keep on monitoring and respond cautiously.

The characteristics of food or livelihood industries is that there will be certain basic needs that must necessarily exist regardless of the state of the economy. Products made in our own country have many local advantages, such as quality of freshness, convenience of delivery, full supply at once and allowance of small-volume transactions. As long as we make good use of these advantages, we believe we will overcome the difficulties and create sustainable development.

Respectfully yours, Chairman Lo Chih-Hsien

# One. Company Profile

## I. Date of Incorporation/ Registration: May 24, 1982

## II. Address and telephone number of the company's head office and plant:

Address: No.32, Gongye W. Rd., Erh Chen Vil., Guantian Dist., Tainan City

Telephone: (06)6984500

## III. Brief History of the Company

1. May 1982: The Company was a joint venture formed by Uni-President Enterprises Corporation, Great Wall Enterprise Co., Ltd., Eagle Holding Corporation, and Tai Hwa Oil Industrial Co., Ltd. with a paid-in capital of Ten Million New Taiwan Dollars, and named "TTET Union CORPORATION."
2. August 1983: In response to the demand for funds, a capital increase of One Hundred Eighty Eight Million and Two Hundred Thousand New Taiwan Dollars by cash was carried out and the amount of capital was changed to One Hundred Ninety Eight Million and Two Hundred Thousand New Taiwan Dollars.
3. November 1984: The construction of the plant was completed and the pilot production was finished successfully.
4. April 1985: To meet the demand for working capital, a capital increase of One Hundred One Million and Eight Hundred Thousand New Taiwan Dollars by cash was carried out and the amount of capital was changed to Three Hundred Million New Taiwan Dollars. The Company also became a public company.
5. October 1987: Part of equity interests were purchased by Mitsubishi Corporation, which become one of the shareholders of the Company. It is quite helpful for the Company to move toward internationalization.
6. March 1990: Hundred and Eighty Million New Taiwan Dollars by cumulative unappropriated earnings was carried out and the amount of capital was changed to Four Hundred and Eighty Million New Taiwan Dollars.
7. November 1990: The construction of the oil refinery was completed and the pilot production was finished successfully. It began to produce refined soybean salad oil.

8. January 1991: To increase the working capital, a capital increase of Seventy Two Million New Taiwan Dollars by cumulative unappropriated earnings was carried out and the amount of capital was changed to Five Hundred and Fifty Two Million New Taiwan Dollars.

9. August 1991: The CNS Mark Certification was obtained from Central Standard Bureau, Ministry of Economic Affairs. In addition, 18-liter soybean salad oil was introduced into the market.

10. January 1992: To increase the working capital, a capital increase of Sixty Million Seven Hundred and Twenty Thousand New Taiwan Dollars by unappropriated earnings was carried out and the amount of capital was changed to Six Hundred Twelve Million Seven Hundred and Twenty Thousand New Taiwan Dollars.

11. December 1992: A share distribution for capital increase of Seventy Nine Million Six Hundred Fifty Three Thousand and Six Hundred New Taiwan Dollars by unappropriated earnings and a capital increase of Two Million Sixty Two Thousand Six Hundred and Forty shares were carried out after the approval of the shareholders' meeting on April 15, 1992, and the amount of paid-in capital was changed to Seven Hundred and Thirteen Million New Taiwan Dollars.

12. September 1993: A capital increase of NT$53,475 thousand by capital surplus was carried out after the approval of the shareholders' meeting on May 8, 1993 and the amount of paid-in capital was changed to NT$766,475 thousand.

13. December 1994: A capital increase of Seventy Six Million Six Hundred Forty Seven Thousand and Five Hundred New Taiwan Dollars by earnings was carried out after the approval of the shareholders' meeting on June 29, 1994 and the amount of paid-in capital was changed to Eight Hundred Forty Three Million One Hundred Twenty Two Thousand and Five Hundred New Taiwan Dollars.

14. August 1995: A capital increase of One Hundred Nine Million Six Hundred Five Thousand Nine Hundred and Thirty New Taiwan Dollars by earnings was carried out after the approval of the shareholders' meeting on May 26, 1995 and the amount of paid-in capital was changed to Nine Hundred Fifty Two Million Seven Hundred Twenty Eight Thousand Four Hundred and Thirty

New Taiwan Dollars Only.

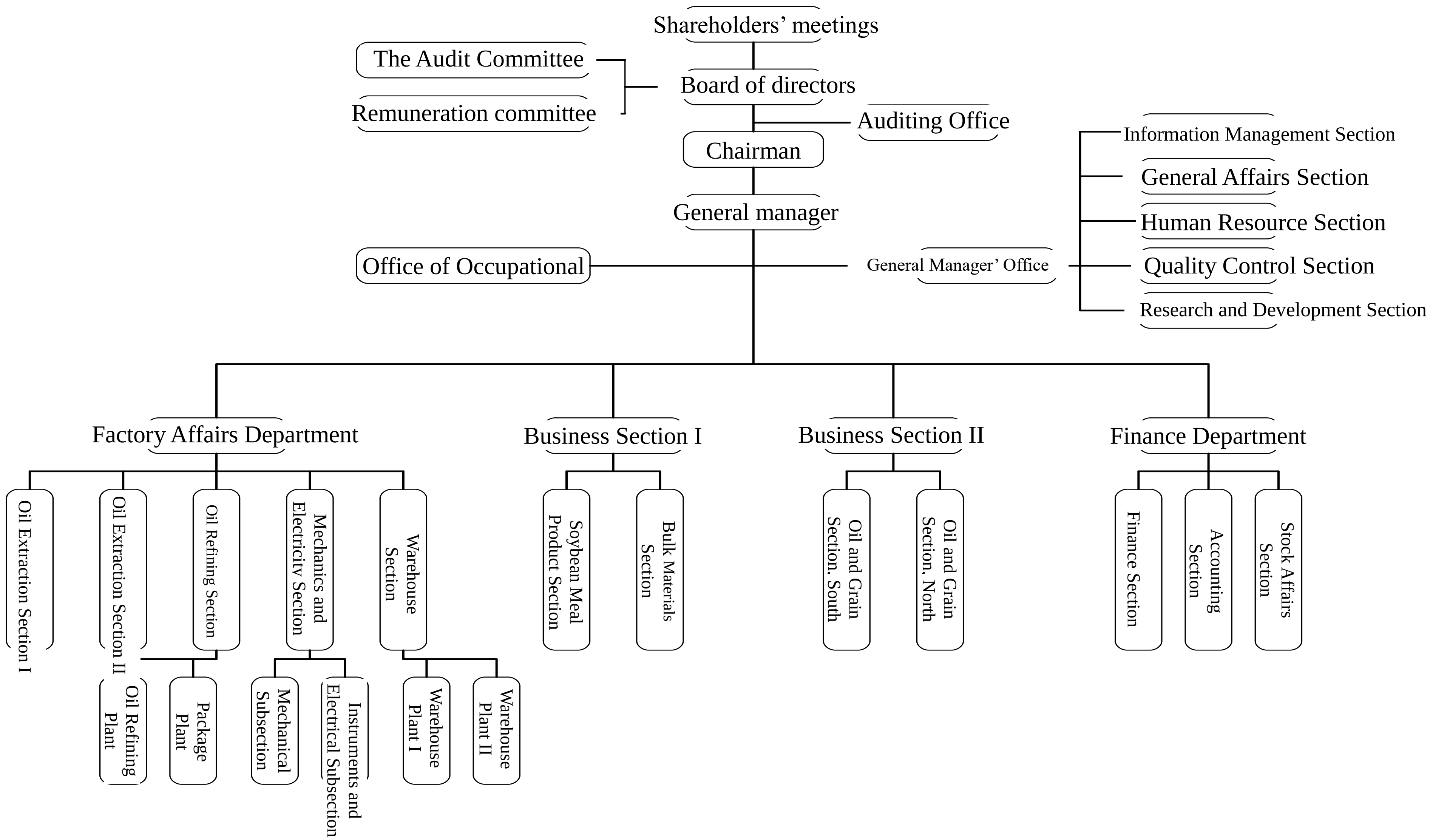
15. February 1996: The Company's shares are listed on the TWSE.
16. June 1996: A capital increase of One Hundred Seventy One Million Four Hundred Ninety One Thousand One Hundred and Twenty New Taiwan Dollars by earnings was carried out after the approval of the shareholders’ meeting on June 10, 1996 and the amount of paid-in capital was changed to One Billion One Hundred Twenty Four Million Two Hundred Nineteen Thousand Five Hundred and Fifty New Taiwan Dollars Only.
17. February 1997: The Company passed ISO-9002 Certification, and five products including soybean meal, brewing bean chips, carefully selected soybean, soybean salad oil, and canola oil were granted registration.
18. June 1997: A capital increase of One Hundred Forty Six Million One Hundred Forty Eight Thousand Five Hundred and Fifty New Taiwan Dollars by earnings was carried out after the approval of the Annual Meeting of Shareholders on June 21, 1997 and the amount of paid-in capital was changed to One Billion Two Hundred Seventy Million Three Hundred Sixty Eight Thousand and One Hundred New Taiwan Dollars Only.
19. August 1997: DAI YI GF CO., LTD. was established through investment by the Company on August 18, 1997.
20. 2nd Quarter 1998: The Company completed the construction of oil extraction plant II, cogeneration plant, and the second set of equipment of oil refinery and finished the pilot run successfully, and officially became the largest soybean oil extraction plant in the Far East.
21. June 1998: A capital increase of One Hundred Twenty Seven Million Thirty Six Thousand Eight Hundred and Ten New Taiwan Dollars by earnings was carried out after the approval of the Annual Meeting of Shareholders on June 27, 1998 and the amount of paid-in capital was changed to One Billion Three Hundred Ninety Seven Million Four Hundred Four Thousand Nine Hundred and Ten New Taiwan Dollars Only.
22. June 1999: A capital increase of One Hundred Eleven Million Seven Hundred Ninety Two Thousand and Four Hundred New Taiwan Dollars by earnings was carried out after the approval of the Annual Meeting of Shareholders on June 25, 1999 and the amount of paid-in capital was changed to One Billion Five Hundred Nine Million One Hundred

Ninety Seven Thousand Three Hundred and Ten New Taiwan Dollars Only.

23. 2001: The Company obtained international standards of ISO-14001 Certification and OHSAS 18001 Certification.
24. June 2002: A capital increase of Ninety Million Five Hundred Fifty One Thousand Eight Hundred and Forty New Taiwan Dollars by earnings was carried out after the approval of the Annual Meeting of Shareholders on June 14, 2002 and the amount of paid-in capital was changed to One Billion Five Hundred Ninety Nine Million Seven Hundred Forty Nine Thousand One Hundred and Fifty New Taiwan Dollars Only.
25. 2007: The Company passed ISO22000 Certification.
26. 2008: ISO9002 Certification updated to the version 2008 and revised to ISO 9001 Certification.
27. 2010: The Company obtained TOSHMS (Taiwan Occupational Safety and Health Management System) Certification.
28. September 2012: DAI YI GF CO., LTD., the invested company was dissolved by a resolution adopted by the special meeting of shareholders. After winding up, 80.27% of equity interests of Master Channels Corporation held by the invested company were distributed to the Company.
29. 2013: The Company passed FSSC22000 Certification while obtaining FSSC22000, ISO22000, and HACCP Certifications at the same time; and passed TAF Lab Certification on crude fat and moisture as the scope of certification.
30. 2014: Crude protein was included in the scope of TAF Lab Certification.
31. 2015: The original GMP was converted to TQF.
32. 2016：Acid value, peroxide price, and fatty acid composition added within the scope of TAF laboratory certification. Obtained the Halal Association HALAL certification. Passed the ISO 50001 energy management system certification
33. 2018:Obtained the Level 2 QC certification from the Ministry of Health and Welfare; the original OHSAS18001 Standards had been successfully converted to ISO45001 Occupational Health and Safety Management System.
34. 2022: TTET Union Health and Safety Family was established.

# Two. Corporate Governance Report

## I. Organizational System of the Company



Businesses of principal divisions:

Auditing Office: Perform audits of internal control operation procedure of the company's divisions.

Office of Occupational Safety and Hygiene and Environmental Protection: Manage the environmental safety of office and factory area and entering and exiting people and vehicles.

General Manager's Office:

Information Management Section: Plan, design and maintain computer applications information systems of the Company.

General Affairs Section: Procure materials, inspect and accept and control inventory.

Human Resource Section: Arrange education and training, deploy human resources and manage salaries and personnel changes.

Quality Control Section: Perform quality control of manufacturing raw materials entering the plant and finished goods packaging and shipment.

Research and Development Section: Research and Develop; research, design and trial-manufacture improvements to existing products, collect; collect, preserve and analyze domestic and foreign technical information.

Business Section I:

Soybean Meal Product Section: responsible for marketing of bean meal and bean chips and investigation and services of after-sales quality.

Bulk Material Section: responsible for soybean raw materials procurement operations, collect and analyze dynamic data of vessels and docks, bulk materials futures trading, loading of materials to trucks, finished product stocking out and dispatching trucks.

Business Section II:

Oil and Grain Section, North: in charge of the oil in bulk, in drums, in boxes, bean selection and MSG sales in Northern Taiwan.

Oil and Grain Section, South: in charge of the oil in bulk, in drums, in boxes, bean selection and MSG sales in Mid- and Southern Taiwan.

Factory Affairs Department:

Oil Extraction Section: production management of oil extraction, control and resolution of process quality, repair and maintenance of equipment.

Oil Refining Section: production management of oil refining, control and resolution of process quality, repair and maintenance of equipment.

Mechanics and Electricity Section: additions or maintenance in connection with machinery, water and electricity equipment, civil engineering

Warehouse Section: packaging and warehouse management of soybean raw materials, carefully selected bean, soybean meal, etc.

Finance Department:

Finance Section: fund allocation, budget preparation and control

Accounting Section: responsible for the Company's accounting handling and calculation of costs.

Stock Affairs Section: responsible for handling of stock affairs.

## II. Information on the Company’s Directors, Supervisors, General Manager, Assistant General Managers, Deputy Assistant General Managers and the Supervisors of All the Company’s Divisions and Branch Units:

(I)Director information

1. Introduction of board members

| Title | Nationality or place of registration | Name | Gender Age | Date of Election (Appointment) | Term of Office | Date of First Elected | Shareholdings on election | | Current shareholdings | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Number of shares | Percentage of shares held (%) | Number of shares | Percentage of shares held (%) |
| Director (Corporate shareholder) | R.O.C. | Uni-President Enterprises Corporation | – | July 27, 2021 | 3-Year | 1982.04.23 | 61,594,201 | 38.50 | 61,594,201 | 38.50 |
| Chairman (Corporate representative) | R.O.C. | Lo Chih-Hsien (Note 1) | Male 61~70 | July 27, 2021 | 3-Year | 2013.12.24 | - | - | - | - |
| Director (Corporate representative) | R.O.C. | Wu Liang-Feng (Note 1) | Male 61~70 | July 27, 2021 | 3-Year | 2015.06.29 | - | - | - | - |
| Director (Corporate representative) | R.O.C. | Lee Ching-Tyan (Note 1) | Male 51~60 | July 27, 2021 | 3-Year | 2021.07.27 | - | - | - | - |
| Director (Corporate representative) | R.O.C. | Chen Chao-Liang (Note 1) | Male 51~60 | July 27, 2021 | 3-Year | 2021.07.27 | - | - | - | - |
| Director (Corporate representative) | R.O.C. | Chang Li-Hsun (Note 1) | Male 51~60 | July 27, 2021 | 3-Year | 2021.07.27 | 4,000 | - | 4,000 | - |
| Director (Corporate shareholder) | R.O.C. | Tai Hwa Oil Industrial Co., Ltd. | – | July 27, 2021 | 3-Year | 1982.04.23 | 30,070,706 | 18.80 | 29,260,706 | 18.29 |
| Director (Corporate representative) | R.O.C. | Chen Yi-Tu (Note 2) | Male 71~80 | July 27, 2021 | 3-Year | 2009.06.19 | 156,000 | 0.10 | 147,000 | 0.09 |
| Director (Corporate representative) | R.O.C. | Chen I-Tsunz (Note 2) | Male 71~80 | July 27, 2021 | 3-Year | 2021.07.27 | 55,131 | 0.03 | 55,131 | 0.03 |
| Director (Corporate shareholder) | R.O.C. | Great Wall Enterprise Co., Ltd.; | – | July 27, 2021 | 3-Year | 1982.04.23 | 15,416,960 | 9.64 | 15,416,960 | 9.64 |
| Director (Corporate representative) | R.O.C. | Han Chia-Yau (Note 3) | Male 71~80 | July 27, 2021 | 3-Year | 2003.06.20 | - | - | - | - |
| Independent Director | R.O.C. | Huang Pei-Wen | Male 61~70 | July 27, 2021 | 3-Year | 2015.06.29 | - | - | - | - |
| Independent Director | R.O.C. | Yu Chung-Ying | Male 61~70 | July 27, 2021 | 3-Year | 2015.06.29 | - | - | - | - |
| Independent Director | R.O.C. | Chen Hsu-Hwa | Male 51~60 | July 27, 2021 | 3-Year | 2021.07.27 | - | - | - | - |

Note 1: Representative of Uni-President Enterprises Corporation.
Note 2: Representative of Tai Hwa Oil Industrial Co., Ltd.
Note 3: Representative of Great Wall Enterprise Co., Ltd.
Note 4: For information on principal work experiences of Directors, please refer to the “Table of Positions Held Concurrently by Directors in Other Companies” on pages 14-15.
Note 5: If the chairperson, general manager or person holding an equivalent position are the same person or are spouses, the information regarding the reasons, reasonableness, necessity and countermeasures must be disclosed.

December 31, 2021

| Shares currently held by spouses and/or children of minor age | | Shares held through nominees | | Principal work experience and academic qualifications (Note 4) | Position(s) held concurrently in the company and/or in any other company | Any other supervisor, Director or Supervisor who is a spouse or a relative within the second degree of kinship of this person | | | Remarks (Note 5) |
|---|---|---|---|---|---|---|---|---|---|
| Number of shares | Percentage of shares held (%) | Number of shares | Percentage of shares held (%) | | | Title | Name | Relationship | |
| - | - | - | - | - | - | None | None | None | None |
| - | - | - | - | MBA, University of California, Los Angeles | (Note 4) | None | None | None | None |
| - | - | - | - | Department of Japanese Language and Literature, Tamkang University | (Note 4) | None | None | None | None |
| - | - | - | - | MBA, THUNDERBIRD School of Global Management | (Note 4) | None | None | None | None |
| 80,000 | 0.05 | - | - | Master's, Graduate School of Business Administration, Wright State University, the U.S. | (Note 4) | None | None | None | None |
| - | - | - | - | MBA, National Cheng Kung University | (Note 4) | None | None | None | None |
| - | - | - | - | - | - | None | None | None | None |
| 47,000 | 0.03 | - | - | MBA, Armstrong University | (Note 4) | Director | Chen I-Tsunz | Brother | None |
| 23,622 | 0.01 | - | - | Master, Keio University | (Note 4) | Director | Chen Yi-Tu | Brother | None |
| - | - | - | - | - | - | None | None | None | None |
| - | - | - | - | MBA, University of Connecticut | (Note 4) | None | None | None | None |
| - | - | - | - | Ph.D., Graduate Institute of Human Resource Management, National Sun Yat-sen University | (Note 4) | None | None | None | None |
| - | - | - | - | Department of Law, National Chengchi University | (Note 4) | None | None | None | None |
| - | - | - | - | MBA, California State University, Long Beach Campus, the U.S. | - | None | None | None | None |

Note 4: Table of Positions Held Concurrently by Directors in Other Companies

| Title | Name | Positions Held Concurrently in Other Company |
|---|---|---|
| Chairman (Note 1) | Lo Chih-Hsien | Chairman of Board: Uni-President Enterprises Corp., President Natural Industrial Corporation, Ton Yi Industrial Corp., Prince Housing and Development Corp., PRESIDENT PACKAGING INDUSTRIAL CORP., Woongjin Foods Co.Ltd., Daeyoung Foods Co.Ltd., President International Development Corporation, Uni-President China Holdings Limited, ZhangjiaGang President Nissan Food Co., Ltd., ScinoPharm Taiwan Ltd., Uni-President (Philippines) Corp., Uni-President (Thailand) Ltd., Uni-President (Vietnam) Co., Ltd., Uni-President Enterprises (China) Investment Ltd., President Chain Store Corporation, UNI-PRESIDENT COLD-CHAIN CORP., Presco Netmarketing Inc., Hutubi Uni-President Tomato Product Technology Limited, UNI-PRESIDENT DREAM PARKS CO., President Century Corp., President Property Corporation, Nanlien International Corporation, Prince Real Estate Co., Ltd., Times Square International holdings Corporation, Times Square International Tourism Corporation, Times Square International hotel Corporation, Uni-President Express Corp., Cheng Shi Holdings Co., Ltd.<br>Vice Chairman of Board: President Nisshin Corp.<br>Director: Presicarre Corporation, Uni-Wonder Corporation, Uni-President Organics Corp., Uni-President Glass Industrial Co., Ltd., Cayman President Holdings Ltd., Kai Yu (BVI) Investment Co., Ltd., President Fair Development Corp., Uni-President Southeast Asia Holdings Ltd., Uni-President Asia Holdings Ltd., Uni-President Hong Kong Holdings Limited., Champ Green Capital Limited, Champ Green (Shanghai). Consulting Co., Ltd., Guangzhou President Enterprises Corp., Fuzhou President Enterprises Co., Ltd., Uni-President Enterprises (Xinjiang) Food Co., Ltd., Wuhan President Enterprises Food Co., Ltd., Kunshan United Enterprise Food Co., Ltd., Chengdu Uni-President Enterprise Food Co., Ltd , Shenyang President Enterprises Co., Ltd., Harbin President Enterprises Co., Ltd., Hefei President Enterprises Co., Ltd., Zhengzhou President Enterprises Co., Ltd., Beijing President Enterprises Drinks Co., Ltd., Kunshan President Enterprises Food Co., Ltd., Nanchang President Enterprises Co., Ltd., President (Shanghai) Trading Co., Ltd., Kunming President Enterprise Food Co., Ltd., Yantai Tongli Beverage Industries Co., Ltd., Changsha President Enterprises Co., Ltd., Bama President Mineral Water Co., Ltd., Nanning President Enterprises Co., Ltd., Zanjiang President Enterprises Co., Ltd., Chongqing President Enterprises Co., Ltd., Taizhou President Enterprises Co., Ltd., Akesu President Enterprises Co., Ltd., Changchun President Enterprises Co., Ltd., Uni-President Shanghai Pearly Century Co., Ltd., Baiyin President Enterprises Co., Ltd., Hainan President Enterprises Co., Ltd., Guiyang President Enterprises Co., Ltd., Jinan President Enterprises Co., Ltd., Hangzhou President Enterprises Co., Ltd., Wuxue President Mineral Water Co., Ltd., Shijiazhuang President Enterprises Co., Ltd., Xuzhou President Enterprises Co., Ltd., Henan President Enterprises Co., Ltd., President (Kunshan) Trading Co., Ltd., Shanxi President Enterprises Co., Ltd., Jiangsu President Enterprises Co., Ltd., Changbaishan Mountain President Enterprises (Jilin) Mineral Water Co., Ltd., Ningxia President Enterprises Co., Ltd., Shanghai President Enterprises Co., Ltd., Inner Mongolia President Enterprises Co., Ltd., Shaanxi President Enterprises Co., Ltd., Uni-President Enterprises (Shanghai) Drink and Food Co., Ltd., Uni-President Enterprises (Tianjin) Co., Ltd., Hunan President Enterprises Food Co., Ltd., Uni-OAO Travel Service Corp, President Packaging Holdings Ltd., Kuang Chuan Dairy Co., Ltd., Kuang Chuan Foods Ltd., President Energy Deelopment (Cayman Islands) Ltd, Uni-President Development Corp., President Professional Baseball Team Corp., Tait Marketing & Distribution Co., Ltd., Wei Lih Food Industrial Co., Ltd., Howard Beach Resort Kenting Co., Ltd., President (BVI) International Investment Holdings Ltd., President Chain Store (Labuan Island) Holdings Ltd., Retail Support International Corporation, Uni-President Assets Holdings Ltd., Prince Apartment Management Maintain Corp, Ltd., and Top Power Investment Limited.<br>Supervisor: Infinity Holdings Ltd; Eternity Holdings Ltd.; Celestial Prosperities Holdings Ltd.<br>General manager: Presco Netmarketing Inc.; Uni-President Express Corp. |

| Title | Name | Positions Held Concurrently in Other Company |
|---|---|---|
| Director (Note 1) | Wu Liang-Feng | Chairman of Board: Zhongshan President Enterprises Co., Ltd.,Tianjiang President Enterprises Food Co., Ltd., Qingdao President Feed and Livestock Co., Ltd., and Master Channels Corporation,<br>Director: ZhongjiaGang President Nissan Food Co., Ltd., President Chain Store Corporation, and President Nisshin Corp.<br>General Manager: ZhangJiaGang President Nisshin Food Co., Ltd. |
| Director (Note 1) | Lee Ching-Tyan | Director: Shanghai Songjiang President Enterprises Co., Ltd., Tianjiang President Enterprises Food Co., Ltd., Qingdao President Feed and Livestock Co., Ltd., Uni-President (Philippines)Corp, Uni-President (Vietnam) Co.,Ltd., and President Nisshin Corp.<br>General Manager: President Nisshin Corp. |
| Director (Note 1) | Chen Chao-Liang | Director: Master Channels Corporation |
| Director (Note 1) | Chang Li-Hsun | Director: President Securities Corporation |
| Director (Note 2) | Chen Yi-Tu | Chairman: Tai Hwa Oil Industrial Co., Ltd.; President International Trade and Investment Corp.; Zhangsheng Investment Co., Ltd. |
| Director (Note 2) | Chen I-Tsunz | Chairman: TAI CHENG FLOUR MILL CO., LTD. |
| Director (Note 3) | Han Chia-Yau | Chairman of Board: Great Wall Enterprise Co., Ltd., Chu Fu Investment Co., Ltd., River Huang Investment Limited, Saboten Co., Ltd., Gino Pasco, Great Wall Feedtech Co., Ltd., Total Nutrition Technologies Co., Ltd., City Chain Food Ltd., Oriental Best Foods Co., Ltd., Ltd., Oriental Best Foods Co., Ltd., Wan Neng Biomedical Co., Ltd., Honolulu Chain Food and Beverage Co., Neo Foods Company Limited, San Ming Investment Co., Ltd.<br>Director: Anxin Chao Chu Co., Ltd.; De-Jia Investment Co., Ltd. |
| Independent Director | Huang Pei-Wen | Director: Competence Enterprise Co., Ltd. |
| Independent Director | Yu Chung-Ying | Director: Hwa Zhong Construction Co., Ltd.<br>Supervisor, Hwa-Shong Construction Group |

Note 1: Representative of Uni-President Enterprises Corporation.
Note 2: Representative of Tai Hwa Oil Industrial Co., Ltd.
Note 3: Representative of Great Wall Enterprise Co., Ltd.

## Principal shareholders of institutional shareholders

December 31, 2021

| Name of institutional shareholder | Principal shareholders of institutional shareholders |
|---|---|
| Uni-President Enterprises Corporation | Top Power Investment Limited (5.00%),<br>Cathay Life Insurance Co., Ltd (3.41%),<br>Hongkong Branch of PNB Paribas, under custody of HSBC (3.02％),<br>Hou Po-Ming (2.60%),<br>Hou Po-Yu (2.27%),<br>Special Partnership Account of iVision Partnership Fund Limited under custody of HSBC (1.69%),<br>Kao Hsiu-Ling (1.64%),<br>Investment Account of Saudi Arabian Monetary Agency, under custody of Taipei Branch, JP Morgan (1.47%),<br>New System Labor Pension Fund (1.33%),<br>Norges Bank - Internal Trading Platform - Norges Bank Internal Equity Pension Funds Investment account, custody to CITI (Taiwan) Commercial Bank (1.27%) |
| Tai Hwa Oil Industrial Co., Ltd. | Zhangsheng Investment Co., Ltd. (98.37%);<br>Xiangxi Investment Consultancy Co., Ltd. (1.63%) |
| Great Wall Enterprise Co., Ltd.; | Fu-Ju Investment Co., Ltd. (8.59％), Furui Investment Co., Ltd. (4.42％),<br>De-Jia Investment Co., Ltd. (3.95％), Jui Cheng Management Consulting Co., Ltd. (3.12％),<br>City Chain Food Ltd. (3.10%), Huang He Investment Co., Ltd. (2.38%),<br>Lien Hwa Industrial Holdings Corp. (2.12%), Nanshan Life Insurance (1.93%),<br>Sanming Investment Co., Ltd. (1.48%); Employee Welfare Committee of Great Wall Enterprise Co., Ltd. (1.46%) |

Principal shareholders of the principal shareholders who are corporate shareholders

December 31, 2021

| Corporation name | Principle corporate shareholders |
|---|---|
| Top Power Investment Limited | Infinity Holdings Ltd (51.11%), Eternity Holdings Ltd.(48.89%) |
| Cathay Life Insurance Co., Ltd | Cathay Financial Holding Co., Ltd. (100%) |
| Zhangsheng Investment Co., Ltd. | Chen Yi-Jen (20.36%), President International Trade & Investment Corp.(20.20%), Cheng Yi-Chia (11.42%), Pan Hui-Ling (8.81%), Chen Yi-Liang (5.74%), Lin Ming-Yi (4.30%), Chen Yi-Tu (3.77%), Chen I-Tsunz (3.62%), Chen Zu-Rong (3.54%), Wang Mei-Lian (3.47%) |
| Xiangxi Investment Consultancy Co., Ltd. | Chen Guan-Hua (98%), Chen Wei-Hsun (2%) |
| Fu-Ju Investment Co., Ltd. | Fei-Tai Investment Co., Ltd. (18.53%), Han Chia-Yau (14.81%), Han Chia-Chen(14.81%), Han Chia-Huan (14.81%),Han, Chia-Yin (14.81%) |
| Furui Investment Co., Ltd. | Fei-Tai Investment Co., Ltd. (100%) |
| De-Jia Investment Co., Ltd. | Fei-Tai Investment Co., Ltd. (100%) |
| Jui Cheng Management Consulting Co., Ltd. | Fei-Tai Investment Co., Ltd. (100%) |
| City Chain Food Ltd. | Great Wall Enterprise Co., Ltd. (100%) |
| Huan He Investment Co., Ltd. | Great Wall Enterprise Co., Ltd. (100%) |

## 2. Disclosure of directors’ professional qualifications and independence of the independent directors

| Qualifications / Name | Professional qualification and experience (Note 1) | Any of the conditions indicated under Article 30 of the Company Act | Independence status (Note 2) | The number of other public companies Part-time as an independent director for |
|---|---|---|---|---|
| Lo Chih-Hsien | Educational background: MBA of University of California, Los Angeles<br>Experience: President, Uni-President Enterprises Corp.<br>Current position: please refer to the (I) director information | Yes | Please refer to (I)director information | None |
| Wu Liang-Feng | Educational background: Department of Japanese Language and Literature, Tamkang University<br>Experience: Vice President President’s Office, Uni-President Enterprises Corp.<br>Current position:<br>1. Assistant to Chairman, Uni-President Enterprises (China) Investment Ltd.<br>2. Please refer to the (I) director information | Yes | Please refer to (I)director information | None |
| Lee Ching-Tyan | Educational background: Master’s, Thunderbird School of Global Management, Arizona State University<br>Experience:<br>1. President, Uni-President (Vietnam) Co., Ltd.,<br>2. President, Uni-President (Indonesia) Co., Ltd.,<br>3. President, Uni-President (Philippines) Corp.<br>Current position: please refer to the (I) director information | Yes | Please refer to (I)director information | None |

| | | | | |
|---|---|---|---|---|
| Chen Chao-Liang | Educational background: Master's, Graduate School of Business Administration, Wright State University, the U.S.<br>Experience: Executive Vice President, TTET Union Corporation<br>Current positions:<br>1. President, TTET Union Corporation<br>2. Director of Master Channels Corporation | Yes | Please refer to (I)director information | None |
| Chang Li-Hsun | Educational background: MBA, National Cheng Kung University<br>Experience: Financial Planning Dept., Accounting Dept., and President Secretary Office of Uni-President Enterprises Corp.<br>Current position: Manager, Chairman's Office, Uni-President Enterprises Corp. | Yes | Please refer to (I)director information | None |
| Chen Yi-Tu | Educational background: MBA, Armstrong University<br>Experience: President, Tai Hwa Oil Industrial Co., Ltd.<br>Current position: please refer to the (I) director information | Yes | Please refer to (I)director information | None |
| Chen I-Tsunz | Educational background: Master's, Keio University<br>Experience: Vice President, Tai Hwa Oil Industrial Co., Ltd.<br>Current position: please refer to the (I) director information | Yes | Please refer to (I)director information | None |
| Han Chia-Yau | Educational background: Master's Computer Science, University of Connecticut<br>Experience: Vice Chairman of Board, Great Wall Enterprise Co., Ltd.<br>Current position: please refer to the (I) director information | Yes | Please refer to (I)director information | None |
| Huang Pei-Wen | Education background: Ph.D., Graduate Institute of Human Resource Management, National Sun Yat-sen University<br>Experience:<br>1. Associate Professor, Department of Business Administration, Southern Taiwan University of Science and Technology<br>2. Director, Graduate Institute of Technological and Vocational Education & Human Resource Development, Southern Taiwan University of Science and Technology<br>3. Chair, Department of Leisure, Recreation, and Tourism Management, Southern Taiwan University of Science and Technology<br>Current position: please refer to the (I) director information | Yes | No circumstance specified in Note 2 and conforming to the independence. | None |
| Yu Chung-Ying | Department of Law, National Chengchi University<br>Experience: HR and Legal Affairs Officer, China Steel Corporation<br>Current position: please refer to the (I) director information | Yes | No circumstance specified in Note 2 and conforming to the independence. | None |
| Chen Hsu-Hwa | Education background: MBA, California State University, Long Beach Campus, the U.S.<br>Experience:<br>1. CPA of R.O.C<br>2. CPA, Illinois, the U.S.<br>3. Assistant Vice President, Audit Department, KPMG in Taiwan | Yes | No circumstance specified in Note 2 and conforming to the independence. | None |

Note 1: Professional qualifications and experiences: specify the professional qualifications and experiences of individual directors and supervisors; for these Audit Committee members with accounting or finance expertise, their accounting and finance background with work experiences

shall be specified, and explain if any of the conditions indicated under Article 30 of the Company Act applies to them.

Note 2: For the independent directors, their conformity of independence shall be specified, including but not limited to: themselves, spouses, relatives within the second degree of kinship, are employees, directors or supervisors of the Company or any of its affiliates; the shares of the Company and the shareholding weights held by themselves, spouses, relatives within the second degree of kinship (or under others' names); if they are employees, directors or supervisors of the companies having certain relationships with the Company (please refer to Subparagraph 5-8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); and in the past 2 years, the compensation amount received by providing commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company

## 3. Diversity and Independence of the Board of Directors

### 3-1. Diversity of the Board:

3-1-1. The Company has established the Procedures for Election of Directors, and on October 29, 2015, the 3rd Meeting of the 13th Board, the "Corporate Governance Best Practice Principles" were established upon the Board's approval. Article 20 of which (Abilities shall possessed by the Board as a whole) specifies that:

Other than the directors concurrently serving as the Company's employees not exceeding one third of the total members, the composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

I. Basic requirements and values: Gender, age, nationality, and culture.

II. Professional knowledge and skills:A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties. The abilities that must be present in the board as a whole are as follows:

I. The ability to make judgments about operations.
II. Accounting and financial analysis ability.
III. Business management ability.
IV. Crisis management ability.
V. Knowledge of the industry.
VI. An international market perspective.
VII. Leadership ability.
VIII. Decision-making ability.

3-1-2. The concrete management target of the Company's diversity policy, and achievement are as following:

| Management target | Achievement |
|---|---|
| The directors concurrently serving as the Company's employees not exceeding one third of the total members | Achieved |
| No more than two directors having a marital relationship or a relative within the second degree of kinship to any other director of the Company. | Achieved |

3-1-3. The Implementation of the Board's diversity:

(1) There are eleven directors (including three independent directors); of whom, one director serves a managerial officer, accounting for 9%. This fulfill the management target that the directors concurrently serving as the Company's employees not exceeding one third of the total members. The three independent directors account for 27%; one of them has a tenure of one year, and seven years for other two.

(2) The expertise possessed by the board member include business administration, Japanese, information, law, HR, and accounting, and generally as well as the necessary knowledge, skill, and experience to perform their duties, meeting the

concrete management target of the Company’s diversity policy (see Note 1).

## 3-2. Independence of the Board

There are three independent directors, accounting for 27%; none of them has ay marital relationship or a relative within the second degree of kinship to any other director of the Company with other independent directors and directors; No director has material relationship with another director, but only two directors have a marital relationship or a relative within the second degree of kinship to any other director. Therefore, the circumstances specified in Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act, highlighting the independence of the Board.

Note 1: The Implementation of the Board’s diversity:

| Diversified core items / Name of Directors | Gender | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Professional background | Make judgments about operations | Business management | Accounting, finance or law | Commerce and economics | Crisis management | Industrial experience | An international market perspective. | Leadership ability. | Decision-making ability. |
| Lo Chih-Hsien | Male | Business Administration | V | V | V | V | V | V | V | V | V |
| Wu Liang-Feng | Male | Japan | V | V | V | V | V | V | V | V | V |
| ‘Lee Ching-Tyan | Male | International business administration | V | V | V | V | V | V | V | V | V |
| Chen Chao-Liang | Male | Business Administration | V | V | V | V | V | V | V | V | V |
| Chang Li-Hsun | Male | Business Administration | V | V | V | V | V | V | V | V | V |
| Chen Yi-Tu | Male | Business Administration | V | V | V | V | V | V | V | V | V |
| Chen I-Tsunz | Male | Business Administration | V | V | V | V | V | V | V | V | V |
| Han Chia-Yau | Male | Information science | V | V | V | V | V | V | V | V | V |
| Huang Pei-Wen | Male | Human resources | V | V | | V | V | V | V | V | V |
| Yu Chung-Ying | Male | Law | V | V | V | | V | V | V | V | V |
| Chen Hsu-Hwa | Male | Accounting | V | V | V | V | V | V | V | V | V |

## (II) Information on the Company's General Manager, Assistant General Managers, Deputy Assistant General Managers, and the Supervisors of All the Company's Divisions and Branch Units

December 31, 2021

| Title | Nationality | Name | Gender | Date of Election (Appointment) | Shares held | | Shares held by spouses and/or children of minor age | | Shares held through nominees | | Principal work experience and academic qualifications | Positions Held Concurrently in Other Company | Any other managerial officer who is a spouse or a relative within the second degree of kinship of this person | | | Notes (Note 1) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Number of shares | Shareholding ratio | Number of shares | Shareholding ratio | Number of shares | Shareholding ratio | | | Title | Name | Relationship | |
| General manager | R.O.C. | Chen Chao-Liang | Male | 2016.07.01 | - | - | 80,000 | 0.05% | - | - | Graduate School | Director of Master Channels Corporation | None | None | None | None |
| Assistant General Manager | R.O.C. | Hu, Yu-Chih | Male | 2017.05.16 | 1,050 | 0.001% | - | - | - | - | College | Supervisor of Master Channels Corporation | None | None | None | None |
| Manager | R.O.C. | Li, Wen-Sheng | Male | 2016.07.01 | 46 | - | - | - | - | - | University | None | None | None | None | None |
| Manager | R.O.C. | Chen Kuan-Chou | Male | 2017.05.16 | 50,509 | 0.032% | - | - | - | - | Graduate School | None | None | None | None | None |
| Manager | R.O.C. | Lin, Kun-Cheng | Male | 2017.05.16 | - | - | - | - | - | - | Graduate School | None | None | None | None | None |
| Manager | R.O.C. | Liao, Hsiu-Chuan | Female | 2018.11.01 | - | - | - | - | - | - | Graduate School | None | None | None | None | None |
| Manager | R.O.C. | Li, Yun-Yu | Male | 2019.08.16 | - | - | - | - | - | - | University | None | None | None | None | None |

Note 1: If the chairperson, general manager or person holding an equivalent position are the same person or are spouses, the information regarding the reasons, reasonableness, necessity and countermeasures (such as adding more seats of independent directors, with a majority of directors not concurring employees or managers) shall be disclosed.

(III) Remuneration paid during the most recent fiscal year to Directors, Supervisors, the General Manager and Assistant General Managers

1. Remuneration to the Directors and Independent Directors

December 31, 2021/ Unit: NT$ thousand

| Title | Name (Note 1) (Note 12) | Remuneration of Directors | | | | | | | | After-tax earnings ratio of the sum of A, B, C, and D (Note 10) | | | | Relevant remunerations received by Directors who are also employees | | | | | | | | Percentage of total amount of A, B, C, D, E, F, and G to net income after tax (Note 10) | | | | Claim of remunerations from re-invested businesses other than subsidiaries or the parent company (Note 11) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Remuneration (A) (Note 2) | | Retirement allowance/ severance (B) | | Remuneration to Directors (C) (Note 3) | | Operating expenditure (D) (Note 4) | | | | | | Salary, bonus and special disbursement (E) (Note 5) | | Retiring allowance/severance (F) | | Employees' compensation (G) (Note 6) | | | | | | | | |
| | | This company | Companies in the financial statements (Note 7) | This company | Companies in the financial statements (Note 7) | This company | Companies in the financial statements (Note 7) | This company | Companies in the financial statements (Note 7) | This company | | Companies in the financial statements | | This company | Companies in the financial statements (Note 7) | This company | Companies in the financial statements (Note 7) | This company | | All companies within the financial report (Note 7) | | This company | | Companies in the financial statements | | |
| | | | | | | | | | | | | | | | | | | Current value | Stock value | Current value | Stock value | | | | | |
| Chairman | Representative of Uni-President Enterprises Corp.: Lo Chih-Hsien | -- | -- | -- | -- | 19,132 | 20,010 | 3,870 | 4,350 | 23,002 | 1.85% | 24,360 | 1.96% | 10,074 | 10,074 | 108 | 108 | 1,100 | -- | 1,100 | -- | 34,284 | 2.76% | 35,642 | 2.87% | None |
| Director | Representative of Uni-President Enterprises Corp.: Wu Liang-Feng | | | | | | | | | | | | | | | | | | | | | | | | | |
| Director | Representative of Uni-President Enterprises Corp.: Lee Ching-Tyan (Note 12) | | | | | | | | | | | | | | | | | | | | | | | | | |
| Managing Director | Representative of Uni-President Enterprises Corp.: Chen Chao-Liang (Note 12) | | | | | | | | | | | | | | | | | | | | | | | | | |
| Director | Representative of Uni-President Enterprises Corp.: Chang Li-Hsun (Note 12) | | | | | | | | | | | | | | | | | | | | | | | | | |
| Director | Representative of Tai Hwa Oil Industrial Co., Ltd.: Chen Yi-Tu | | | | | | | | | | | | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Director | Representative of Tai Hwa Oil Industrial Co., Ltd.: Chen I-Tsunz (Note 12) | | | | | | | | | | | | | | | | | | | | | | | | | |
| Director | Representative of Great Wall Enterprise Co., Ltd.: Han Chia-Yu | | | | | | | | | | | | | | | | | | | | | | | | | |
| Director | Huang Yi-Shen (Note 12) | | | | | | | | | | | | | | | | | | | | | | | | | |
| Independent Director | Huang Pei-Wen | -- | -- | -- | -- | -- | -- | 1,810 | 1,810 | 1,810 | 0.15% | 1,810 | 0.15% | -- | -- | -- | -- | -- | -- | -- | -- | 1,810 | 0.15% | 1,810 | 0.15% | None |
| Independent Director | Yu Chung-Ying | | | | | | | | | | | | | | | | | | | | | | | | | |
| Independent Director | Chen Hsu-Hwa (Note 12) | | | | | | | | | | | | | | | | | | | | | | | | | |
| Independent Director | Hsia Liang-Chou (Note 12) | | | | | | | | | | | | | | | | | | | | | | | | | |

1. Please specify the payment policy, system, standards and structure of the remuneration of independent directors, as well as the relevance between the factors, such as their responsibilities, risks, input time and the amount of paid remuneration: the Company’s independent directors are paid with only fixed monthly transportation, but no performance bonus or any remuneration for directors/supervisors.
2. Other than the disclosures in the previous table, please specify the remunerations paid to the directors who provided services to any company in the financial statements (such as serving as non-employee advisor of the parent/companies in the financial statements/re-invested business) in the recent year: None.

## 1-1. Remuneration Range Table

| Range of remuneration to the Company's Directors | Name of Directors | | | |
|---|---|---|---|---|
| | Total amount of the first four remunerations (A + B + C + D) | | Total amount of the first seven remunerations (A + B + C + D + E + F + G) | |
| | This company (note 8) | Companies in the financial statements (Note 9) H | This company (note 8) | Companies in the financial statements (Note 9) I |
| Less than NT$1,000,000 | Wu Liang-Feng, Lee Ching-Tyan, Chen Chao-Liang, Chang Li-Hsun, Chen Yi-Tu, Chen I-Tsunz, Han Chia-Yu, Huang Pei-Wen, Yu Chung-Ying, Chen Hsu-Hwa, Hsia Liang-Chou | Wu Liang-Feng, Lee Ching-Tyan, Chen Chao-Liang, Chang Li-Hsun, Chen Yi-Tu, Chen I-Tsunz, Han Chia-Yu, Huang Pei-Wen, Yu Chung-Ying, Chen Hsu-Hwa, Hsia Liang-Chou | Wu Liang-Feng, Lee Ching-Tyan, Chang Li-Hsun, Chen Yi-Tu, Chen I-Tsunz, Han Chia-Yu, Huang Pei-Wen, Yu Chung-Ying, Chen Hsu-Hwa, Hsia Liang-Chou | Wu Liang-Feng, Lee Ching-Tyan, Chang Li-Hsun, Chen Yi-Tu, Chen I-Tsunz, Han Chia-Yu, Huang Pei-Wen, Yu Chung-Ying, Chen Hsu-Hwa, Hsia Liang-Chou |
| NT$1,000,000 (including) to NT$2,000,000 (excluding) | Lo Chih-Hsien, Huang Yi-Shen | Lo Chih-Hsien, Huang Yi-Shen | Lo Chih-Hsien, Huang Yi-Shen | Lo Chih-Hsien, Huang Yi-Shen |
| NT$2,000,000 (including) to NT$3,500,000 (excluding) | Great Wall Enterprise Co., Ltd.; | Great Wall Enterprise Co., Ltd.; | Great Wall Enterprise Co., Ltd.; | Great Wall Enterprise Co., Ltd.; |
| NT$3,500,000 (including) to NT$5,000,000 (excluding) | Tai Hwa Oil Industrial Co., Ltd. | Tai Hwa Oil Industrial Co., Ltd. | Tai Hwa Oil Industrial Co., Ltd. | Tai Hwa Oil Industrial Co., Ltd. |
| NT$5,000,000 (including) to NT$10,000,000 (excluding) | None | None | None | None |
| NT$10,000,000 (inclusive) to NT$15,000,000 (excluding) | Uni-President Enterprises Corporation | Uni-President Enterprises Corporation | Uni-President Enterprises Corporation, Chen Chao-Liang | Uni-President Enterprises Corporation, Chen Chao-Liang |
| NT$15,000,000 (including) to NT$30,000,000 (excluding) | None | None | None | None |
| NT$30,000,000 (including) to NT$50,000,000 (excluding) | None | None | None | None |
| NT$50,000,000 (including) to NT$100,000,000 (excluding) | None | None | None | None |
| Over NT$100,000,000 | None | None | None | None |
| Total | 13 persons | 13 persons | 13 persons | 13 persons |

Note 1: Names of Directors shall be listed separately (names and representatives of the institutional shareholders shall be listed separately) and Directors and Independent Directors shall be categorized separately and each amount of payment shall be disclosed on an aggregate basis. Where the Chairman concurrently serves as the General Manager or Assistant General Manager, this table and remuneration paid to General Manager and Assistant General Managers shall be completed (to disclose aggregate remuneration information with the name(s) indicated for each remuneration range), and the remuneration brackets shall be specified.

Note 2: It indicates the remuneration paid to Directors (including Directors' salaries, duty allowances, severance pay, various bonuses and incentives, etc.) for the most recent fiscal year.

Note 3: The distribution amount of remuneration to Directors approved by the Board of Directors for the most recent fiscal year shall be provided.

Note 4: It indicates the expenses related to business executions of Directors (including travel expenses, special disbursement, allowances, accommodation, company car, and other physical items) for the most recent fiscal year. Where houses, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the offered assets, the actual rent or fair market rent, expenses on fuel and other benefits shall be disclosed. In addition, where a driver is placed, please provide an explanation in the notes on the compensation paid to the driver by the company, which is not included in the remuneration. In addition, where a driver is placed, please provide an explanation in the notes on the compensation paid to the driver by the company, as it is not included in the remuneration.

Note 5: It indicates the remuneration paid to a director who is also an employee (position held currently as General Manager, Assistant General Managers, other managerial officers or an employee) including directors' salaries, duty allowances, severance pay, various bonuses and incentives, etc., for the most recent fiscal year. Where houses, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the offered assets, the actual rent or fair market rent, expenses on fuel and other benefits shall be disclosed. In addition, where a driver is placed, please provide an explanation in the notes on the compensation paid to the driver by the company, which is not included in the remuneration. In addition, where a driver is placed, please provide an explanation in the notes on the compensation paid to the driver by the company, as it is not included in the remuneration. In addition, the salaries recognized by IFRS 2 "Share-based Payment;" including the employee stock certificates, restricted employee rights to new shares and participation in cash replenishment of shares; must be calculated as compensation.

Note 6: It indicates the employees' remuneration (including stocks and cash) received by a Director who is also an employee (including the position held currently as General Manager, Assistant General Managers, other managerial officer or an employee) for the most recent fiscal year, the distribution amount of employees' remunerations approved by the Board of Directors for the most recent fiscal year shall be disclosed. If it cannot be estimated, the proposed distribution amount this year shall be calculated in proportion to the actual distribution amount last year. For employee bonus paid to managerial officers, the names and distribution shall be additionally provided.

Note 7: The total remunerations paid to Directors of this Company by companies in the consolidated financial statements (including this Company) shall be disclosed.

Note 8: The total remunerations paid to Directors by this Company, the name of a Director shall be disclosed in the corresponding remuneration range.

Note 9: The names of the directors must be disclosed in the attributable pay grade of the various remuneration amounts paid to the various directors by all of the companies listed in the consolidated report (including this company).

Note 10: After-tax earnings refer to the after-tax earnings listed in the unconsolidated or individual financial statements in the recent year.

Note 11: a. The amount of relevant remunerations received by a Supervisor of this Company from the invested company other than subsidiaries, or the parent company, shall be provided clearly in this column (please indicate "none" if there is no such remuneration)

b. Where Directors of this Company received relevant remunerations from the invested company other than subsidiaries, or the parent company, the remunerations received by Directors of this Company from the invested company other than subsidiaries shall be included in the "I" column of the remuneration range table with the field name changed to "the parent company and all reinvested companies."

c. The compensation refers to relevant remunerations to the Company's Directors including remunerations, compensation (including employees' remunerations and remunerations to Directors and Supervisors) and business execution expenses received by a Director of this Company in the capacity of a Directors, Supervisor or Managerial Officer of the invested company or the parent company.

Note12 : The Company re-elected the directors in 2021, and established the Audit Committee replace the position of supervisor. Mr. Lee Ching-Tyan, Mr. Chen Chao-Liang, Mr. Chang Li-Hsun, Mr. Chen I-Tsunz, and Mr. Chen Hsu-Hwa took the office on July 27, 2021; Mr. Huang Yi-Shen and Mr. Hsia Liang-Chou's terms ended on July 27, 2021.

* The information on the compensation disclosed in this table is different from the concept of income of the Income Tax Act. Therefore, the purpose of this Table is for information disclosure only and not for tax purposes.

## 2. Remunerations for supervisors

December 31, 2021/ Unit: NT$ thousand

| Title | Name (Note 1) (Note 8) | Remunerations for supervisors | | | | | | After-tax earnings ratio of the sum of A, B, and C (%) (Note 6) | | | | Claim of remunerations from re-invested businesses other than subsidiaries or the parent company (Note 7) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Remuneration (A) (Note 2) | | Remunerations (B) (Note 3) | | Operating expenditure (C) (Note 4) | | | | | | |
| | | This company | All companies within the Financial Report (Note 5) | This company | All companies within the Financial Report (Note 5) | This company | All companies within the Financial Report (Note 5) | This company | | Companies in the financial statements | | |
| Supervisors | Lee Ching-Tyan | -- | -- | 1,528 | 1,528 | 215 | 215 | 1,743 | 0.14% | 1,743 | 0.14% | None |
| Supervisors | Chang Li-Hsun | -- | -- | 1,528 | 1,528 | 215 | 215 | 1,743 | 0.14% | 1,743 | 0.14% | |
| Supervisors | Chen I-Tsunz | -- | -- | 1,528 | 1,528 | 215 | 215 | 1,743 | 0.14% | 1,743 | 0.14% | |

Note 1: Names of supervisors shall be listed separately (both the name of the institution and its representative shall be listed for an institutional shareholder) and individual payments made shall be disclosed through a summary.

Note 2: The remunerations paid to supervisors in the latest year (including salaries, additional pay, severance pay, various prizes, rewards, among others)

Note 3: The distribution amount of remuneration to Supervisors approved by the Board of Directors for the most recent fiscal year shall be provided.

Note 4: Related expenses for carrying our tasks incurred by supervisors in the latest year (including transportation, special expenditure, various allowances, dormitory and car, among other actual items provided). Where houses, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the offered assets, the actual rent or fair market rent, expenses on fuel and other benefits shall be disclosed. In addition, where a driver is placed, please provide an explanation in the notes on the compensation paid to the driver by the company, which is not included in the remuneration. In addition, where a driver is placed, please provide an explanation in the notes on the compensation paid to the driver by the company, as it is not included in the remuneration.

Note 5: The total value of remunerations paid to supervisors of the Company by all companies in the Consolidated Report (including the Company) shall be disclosed.

Note 6: After-tax earnings refer to the after-tax earnings listed in the unconsolidated or individual financial statements in the recent year.

Note 7: a. The amount of relevant remunerations received by a Supervisor of this Company from the invested company other than subsidiaries, or the parent company, shall be provided clearly in this column (please indicate "none" if there is no such remuneration)

b. Where Supervisors of this Company received relevant remunerations from the invested company other than subsidiaries, or the parent company, the remunerations received by Supervisors of this Company from the invested company other than subsidiaries shall be included in the "D" column of the remuneration range table with the field name changed to "the parent company and all reinvested companies."

c. The compensation refers to relevant remunerations to the Company's Supervisors including remunerations, compensation (including employees' compensation and remunerations to Directors and Supervisors), and business execution expenses received by a Director of this Company in the capacity of a Directors, Supervisor, or Managerial Officer of the invested company or the parent company.

Note 8: The Company established the Audit Committee on July 27, 2021 to replace the position of supervisor.

* The information on the compensation disclosed in this table is different from the concept of income of the Income Tax Act. Therefore, the purpose of this Table is for information disclosure only and not for tax purposes.

## 3 Remunerations for the General Manager and Vice General Manager

December 31, 2021/ Unit: NT$ thousand

| Title | Name (Note 1) | Salaries (A) (Note 2) | | Retirement allowance/severance (B) | | Bonus and special expenditure (C) (Note 3) | | Employee remunerations (D) (Note 4) | | | | After-tax earnings ratio of the sum of A, B, C, and D (%) (Note 8) | | | | Claim of remunerations from re-invested businesses other than subsidiaries or the parent company (Note 9) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | This company | Companies in the financial statements (Note 5) | This company | Companies in the financial statements (Note 5) | This company | Companies in the financial statements (Note 5) | This company | | All companies within the financial report (Note 5) | | This company | | Companies in the financial statements | | |
| | | | | | | | | Current value | Stock value | Current value | Stock value | | | | | |
| General manager | Chen Chao-Liang | 3,705 | 3,705 | 203 | 203 | 12,411 | 12,531 | 1,800 | -- | 1,800 | -- | 18,119 | 1.46% | 18,239 | 1.47% | None |
| Assistant General Manager | Hu, Yu-Chih | | | | | | | | | | | | | | | |

Note: The information of the Company's retiring allowance/severance: NT$203 thousand is the contributed amount.

## 3-1. Remuneration Range Table

| Bracket by which remunerations are paid to respective general managers and vice general managers of the Company | Name of General Manager/Vice General Manager | |
|---|---|---|
| | The Company (Note 6) | All companies within the Financial Report (Note 7) E |
| Less than NT$1,000,000 | None | None |
| NT$1,000,000 (including) to NT$2,000,000 (excluding) | None | None |
| NT$2,000,000 (including) to NT$3,500,000 (excluding) | None | None |
| NT$3,500,000 (including) to NT$5,000,000 (excluding) | None | None |
| NT$5,000,000 (including) to NT$10,000,000 (excluding) | Hu, Yu-Chih | Hu, Yu-Chih |
| NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive) | Chen Chao-Liang | Chen Chao-Liang |
| NT$15,000,000 (including) to NT$30,000,000 (excluding) | None | None |
| NT$30,000,000 (including) to NT$50,000,000 (excluding) | None | None |
| NT$50,000,000 (including) to NT$100,000,000 (excluding) | None | None |
| Over NT$100,000,000 | None | None |
| Total | 2 persons | 2 persons |

Note 1: Names of general managers and vice general managers shall be listed separately and individual payments made shall be disclosed through a summary. Where the Chairman concurrently serves as the General Manager or Assistant General Manager, this table and remuneration paid to Directors/Independent Directors shall be completed (to disclose aggregate remuneration information with the name(s) indicated for each remuneration range) and the remuneration brackets shall be specified.

Note 2: Salaries, additional pay, and severance pay for general managers and vice general managers in the latest year.

Note 3: Various prizes, awards, transportation, special expenditure, various allowances, dormitory, cars and other actual items provided and other compensations for general managers and vice general managers in the latest year. Where houses, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the offered assets, the actual rent or fair market rent, expenses on fuel and other benefits shall be disclosed. In addition, where a driver is placed, please provide an explanation in the notes on the compensation paid to the driver by the company, which is not included in the remuneration. In addition, where a driver is placed, please provide an explanation in the notes on the compensation paid to the driver by the company, as it is not included in the remuneration. In addition, the salaries recognized by IFRS 2 "Share-based Payment;" including the employee stock certificates, restricted employee rights to new shares and participation in cash replenishment of shares; must be calculated as compensation. The car leasing expenses for general managers and vice general managers were NT$702 thousand in 2021.

Note 4: Employee remunerations (including stock and cash) distributed to general managers and vice general managers through the Board of Directors in the latest year (including stock and cash). If it is impossible to estimate the value planned to be distributed this year, follow the actual value distributed last year and calculate proportionally. In addition, the attached Table 1-3 shall be completed.

Note 5: The total value of remunerations paid to general managers and vice general managers of the Company by all companies in the Consolidated Report (including the Company) shall be disclosed.

Note 6: For the total value of various remunerations paid to each general manager and vice general manager by the Company, disclose the name of the general manager and the vice general manager in the respective bracket.

Note 7: For the total value of various remunerations paid to each general manager and vice general manager of the Company by all companies (including the Company) in the Consolidated Report, disclose the name of the general manager and vice general manager in the respective bracket.

Note 8: After-tax earnings refer to the after-tax earnings listed in the unconsolidated or individual financial statements in the recent year.

Note 9: a. The amount of relevant remunerations received by the general managers and vice general managers of this Company from the invested company other than subsidiaries, or the parent company, shall be provided clearly in this column (please indicate "none" if there is no such remuneration)

b. In the event that the general managers and vice general managers of the Company claim related remunerations from reinvested businesses other than subsidiaries or the parent company, the said remunerations shall be combined in Column E of the remuneration bracket table and the name of the column shall be changed to "the parent company and all reinvested businesses."

c. Remunerations are the compensation, rewards (including rewards for employees, directors and supervisors) and operational expenses, among others, claimed by general managers and vice general managers of the Company who serve as the director, supervisor or manager at a reinvested business other than the subsidiary or the parent company.

* The information on the compensation disclosed in this table is different from the concept of income of the Income Tax Act. Therefore, the purpose of this Table is for information disclosure only and not for tax purposes.

## 4. Managers received the distributed remuneration and their status

December 31, 2021/ Unit: NT$ thousand

| | Title (Note 1) | Name (Note 1) | Stock value | Current value | Total | Total amount to after-tax earnings ratio (%) |
|---|---|---|---|---|---|---|
| Manager | General Manager | Chen Chao-Liang | -- | 4,800 | 4,800 | 0.39% |
| | Assistant General Manager | Hu, Yu-Chih | | | | |
| | Manager | Li, Wen-Sheng | | | | |
| | Manager | Lin, Kun-Cheng | | | | |
| | Manager | Chen Kuan-Chou | | | | |
| | Manager | Liao, Hsiu-Chuan | | | | |
| | Manager | Li, Yun-Yu | | | | |

Note 1: The name and title of the individual shall be disclosed but distribution of profits may be disclosed through an aggregation.

Note 2: Employee remunerations (including stock and cash) distributed to managers through the Board of Directors in the latest year. If it is impossible to estimate the value planned to be distributed this year, follow the actual value distributed last year and calculate proportionally. After-tax earnings are those in the latest year. When the International Financial Reporting Standards are adopted, after-tax earnings are those indicated in the entity or individual financial report from the most recent year.

Note 3: For the applicability to managers, follow the Tai-Cai-Zheng-San-Zi No. 0920001301 letter dated March 27, 2003. It shall apply to the following: (1) The general manager and his/her equivalent; (2) the vice general manager and his/her equivalent; (3) the associate manager and his/her equivalent; (4) the head of the Department of Finance; (5) the head of the Department of Accounting; (6) others that deal with corporate management and have the right to provide their signatures.

Note 4: If the director, general manager, and vice general manager claimed employee remunerations (including stock and cash), besides providing information about remunerations paid to directors (including independent directors), supervisors, general managers, and vice general managers, this table shall also be completed.

(IV) Compare and describe separately the analysis of ratios of total remunerations paid to directors, supervisors, general managers, and vice general managers of the Company for the past two years by the Company and all companies in the Consolidated Report in after-tax earnings indicated in the entity or individual financial reports and describe correlation among the remuneration payment policy, standards and combination, remuneration establishing procedures, and management efficacy and risks in the future.

1. Analysis of remunerations paid in the most recent two years

Unit: NT$1,000

| Title | 2020 | | | | | 2021 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Total value of remunerations | | After-tax earnings | Total value to after-tax earnings ratio | | Total value of remunerations | | After-tax earnings | Total value to after-tax earnings ratio | |
| | This company | Companies in the financial statements | | This company | Companies in the financial statements | This company | Companies in the financial statements | | This company | Companies in the financial statements |
| Director<br>Supervisors<br>General managers and vice general managers | 50,600 | 51,763 | 1,291,828 | 3.92% | 4.01% | 48,162 | 49,640 | 1,241,710 | 3.88% | 4.00% |

2. Correlation among the remuneration payment policy, standards and combination, remuneration establishing procedures, and management efficacy and risks in the future:

(1) For the tasks carried out by the Company's directors and supervisors, the Company may pay remunerations; the remunerations are to be enforced in compliance with the Company's internal management system and to be paid according to the peer's standards.

(2) The Company's managerial officers and employees' remuneration policy is established according to personal capabilities, contribution to the Company and performance, and market value of the post served and is positively correlated to the management performance.

(3) The employee's overall compensation package includes three parts: basic salary, bonus and benefits; for the standard of payment, the basic salary is based on the market situation of the position taken, and the bonus is linked to the achievement of the employee and department goals and the Company's operating performance. The welfare design is pursuant to legal requirements, while taking into account the needs of employees to design a perfect welfare measures.

(4) The Company already established its Organic Rules for Compensation Committee and set up the Compensation Committee in compliance with the Regulations Governing the Appointment and Exercise of Powers by the Compensation committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter announced through the Financial Supervisory Commission's Jin-Guan-Zheng-Fa-Zi No. 1000009747 letter dated March 18, 2011. The Compensation Committee performs related duties as required. The operation of the Compensation Committee is disclosed on Page 48-49 of this Annual Report.

# III. Corporate Governance

## (I) Board of Directors:

Throughout 2021 and up to the date this Annual Report was printed, the Board of Directors met eight times (A); attendance to the meetings are as follows:

| Title | Name | Actual frequency of attendance (being seated) in meetings (B) | Frequency of attendance through proxy | Actual frequency of attendance (being seated) in meetings (B/A) | Notes |
|---|---|---|---|---|---|
| Chairman | Representative of Uni-President Enterprises Corporation: Lo Chih-Hsien | 8 | - | 100% | In the re-election on July 27, 2021, elected again |
| Director | Representative of Uni-President Enterprises Corporation: Wu Liang-Feng | 8 | - | 100% | In the re-election on July 27, 2021, elected again |
| Director | Representative of Uni-President Enterprises Corporation: Lee Ching-Tyan | 5 | - | 100% | In the re-election on July 27, 2021, elected as a corporate representative director |
| Director | Representative of Uni-President Enterprises Corporation: Chen Chao-Liang | 5 | - | 100% | In the re-election on July 27, 2021, elected as a corporate representative director |
| Director | Representative of Uni-President Enterprises Corporation: Chang Li-Hsun | 5 | - | 100% | In the re-election on July 27, 2021, elected as a corporate representative director |
| Director | Representative of Tai Hwa Oil Industrial Co., Ltd.: Chen Yi-Tu | 8 | - | 100% | In the re-election on July 27, 2021, elected again |
| Director | Representative of Tai Hwa Oil Industrial Co., Ltd.: Chen I-Tsunz | 4 | 1 | 80% | In the re-election on July 27, 2021, elected as a corporate representative director |
| Director | Representative of Great Wall Enterprise Co., Ltd.: Han, Chia-Yu | 7 | 1 | 87.5% | In the re-election on July 27, 2021, elected again |
| Director | Huang Yi-Shen | 3 | - | 100% | Discharged on July 27, 2021 |
| Independent Director | Huang Pei-Wen | 8 | - | 100% | In the re-election on July 27, 2021, elected again |
| Independent Director | Yu Chung-Ying | 8 | - | 100% | In the re-election on July 27, 2021, elected again |
| Independent Director | Hsia Liang-Chou | 3 | - | 100% | Discharged on July 27, 2021 |
| Independent Director | Chen Hsu-Hwa | 5 | - | 100% | In the re-election on July 27, 2021, newly elected |
| Supervisors | Lee Ching-Tyan | 3 | - | 100% | Discharged on July 27, 2021 |
| Supervisors | Chang Li-Hsun | 3 | - | 100% | Discharged on July 27, 2021 |
| Supervisors | Chen I-Tsunz | 3 | - | 100% | Discharged on July 27, 2021 |

Other details to be documented:

I. In case of any following situation during the operation of the Board of Directors, the date, meeting, description of proposal, opinions from all independent directors and the Company's treatment to such opinions shall be specified.

(I) Matters specified in Paragraph 3, Article 14, Securities and Exchange Act: the Company has established the Audit Committee and thus Paragraph 3, Article 14, Securities and Exchange Act is not applicable. For the explanation regarding the circumstances specified in Paragraph 5, Article 14, Securities and Exchange Act, please refer to the operation of the Audit Committee in the annual report.

(II) Other than the aforementioned, any resolution of the Board of Directors meetings objected to by the independent directors or with reserved opinions, recorded or by written statements: None.

II. For the enforcement of recusal upon conflicts of interest among directors, the name of the director, content of the proposal, reason for the recusal, and participation in the voting process:

(I) The proposal of appointing new president was discussed in the board meeting on August 6, 2021; Director, Chen Chao-Liang recused himself as he serves as a managerial officer of the Company, without participating the discussion and voting. The proposal was approved as it was by other attending directors.

(II) The proposal of appointing (three independent directors as) members of the 5th Remuneration Committee was discussed in the board meeting on August 6, 2021; Directors Huang Pei-Wen, Yu Chung-Ying, and Chen Hsu-Hwa recused themselves due to conflicts of interests, without participating the discussion and voting. The proposal was approved as it was by other attending directors.

(III) The proposal of adjusting remunerations to the independent directors was discussed in the board meeting on August 6, 2021; Directors Huang Pei-Wen, Yu Chung-Ying, and Chen Hsu-Hwa recused themselves due to conflicts of interests, without participating the discussion and voting. The proposal was approved as it was by other attending directors.

III. The assessment cycle and period, scope of assessment, method and content of assessment for the self (or peer) appraisal of the Board of Directors, and list the following implementation of the Board of Director's appraisal:

| Assessment cycle | Assessment period | Assessment scope | Assessment method | Assessment content |
|---|---|---|---|---|
| Once a year | January 1, 2021 to December 31, 2021 | Assessment of the Board of Directors Performance | Internal self assessment in the Board of Directors | 1. Participation in the operation of the company<br>2. Improvement of the quality of the board of directors' decision making<br>3. Composition and structure of the board of directors<br>4. Election and continuing education of the directors<br>5. Internal control |
| | | Individual board member's performance assessment | Self-assessment by Director | 1. Alignment of the goals and missions of the company<br>2. Awareness of the duties of a director<br>3. Participation in the operation of the company<br>4. Management of internal relationship and communication<br>5. The director's professionalism and continuing education<br>6. Internal control |
| | | Functional committee's performance assessment | Internal self assessment in the functional committees | 1. Participation in the operation of the company<br>2. Awareness of the duties of the functional committee<br>3. Improvement of quality of decisions made by the functional committee<br>4. Makeup of the functional committee and election of its members<br>5. Internal control |

IV. Assessment of the reinforced functional objectives of the Board of Directors (*e.g.*, to set up the Audit Committee and to enhance information transparency, among others) and implementation status of the objectives of the immediate year and the latest year

(I) The Company established the Audit Committee on July 27, 2021. Since its establishment until the annual report publication date, the proposals required to be approved by the Audit Committee before submitted to the Board by the Company Act and Paragraph 14-5 of the Securities and Exchange Act, had been approved by the Audit Committee before submitted to the Board for resolution and implementation.

(II) The Company has the "Assessment Procedures of the Board of Directors Performance" approved by the Board of Directors on March 20, 2020; the internal assessment of Board of Directors performance will be conducted at least once per year. The outcomes of the 2020 assessment were submitted to the Board of Directors on March 16, 2021 for report, and outcomes of the 2021 assessment were submitted on February 23, 2022. as the reference to continue enhancing the functions of the Board of Directors.

(III) The Company approved the amendment to partial provisions of the "Corporate Governance Best-Practice Principles" in the 5th meeting of the 15th Board on February 23, 2022, to enhance the control measures to the equity trading, highlight the shareholders' right to know, and preventing insider tradings.

(IV) The relevant information has been updated regularly on the Company's website to enhance information transparency.

## (II) Participation of supervisors in the operations of the Board of Directors:

Throughout 2021 and up to the date this Annual Report was printed, the Board of Directors met three times (A); attendance of directors and supervisors is as follows:

| Title | Name | The actual frequency of being seated in the meetings (B) | Frequency of attendance through proxy | The actual ratio of being seated in the meetings (B/A) | Notes |
|---|---|---|---|---|---|
| Supervisors | Lee Ching-Tyan | 3 | - | 100% | Previous Supervisor, and discharged on July 27, 2021 |
| Supervisors | Chang Li-Hsun | 3 | - | 100% | Previous Supervisor, and discharged on July 27, 2021 |
| Supervisors | Chen I-Tsunz | 3 | - | 100% | Previous Supervisor, and discharged on July 27, 2021 |

Other details to be documented:

I. Composition and Responsibilities of Supervisors:

(I) Communication between Supervisors and Company employees and shareholders (*e.g.*, communication channel and method, among others): Telephones or email are the means of correspondence whenever needed and the Company will hold related meetings from time to time.

(II) Communication between supervisors and the internal audit head and the CPA (*e.g.*, on the financial and business status of the Company, the means and the results, among others): If supervisors have any questions, they may ask the Company's Board of Directors or managers to report to them and the Company will hold related meetings from time to time. The CPA will communicate inspection or review results of financial reports for respective quarters with the Company's supervisors in writing by issuing a communication letter as the governing authority and through periodic meetings.

II. If supervisors seated in Board of Directors meetings state opinions, the date of the Board of Directors meeting, session number, contents of the proposal and decision made by the Board of Directors, and how stated opinions of the supervisors are handled by the Company shall be described: As of July 27, 2021, no supervisors of the Company had been seated in the Board of Directors meeting to state opinions.

Note: The Company established the Audit Committee on July 27, 2021 to replace the position of supervisor.

## (III) The Audit Committee's Operations

1. The Company has established the "Audit Committee Charter" in the board meeting on April 27, 2021, and on July 27, 2021, established the Audit Committee consisting of all three independent directors; the meetings were held at least quarterly.
   The powers and annual key tasks of the Audit Committee are as following:
   (1) The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
   (2) Assessment of the effectiveness of the internal control system.
   (3) The adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
   (4) Matters in which a director is an interested party.
   (5) Asset transactions or derivatives trading of a material nature.
   (6) Loans of funds, endorsements, or provision of guarantees of a material nature.
   (7) The offering, issuance, or private placement of equity-type securities.
   (8) The hiring or dismissal of a certified public accountant, or their compensation.
   (9) The appointment or discharge of a financial, accounting, or internal audit officer.
   (10) Annual financial reports signed or sealed by the Chairman, managerial officer, and the accounting officer, and the Q2 financial statement attested and audited by the CPAs
   (11) Other material matters as may be required by this Corporation or by the competent authority.

2. Throughout 2021 and up to the date this Annual Report was printed, the Audit Committee met five times (A); attendance of directors and supervisors is as follows:

| Title | Name | The actual frequency of attendance in the meetings (B) | Frequency of attendance through proxy | The actual ratio of being seated in the meetings (B/A) | Notes |
|---|---|---|---|---|---|
| Independent Director | Huang Pei-Wen | 5 | - | 100% | The Audit Committee is established on July 27, 2021 |
| Independent Director | Yu Chung-Ying | 5 | - | 100% | |
| Independent Director | Chen Hsu-Hwa | 5 | - | 100% | |

Other details to be documented:

I. If there any of the following during the operation of the Audit Committee, the date of meeting, term, proposal description, objection, qualified opinions, or key recommendation of any independent director, resolution adopted by the Audit Committee and the Company's response to the opinions shall be stated :

(I) Matters specified in Paragraph 5, Article 14, Securities and Exchange Act:

| Date of the Audit Committee meeting | Proposal description and follow-up treatment | Objection, qualified opinions, or key recommendation of any independent director | Resolution adopted by the Audit Committee and the Company's response to the opinions |
|---|---|---|---|
| October 22, 2021 (The 3rd Meeting of the 1st Term) | 1. The Company's 2022 Audit Plan was approved. | None | All members of the Audit Committee approved the proposal and submitted to the Board, and approved after discussion. |
| | 2. Amended the "Procedures of Supervisory Operations to Subsidiaries." | | |
| February 21, 2022 (The 4th | (1) The 2021 Parent-Only and Consolidated Financial Report. | | |
| | 2. The 2021 Internal Control System Statement | | |

| | | | |
|---|---|---|---|
| Meeting of the 1st Term) | 3. The proposal of appointment and remunerations of 2022 attesting CPAs. | | |
| | 4. The independence and suitability assessment of attesting accountants was approved. | | |
| | 5. Proposal of amendments to the Company's "Procedures for the Acquisition or Disposal of Assets". | | |
| February 23, 2022 (The 5th Meeting of the 1st Term) | 1. The Company's 2021 Business Report and earnings distribution schedule. | None | The proposal was approved by the Board and submitted to the Audit Committee for review; all members of the Audit Committee approved the proposal. |

(II) Other than the aforesaid matters, any resolution adopted via two third or more of all directors' approve but not approved by the Audit Committee: none.

II. For the enforcement of recusal upon conflicts of interest of independent directors, the name of the independent director, content of the proposal, reason for the recusal, and participation in the voting process: none.

III. Communications between the independent directors and internal audit officers and CPAs

1. Preparing the monthly audit reports for the review of each independent director; in case of internal control deficiency or irregularity to be improved, the quarterly tracking report shall be prepared.
2. The internal audit officer reported the audit operations in the Audit Committee meetings as required; the implementation of the internal audit, operation of the internal control, follow-up to the improvement of the audit deficiencies and the effects were all sufficiently communicated.
3. Summary of the communications between the independent directors and internal audit officer described as below:

| Date | Communication meetings | Communicated issues | Communicated results |
|---|---|---|---|
| August 4, 2021 | The Audit Committee | Report on the audit implementation | No opinion expressed in the meeting |
| October 22, 2021 | The Audit Committee | 1. Report on the audit implementation | No opinion expressed in the meeting |
| | | 2. 2022 Audit Plan | Submitted to the Board for resolution |
| October 22, 2021 | Individual meeting | Working scope of audits, internal control deficiencies and improvements, description of internal control system corrections | No opinion expressed in the meeting |
| February 21, 2022 | The Audit Committee | 1. Report on the audit implementation | No opinion expressed in the meeting |
| | | 2. Internal Control System Statement | Submitted to the Board for resolution |

4. The attesting CPAs regularly reported the results of auditing or reviewing the financial statements, and communicated other matters required by laws. Summary of the communications between the independent directors and CPAs described as below:

| Date | Communication meetings | Communicated issues | Communicated results |
|---|---|---|---|
| August 4, 2021 | The Audit Committee | Communications about the 2021 Q2 financial statements. | No opinion expressed in the meeting |
| October 22, 2021 | The Audit Committee | Communications about the 2021 Q3 financial statements. | No opinion expressed in the meeting |
| October 22, 2021 | Individual meeting | 1. Communications about the annual audit plan, audit approaches and planning, and the key audit matters<br>2. Responses to the recent material events | No opinion expressed in the meeting |
| February 21, 2022 | The Audit Committee | Communications about the 2021 financial statements. | No opinion expressed in the meeting |

Note: The Company established the Audit Committee on July 27, 2021 to replace the position of supervisor.

(IV) Corporate governance implementation status and deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons

| Assessed areas | Operational status | | | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| I. Does the company establish and disclose its corporate governance best practice principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies? | V | | The Company has established and discloses its corporate governance best practice principles in accordance with the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" on October 29, 2015. On December 22, 2016, April 29, 2020, April 27, 2021, and February 23, 2022 the Company amended some clauses and disclosed such amendments at the Company's website and the MOPS. | None |
| II. Shareholding structure and shareholders' rights<br>(I) Does the company establish internal operating procedures for handling shareholder suggestions, questions, disputes or litigation and handle related matters accordingly?<br>(II) Does the company have a list of major shareholders that have actual control over the Company and a list of ultimate owners of those major shareholdings? | V | | (I) The Company mainly authorizes a professional shareholder service agency to take care of related affairs and there are also the spokesperson and specialists responsible for shareholder service to take care of related matters in a rational and reasonable way. In cases of legal issues, on the other hand, the legal counsel will take care of them.<br>(II) The Company keeps track of its shareholding structure in accordance with the roster of shareholders provided by the shareholder service agency and declares changes in the stock options held by directors and managers periodically. In addition, the Company keeps a good relationship with major shareholders and is able to keep track of related information at any time. | None |

| Assessed areas | Operational status | | | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| (III) Has the company established and implemented risk management and firewall systems within its affiliated enterprises?<br><br>(IV) Has the company established internal rules against insiders trading with undisclosed information? | | | (III) The operating procedure for monitoring subsidiaries is in place and is effectively enforced.<br><br>(IV) 1. The Company has the "Operational Procedures for Handling the Internal Material Information" in place, the regulations to prevent any insider to trade negotiable securities based on the information not known to the market.<br>2. Other than the promotion of related laws and regulations when the insiders take office, the regular written reminders of the related laws and regulations are also provided to the insiders.<br>3. Article 15 of the Company's "Procedures for Ethical Management and Guidelines for Conduct" specifies that the employees of the Company shall observe the Securities and Exchange Act, not to use the undisclosed information know to them to conduct insider trading, nor leak such information to others and enable them to conduct insider trading with the information.<br>4. The Company approved the amendment to partial provisions of the "Corporate Governance Best-Practice Principles" on February 23, 2022, to regulate the control measures to the equity trading of insiders since the day knowing the information about | |

| Assessed areas | Operational status | | | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | the Company's financial statements and results, including no equity trading is allowed during 30 day prior to the publication of the annual financial statement and 15 days prior to that of the quarterly statements. The related unit also remind the insiders before the quarterly board ratifies the financial statements, regarding the period for them to suspend trading the Company's shares. | |
| III. Composition and Responsibilities of the Board of Directors<br>(I) Has the Board established a diversification policy, concretely managed the objectives, and actually implemented? | V | | (I) Article 20 of the "Corporate Governance Best-Practice Principles" requires that other than the directors concurrently serving as the Company's employees not exceeding one third of the total members, the composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:<br>1. Basic requirements and values: Gender, age, nationality, and culture.<br>2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience. | (I) None |

| Assessed areas | Operational status | | | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| (II) Does the Company voluntarily establish other functional committees in addition to the Compensation Committee and the Audit Committee that are established as required by laws? | V | | The concrete management target of the diversity policy is that the directors concurrently serving the Company's managerial officers account no more than one third of all board members, and no more than two directors having a marital relationship or a relative within the second degree of kinship to any other director of the Company. Both were achieved.<br>There are eleven directors (including three independent directors); of whom, one director serves a managerial officer (9%); two directors having a marital relationship or a relative within the second degree of kinship to any other director of the Company (18%). One of independent director has a tenure of one year, and seven years for other two.<br>The expertise possessed by the board member include business administration, Japanese, information, law, HR, and accounting, and generally as well as the necessary knowledge, skill, and experience to perform their duties, meeting the concrete management target of the Company's diversity policy.<br>(II) The Company has not established other functional committees in addition to the Remuneration Committee and the Audit Committee | (II) Pending for evaluation<br>(III) None |

| Assessed areas | Operational status | | | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| (III) Has the Company established the evaluation guidelines and methods for the Board of Directors' performance, for the regular annual performance evaluation; as well as presents the outcome of such evaluations to be applied to the remuneration to each director and their re-election nominations? | | | (III) The Company has established and discloses its performance evaluation guidelines for the Board in accordance with Article 37 of the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" on March 20, 2020, for the regular annual performance evaluation; as well as presents the outcome of such evaluations to be applied to the remuneration to each director and their re-election nominations. The results of the 2020 evaluation were reported to the board meeting on March 16, 2021; the results of 2021 were reported to the board meeting on February 23, 2022 | |
| (IV) Does the Company regularly evaluate the independence of CPAs? | | | (IV) As required by Article 29 of the Corporate Governance Best Practice Principles, the Company evaluates the independence of CPAs once a year and the results are submitted to the Board of Directors to be deliberated and approved. Pursuant to the review by the Audit Committee on February 21, 2022, and the board of director on February 23, 2022, the CPAs, Lin Tzu-Yu, Lin Yung-Chih, of PwC Taiwan, both have met the Company's criteria of independence evaluation (Note 1), and are qualified to be the Company's certifying CPAs; the accounting firm also provided the statement (Note 2). | (IV) None |

| Assessed areas | Operational status | | | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| IV. Has the Company had an adequate number of corporate governance personnel with appropriate qualifications, as well as assigned the head of corporate governance, to take charge of corporate governance-related affairs (including without limitation providing information required for directors and supervisors to carry out their tasks, organizing matters relating the Board of Directors' and shareholders' meetings, taking care of registration and alteration registration of the company, producing minutes of the Board of Directors' and shareholders' meetings)? | V | | The Company's Department of Finance is responsible for providing information required for directors and supervisors to carry out their tasks, assisting them to comply with laws and regulations, organizing matters relating the Board of Directors' and shareholders' meetings, producing minutes of the Board of Directors' and shareholders' meetings, among other matters relating corporate governance. | Pending for evaluation |
| V. Does the company establish a communication channel and set up a designated section on its website for stakeholders (including without limitation shareholders, employees, customers, and suppliers, etc.), and properly respond to corporate social responsibility issues that stakeholders are concerned about? | V | | (I) We have established the spokesperson system as required to take care of related matters.<br>(II) In various ways, including phone calls, e-mails, visiting and the periodical or random announcements to maintain the interactions with the stakeholders.<br>(III) The Company has a designated section for stakeholders and a designated section to deal with corporate social responsibility on its website and has an external correspondence box under the charge of a specialist to facilitate communications with stakeholders and responding to related issues in a timely manner. | None |
| VI. Does the company designate a professional shareholder service agency to deal with affairs related to shareholders' meetings? | V | | The Shareholder Service Department of President Securities Corp. is currently taking care of related matters concerning the Company's shareholders' meetings. | None |

| Assessed areas | Operational status | | | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| VII. Disclosure of Information<br>(I) Has the company established a corporate website to disclose information regarding the company's financial, business and corporate governance status?<br>(II) Does the company have other information disclosure channels (e.g., maintaining an English website, appointing responsible people to handle information collection and disclosure, enforcing a spokesperson system, webcasting investor conference on company website)?<br>(III) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline? | V | | (I) The Company has the website (https://www.ttet.com.tw) and in the section for stakeholders, there are sub-sections of "Investor Relations" and "Corporate Governance" to disclose related information on the finance, business and corporate governance and update related information at any time.<br>(II) Except for disclosing the related financial and non-financial information at the MOPS, as required by the competent authorities, the Company has set up the English version website (http://www.ttet.com.tw/index.php?lang=en). Based on the function, dedicated personnel are assigned to the tasks of collecting and disclosing the Company's information. The spokesperson system is also established and implemented. The information about the institutional investor conferences are also disclosed on the Company's website.<br>(III) For the announcement and reporting schedule of the annual and the first, second and third quarter financial reports, the Company announces and reports before the deadlines. | None |
| VIII. Is there any other important information available to facilitate a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of | | | The Company cares about the rights of all stakeholders, to implement a good corporate governance, the Company keeps tracking issues that stakeholders are concerned about through various channels and re-inforces the management of and improves these | |

| Assessed areas | Operational status | | | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| stakeholders, continuing education of directors and supervisors, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)? | V | | issues.<br>(I) The Company highly values employee welfare and rights. Besides providing employees with a complete educational training system, there are employee canteen, child-care subsidies, commuter buses, employee physical checkup, employee bonus, among others, so that employees are entitled to a sound welfare system and can be assured while devoting themselves to work.<br>(II) The Company maintains close interactive relationships with suppliers so that the purchase cost of the Company and profits for the suppliers can reach a balance.<br>(III) The Company discloses related financial and operating information as required by law and continues to reinforce its information transparency. Meanwhile, there is the spokesperson system in place to provide investors and stakeholders with necessary related information.<br>(IV) Continuing education for directors and supervisors: The Company follows the requirements of the reference examples provided in the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies. For related continuing education update, refer to Note 3.<br>(V) Attendance by directors and seating of supervisors | None |

| Assessed areas | Operational status | | | Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | in Board of Directors' meetings are handled as required. Related information is disclosed on pages 28-30 of this Annual Report.<br>(VI) With regard to purchasing liability insurance for the Company's directors and supervisors, it has been done according to regulatory requirements. The Company extended duration of insurance coverage in June 2021.<br>(VII) For other matters concerning corporate governance, the Company follows applicable specific laws and regulations and handles them in precise compliance. In addition, there are the Corporate Governance Best Practice Principles, the Ethical Corporate Management Best-Practice Principles, and the Corporate Social Responsibility Best Practice Principles in place. | |
| IX. Please explain improvements and introduce priorities to be improved and measures taken for those pending improvements according to the corporate governance evaluation results released by the Corporate Governance Center of Taiwan Stock Exchange Corporation for the most recent year.<br>1. Improvements:<br>(1) On the official website, the Company has added the communication channels for the stakeholders, and disclose the categories of the stakeholders, concerned issue, communication channels and frequencies.<br>(2) The Company has disclosed the annual GHG emission, water consumption, and total weight of waste in the past two years.<br>(3) The Audit Committee has been established; the annual tasks and operation of which are disclosed in this annual report.<br>(4) Upload the annual report in English 16 days prior to the AGM.<br>2. Matters to be improved and measures as the first priority<br>(1) To diversify the schedule of shareholders' meeting, the Company will convene the AGM at the end of May 2022.<br>(2) The Company will continue to assess the parts gaining no score for the feasibility of future improvement. | | | | |

Note 1: CPA Independence Evaluation Criteria

| Item | Description of key element reviews regarding independence | Are the independence elements fulfilled? |
|---|---|---|
| 01 | The accountant himself/ herself or his/ her spouse or underage children are not in an investment or sharing of financial interests' relationship with the Company. | Yes |
| 02 | The accountant himself/ herself or his/ her spouse or underage children do not borrow funds from or lend them to the Company. If the client is a financial institution and normal correspondence is involved, however, this shall not apply. | Yes |
| 03 | There is no validated service report provided by the accounting firm for the effective operation of the financial information system it designs or helps implement. | Yes |
| 04 | The accountants or the audit service group members are not a director, manager or someone holding a post that has significant impacts on audit cases in the Company now and have not been so for the past two years. | Yes |
| 05 | There are no important items of the non-audit services provided to the Company that will have direct impacts on audit cases. | Yes |
| 06 | The accountants or the audit service group members are not promoting or brokering shares or other securities issued by the Company. | Yes |
| 07 | The accountants or the audit service group members are not defending the Company in its legal cases or other disputes involving a third party. | Yes |
| 08 | The accountants or the audit service group members are not the spouse, lineal relative by blood, lineal relative by affinity or relative within the second degree of kinship of a director, manager or someone holding an important post that has significant impact on audit cases in the Company. | Yes |
| 09 | Co-accountants that have left work for less than a year are not a director, manager or someone holding an important post that has significant impacts on audit cases in the Company. | Yes |
| 10 | The accountants or the audit service group members do not receive gifts or special offers of significant value from the Company or the director, manager or major shareholder. | Yes |
| 11 | The accountants are not hired by the client or the party being inspected to carry out routine tasks on a fixed salary or as a director or supervisor. | Yes |
| 12 | Listed companies:<br>The accountants have not been providing the Company with audit service for 7 consecutive years.<br>Non-listed companies:<br>The accountants have not been providing the Company with audit service for 10 consecutive years. | Yes |

| | Description of the review to the operation of independence | Are the independence elements fulfilled? |
|---|---|---|
| 01 | Has the accountant recused himself or herself from handling matters authorized to him/ her that were in direct or indirect yet significant conflicts of interest with him/ her to possibly affect his/ her impartiality and independence? | Yes |
| 02 | Does the accountant maintain formal independence besides substantial independence while inspecting, reviewing, performing follow-up review, or conducting project-based review of financial reports and rendering his/ her opinions? | Yes |
| 03 | Do the audit service group members, other co-accountants or shareholders of legal accounting firms, accounting firms, their affiliated businesses, and allies maintain independence toward the Company? | Yes |
| 04 | Does the accountant provide professional services with a righteous and rigid attitude? | Yes |
| 05 | Does the accountant maintain an impartial and objective position while providing professional services and avoid bias, conflicts of interest or conflicting relationships that affect his/ her professional judgment? | Yes |
| 06 | The accountant has not been affected with regard to his/ her righteous, impartial and objective position because of the lack or loss of independence. | Yes |

Note 2: Statement issued by PwC Taiwan

PwC

statement

Recipient: TTET Union Corporation

Date: January 10, 2022
Document reference#: PwC Accounting General No. 21016253

Subject: Please be advised that the office has, in response to your esteemed company and your subsidiaries (hereinafter collectively referred to as "Your Esteemed Group's") request, in compliance with the Certified Public Accountants' Ethical Guideline Journal number 10 – the "integral, fair, objective and independent" stipulations, performed our office's evaluation on your esteemed group's independence, with evaluation findings and the statement issues as described in the description section.

Description:

I. As stipulated under Article 4 of the Certified Public Accountants' Ethical Guideline Journal number 10 (hereinafter referred to as the "Number 10 Journal"), a certified public accountant is not only to "maintained the tangible independence" when auditing or authenticating financial statements, and it is significantly more important to focus on its format. With that said, audit service team members, other peer practicing CPAs, the office and office-related enterprises (hereinafter referred to as the Service Team Members and the Office's Related Parties) need to maintain their independence from the client being audited. Also Article 7 of the number ten journal also explains that "the independence might be affected by self-interest, self-evaluation, defense, level of familiarity and threat." Therefore, the office can only attest to your esteemed group on probable factors that might hinder the independence as described under Article 7 one by one that our office's independence has not been hindered by the foresaid factors.

II. Our office's independence has not been impaired by self-income

Our office's independence has not been hindered by self-interest. The office hereby attests that audit team members and the office's related parties have not with your esteemed group or its directors and auditors had any (I) direct or significantly indirect financial gains relation; (II) close-knit commercial relation; (III) potential hiring relation; (IV) financing or guarantee conduct.

III. Our office's independence has not been impaired by self-evaluation

The office hereby attests that audit service team members, at present or in the most recent two years, have not acted as your esteemed group's directors or auditors or held any position bearing significant impact to the audit case; in addition, the office also has not supplied any non-audit service cases to directly affect the audit case's critical items.

資誠聯合會計師事務所 PricewaterhouseCoopers，Taiwan
701024 台南市東區林森路一段 395 號 12 樓
12F, No. 395, Sec. 1, Linsen Rd., East Dist., Tainan 701024, Taiwan
T: +886 (6) 234 3111, F: +886 (6) 275 2598, www.pwc.tw

PwC

IV. Our office’s independence has not been impaired by defense

The office hereby attests that audit service team members have not been appointed to defend your esteemed groups’ stance or opinion, or represent your esteemed group as an intermediary to coordinate conflict occurred with third parties.

V. Our office’s independence has not been hindered by familiarity

The office hereby attests that (I) audit service team members have not had any blood relation to your esteemed group’s directors/auditors, managers or personnel holding significantly influential positions to the audit case; (II) our former co-practicing CPAs resigned within one year have not acted as your esteemed group’s directors/auditors, managers or persons with significantly influential positions to the audit case; (III) audit service team members have not accepted significantly valuable gratuity or gift from your esteemed groups’ directors/auditors, managers.

VI. Our office’s independence has not been hindered by threat

The office hereby attests that audit service team members have not accepted or being influenced by your esteemed group management’s improper request on the choice of accounting policy or financial statement disclosure; or reduce the mandated audit work to be executed on the ground of reducing the remuneration, to hinder its objectivity and professional skepticism.

The office, in making the above statement, has not only adhered to the office’s relevant client independence check-related operating procedures, and has also exerted its due diligence on all professional cautions, as duly reported herein.

Appendages

I. Manifest of the audit service team members as stipulated by the number 10 journal.
II. Manifest of CPAs withdrew from joint practice in the most recent one year.
III. Manifest of enterprises affiliated with PcW.
IV. Non-audit service items PwC and its affiliated enterprises rendered on behalf of TTET Union Corporation.

PwC Taiwan
Certified public accountants: Lin Tzu-Yu

Note 3: Status of Continuing Education for the directors and supervisors in 2021

| Job Title | Name | Date | Organizer | Title of Program | Number of Hours Completed | Total Number of Hours Completed |
|---|---|---|---|---|---|---|
| Director | Lo Chih-Hsien | 2021/04/23 | Taiwan Institute of Directors | The obligations and responsibilities of enterprises and directors under the Securities and Exchange Act. | 3 | 6 |
| | | 2021/10/22 | Taiwan Institute of Directors | The future sustainable development blueprint planned by the corporate governance 3.0 | 3 | |
| Director | Wu Liang-Feng | 2021/10/26 | Taiwan Institute of Directors | Embracing new intelligence and enhancing the innovation governance, for improving enterprise brand with AI | 3 | 6 |
| | | 2021/12/15 | Taiwan Institute of Directors | New ESG view: the milestone of carbon neutrality | 3 | |
| Director | Lee Ching-Tyan | 2021/04/23 | Taiwan Institute of Directors | The obligations and responsibilities of enterprises and directors under the Securities and Exchange Act. | 3 | 6 |
| | | 2021/10/22 | Taiwan Institute of Directors | The future sustainable development blueprint planned by the corporate governance 3.0 | 3 | |
| Director | Chen Chao-Liang | 2021/09/01 | Securities and Futures Bureau, Financial Supervisory Commission | The 13th Taipei Corporate Governance Forum | 3 | 12 |
| | | 2021/10/13 | Securities and Futures Institute | The effects of the new Labor Incident Act on the corporate's risks and the countermeasures. | 3 | |
| | | 2021/10/26 | Taiwan Institute of Directors | Embracing new intelligence and enhancing the innovation governance, for improving enterprise brand with AI | 3 | |
| | | 2021/12/15 | Taiwan Institute of Directors | New ESG view: the milestone of carbon neutrality | 3 | |
| Director | Chang Li-Hsun | 2021/04/23 | Taiwan Institute of Directors | The obligations and responsibilities of enterprises and directors under the Securities and Exchange Act. | 3 | 6 |
| | | 2021/08/23 | Taiwan Institute of Directors | Risk management of AML and CTF, and the principles of fair treatments to clients. | 3 | |
| Director | Chen Yi-Tu | 2021/10/26 | Taiwan Institute of Directors | Embracing new intelligence and enhancing the innovation governance, for improving enterprise brand with AI | 3 | 6 |
| | | 2021/12/15 | Taiwan Institute of Directors | New ESG view: the milestone of carbon neutrality | 3 | |
| Director | Chen I-Tsunz | 2021/10/26 | Taiwan Institute of Directors | Embracing new intelligence and enhancing the innovation governance, for improving enterprise brand with AI | 3 | 6 |
| | | 2021/12/15 | Taiwan Institute of Directors | New ESG view: the milestone of carbon neutrality | 3 | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Director | Han Chia-Yau | 2021/03/03 | Taiwan Corporate Governance Association | How to reach the peak and operate sustainably in the globalized competition market. | 3 | 6 |
| | | 2021/11/05 | Taiwan Corporate Governance Association | Trends of digital technologies and AI, and the risk management | 3 | |
| Independent Director | Huang Pei-Wen | 2021/10/26 | Taiwan Institute of Directors | Embracing new intelligence and enhancing the innovation governance, for improving enterprise brand with AI | 3 | 6 |
| | | 2021/12/15 | Taiwan Institute of Directors | New ESG view: the milestone of carbon neutrality | 3 | |
| Independent Director | Yu Chung-Ying | 2021/10/26 | Taiwan Institute of Directors | Embracing new intelligence and enhancing the innovation governance, for improving enterprise brand with AI | 3 | 6 |
| | | 2021/12/15 | Taiwan Institute of Directors | New ESG view: the milestone of carbon neutrality | 3 | |
| Independent Director | Chen Hsu-Hwa | 2021/09/01 | Securities and Futures Bureau, Financial Supervisory Commission | The 13th Taipei Corporate Governance Forum | 6 | 12 |
| | | 2021/10/26 | Taiwan Institute of Directors | Embracing new intelligence and enhancing the innovation governance, for improving enterprise brand with AI | 3 | |
| | | 2021/12/15 | Taiwan Institute of Directors | New ESG view: the milestone of carbon neutrality | 3 | |

## (V) Composition and Operation of the Remuneration Committee

### 1. Information of the Remuneration Committee Members

| Status | Qualifications / Name | Professional qualification and experience (Note 1) | Independence status (Note 2) | Number of other public offering companies with part-time membership of their Compensation Committee |
|---|---|---|---|---|
| Convener of independent directors | Huang Pei-Wen | Education background: Ph.D., Graduate Institute of Human Resource Management, National Sun Yat-sen University<br>Experience:<br>1. Associate Professor, Department of Business Administration, Southern Taiwan University of Science and Technology<br>2. Director, Graduate Institute of Technological and Vocational Education & Human Resource Development, Southern Taiwan University of Science and Technology<br>3. Chair, Department of Leisure, Recreation, and Tourism Management, Southern Taiwan University of Science and Technology<br>Current position: Director, Competence Enterprise Co., Ltd. | No circumstance specified in Note 2 and conforming to the independence. | None |
| Independent Director | Yu Chung-Ying | Department of Law, National Chengchi University<br>Experience: HR and Legal Affairs Officer, China Steel Corporation<br>Current position:<br>1. Director,Hwa Zhong Construction Co., Ltd.<br>2. Supervisor, Hwa-Shong Construction Group | No circumstance specified in Note 2 and conforming to the independence. | None |
| Independent Director | Chen Hsu-Hwa | Education background: MBA, California State University, Long Beach Campus, the U.S.<br>Experience: 1. CPA of R.O.C<br>2. CPA, Illinois, the U.S.<br>3. Assistant Vice President, Audit Department, KPMG in Taiwan | No circumstance specified in Note 2 and conforming to the independence. | None |

Note 1: Professional qualifications and experience: specify the professional qualifications and experience of each member

Note 2: Conformity to Independence: specify the members' conformity of independence shall be specified, including but not limited to: themselves, spouses, relatives within the second degree of kinship, are employees, directors or supervisors of the Company or any of its affiliates; the shares of the Company and the shareholding weights held by themselves, spouses, relatives within the second degree of kinship (or under others' names); if they are employees, directors or supervisors of the companies having certain relationships with the Company (please refer to Subparagraph 5-8, Paragraph 1 Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); and in the past 2 years, the compensation amount received by providing commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company.

### 2. State of operations of the Remuneration Committee

(I) The Company's Compensation Committee has 3 members in total.

(II). Tenure of current members: From August 6, 2021 to July 26, 2024. The Compensation Committee met three times (A) in total throughout 2021 and up to the date this Annual Report was printed. Qualification and attendance of the members are as follows:

| Title | Name | The actual frequency of attendance in the meetings (B) | Frequency of attendance through proxy | The actual ratio of being seated in the meetings (%)( (B/A) | Notes |
|---|---|---|---|---|---|
| Convener | Huang Pei-Wen | 3 | - | 100% | In the re-election on August 6, 2021, elected again |
| Member | Yu Chung-Ying | 3 | - | 100% | In the re-election on August 6, 2021, elected again |
| Member | Chen Hsu-Hwa | 2 | - | 100% | The term of office of the new independent directors started from August 6, 2021 |
| Member | Hsia Liang-Chou | 1 | - | 100% | The term of office of the previous independent directors ended on August 5, 2021 |

Other details to be documented:

I. If the Board of Directors does not accept or modifies suggestions provided by the Compensation Committee, the date of the Board of Directors meeting, the session number, contents of the proposal, decisions made by the Board of Directors, and management of opinions from the Compensation Committee by the Company should be stated (If the compensation and rewards approved by the Board of Directors are superior to those advised by the Compensation Committee, there should be descriptions of the differences and reasons considered): The 6th meeting of the 4th term was held on March 3, 2021 and minutes were produced and submitted to the Board of Directors of the Company on March 16, 2021 for decisions and were approved. The 1st meeting of the 5th term was held on October 22, 2021 and minutes were produced and submitted to the Board of Directors of the Company on October 26, 2021 for decisions and were approved. The 2nd meeting of the 5th term was held on February 21, 2022 and minutes were produced and submitted to the Board of Directors of the Company on February 23, 2022 for decisions and were approved. The Board of Directors has not rejected or revised proposals from the Compensation Committee.

II. For decisions made by the Compensation Committee, as long as there are members objecting or having their reservations that are recorded or stated in writing, the date of the Compensation Committee meeting, the session number, contents of the proposal, and how opinions from all members and from opposing members are handled should be described: Not applicable.

(VI) Promotion of Sustainable Development Implementation Status and Deviations from "the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies"

| Items Promoted | Implementation | | | Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| I. Did the company have established the governance framework for promoting sustainable development a designated unit in charge of promoting sustainable development, and the senior management is authorized by the board of directors for handling, as well as the status of board of directors' oversight? | V | | The Company has set up a managerial organization of CSR management, authorizing the executives to handle by the Board of Directors, to be responsible of the promotion of works related to sustainable development. From 2014, the CSR report has been issued annually. Currently the CSR reports from 2013 to 2020 are published on the Company's website and the MOPS. The 2020 CSR report was published on August 6, 2021, upon the review of the Board of Directors. | None |
| II. Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related policy or strategy? | V | | The CSR report prepared by the Company every year incorporate the analysis of materiality, to identify the sustainability issues concerned by the stakeholders and how the managers consider the impacts from such issues to the sustainable operation of the Company. For the identified material topics, the Company enhances their management, and discloses the relevant policies and systems in the report. | None |
| III. Environmental Issues<br>(I) Has the Company developed an appropriate environmental management system, given its distinctive industrial characteristics? | V | | (Refer to the Company's Corporate Social Responsibility Report – Environmental Protection)<br>The Company has established the management systems for environmental health and safety and energy. Through environmental and energy system certifications such as ISO14001 (date of certification: November 28, 2001; valid period: November 19, 2021 to November 18, 2024), ISO50001 (date of certification: November 1, 2016; valid period: November 1, 2019 to October 31, 2022), and | None |

| Items Promoted | Implementation | | | Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | ISO14064. The environmental regulations are reviewed quarterly and the legality is evaluated, and the internal and external audit is conducted at least once annually and the regular review of such managements, the performance of executions are assessed. | |
| (II) Has the Company endeavored to improve the utilization efficiency of energies and used recycled materials which have a low impact on the environment? | V | | The identification of environmental considerations based on the management systems for environmental, health and safety and energy. The policies are prescribed to promise the compliance, enhance the environmental protection, and increase the utilization efficiency. The material environmental considerations or energy consuming equipment based on the identification are controlled or improved. The utilization efficiency of resources is counted, to set up the annual environmental, health and safety goals for pollution prevention, energy-saving, and carbon-reduction, for quarterly inventory and review of the implementation progress. In 2021, three energy policies were established and 273,500 kWh was saved. | None |
| (III) Has the Company evaluated the potential risks and opportunities from the climate changes to the current and future Company, and take countermeasures? | V | | The Company has established the Safety and Environmental Office as the dedicate office for the environmental management, in charge of planning, promoting, and auditing the environmental management, including reviewing the climate change issues, as well as promoting the countermeasures of climate related issues, such as inventory and certification of greenhouse gas and voluntary reduction, monitoring the amendments to laws, evaluating the effects of collections of related environmental fees on the operations, and working on the | None |

<table>
<tr><th rowspan="2">Items Promoted</th><th colspan="3">Implementation</th><th rowspan="2">Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>energy saving and waste reduction.</td><td></td></tr>
<tr><td>(IV) Has the Company had statistics of the greenhouse gas emission, water usage and the total weight of wastes in the past two years, as well as established the policies for greenhouse gas reduction, water reduction and other waste management?</td><td>V</td><td></td><td>1. Statistics of environment<br>1.1 GHG emission
<table>
<tr><th colspan="3">The GHG emission in the past years at the factories of TTET Union Corporation<br>Unit: ton/CO2-e</th></tr>
<tr><td>Year</td><td>2020</td><td>2021</td></tr>
<tr><td>Scope I</td><td>7,192</td><td>4,078</td></tr>
<tr><td>Scope II</td><td>117,800</td><td>114,821</td></tr>
<tr><td>Total emission volume</td><td>124,992</td><td>118,899</td></tr>
<tr><td colspan="3">Note: The 2021 data have not been attested.</td></tr>
</table>
1.2 Water consumption.
<table>
<tr><th colspan="3">The water consumptions in the past years at the factories of TTET Union Corporation<br>Unit: million liter</th></tr>
<tr><td>Title</td><td>2020</td><td>2021</td></tr>
<tr><td>Water intake volume</td><td>273.35</td><td>215.60</td></tr>
<tr><td>Water drainage</td><td>192.44</td><td>171.93</td></tr>
</table>
</td><td>None</td></tr>
</table>

| Items Promoted | Implementation | | | Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | 1.3 Weight of waste | |

The statistics of waste weight in the past years at TTET Union Corporation

Weight (kg)

| Title | 2020 | 2021 |
|---|---|---|
| White carbon | 1,941,920 | 1,687,160 |
| sludge | 115,200 | 88,160 |
| Title | 2020 | 2021 |
| Waste lubricants | 11,900 | 40,270 |
| Waste plastic mixture | 9,100 | 9,200 |
| Waste rubber mixture | 2,100 | 1,050 |
| Waste wooden mixture | 3,770 | 4,270 |
| Waste fabrics and cotton cloth mixture | 6,080 | 2,050 |
| General garbage | 79,940 | 69,650 |
| Other uncategorized general industrial waste | 14,660 | 21,760 |

2. The Company has set up a safe environment room to take charge of environmental management; the office is responsible for planning, promoting, and inspecting environmental management. The industrial greenhouse gas inventory checks are declared with the Bureau of Energy, the Industrial Development Bureau of the Ministry of Economic Affairs, and the Environmental Protection Administration periodically, annual 1% power-saving, and voluntary reduction of greenhouse

| Items Promoted | Implementation | | | Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | gas, as well as the categorization of waste and in-house recycle; meanwhile, energy-saving and carbon reduction are promoted.<br>3. The Company has established the management systems for environmental health and safety and energy. Through environmental and energy system certifications such as ISO14064-1 (date of certification: November 28, 2001; valid period: November 19, 2021 to November 18, 2024). | |
| IV. Social issues<br>(I) Has the Company developed related management policies and procedures in accordance with applicable laws and regulations and the International Bill of Human Rights? | V | | The Company establishes the human right management regulations pursuant to the International Bill of Human Rights, its Code of Conduct and Management Rules, creates the environmental safety and health management system and defines related management methods and procedures in accordance with applicable labor laws and regulations. The training of human rights has also been conducted. | None |
| (II) Has the Company appropriately reflected the corporate business performance or achievements in the employee remuneration policy, to ensure the recruitment, retention, and motivation of human resources and achieve the objective of sustainable operations? | V | | To fully take care of the employees, the employee benefit committee has been organized to provide diversified benefits and subsidies. The year-end bonuses are distributed to employees based on their personal performance and the operating performance of the year, as a profit sharing. | None |

| Items Promoted | Implementation | | | Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| (III) Does the Company provide employees with a safe and healthy work environment as well as periodic safety and health education? | V | | 1. The Company obtains measurements of the operating environment periodically (once every 6 months) by means of its safety and health system (ISO45001/CNS45001) (certified on November 7, 2010, valid from November 19, 2021 to November 18, 2024) that is implemented and certified to meet the requirements of occupational safety and health laws and regulations, conducting on-site patrol, safety observations, and submits them to the Occupational Safety and Health Committee for discussions in order to establish related improvement measures or facilitate promotion. In addition, health checkups and management are done and educational training on safety and health is provided for employees periodically as required by laws and regulations and the environmental safety and health system.<br>2. Statistic of occupational disasters: in 2021, one incident of chemical splashed at the eye. The victim took a 14-day leave for recovery. The severity of the disaster (SR): 48; the frequency rate (FR): 3.44. The corrective measure is to enhance the labeling on the equipment, and the personal goggles were deployed to personnel, and the safety operational standards were established with the enhanced training. | None |
| (IV) Has the Company implemented an effective training program that helps employees develop skills over the course of their career? | V | | The Company has established its own regulations governing educational training for employees and offers employees with various training channels to help empower them and help them develop their career. | None |

| Items Promoted | Implementation | | | Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| (V) Has the Company followed relevant laws, regulations and international guidelines for the customers' health and safety, privacy, marketing or labeling their products and services and established the relevant police to protect consumers' interest and the complaint procedure? | V | | The Company has passes ISO 9001, ISO 22000, FSSC 22000, and various management systems of HACCP and complied with the Act Governing Food Safety and Sanitation, together will all the regulations derived from the Act, to ensure the health and safety of our customers. In the regards of clients' privacy protection, the regulations related to the Personal Data Protection Act are complied with, and the personal data protection management committee is established to take care of all the affairs related to personal data protection. To ensure the consumers use our products correctly and their right of being informed, all the products comply with the regulations of the Ministry of Health and Welfare regarding food labeling. | None |
| (VI) Has the Company established the supplier management policies, to require the suppliers to comply with related regulations of the environment, occupational health and safety and labor's rights and what is the status of the implementation? | V | | The Company has established the "Guidelines of Supplier Management," to evaluate their quality, delivery, prices, environmental/health and safety regulations, and sources of materials periodically. From November 2015, the suppliers have been encouraged to sign the "CSR Clauses," stating that the corporations shall operate in the manners meeting the ethical codes, conforming to laws and general recognized standards, while considering the impacts to the society and nature environment. Since January 2017, 100% of the materials/packaging materials suppliers have signed the Clauses. | None |
| V. Does the Company prepare the reports disclosing the Company's non-financial information, such as sustainability reports, by referring the internationally recognized reporting standards | V | | The Company prepares the CSR reports by referring to the GRI Standards of Global Reporting Initiative, and G4 Sector Disclosures – Food Processing; the reports obtain the limited assurance reports from PwC Taiwan | None |

<table>
<tr><th rowspan="2">Items Promoted</th><th colspan="3">Implementation</th><th rowspan="2">Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>or guidelines? Are the aforementioned reports assured or attested to by any third-party certifier?</td><td></td><td></td><td></td><td></td></tr>
<tr><td colspan="5">VI. If the Company has its own Sustainable Development Best Practice Principles established according to the “Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies,” please describe the differences between its implementation and the principles:<br>There are no major differences from the Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies.</td></tr>
<tr><td colspan="5">VII. Other Important Information to Help Understand Utilization of Corporate Social Responsibilities:<br>(I) The Company highly values its social responsibility and takes measures to protect the factory environment and product design environment with a sustainable management attitude. Meanwhile, it follows government laws and regulations and policies by educating its employees on honoring their responsibility as social citizen in energy-saving and carbon reduction efforts within the premises and releasing its accomplishments through the Corporate Social Responsibility Report.<br>(II) In 2021, the Company proactively takes part in social public interest events and donated to 1. educational savings accounts of elementary and high schools in adjacent areas of the Company in order to help economically disadvantaged students; 2. Meal delivery activities to the seniors living alone in the communities. 3. Maintenance of Er-Zheng community park 4. “1919 Studying with Kids” Program of Chinese Christian Relief Association 5. Sponsoring domestic children through World Vision 6. Year-end Creative Market of Taiwan Fund for Children and Families 7. The Garden of Hope Foundation for counter domestic violence. 8. Helps to the underdeveloped infants and toddlers at the St. Raphael Opportunity Center. 9. Building the smart surgical building at Chiayi Christian Hospital. Total NT$1,900,000 and 1,002 bottles of soybean oil were sponsored to the aforesaid welfare events.<br>(III) In 2021, among the American soybeans delivered to TTET Union Corporation’s plants, about 338,000 tons have obtained the “Certificate of Sustainability.” We urge the farmers in the US to reduce the environmental impact resulting from growing soybeans in the aspects of land utilization, water and soil loss, application of irrigation water, energy utilization and GHG.<br>(IV) From Q4, 2020 to Q1, 2021, under the impacts of COVID-19 pandemic, the turnover rate of the containers at global piers significantly declined, and the vessel voyages delayed greatly. Many containers of soybeans expected to be imported to Taiwan were delay seriously, and thus there was a short supply of soybeans in Taiwan. Insisting the principle of stable supplies, TTET Union actively procured the bulk soybeans to meet the short supply, and maintained the stable supply of soybean powder and oil.</td></tr>
</table>

(VII) Deviation between Implementing Ethical Management and Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons:

| Assessed areas | Operational status | | | Departure from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| I. Establishment of ethical corporate management policy and proposal<br>(I) Has the Company established its ethical corporate management policies and procedures passed by the Board of Directors, as well as the commitment of its Board of Directors and executives to implementing the management policies in its rules and external documents?<br>(II) Has the Company established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly and review their adequacy and effectiveness on a regular basis, at least covering the preventive measures to the behaviors specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?<br>(II) Has the Company established the operational procedures, guidelines of conduct, punishment for violation, rules of complaint in the program preventing unethical conduct, implemented precisely and reviewed and/or amended the aforementioned program? | V | | (I) The Company established the Ethical Corporate Management Best Practice Principles and the Ethical Corporate Management Operating Procedure and Behavioral Guide on October 29 and December 17, 2015 (disclosed on the Company's website and the MOPS), respectively, which already specify the policy and practice of ethical corporate management and the commitment of the Board of Directors and the management to enforce the management policy.<br>(II) Business activities with higher risk of being involved in unethical conduct have been prevented and controlled in the internal control system, employee's manual, guidelines of management, and the Company's operational procedure of ethical corporate management and guidelines of conducts.<br>(III) Pursuant to the principles and code of conducts, the Company regulates the operational procedure of ethical corporate management, disciplinary actions to violations, and the complaint system, with precise implementation. | None |

| Assessed areas | Operational status | | | Departure from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| II. Consolidation of Ethical Corporate Management<br>(I) Has the Company evaluated the ethical records of parties it does business with and stipulated ethical conduct clauses in business contracts?<br><br>(II) Has the Company established a dedicated unit that is under the board of directors, report the ethical corporate management policies, prevention proposals for unethical behaviors, and their supervision to the implementation to the board of directors on a regular basis (at least once a year)?<br><br>(III) Has the Company established policies to prevent conflict of interests, provided appropriate channels for filing related complaints and implemented the policies accordingly? | | | (I) From November 2015,material/package material suppliers encouraged to sign the “CSR Clauses” and currently 100% of them have signed the Clauses. The Company purchases materials from the international grains companies with excellent reputation and major companies in Japan, whose ethical behavior has been validated for several decades to make them worth being relied upon and trustworthy. The Company has been known for its caution in choosing counterparties in order to effectively reduce risks arising from unethical behavior.<br>(II) Article 17 of the Company’s Ethical Corporate Management Best Practice Principles stipulates that in order to normalize ethical management, the corporate social responsibility task force is responsible for establishing and supervising the implementation of ethical management policies and prevention proposals, as well as report to the Board of Directors annually. The report date of 2021 was October 26.<br>(III) The Ethical Corporate Management Best Practice Principles and the Ethical Corporate Management Operating Procedure and Behavioral Guide established by the Company already include the policy to prevent against conflicts of interest, provide | None |

| Assessed areas | Operational status | | | Departure from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| (IV) Has the Company established effective accounting systems and internal control systems and the internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans to examine accordingly the compliance with the prevention programs or engage a certified public accountant to carry out the audit?<br><br>(V) Does the Company hold internal and external educational trainings on operational integrity regularly? | | | appropriate channels for stating opinions, and related units of the Company are asked to precisely implement them.<br>(IV) The Company has created a complete and effective accounting system and internal control system that are periodically inspected by the internal audit unit and audited by the authorized accountant.<br><br>(V) The Company declares its ethical management principles in the corporate management in various public occasions and includes related anti-corruption guidelines in the Factory Code of Conduct, Employee Handbook, Employee Honor and Discipline Guidelines and related promotional documents, in order to ensure that each of them understands applicable agreements and rules; the ethical corporate management is incorporated in the educational trainings to the newly-hires, to accordingly eradicate unethical behavior from happening. Total 48 persons attended the training for a total of 138.5 hours in 2021. | None |

| Assessed areas | Operational status | | | Departure from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| III. Reporting System of the Company<br>(I) Has the Company created substantial reporting and incentive systems and convenient reporting channels and assigned suitable dedicated personnel to investigate parties being reported?<br>(II) Has the Company established any standard operating procedures or related confidentiality mechanisms for handling reported matters?<br>(III) Does the Company adopt measures to protect reporters from being treated inappropriately because of their reports? | V | | The Company has established regulations to help maintain ethical management. Employees of the Company or other stakeholders, as long as they discover that the Company's people are engaged in any illegal, fraudulent, corrupting, or other acts that are unethical, may report them through the mailbox for reporters. Besides being made known to the Company's people, related regulations and the mailbox for reporters are released on the Company's website. The regulations also specify that the identity of the reporter will be kept confidential and that the reporter will not be treated improperly because of the report; in addition, someone is designated to handle such reports. Once the reported incidence is found to be true, the Company will provide corresponding incentives reflective of the significance in a confidential manner. The reported person will be punished pursuant to the guidelines of employee management or the guidelines of contractor management | None |
| IV. Reinforced Information Disclosure<br>Has the Company disclosed information regarding its ethical corporate management principles and implementation status on its website and the MOPS.? | V | | The Ethical Corporate Management Best Practice Principles and the Ethical Corporate Management Operating Procedure and Behavioral Guide established by the Company are already disclosed on the Company's website and the MOPS. | None |
| V. If the Company has its own Ethical Corporate Management Rules established according to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe the differences between its implementation and the principles:<br>There are no major differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies. | | | | |
| VI. Other important information to help understand ethical corporate management and operation: None. | | | | |

(VIII) How they may be found shall be disclosed if the Company has established Corporate Governance Principles and related regulations: Please refer to the MOPS (http://mops.twse.com.tw/mops/web/t100sb04_1) and the Company's website (http://www.ttet.com.tw/).

(IX) Other important information that is sufficient to boost knowledge of corporate governance shall be disclosed as well: Not applicable

## (X) Implementation of the Internal Control System:

### 1. Internal Control SystemStatement

TTET Union Corp.
Internal Control System Statement

Date: February 23, 2022

For the Company's internal control system of 2021, we would like to declare as follows according to the results of spontaneous inspections:

I. The Company knows that establishing, enforcing, and maintaining an internal control system is the responsibility of the Company's Board of Directors and managers and has such a system in place already. It is meant to reasonably ensure fulfillment of the operational efficacy and efficiency (including profits, performance, and protection of asset security), reliability, timeliness, and transparency of financial reports, and compliance with applicable laws and regulations, among other goals.

II. The internal control system has its inherited restrictions that cannot be overcome with improved design. An effective internal control system can also only reasonably ensure the fulfillment of the three goals stated above and its effectiveness may change as the environment or situation changes. There is a self-surveillance mechanism, however, built inside the internal control system of the Company that helps the Company take corrective action against deficiencies as soon as they are confirmed.

III. The Company determines the effectiveness of the design and implementation of its internal control system in accordance with the items in "Governing Regulations for Public Company's Establishment of Internal Control System" (hereinafter called "Governing Regulations") that are related to the effectiveness of internal control systems. The items adopted in the Governing Regulations for determining the internal control system are the five constitutional elements of the internal control system divided according to the management and control process: 1. control environment, 2. risk assessment, 3. control process, 4. information and communication, and 5. supervision. Each element further encompasses several items. Please refer to the "Governing Regulations" for details.

IV. The Company has adopted the abovementioned determining items and conducted inspection of the design and effectiveness of its internal control system.

V. Pursuant to the results of the abovementioned inspections, the Company is of the view that the design and implementation of its internal control system as of December 31, 2021 (including its supervision and management of subsidiaries), including its awareness of the extent by which the operating effects and efficiency goals are fulfilled, reliability, timeliness, and transparency of reports, and compliance with relevant laws and regulations, are such that it is effective and capable of reasonably ensuring fulfillment of the above-mentioned goals.

VI. This Statement constitutes a major part of the Company's Annual Report and the Company's Prospectus that are made available to the public. The Company shall be legally liable under Articles 20, 32, 171 and 174 of the Securities and Exchange Act with respect to any unlawful aspects such as falsehood or concealment of facts in relation to the aforesaid statement.

VII. This Statement was approved at the meeting of the Company's Board of Directors on February 23, 2022 with none of the 11 directors attending the meeting expressing dissent. All agreed on the contents of this Statement.

TTET Union Corp.

Chairman: Lo Chih-Hsien Signature/Seal

General Manager: Chen Chao-Liang Signature/Seal

2. When a CPA is authorized to review the internal control system, the Review Report prepared by the CPA shall be disclosed: not applicable.

(XI) Any legal sanctions against the Company or its internal personnel, or any disciplinary action taken by the Company against its own personnel for violating internal control requirements, in the latest year and up to the date this Annual Report was printed; if the outcome of the disciplinary actions would affect the shareholders' interests or the share price materially, the description of the action, major deficiencies and improvements shall be specified: Not applicable.

(XII) Important decision reached in shareholders' meetings and made by the Board of Directors and the Remuneration Committee in the latest year and up to the date this Annual Report was printed:

**1. Important decisions made in the 2021 general shareholders' meeting:**

A total of one general shareholders' meeting was held throughout 2021 and up to the date when this Annual Report was printed. The 2021 general shareholders' meeting of the Company took place on July 27, 2021. Matters approved in the meeting are summarized as follows:

(1) The 2020 Business Report and Financial Statement were acknowledged.

(2) Distribution of 2020 earnings was acknowledged:
Earnings of the Company from 2020 that can be distributed totaled NT$1,473,683,869 and cash dividends in the value of NT$6 per share were issued.

(3) The amendments to the Company's Articles of Incorporation were approved.

(4) The amendments to the Company's "Procedures for the Acquisition or Disposal of Assets" were approved.

(5) Proposal to amend the "Regulations of Endorsements or Guarantees for Others" was passed.

(6) Proposal to amend the "Operating Procedures for Loaning Funds to Others" was approved.

(7) Proposal to amend the "Rules and Procedures for Shareholders' Meetings" was passed.

(8) Passage for the re-election of directors (three independent directors included) upon expiration of the directors' terms of office

(9) Proposal for the relieving the restrictions of non-competition for the directors was passed.

**2. Implementation of decisions reached in the 2021 general shareholders' meeting:**

(1) The 2020 Business Report and Financial Statement of the Company were acknowledged: Related books have been filed with the competent authority for reference and declared through announcement in accordance with applicable laws and regulations such as the Company Act.

(2) The proposal for distribution of earnings from 2020 of the Company was acknowledged: The cash dividends in the value of NT$6 per share were already distributed on September 16, 2021.

(3) The amendments to the Company's Articles of Incorporation and the re-election of the board at the term expiry were approved and registration of changes was approved by the Ministry of Economic Affairs on August 20, 2021.

## 3. Important decisions reached by the Board of Directors throughout 2021 and up to the date this Annual Report was printed:

Throughout 2021 and up to the date this Annual Report was printed, the Company held a total of eight Board of Directors' meetings and decisions made in the meeting are summarized as follows:

**The 18th meeting of the 14th term of Board of Directors (March 16, 2021)**

(1) Distribution of remunerations for employees, directors and supervisors for 2020 were approved.
(2) The 2020 financial statements were approved.
(3) The 2020 business report was passed.
(4) The 2020 earnings distribution was passed.
(5) Proposal to amend the clauses related to the "Articles of Incorporation" was approved.
(6) Proposal to amend the clauses related to the "Procedures for the Acquisition or Disposal of Assets" were approved.
(7) Proposal to amend the clauses related to the "Operating Procedures for Loaning Funds to Others" was approved.
(8) Proposal to amend the clauses related to "Regulations of Endorsements or Guarantees for Others" was passed.
(9) Proposal to amend the clauses related to the Rules and Procedures for Shareholders' Meetings were approved.
(10) The re-election for the directors (independent directors included) whose terms expire was approved (the proposal shall be further approved by the AGM.)
(11) Proposal to relieve the restrictions of non-competition for the directors of the next intake was approved.
(12) The date of the Company's 2021 general shareholders' meeting was approved.
(13) Establishing related details about the right of shareholders to propose in the 2021 general shareholders' meeting was approved.
(14) Self-assessment results of the internal control system of 2020 were approved.
(15) The delegation of and rewards for 2021 accountants were approved.
(16) The 2021 independence and suitability assessment of accountants was approved.
(17) Proposal to increase the bank's financing limit was approved.
(18) The Company's extension of the contract for financing through a bank was approved.
(19) Proposal to adjust the names of sections under Business Section II was approved.

Opinions from independent directors: None.
Handling of opinions from independent directors by the Company: None.
Final decision: All directors attending the meeting approved them unanimously.

**The 19th meeting of the 14th term of Board of Directors (April 27, 2021)**

(1) The Consolidated Financial Report of the 2021 Q1 was approved.
(2) The review for the nomination of candidates for the Company's directors (including independent directors), and the qualifications of the independent directors of 15th intake was approved.
(3) Approved to establish the "Audit Committee Charter"
(4) Proposal to amend the clauses related to the "Regulations Governing Procedure for Board of Directors Meetings" was approved.
(5) Proposal to amend the clauses related to the "Remuneration Committee Charter" was approved.
(6) Proposal to amend the clauses related to the "Corporate Governance Best Practice Principles" was approved.
(7) Proposal to amend the clauses related to the "Corporate Ethical Management Best Practice Principles" was approved.
(8) Proposal to amend the clauses related to the "Procedures for Ethical Management and Guidelines for Conduct" was approved.

(9) The additions to the “2021 Audit Plan” were approved, with the related implementation rules of the internal audit prescribed.
(10) The amendments to the provisions related to the “authority division” in the accounting system were approved.
Opinions from independent directors: None.
Handling of opinions from independent directors by the Company: None.
Final decision: All directors attending the meeting approved them unanimously.

**The 20th meeting of the 14th term of Board of Directors (June 18, 2021)**
(1) The date change of the Company’s 2021 general shareholders’ meeting was approved.
(2) Relieving the restrictions of non-competition for the managers was approved.
Opinions from independent directors: None.
Handling of opinions from independent directors by the Company: None.
Final decision: All directors attending the meeting approved them unanimously.

**The 1st meeting of the 15th intake of Board of Directors (July 27, 2021)**
(1) The directors have elected Mr. LO,CHIH-HSIEN as the Chairman of the 15thintake.
Opinions from independent directors: None.
Handling of opinions from independent directors by the Company: None.
Final decision: All directors attending the meeting approved them unanimously.

**The 2nd meeting of the 15th intake of Board of Directors (August 6, 2021)**
(1) The appointment of the current Present, Mr. Chen Chao-Liang, to continue the post was approved.
(2) The Consolidated Financial Report of the 2021 Q2 was approved.
(3) The base date and issuance date of cash dividends for 2020 were approved.
(4) The appointments of the 5th “Remuneration Committee” members were approved.
(5) The proposal to adjust the remunerations to the independent directors (the transportation subsidies) was approved.
(6)The appointment of Mr. Huang Yi-Shen as an advisor to the Company was approved. ◦
(7) The Company’s 2020 Corporate Social Responsibility Report was approved.
Opinions from independent directors: None.
Handling of opinions from independent directors by the Company: None.
Final decision: All directors attending the meeting approved them unanimously.

**The 3rd meeting of the 15th intake of Board of Directors (October 26, 2021)**
(1) The Consolidated Financial Report of the 2021 Q3 was approved.
(2) The Company’s 2022 Audit Plan was approved.
(3) The amended the “Procedures of Supervisory Operations to Subsidiaries” in the internal control system was approved.
(4) The filing for reference of decisions made in the 1st meeting of the 5th term of the Company’s Remuneration Committee was approved.
Opinions from independent directors: None.
Handling of opinions from independent directors by the Company: None.
Final decision: All directors attending the meeting approved them unanimously.

**The 4th meeting of the 15th intake of Board of Directors (December 15, 2021)**
(1) The Company’s 2022 Operating Plan was approved.
(2) Proposal to amend the “Guarantee Deposits Received” was approved.
Opinions from independent directors: None.
Handling of opinions from independent directors by the Company: None.
Final decision: All directors attending the meeting approved them unanimously.

**The 5th meeting of the 15th intake of Board of Directors (February 23, 2022)**
(1) Distribution of remunerations for employees, directors and supervisors for 2021 were

approved.
(2) The 2021 Parent-Only and Consolidated Financial Report were approved
(3) The 2021 business report was passed.
(4) The 2021 earnings distribution was passed.
(5) Proposal to amend the clauses related to the "Procedures for the Acquisition or Disposal of Assets" were approved.
(6) Proposal of relief from the non-competition restriction for the directors during their terms was approved.
(7) The date of the Company's 2022 general shareholders' meeting was approved.
(8) Establishing related details about the right of shareholders to propose in the 2022 general shareholders' meeting was approved.
(9) The 2021 Internal Control System Statement was approved.
(10) The delegation of and rewards for 2022 accountants were approved.
(11) The 2022 independence and suitability assessment of accountants was approved.
(12) Proposal to amend the clauses related to the "Corporate Governance Best Practice Principles" was approved.
(13) The Company's extension of the contract for financing through a bank was approved.
Opinions from independent directors: None.
Handling of opinions from independent directors by the Company: None.
Final decision: All directors attending the meeting approved them unanimously.

## 4. Important decisions reached by the Compensation Committee throughout 2021 and up to the date this Annual Report was printed:

Throughout 2021 and up to the date this Annual Report was printed, the Company held three Remuneration Committee's meetings in total and decisions made in the meeting are summarized as follows:

**The 6th meeting of the 4th term of Remuneration Committee (March 3, 2021)**

The Employee remunerations and distribution of remunerations for directors and supervisors for 2020 were approved.
Resolution: unanimously approved by all attending members after consulted by the chair.

**The 1st meeting of the 5th term of Remuneration Committee (October 22, 2021)**

(1) The discussion regarding whether or not the policies, systems, standards, and structures for appraising the performance of the Company's directors, supervisors and managers, as well as their remunerations are reasonable was approved.
Resolution: The distributed remunerations to the directors and supervisors are based on the stipulations in the Articles of Incorporation; the percentage and the fixed remuneration shall be resolved by the Board of Directors. The remunerations of mangers are linked to the Company's and their personal performance. The related policies, systems, standards and structures are deemed reasonable.
(2) The discussion regarding the status of receptions for the remunerations to the directors, supervisors, general manager and assistant general managers and whether or not these remunerations are reasonable compared to the food industry for 2020 peers was approved.
Resolution: compared to other food industry peers, the remunerations received by the directors, supervisors, general manager and assistant general managers of TTET Union Corporation were appropriate.

**The 2nd meeting of the 5th term of Remuneration Committee (February 21, 2022)**

The Employee remunerations and distribution of remunerations for directors and supervisors for 2021 were approved.
Resolution: unanimously approved by all attending members after consulted by the chair.

(XIII) Main contents of different opinions of directors or supervisors that are recorded and stated in writing on important decisions made by the Board of Directors in the latest year and up to the date this Annual Report was printed: Not applicable.

(XXIV) Summary of resignations and dismissals of the Company's chairman, general manager, accounting head, financial head, internal audit head, corporate governance head, and R&D head in the latest year and up to the date this Annual Report was printed: none.

## IV. Professional Service Fees for Attesting CPAs

Unit: NT$1,000

| Name of accounting firm | Name of CPA | Accountant Audit Period | Audit public expenditure | Non-audit public expenditure | Total | Remark |
|---|---|---|---|---|---|---|
| PwC Taiwan | Lin Tzu-Yu | Full year of 2021 | 2,230 | 1,870 | 4,100 | |
| | Lin Yung-Chih | Full year of 2021 | | | | |

The non-audit service fees included the taxation attestation service, transfer pricing report service, English Financial Report translation service and CSR assurance services, industrial and commercial registration and other attesting services.

(I) The accounting firm is changed and the audit public expenditure in the year of replacement is reduced compared to that in the preceding year: not applicable

(II) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: not applicable

## V. Information on Replacement of CPA: None.

## VI. Chairman, General Manager and managers in charge of financial or accounting affairs of the Company that held a post in the firm that the CPA is affiliated with or its associated enterprise in the most recent year: None.

## VII. Transfer of stock options and changes in equity pledge of directors, supervisors, managers, and shareholders holding more than 10% of shares in the latest year and up to the date this Annual Report was printed: None.

# VIII. Information on the correlation among shareholders with a shareholding ratio ranking Top 10:

March 27, 2022

| Name (Note 1) | Oneself | | Shares held by spouses and/or children of minor age | | Total shares including those held in someone else's name | | The title or name and relationship among shareholders in the Top 10 shareholding list who are related, spouse to each other or relatives within the second degree of kinship (Note 3) | | Notes |
|---|---|---|---|---|---|---|---|---|---|
| | Number of shares | Shareholding ratio | Number of shares | Shareholding ratio | Number of shares | Shareholding ratio | Name | Relationship | |
| Uni-President Enterprises Corporation | 61,594,201 | 38.50% | -- | -- | -- | -- | Lo Chih-Hsien | Company chairman | |
| | | | | | | | Kai Yu Investment Co., Ltd. | Subsidiary | |
| Representative: Lo Chih-Hsien | -- | -- | -- | -- | -- | -- | Uni-President Enterprises Corporation | Company chairman | |
| Tai Hwa Oil Industrial Co., Ltd. | 29,195,706 | 18.25% | -- | -- | -- | -- | Chen Yi-Tu | Company chairman | |
| Representative: Chen Yi-Tu | 147,000 | 0.09% | 47,000 | 0.03% | -- | -- | Tai Hwa Oil Industrial Co., Ltd. | Company chairman | |
| Great Wall Enterprise Co., Ltd.; | 15,416,960 | 9.64% | -- | -- | -- | -- | Han Chia-Yau | Company chairman | |
| | | | | | | | Huan He Investment Co., Ltd. | Subsidiary | |
| Representative: Han Chia-Yau | -- | -- | -- | -- | -- | -- | Great Wall Enterprise Co., Ltd.; | Company chairman | |
| | | | | | | | Huan He Investment Co., Ltd. | Company chairman | |
| Kai Yu Investment Co., Ltd. | 12,225,730 | 7.64% | -- | -- | -- | -- | Chen Kuo-Hui | Company chairman | |
| | | | | | | | Uni-President Enterprises Corporation | Parent company | |
| Representative: Chen Kuo-Hui | -- | -- | -- | -- | -- | -- | Uni-President Enterprises Corporation | CFO of the Company | |
| | | | | | | | Kai Yu Investment Co., Ltd. | Company chairman | |
| Huan He Investment Co., Ltd. | 2,457,997 | 1.54% | -- | -- | -- | -- | Han Chia-Yau | Company chairman | |
| | | | | | | | Great Wall Enterprise Co., Ltd.; | Parent company | |
| Representative: Han Chia-Yau | -- | -- | -- | -- | -- | -- | Great Wall Enterprise Co., Ltd.; | Company chairman | |
| | | | | | | | Huan He Investment Co., Ltd. | Company chairman | |
| Yi-Jen Chen | 575,000 | 0.36% | -- | -- | -- | -- | -- | -- | |
| Chen Ling-Yin | 485,310 | 0.30% | -- | -- | -- | -- | -- | -- | |
| Zhou, Gen-Yu | 424,960 | 0.27% | -- | -- | -- | -- | -- | -- | |
| Huang Yi-Shen | 410,054 | 0.26% | -- | -- | -- | -- | -- | -- | |
| Li-Ling Li | 385,000 | 0.24% | -- | -- | -- | -- | -- | -- | |

Note 1: All the Top 10 shareholders shall be listed. For institutional shareholders, the names of the institutional shareholder and its representative shall be listed separately.
Note 2: The shareholding ratio is calculated separately for the shares in one's own name, the spouse's name, a minor child's name or in someone else's name.
Note 3: Shareholders indicated in the foregoing include legal entities and natural persons. Their correlation shall be disclosed in accordance with the requirements of the Financial Report Compilation Guidelines.

## IX. Shares Held by the Company, Directors, Supervisors, Managers of the Company, and Businesses Controlled Directly or Indirectly by the Company of Same Reinvestment Business and Consolidated Calculation of Comprehensive Shareholding Ratio:

December 31, 2021

| Reinvested business (Note 1) | Company | | Directors, supervisors, managers, and directly or indirectly controlled businesses | | Comprehensive investment | |
|---|---|---|---|---|---|---|
| | Shares held | Shareholding ratio | Shares held | Shareholding ratio | Shares held | Shareholding ratio |
| Master Channels Corporation | 12,040 thousand shares | 80.27% | 0 | 0 | 12,040 thousand shares | 80.27% |

Note 1: Investments made by the Company applying the Equity Method.

# III. Fundraising

## I. Capital and Shares

### (I) Source of capital share

Unit: NTD/share

| Year/ Month | Issuing price | Approved capital share | | Paid-in capital share | | Notes | | |
|---|---|---|---|---|---|---|---|---|
| | | Shares held | Value | Shares held | Value | Source of capital share | Share value written off by assets other than cash | Others (approval document number) |
| 87.9.16 | 10 | 177,800,000 | 1,778,000,000 | 139,740,491 | 1,397,404,910 | Earnings turned capital increase 127,037 thousand | None | 87.7.13(88) Tai-Cai-Zheng (I) No. 59596 Letter |
| 88.9.16 | 10 | 177,800,000 | 1,778,000,000 | 150,919,731 | 1,509,197,310 | Earnings turned capital increase 111,792 thousand | None | 88.7.9(88) Tai-Cai-Zheng (I) No. 63143 Letter |
| 91.8.27 | 10 | 177,800,000 | 1,778,000,000 | 159,974,915 | 1,599,749,150 | Earnings turned capital increase 90,552 thousand | None | 91.7.2 Tai-Cai-Zheng (I) No. 0910135914 Letter |

| Type of shares | Approved capital share | | | Remark |
|---|---|---|---|---|
| | Circulating shares | Shares yet to be issued | Total | |
| Common stock | 159,974,915 | 17,825,085 | 177,800,000 | Shares of listed companies |

### (II) Shareholder structure

March 27, 2022

| Shareholder structure / Quantity | Government agency | Financial institution | Other institutional entities | Individual | Foreign institution and foreigner | Total |
|---|---|---|---|---|---|---|
| No. of persons | 0 | 0 | 79 | 17,682 | 81 | 17,842 |
| Shares held | 0 | 0 | 122,246,579 | 35,600,510 | 2,127,826 | 159,974,915 |
| Shareholding ratio | 0 | 0 | 76.42% | 22.25% | 1.33% | 100% |

## (III) Diversification of share options

Par value per share: NT$10
March 27, 2022

| Shareholding | No. of shareholders | Shares held | Shareholding ratio |
|---|---|---|---|
| 1 to 999 | 9,288 | 1,311,181 | 0.82 |
| 1,000 to 5,000 | 7,392 | 13,200,038 | 8.25 |
| 5,001 to 10,000 | 637 | 4,900,323 | 3.06 |
| 10,001 to 15,000 | 183 | 2,344,029 | 1.47 |
| 15,001 to 20,000 | 104 | 1,900,321 | 1.19 |
| 20,001 to 30,000 | 81 | 2,037,733 | 1.27 |
| 30,001 to 40,000 | 49 | 1,724,060 | 1.08 |
| 40,001 to 50,000 | 25 | 1,167,428 | 0.73 |
| 50,001 to 100,000 | 47 | 3,449,691 | 2.16 |
| 100,001 to 200,000 | 16 | 1,989,811 | 1.24 |
| 200,001 to 400,000 | 11 | 3,164,382 | 1.98 |
| 400,001 to 600,000 | 4 | 1,895,324 | 1.18 |
| 600,001 to 800,000 | 0 | 0 | 0.0 |
| 800,001 to 1,000,000 | 0 | 0 | 0.0 |
| More than 1,000,001 | 5 | 120,890,594 | 75.57 |
| Total | 17,842 | 159,974,915 | 100 |

## (IV) List of major shareholders (Top ten shareholders with the most equities)

March 27, 2022

| Share / Name of major shareholder | Shares held | Shareholding ratio |
|---|---|---|
| Uni-President Enterprises Corp. | 61,594,201 | 38.50% |
| Tai Hwa Oil Industrial Co., Ltd. | 29,195,706 | 18.25% |
| Great Wall Enterprise Co., Ltd. | 15,416,960 | 9.64% |
| Kai Yo Investment Co., Ltd. | 12,225,730 | 7.64% |
| Huan He Investment Co., Ltd. | 2,457,997 | 1.54% |
| Chen Yi-Jen | 575,000 | 0.36% |
| Chen Ling-Yin | 485,310 | 0.30% |
| Zhou, Gen-Yu | 424,960 | 0.27% |
| Huang Yi-Shen | 410,054 | 0.26% |
| Li-Ling Li | 385,000 | 0.24% |

## (V) Market price per share, net value, earnings, dividends and related information for the past two years:

Unit: NT$

| Item \ Year | | | 2020 | 2021 | Current year up to March 31, 2022 (Note 6) |
|---|---|---|---|---|---|
| Market share per share (Note 1) | Highest | | 145.00 | 181.50 | 161.50 |
| | Lowest | | 91.50 | 127.00 | 153.00 |
| | Average | | 118.76 | 157.37 | 156.27 |
| Net value per share | Before distribution | | 28.47 | 30.37 | - |
| | After distribution | | 22.47 | (Note 2) | - |
| Earnings per share | Weighted average number of shares (thousand shares) | | 159,975 | 159,975 | 159,975 |
| | Earnings per share | | 8.08 | 7.76 | - |
| Dividends per share | Cash | | 6.0 | (Note 2) | - |
| | Free placement | Surplus placement | - | - | - |
| | | Capital reserve placement | - | - | - |
| | Accumulated unpaid dividends | | - | - | - |
| Analysis of investment returns | Price-Earnings Ratio (Note 3) | | 14.86 | 19.94 | - |
| | Price-Dividend Ratio (Note 4) | | 20.02 | (Note 2) | - |
| | Cash dividends yield (Note 5) | | 5.00% | (Note 2) | - |

Note 1: The highest and lowest market price of the ordinary shares in each year are listed, and the average market of each year are calculated based on the annual trading value and volume.

Note 2: The 2021 earnings distribution proposal has not been submitted to the AGM for resolution.

Note 3: Price-earnings ratio = Average closing price per share for the year/earnings per share.

Note 4: Price to dividends ratio = Average closing price per share for the year/cash dividends per share.

Note 5: Cash dividends yield = cash dividends per share/average closing price per share for the year

Note 6: For the net value per share and earnings per share, data inspected (reviewed) by CPAs from the latest quarter up to the date this Annual Report was printed shall be provided; for the other columns, data of the immediate year up to the date this Annual Report was printed shall be provided.

## (VI) Dividends Policy and Implementation Status:

### 1. Dividends policy:

In the event that the annual audit renders earnings, the Company shall pay the business income tax according to law and cover losses from previous years and set aside 10% to be the legal reserve in case of surplus. In addition, after the special reserve is set aside or reversed as required by law, it becomes the disposable value for the current term, which, plus the undistributed earnings from the previous year, becomes the total distributable earnings. The Board of Directors is to stipulate the earnings distribution proposal reflective of future operational or re-investment needs and bring it forth in the shareholders' meeting for acknowledgement prior to distribution. Shareholders' bonus, shall account for 50% to 100% of the total earnings available for distribution. The industry the Company is in is changing; it is at the steady growth phase of its life cycle. The dividends policy takes into account budget expenditure from the Company's capital in the future and the demand for capital in the future and weighs the necessity of supporting the capital demand with earnings. Cash dividends are prioritized. For the others, stock dividends are assigned. The ratio of stock dividends is limited at 50% of all dividends assigned for the year.

### 2. Distribution of dividends as stipulated in the current shareholders' meeting:

In the distribution of earnings for 2021 of the Company, intended distribution of cash dividends totaling NT$959,849,490 and NT$6 per share was approved by the Board of Directors on February 23, 2022 in accordance with the Company Act and the Company's Articles of Incorporation. The distribution is to be carried out following acknowledgement through the current shareholders' meeting.

(VII) Impacts of free placement intended through the current shareholders meeting on the Company's operating performance and earnings per share:

The Company did not announce its 2021 financial forecast and did not have free placement and hence this does not apply.

(VIII) Remunerations to employees, directors and supervisors:

1. Percentages or ranges of remunerations for employees, directors, and supervisors under the Articles of Incorporation:

   The Company's Articles of Incorporation specify that in cases of profits for the year, the Company shall set aside no less than 2% to be the remunerations for employees and no more than 2% to be those for board directors and supervisors. If there are accumulated losses, however, the value to make up for the losses should be set aside first.

   Profits for the year indicated in the preceding paragraph refer to the interest before employee remunerations and remunerations for directors and supervisors are subtracted from the before-tax interest of the year. Employee remunerations may be distributed to also employees of subordinate companies meeting certain criteria.

2. (1) 2021 values of remunerations for employees and directors and supervisors approved to be distributed after having been reviewed by the Board of Directors:

   Remunerations for employees -------- NT$31,622,724.

   Remunerations for directors and supervisors -------- NT$23,717,043.

   (2) When the Company can make reasonable estimates of the values under its legal obligations or extrapolation obligations, fees and liabilities are recognized and costs of the remunerations for employees and directors and supervisors that are recognized are NT$31,630,000 and NT$23,750,000, respectively. The values of remunerations for employees and directors and supervisors to be distributed as reviewed and approved by the Board of Directors were NT$31,622,724 and NT$23,717,043. The values distributed were short by NT$7,276 and NT$32,957 compared to their book estimates, mainly due to the calculation difference and recognized in the profit and loss for 2022.

3. Actual remunerations for employees and for directors and supervisors distributed with 2020 earnings:

| | Actual values to be distributed as determined through the shareholders' meeting and through the Board of Directors |
|---|---|
| Remunerations for employees: | $32,797,875 |
| Remunerations for directors and supervisors: | $24,598,406 |

The actual values distributed as determined through the 2021 general shareholders' meeting were short by NT$32,125 and NT$76,594compared to the book estimates from 2020 (the costs of remunerations for employees and for directors and supervisors recognized in 2020 were NT$32,830,000 and NT$24,675,000, respectively). The difference was mainly due to calculation difference already recognized as the gains and losses for the year upon actual distribution in 2021.

(IX) Shares repurchased by the Company: None.

## II. Performance in corporate bonds: None.

## III. Performance in preferred shares, offshore deposit receipt certificates (DRC), employee stock option certificates, new shares with restrictions upon employees from subscription, merger (including merger, acquisition and de-merger) or inward transfer of new shares issued by other companies: None.

## IV. Implementation of plans in capital allocation:

(I) Contents of the plan:

as of March 31, 2022, the outstanding and uncompleted issuances or privately placed securities or such acts having been completed over the past three (3) years but with benefits not yet surfaced: such fact is nonexistent in the Company.

(II) Facts in implementation:

The actual performance in comparison with the benefits of the original plans on the purposes in various plans, item-by-item analyses on the preceding Paragraph as of March 31, 2022: such fact is nonexistent in the Company.

# Four. Operation Overview

## I. Business Content

### (I) Business Scope of the Group:

1. Manufacturing, processing, sales and import and export business for various vegetable greases.
2. Manufacturing/processing and sales business for bean flour (soybean slice), featured soybean, beverage (including packaged drinking water and mineral water), flour, noodles, wheaten food product, formula feed, complementary feed, corn flour and their by-products.
3. Import, processing, sales business for amylum, avena sativa, oatmeal, fructose, red bean, mung bean, rice, corn, soya, barley and wheat.
4. Distribution, quotation and bid business for agency of products mentioned above of domestic and foreign vendors.
5. Warehousing business for grains and businesses related to the items mentioned above.
6. Business of operating co-generation plant.
7. Manufacturing and wholesale for dairy products, flavoring material, feed, sugars; wholesale for vegetables and fruits, animal products, aquatic products, flavoring material, edible oil, frozen and pickled foods etc.
8. Wholesale and retail for daily foods.

Operating proportions of the Group:

2021 Unit: NT$1,000

| Major business content | Operating amount | Operating proportion |
|---|---|---|
| Soybean powder | 7,983,871 | 38.99％ |
| Refined soy bean oil | 3,196,813 | 15.61％ |
| Processing income | 391,625 | 1.91％ |
| Other and merchandise sales revenues | 8,905,681 | 43.49％ |
| Total | 20,477,990 | 100％ |

New businesses under planning and development: Channel related products for food & beverage business.

### (II) Overview of Industry of the Group:

Soya processing is an important food industry, for which soya is the major production raw material, of which 100％ relies on imports mainly from USA and Brazil. The major products from soya through oil extraction processing are soya flour and soya oil. Soya flour is mainly used by feed related industries to satisfy feed formula by providing soya protein. Current customers include feed mills, fermented soy powder plants, feed OEM, distributors and livestock/aquaculture dealers etc. Soya oil (commonly referred to as soybean oil) is the most widely used vegetable oil. Its customers include food and beverage channels, food processing, chemical engineering, husbandry task force and small-size packaged oil product channels.

The cost of raw materials is more than 90% of that of the manufacture cost of the Company, so that adequacy of raw material procurement and foreign exchange trading dominates change of processing profit and loss significantly. Cost of raw materials changes mainly according to freight cost of bulk ship or container ship, exchange rate of NT$/US$ and price change in the U.S. futures market.

Currently, there are three major soya-processing vendors in Taiwan, wherein the Company owns the largest capacity, which is more than 50% of the total capacity in the market. Moreover, Master Channels Corporation, a subsidiary company of the Company, which belongs to food service for business industry, provides convenient one stop shop service with respect to foods for food and beverage dealers.

### (III) Overview of Technology and R&D:

1. R&D level: it includes FT-NIR (Fourier-near infrared ray spectroscope), GC (gas chromatography), and Diode Array-NIR (grain analysis instrument) R&D equipment.
2. R&D products and items: new products have been promoted in these 5 years, including "Energetic non-GMO soybeans," "none-gene modified canola oil," “whole-fat soy powder,” and “sunflower oil,” among other things.
3. Education and experiences of staff: there are total 6 R&D staffs graduated from food, chemical engineering and chemical-related departments of colleges/universities.
4. From 2019 to 2021, the “Low Temperature Incubator,” “Constant Temperature Illuminated Incubator,” “ FT-NIR,” “centrifuge” and “lab fume hood” were updated; and other small instruments were purchased, for the expenditure of NT$3 million.
5. Annual R&D investment expenditure in the most five recent years:

Unit: NT$1,000

| Year | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|
| Total expenditure | 7,996 | 7,965 | 7,297 | 9,207 | 9,528 |

### (IV) Planning of long/short-term business development:

Short-term plans:

1. Continuous expansion of existing niche-based product sales to improve scale competitiveness.
2. Continuous enhancement of quality control for raw materials and finished products to enhance food safety competitiveness.
3. Continuous increase of performance for raw material and foreign exchange procurement to enhance cost competitiveness.
4. Continuous enhancement of customer intimacy by listening to customers for fulfillment of customer need.

Long-term plans:

1. Continuous development of new products and new channels to fulfill customer need in conjunction with business growth.
2. Enhancement of soya oil export to neighbored Asian countries.
3. Enhancement of overseas training of staffs to improve international competitiveness in response to global challenge.
4. Evaluation of oil plant investment in major economically growing regions in Asia.

## II. Overview of market and production & sales:

### (I) Market analysis

1. Sales of major merchandise regions and market share;

The raw materials of the Company is soybean, which is imported from USA and South America. Soybean powder is mainly sold to customers located even more south than Taichung, including Taichung, Changhua, Yunlin, Chiayi, Nantou, Kaohsiung and Pingtung areas. Soybean oil is sold to customers all over Taiwan. Major products of the Company include common bean meal, high protein bean meal, non-fat soybean slice, skinned whole-fat soybean meal, whole-fat soybean meal, soybean skin pellets, soybean lecithin, featured soybean, Non GMO soybean, soybean oil, oil for frying, easy palm oil and canola oil, sunflower oil and etc., the major products have the highest market share in Taiwan.

2. Possible supply and demand situation of the market in the future:

Although some emergent oil products, such as sunflower oil, olive oil, canola oil etc. have entered household vegetable oil market, soy oil (soybean oil) is still the major product in the market for business channel because of low price and good quality. The small-size packaged products (2.0/2.6/3.0 liters) are gradually hitting shelves in wholesale channels with continuing growth in sales. In addition, the Company also engages in selling bulk canola oil and sunflower oil for small-size packaged oil dealers in household market. Therefore, the Company also benefits from market growth even though the oil product is not sold on household channels directly. With good production technology and equipment, the Company can differentiate quality, and meet customer need, which are considerable niche for the Company.

With respect to bean flour, domestic livestock/aquaculture industries appear stable on demand side although there is competition of imported meat products in recent years. In addition to the advantage of differentiation and quality, as well as the advantage of one-station procurement of multi-products, the Company's soybean powder products have the strength in low-cost resulting from a large-scale production. Therefore, we are confident of facing challenges in the future although competition is getting fierce in the industry. We also concern the impacts of African Swine Fever and imported pork with Ractopamine to the husbandry business. We will continue to monitor the development.

3. Advantages and disadvantages for development of the Company:

Advantages:

(1) Higher barrier to enter the industry:

Soya processing industry belongs to capital-intensive industry, so that competitiveness will not be comparable to existing dealers if large oil extraction plants are to be built because of large investment amount and difficult creation of marketing channels. The Company has relatively low manufacturing cost with soya processing equipment capable of 4,700 tons of daily capacity. Thus, the Company is advantageous of scale economy with large soybean processing plants in view of future development.

(2) Market demand is stable because our products are all livelihood necessities:

Soybean oil shares about 65% of overall edible grease, which is the edible oil product with the broadest application in Taiwan. With the increase of people who dine out and the increase in food processing volumes, the demand for soya oil for business is expected to grow steadily every year. Soybean powder has rich soya protein, which is a major protein source for feeds. Soya protein has both low price and good quality, has higher competitiveness over fishmeal, bone and meat meal etc., and has a steady demand.

(3) Stable supplies to meet customers' needs

The market share is our goal and responsibility. Stable supply to meet customers' needs, is not only our goal but also a social responsibility. It is our sole responsibility to ensure a safe and stable supply, to enable the customers to do business with us with peace of mind.

(4) With excellent geographic locations, oil extraction plants and essential oil plants are capable of competitiveness:

The Company is located at the center of a region with developed livestock industry, transportation of soybean powder southward and northward are both convenient, so that the Company has an advantageous geographic location. In addition, the capacity of soybean oil extraction plants of the Company is more than half of the total capacity of Taiwan, so that the Company has the advantage of absolute economies of scale . Further, we have sufficient capability to compete with domestic and foreign competitors because of lower processing costs.

(5) All edible oil products pass examination of food safety events:

Safety events of edible oils disclosed from October 2013 and September 2014 resulted in a loss of confidence of citizens in Taiwan when using oils. To restore the confidence of the citizens, health authorities of the government examine all edible oil dealers in Taiwan in the shortest of terms. The Company was approved after a series of checks that all products are compliant with regulations without food safety issues. Because of such event, Master Channels and Uncle Charlie's, which are the two edible oil brands of the Company, are better trusted by customers, so that sales amounts have increased considerably.

(6) Stable OEM business for soy beans:

The Company not only expands market shares of its own products actively, but also develops soybean OEM business. With excellent production technology and low processing cost, the Company is currently trusted by Uni-President Enterprises Corporation, Great Wall, Tai Hwa etc. for processing and production.

(7) Stable export sale business:

Because of higher manufacturing cost and management and marketing expenditure, the price of soybean oil of Japan is much higher than that of Taiwan. Thereby, the 18-liter barrel soybean oil of the Company has been the number one brand without threat and is exported to Japan. Bulk soybean oil of the Company is also exported in the form of liquid bag in bulk or container manner and has stable volume.

(8) Pork exports may resumed since the constraints of foot-and-mouth disease in the region is eased:

Resumption of pork export could encourage domestic husbandry industry, and thus increase demand of soybean powder.

Disadvantages and corresponding counter measures:

(1) In the recent years, imports of livestock products, such as pork and chicken meat, were opened and impact on overall demand for domestic livestock industry cannot be obviated to some extent. However, we believe that both flavor and freshness of imported meat products cannot be comparable to domestic products, so that their impact on the domestic livestock industry and thus soybean powder (raw materials of feed) with respect to demand should be limited. Nevertheless, the Company still improves quality, reduces cost and enhances competitiveness actively in order to keep its existing competitive advantages.

(2) All raw materials of the Company come from abroad, so their costs change drastically with the prices of origin and fluctuation of exchange rate inherently. Team members of the Company in charge of procurement have rich real experience in response to fluctuations of prices of international grains and exchange rates, so the risks of raw materials procurement and exchange rate

change can be reduced effectively.

(3) The threat from avian influenza influences chicken demand irregularly, so sales volumes of feed and soybean powder are influenced accordingly. In response to such situation, the Company adjusts procurement and arrival volumes of raw materials to avoid over supply situation.

4. Other factors

(1) The Sino-US trading: the issue of the Sino-US trading drives the global economics, as well as the movement of the price of raw materials of soybeans. Clearly and precisely get the point of procuring is the task that the Company shall never fail.

(2) African swine fever: attention is paid to the developments of the outbreak in China. The Government has been implementing rigorous boundary control and it is supposed to effectively quarantine the spreading of African swine fever.

(3) COVID-19 pandemic: the consumer market had been impacted for a short time, but then recovered quickly under the effective controls by the government. Currently the market is stabilized, and the Company will keep on monitoring its impacts on the grain productions and the economy.

## (II) Important usage and production processes of major products:

The Company is the largest supply for both soybean powder and soybean oil, which are major products of the Company now. Soybean powder is the main origin of vegetable protein and the main raw materials for feed formula, while soybean oil is used in cooking foods. Both are livelihood necessities. The main raw materials of soybean powder and soybean oil is soybean. During production, a solvent is used to extract crude soybean oil from soybeans, followed by de-acidification, de-coloration, deodorization processes to refine crude oil to become edible soybean oil (Solvent has been removed during the refining process). After soya oil is extracted from the soybean, the remaining portion is subjected to processing and becomes soybean powder.

## (III) Supply condition of major raw materials:

Raw materials of soybean of the Company come from abroad completely. The main supply countries are USA and Brazil. All goods are supplied by international famous grain suppliers. The price of soybean fluctuates with the listed price of soybean at the Chicago Board of Trade. In order to handle price information, the Company and suppliers keep long-term close and good interaction.

The out-of-order international shipping recently has impacted the shipment of the soybeans. Except for adding the domestic inventory, the Company also has applied bulk carriers and containers to diversify the shipment risks, and avoided the over-reliance, to minimize the shipment risks, and ensure the soybeans arrive as scheduled to stabilize the supplies.

## (IV) List of major customers for purchase/sales in the most recent two years:

1. Major supplier data in the most recent two years

Unit: NT$1,000

| | 2020 | | | | 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| Title | Name | Amount | Proportion in annual net purchase amount (%) | Relationship with issuer | Name | Amount | Proportion in annual net purchase amount (%) | Relationship with issuer |
| 1 | ADM-APT | 1,983,831 | 14 | Note 1 | BUNGE | 4,123,237 | 22 | Note 1 |
| 2 | BUNGE | 1,724,540 | 13 | Note 1 | ADM-APT | 2,406,598 | 13 | Note 1 |
| 3 | | | | | | | | |
| | Net purchase amount | 13,720,499 | 100 | | Net purchase amount | 18,889,093 | 100 | |

Note 1: General supply vendors.

Reason of increase/decrease: an open bidding is adopted by the Company in response to free market for procurement. 2021 net procurement increased: due to higher international raw materials.

2. Sales customer with total sales amount above 10% in the most recent two years as of March 31, 2022: No such situation in the Group.

## (V) Production and sales volume table for the most recent two years:

1. Table of production volume and value in the most recent two years Unit: ton/NT$1,000

| Year / Major merchandise | 2020 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | Capacity | Throughput | Output value | Capacity | Throughput | Output value |
| Grease product | 1,830,000 | 626,684 | 8,787,054 | 1,830,000 | 585,682 | 11,098,639 |
| Others | - | - | 1,262,697 | - | - | 1,536,335 |
| Total | - | - | 10,049,751 | - | - | 12,634,974 |

Notes: Throughput, output value involves only portions of the Company without involving OEM.

2. Table of sales volume and value in the most recent two years Unit: ton/NT$1,000

| Year / Major merchandise | 2020 | | | | 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| | Domestic sale | | Export sale | | Domestic sale | | Export sale | |
| | Volume | Value | Volume | Value | Volume | Value | Volume | Value |
| Grease product | 609,646 | 9,339,844 | 4,574 | 118,868 | 561,332 | 10,970,154 | 3,483 | 125,330 |
| Other and merchandise sales revenues | - | 7,425,188 | - | 147,285 | - | 8,664,567 | - | 326,314 |
| Processing income | - | 409,794 | - | - | - | 391,625 | - | - |
| Total | - | 17,174,826 | - | 266,153 | - | 20,026,346 | - | 451,644 |

## III. Employee data of the Group in the most recent two years until printing date of the annual report:

| Year | | 2020 | 2021 | March 31, 2022 |
|---|---|---|---|---|
| Number of employees | Management | 59 | 65 | 67 |
| | Faculty | 155 | 164 | 174 |
| | Technician | 198 | 193 | 197 |
| | Total | 412 | 422 | 438 |
| Average age | | 40 | 40 | 40 |
| Average seniority | | 11 | 11 | 12 |
| Education distribution | University of Edinburgh | 0 | 0 | 0 |
| | Master | 31 | 32 | 32 |
| | College | 248 | 253 | 262 |
| | Senior high school | 121 | 123 | 130 |
| | Below senior high school | 12 | 14 | 14 |

## IV. Information of environmental protection expenditure:

Since the plant is built for sustainable operation, the Company has planned and executed environmental protection. Dedicated units were set up for planning, driving and checking various pollution prevention tasks for wastewater, wastes, noise and exhaust gas. Cost of related environmental protection reached NT$10,889 thousand in 2021.

In the recent year and up to the publication date of the annual report, the losses suffered from environmental pollution(including compensation and the breaches to the environmental laws and regulations identified during the environmental audit; the penalty date, no. of the penalty, the clause breached, the description of such clause, and the description of the penalty shall be specified): Not applicable.

## V. Labor relations:

There is no labor dispute in the most recent year until the printing of the annual report. Existing collective bargaining agreement and implementation are as following:

1. Employee benefit measures:
   In order to benefit all employees and improve harmony between labor and capital, perfect welfare system is made, and employee welfare committee is built. The Company appropriates welfare fund for the welfare committee to hold various welfare measures according to the laws. Besides providing employees with a complete educational training system, there are employee canteen, child-care subsidies, commuter buses, employee physical checkup, among others, so that employees are entitled to a sound welfare system and can be assured while devoting themselves to work.

2. Study and education training of employees:
   The Company specify "Regulations for Management of Employee Educational Training" in regulations for management in order to assist employees in planning individual career development based on stimulation of employee potential, development of talents and job contents by providing perfect educational training courses:
   （1）On-job training: this is for work instruction executed by supervisors of various units and is included in key points of performance examination;
   （2）Outside training: educational training courses, seminars etc. held by external organization arranged by the Company or proposed and applied by employees actively as needed.

(3) In-house training: the Human Resource Department is responsible for common and new employee trainings, while supervisors of various departments are responsible for professional trainings. Related courses are held inside the Company, but instructors may be hired from outside or internally.

(4) Execution condition of educational trainings in 2021:

<table>
<tr><th colspan="8">Hours of educational trainings in 2021</th></tr>
<tr><td rowspan="2">Job/ Item</td><td colspan="2">Male (101)</td><td colspan="2">Female (44)</td><td colspan="2">Total (145 trainees)</td><td rowspan="2">Average hours for each person</td></tr>
<tr><td>Number of people</td><td>Hours</td><td>Number of people</td><td>Hours</td><td>Number of people</td><td>Hours</td></tr>
<tr><td>Supervisor staff (22 trainees)</td><td>94</td><td>392</td><td>29</td><td>100</td><td>123</td><td>492</td><td>22</td></tr>
<tr><td>Administrative staff (50 trainees)</td><td>23</td><td>54.5</td><td>50</td><td>182.5</td><td>73</td><td>237</td><td>5</td></tr>
<tr><td>Technical staff (73 trainees)</td><td>423</td><td>2171.5</td><td>13</td><td>37</td><td>436</td><td>2208.5</td><td>30</td></tr>
<tr><td>Total (145 trainees)</td><td>540</td><td>2618</td><td>92</td><td>319.5</td><td>632</td><td>2937.5</td><td>20</td></tr>
<tr><td>Average hours for each person</td><td colspan="2">26</td><td colspan="2">7</td><td colspan="2">20</td><td></td></tr>
</table>

3. Retirement system:

The pensions of the retired employees comply with the “Labor Standard Act” and the “Labor Pension Act” to protect the lives of the retired employees.

(1) According to "Labor Standards Act," the Company established the “Supervisory Committee to Pension Funds” and specifies regulations for retirement with specific welfare, which is applicable to seniorities of all formal employees prior to implementation of "Labor Pension Act" on July 1, 2005 and subsequent seniorities of employees who select application to Labor Standards Act after implementation of "Labor Pension Act." Also the actuaries are engaged to provide the annual actuarial reports. The contributions of pension are made to the pension reserve account in Bank of Taiwan based on the actuarial reports; the contributed amount conforms to the “full amount contribution” of the labors’ pension for the next year required by the competent authorities.

(2) After the enforcement of the “Labor Pension Act” on July 1, 2005, for all the applicable permanent employees, the Company contributed 6% of their monthly wage to their personal account of labor’s pension in the Bureau of Labor Insurance. All retired colleagues were all given pensions conforming to the Labor Standard Act method of calculation. All pension dedicated account drawings were executed after approval by the company pension supervisory committee. No employee applied for retirement in 2021.

4. Other important agreements:

The Company always regards employees as the most important capital of the Company and pays much attention to employee benefit and career planning, so that Management-union relation is good without damage due to labor dispute since foundation. Good relation between labor and capital could remain in the future.

5. Safe and harmonious work environments and employee right maintenance measures:

The Company specifies the regulations for compensation and Indemnity of occupational accident, to protect the best protections to the employees' interests. In addition, "Work Guidelines for Safety and Health of Labors" is specified by the Company to improve safety and health of employees in order for maintaining physical and mentor health of employees as principles of work safety.

# VI. Cyber security management

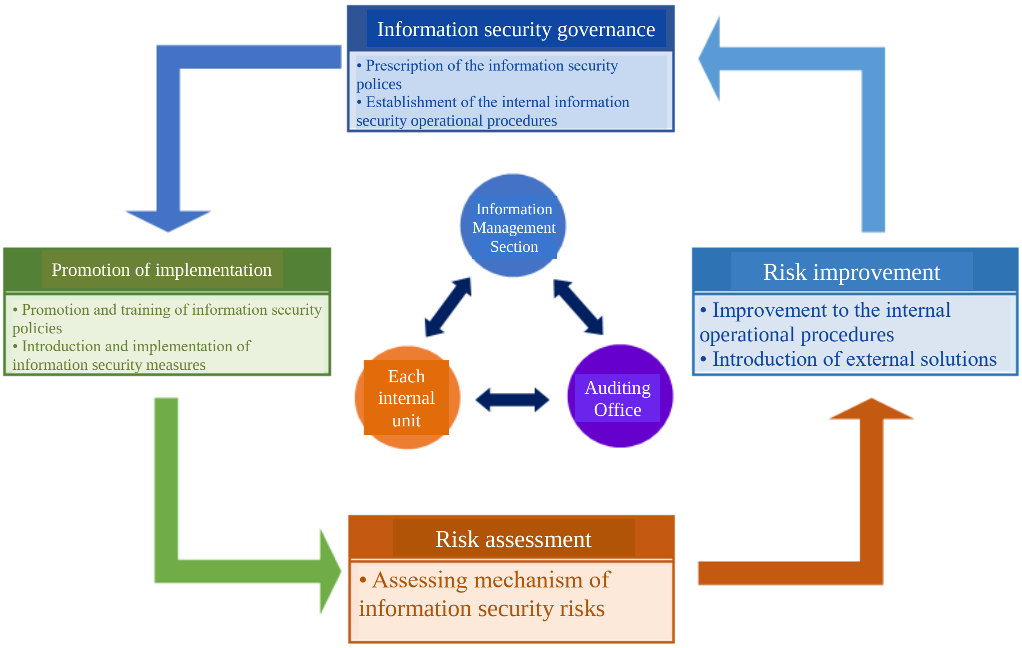
(I) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management:

1. Cyber security risk management architecture

(1) The unit accountable for the cyber security is the Information Section, in charge of planning, implementing, and promoting cyber security management affairs, and the increasing the cyber security awareness.

(2) The Auditing Office is the auditing unit of the cyber security supervision. If any deficiency is found during an audit, the audited unit will be requested immediately to provide the corrective plan and report to the Board, and the improvements are tracked regularly, to lower the internal information security risks.

(3) The organization is operated with the Plan-Do-Check-Act (PDCA) circulated management, to ensure the achievement of the reliability target with continuous improvement.




2. Cyber security policies

To fully implement the effective operations of each information management systems, the confidentiality, completeness, and availability of key information system are maintained, to ensure the secure operation and maintenance of information systems, equipment and networks, for the purpose of sustainable operation.

We commit:

Complying with the information security system and regulating the operational conducts.
Building the information security equipment and implementing the information security management.
Enhancing trainings and improving information security awareness.
Perform the responses to emergencies well for rapid disaster recovery.
Promoting continuous improvements to ensure the sustainable operation

3. Cyber security management measures

| Type | Description: | Operation involved |
|---|---|---|
| Authorization management | Management of personnel's accounts and authorizations, and the management measures for system operation conducts. | Management and review of personnel's accounts and authorizations<br>Regular inventory of personnel's accounts and authorizations |
| Control over access | Control measures for accessing internal and external systems and data transmission channels. | Control measures of internal and external accesses<br>Records of operational conduct traces |
| External threats | Internal potential vulnerabilities, virus infected paths and safeguard measures. | Mainframe/ computer vulnerability detection and update measures<br>Virus protection and malicious program detection |
| System availability | System available status, and treatment when service discontinued. | Monitoring of the system/network available status and reporting mechanism<br>Contingent measures for discontinued services<br>Data backup measures; local and remote backup mechanism<br>Regular disaster recovery drills |

4. Resources invested in cyber security.
   (1) The newly recruited of the Company must received the information security trainings, and the information security trainings are conducted for all employees periodically.
   (2) The information security meetings are convened annually

(II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: For 2021 and up to March 31, 2022, there has been no cyber security incident material enough to affect the Company's business or result in penalties.

## **VII. Important contract:** None.

# Five. Overview of Financial Status

## I. The Condensed financial data over the past five years:

### (I) Condensed balance sheet and consolidated income statement:

1. Condensed balance sheet (consolidated financial statement) :

Unit: NT$1,000

| Title \ Year | | The financial data over the past five years (Note 1) | | | | |
|---|---|---|---|---|---|---|
| | | 2017 | 2018 | 2019 | 2020 | 2021 |
| Current assets | | 4,821,436 | 4,781,152 | 4,880,827 | 5,261,300 | 5,856,400 |
| Real estate, plants and Equipment (Note 2) | | 583,500 | 628,565 | 669,296 | 808,271 | 852,176 |
| Intangible assets | | 2,722 | 2,969 | 2,108 | 1,462 | 1,018 |
| Other assets | | 44,990 | 58,216 | 255,254 | 277,655 | 293,904 |
| Total assets | | 5,452,648 | 5,470,902 | 5,807,485 | 6,348,688 | 7,003,498 |
| Current liabilities | Before distribution | 1,557,193 | 1,460,906 | 1,446,576 | 1,463,030 | 1,844,303 |
| | After distribution | 2,357,068 | 2,260,781 | 2,246,451 | 2,422,879 | (Note 3) |
| Non-current liabilities | | 70,228 | 67,716 | 229,424 | 244,654 | 201,542 |
| Total liabilities | Before distribution | 1,627,421 | 1,528,622 | 1,676,000 | 1,707,684 | 2,045,845 |
| | After distribution | 2,427,296 | 2,328,497 | 2,475,875 | 2,667,533 | (Note 3) |
| Equity belonging to the parent company proprietor | | 3,771,341 | 3,880,904 | 4,060,364 | 4,553,949 | 4,858,669 |
| Share capital | | 1,599,749 | 1,599,749 | 1,599,749 | 1,599,749 | 1,599,749 |
| Additional paid-in capital | | 23,784 | 23,784 | 23,784 | 23,784 | 23,784 |
| Retained earnings | Before distribution | 2,147,808 | 2,264,371 | 2,443,831 | 2,937,416 | 3,240,664 |
| | After distribution | 1,347,933 | 1,464,496 | 1,643,956 | 1,977,567 | (Note 3) |
| Other equity | | - | ( 7,000) | ( 7,000) | ( 7,000) | ( 5,528) |
| Treasury stocks | | - | - | - | - | - |
| Non-controlled equity | | 53,886 | 61,376 | 71,121 | 87,055 | 98,984 |
| Equity Total amount | Before distribution | 3,825,227 | 3,942,280 | 4,131,485 | 4,641,004 | 4,957,653 |
| | After distribution | 3,025,352 | 3,142,405 | 3,331,610 | 3,681,155 | (Note 3) |

Note 1: The 2017-2021 financial data had been audited and attested by the CPAs.

Note 2: Asset reappraisals: Nil

Note 3: The distribution of earnings of 2021 has not been submitted to the shareholders' meeting for resolutions, and thus the distributed amount is not listed.

2.Condensed balance sheet (individual financial statements):

Unit: NT$1,000

| Title \ Year | | The financial data over the past five years (Note 1) | | | | |
|---|---|---|---|---|---|---|
| | | 2017 | 2018 | 2019 | 2020 | 2021 |
| Current assets | | 4,120,211 | 4,020,546 | 4,038,521 | 4,383,350 | 4,819,548 |
| Real estate, plants and Equipment (Note 2) | | 524,063 | 563,390 | 575,020 | 607,507 | 587,090 |
| Intangible assets | | 1,690 | 2,042 | 1,772 | 1,432 | 912 |
| Other assets | | 244,420 | 280,807 | 357,454 | 440,842 | 500,402 |
| Total assets | | 4,890,384 | 4,866,785 | 4,972,767 | 5,433,131 | 5,907,952 |
| Current liabilities | Before distribution | 1,067,054 | 935,571 | 834,048 | 785,764 | 994,763 |
| | After distribution | 1,866,929 | 1,735,446 | 1,633,923 | 1,745,613 | (Note 3) |
| Non-current liabilities | | 51,989 | 50,310 | 78,355 | 93,418 | 54,520 |
| Total liabilities | Before distribution | 1,119,043 | 985,881 | 912,403 | 879,182 | 1,049,283 |
| | After distribution | 1,918,918 | 1,785,756 | 1,712,278 | 1,839,031 | (Note 3) |
| Share capital | | 1,599,749 | 1,599,749 | 1,599,749 | 1,599,749 | 1,599,749 |
| Additional paid-in capital | | 23,784 | 23,784 | 23,784 | 23,784 | 23,784 |
| Retained earnings | Before distribution | 2,147,808 | 2,264,371 | 2,443,831 | 2,937,416 | 3,240,664 |
| | After distribution | 1,347,933 | 1,464,496 | 1,643,956 | 1,977,567 | (Note 3) |
| Other equity | | - | ( 7,000) | ( 7,000) | ( 7,000) | ( 5,528) |
| Treasury stocks | | - | - | - | - | - |
| Equity Total amount | Before distribution | 3,771,341 | 3,880,904 | 4,060,364 | 4,553,949 | 4,858,669 |
| | After distribution | 2,971,466 | 3,081,029 | 3,260,489 | 3,594,100 | (Note 3) |

Note 1: The 2017-2021 financial data had been audited and attested by the CPAs.

Note 2: Asset reappraisals: Nil

Note 3: The distribution of earnings of 2021 has not been submitted to the shareholders' meeting for resolutions, and thus the distributed amount is not listed.

3. Condensed consolidated income statement (consolidated financial statements)

Unit: NT$1,000

(except for the after-tax earnings per share)

| Title \ Year | The financial data over the past five years (Note 1) | | | | |
|---|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2020 | 2021 |
| Operating revenue | 16,884,341 | 16,948,746 | 17,150,108 | 17,440,979 | 20,477,990 |
| Gross operating profit | 1,685,216 | 1,857,028 | 2,018,916 | 2,447,980 | 2,358,172 |
| Operating profit and/or loss | 1,014,616 | 1,111,880 | 1,230,776 | 1,618,136 | 1,530,914 |
| Non-operating revenues and gains | (10,354) | 44,033 | 19,967 | 34,153 | 66,856 |
| Net income before tax | 1,004,262 | 1,155,913 | 1,250,743 | 1,652,289 | 1,597,770 |
| Profit loss of continuing operation | 831,835 | 926,310 | 999,104 | 1,322,623 | 1,273,922 |
| Profit and/or loss of discontinued operation | - | - | - | - | - |
| Net income (loss) | 831,835 | 926,310 | 999,104 | 1,322,623 | 1,273,922 |
| Other net consolidated profit and/or loss of the term (Net amount after tax) | (5,851) | 2,458 | 4,776 | 1,571 | 23,297 |
| Total current profit and/or loss | 825,984 | 928,768 | 1,003,880 | 1,324,194 | 1,297,219 |
| Net income belonging to the parent company proprietor | 817,239 | 906,880 | 974,572 | 1,291,828 | 1,241,710 |
| Net income belonging to the non-controlled equity | 14,596 | 19,430 | 24,532 | 30,795 | 32,212 |
| Total consolidated profit and/or loss belongs to the parent company proprietor | 811,454 | 909,438 | 979,335 | 1,293,460 | 1,264,570 |
| Total consolidated profit and/or loss belongs to the non-controlled equity | 14,530 | 19,330 | 24,545 | 30,734 | 32,649 |
| Earnings per share | 5.11 | 5.67 | 6.09 | 8.08 | 7.76 |

Note 1: The 2017-2021 financial data had been audited and attested by the CPAs.

4. Condensed consolidated income statement (individual financial statements)

Unit: NT$1,000
(except for the after-tax earnings per share)

| Year / Title | The financial data over the past five years (Note 1) | | | | |
|---|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2020 | 2021 |
| Operating revenue | 14,130,310 | 13,930,285 | 13,781,934 | 13,866,157 | 16,772,295 |
| Gross operating profit | 1,280,348 | 1,372,208 | 1,463,021 | 1,847,822 | 1,741,754 |
| Operating profit and/or loss | 925,210 | 989,542 | 1,073,360 | 1,421,270 | 1,330,611 |
| Non-operating revenues and gains | 48,063 | 122,076 | 121,002 | 161,119 | 195,145 |
| Net income before tax | 973,273 | 1,111,618 | 1,194,362 | 1,582,389 | 1,525,756 |
| Profit loss of continuing operation | 817,239 | 906,880 | 974,572 | 1,291,828 | 1,241,710 |
| Profit and/or loss of discontinued operation | - | - | - | - | - |
| Net income (loss) | 817,239 | 906,880 | 974,572 | 1,291,828 | 1,241,710 |
| Other net consolidated profit and/or loss of the term (Net amount after tax) | (5,785) | 2,558 | 4,763 | 1,632 | 22,860 |
| Total current profit and/or loss | 811,454 | 909,438 | 979,335 | 1,293,460 | 1,264,570 |
| Earnings per share | 5.11 | 5.67 | 6.09 | 8.08 | 7.76 |

Note 1: The 2017-2021 financial data had been audited and attested by the CPAs.

## (II) Names of attesting Certified Public Accountants and opinions on the audit:

| Year | Name of accounting firm | Name of CPA | Opinions on the audit |
|---|---|---|---|
| 2021 | PwC Taiwan | Lin, Tzu-Yu, Lin, Yung-Chih | Audit Report with unqualified (unreserved) opinion |
| 2020 | PwC Taiwan | Lin, Tzu-Yu, Lin, Yung-Chih | Audit Report with unqualified (unreserved) opinion |
| 2019 | PwC Taiwan | Lin, Tzu-Yu, Lin, Yung-Chih | Audit Report with unqualified (unreserved) opinion |
| 2018 | PwC Taiwan | Lin, Tzu-Yu, Lin, Yung-Chih | Audit Report with unqualified (unreserved) opinion |
| 2017 | PwC Taiwan | Lin, Tzu-Yu, Lin, Yung-Chih | Audit Report with unqualified (unreserved) opinion |

# II. Analyses of finance over the past five years

1. Financial analysis (consolidated financial statements)

| Analysis item (Note 2) \ Year (Note 1) | | Analyses of finance over the past five years | | | | |
|---|---|---|---|---|---|---|
| | | 2017 | 2018 | 2019 | 2020 | 2021 |
| Financial structure | Liabilities to assets ratio(%) | 29.85 | 27.94 | 28.86 | 26.90 | 29.21 |
| | Long-term working capital to real estate, plants and equipment ratio (%) | 667.60 | 637.96 | 651.57 | 604.46 | 605.41 |
| Solvency | Current ratio (%) | 309.62 | 327.27 | 337.41 | 359.62 | 317.54 |
| | Quick ratio (%) (Description 1) | 155.75 | 193.77 | 204.07 | 268.02 | 164.22 |
| | Interest coverage multiplicity (Description 2) | 161.27 | 184.92 | 120.85 | 258.12 | 324.96 |
| Manageability | Accounts receivable turnover rate (times) | 17.26 | 17.25 | 17.17 | 17.17 | 19.26 |
| | Average cash collection days | 21.15 | 21.16 | 21.26 | 21.26 | 18.95 |
| | Inventory turnover rate (times) | 6.84 | 7.75 | 8.98 | 10.96 | 10.14 |
| | Accounts payable turnover rate (times) | 16.96 | 15.91 | 18.75 | 21.44 | 23.31 |
| | Average days required for sales | 53.36 | 47.10 | 40.65 | 33.30 | 36.00 |
| | Real estate, plants and equipment turnover rate (times) | 30.06 | 27.97 | 26.43 | 23.61 | 24.67 |
| | Total asset turnover rate (times) | 3.08 | 3.10 | 3.04 | 2.87 | 3.07 |
| Profitability | Asset return ratio (%) | 15.27 | 17.05 | 17.87 | 21.84 | 19.14 |
| | Equity return ratio (%) | 21.80 | 23.85 | 24.75 | 30.15 | 26.54 |
| | Ratio of net income before tax to paid-in capital (%) | 62.78 | 72.26 | 78.18 | 103.28 | 99.88 |
| | Net profitability (%) | 4.93 | 5.47 | 5.83 | 7.58 | 6.22 |
| | Earnings per share (NT$) | 5.11 | 5.67 | 6.09 | 8.08 | 7.76 |
| Cash flow | Cash flow ratio (%) (Description 3) | 77.65 | 95.17 | 77.60 | 140.60 | 15.52 |
| | Cash flow adequacy ratio (%) (Description 4) | 103.35 | 86.45 | 119.65 | 129.72 | 93.80 |
| | Cash re-investment ratio (%) (Description 5) | 5.44 | 7.65 | 4.08 | 14.82 | (7.58) |
| Leverage | Operating Leverage (Description 6) | 15.88 | 14.44 | 13.15 | 10.26 | 12.87 |
| | Financial Leverage | 1.01 | 1.01 | 1.01 | 1.00 | 1.00 |

Reasons of change in financial ratio over the past two years: (A change for less than 20% needs not be analyzed):

Description 1. Quick ratio decreased, as the stock was up 137.57% from the previous time.

Description 2: The decrease of interest coverage multiplicity was mainly due to the increase of interest expense by 23.25% comparing to the year before.

Description 3: the cash flow ratio decreased, mainly because the net cash flow from the operating activities decreased 86.09% from the last term and the long-term investment increased 26.06% from the last term.

Description 4: Cash flow adequacy ratio decreased, mainly because the inventory increased.

Description 5: The cash flow ratio and cash re-investment ratio increased mainly because the operating cash flow increased approximately 86.09% from the last period and increased cash dividends.

Description 6: The increased operating leverage was mainly because other operating income increased by 17.41% from the same period of last year.

Note 1: The 2017-2021 financial data had been audited and attested by the CPAs.

Note 2: The following formulas should be illustrated at the end of the table above:

1.Financial structure

(1) Liabilities to assets ratio = Total liabilities / Total assets

(2) Long-term working capital to real estate, plants and equipment ratio = (Total equity + Non-current liabilities) / Net real estate, plants, and equipment

2. Solvency

(1) Current ratio = Current assets / Current liabilities

(2) Quick ratio = (Current assets – Inventory - Expenses paid in advance) / Current liabilities.

(3) Interest coverage multiplicity = Net profit before income tax and interest expenses / Current interest expenditures

3.Manageability

(1) Accounts receivable (including notes receivables from operating activities and accounts receivable) turnover rate = Net sales / Average balance of accounts receivable (including notes receivables from operating activities and accounts receivable) in various terms

(2) Average cash collection days = 365 /Accounts receivable turnover rate

(3) Inventory turnover rate = Cost of goods sold / Average amount of inventory.

(4) Accounts payable (including notes payable from operating activities and accounts payable) turnover rate = Cost of goods sold / Average balance of accounts payable (including notes payable from operating activities and accounts payable) of various terms

(5) Average days required for sales = 365 / Inventory turnover rate

(6) Real estate, plants, and equipment turnover rate = Net sales / Average net real estate, plants, and equipment

(7) Total asset turnover rate = Net sales / Average total assets

4.Profitability

(1) Asset return ratio = [Profit and/or loss after tax＋Interest expenses ×(1－Tax rate)/ Average total assets

(2) Equity return ratio = Profit and/or loss after tax / Average total equity.

(3) Net profitability = Profit and/or loss after tax / Net sales

(4) Earnings per share = (Profit and/or loss belonging to parent company proprietor - Preferred shares dividend) / Weighted average number of outstanding shares. (Note 3)

5.Cash flow

(1) Cash flow ratio = Cash flow from operating activities / Current liabilities

(2) Net cash flow adequacy ratio = Net cash flow from operating activities over the past five years / (Capital expenditure + Amount of inventory increase + Cash dividend) over the past five years

(3) Cash reinvestment ratio = (Cash flow from operating activities - Cash dividend) / (Real estate, plants, and equipment in gross amount + Long-term investment + Other noncurrent assets + Working capital) (Note 4)

6.Leverage:

(1) Operating Leverage = (Net operating revenues - Variable operating costs and expenses) / Operating profit (Note 5)

(2) Financial Leverage = Operating profit / (Operating profit - Interest expenses).

Note 3: The formula of the earnings per share should be measured with attentions paid to the following matters:

1. It is based on the weighted average number of common stock shares instead of the outstanding shares at yearend.
2. Where a cash capital increase or treasury shares trader should consider during its circulation, the weighted average number of shares
3. For any capitalization from earnings or additional paid-in capital, the calculation of the post annual and semi-annual earnings per share should be adjusted retroactively and proportionally to the capitalization without considering the issue period of the capitalization.
4. If the preferred shares are non-convertible cumulative preferred shares, the current dividend (no matter distributed or not) should be subtracted from the net income or added to the net loss. The non-cumulative preferred shares should be deducted from the net income, if any, and no adjustment is needed if there is with net loss.

Note 4: Cash flow analysis should be measured with attention paid to the following matters:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the statement of cash flow.
2. Capital expenditure refers to the cash outflow from investing activities.
3. Inventories increase will be accounted for only when the ending balance is greater than the beginning balance. If the inventory is decreased at yearend, it is counted as zero.
4. Cash dividend includes the cash dividend for common shares and preferred shares.
5. The real estate, plants, and equipment in gross amount refer to the total amount of real estate, plants, and equipment before deducting the accumulated depreciation.

Note 5: The issuers shall have operating costs and operating expenses classified as fixed and variable by the nature of operation; in addition, the rationality and consistency of the estimates or subjective judgments made, if any, must be observed and maintained.

Note 6: If the Company's stock shares are without a par value or without a NT$10 par value, the calculation of the "ratio to paid-in capital" should be replaced with the equity ratio belongs to the parent company proprietor on the balance sheet.

2. Financial analysis (parent-only statements)

| Analysis item (Note 3) / Year (Note 1) | | Analyses of finance over the past five years | | | | |
|---|---|---|---|---|---|---|
| | | 2017 | 2018 | 2019 | 2020 | 2021 |
| Financial structure | Liabilities to assets ratio(%) | 22.88 | 20.26 | 18.35 | 16.18 | 17.76 |
| | Long-term working capital to real estate, plants and equipment ratio (%) | 729.56 | 697.78 | 719.75 | 764.99 | 836.87 |
| Solvency | Current ratio (%) | 386.13 | 429.74 | 484.21 | 557.85 | 484.49 |
| | Quick ratio (%) (Description 1) | 179.84 | 243.89 | 280.69 | 417.72 | 227.03 |
| | Interest coverage multiplicity ( Description 2) | 166.19 | 184.22 | 158.09 | 432.15 | 710.32 |
| Manageability | Accounts receivable turnover rate (times) | 23.87 | 23.87 | 24.49 | 24.75 | 29.51 |
| | Average cash collection days | 15.29 | 15.29 | 14.90 | 14.75 | 12.37 |
| | Inventory turnover rate (times) | 6.3 | 7.15 | 8.35 | 10.52 | 9.71 |
| | Accounts payable turnover rate (times) | 23.23 | 22.18 | 32.85 | 49.57 | 55.61 |
| | Average days required for sales | 57.94 | 51.05 | 43.71 | 34.70 | 37.59 |
| | Real estate, plants and equipment turnover rate (times) | 27.44 | 25.62 | 24.21 | 23.45 | 28.08 |
| | Total asset turnover rate (times) | 2.86 | 2.86 | 2.80 | 2.67 | 2.96 |
| Profitability | Asset return ratio (%) | 16.65 | 18.69 | 19.93 | 24.88 | 21.93 |
| | Equity return ratio (%) | 21.70 | 23.70 | 24.54 | 29.99 | 26.38 |
| | Ratio of net income before tax to paid-in capital (%) | 60.84 | 69.49 | 74.66 | 98.91 | 95.37 |
| | Net profitability (%) (Description 3) | 5.78 | 6.51 | 7.07 | 9.32 | 7.40 |
| | Earnings per share (NT$) | 5.11 | 5.67 | 6.09 | 8.08 | 7.76 |
| Cash flow | Cash flow ratio (%) (Description 4) | 106.39 | 136.68 | 121.68 | 237.03 | 16.99 |
| | Cash flow adequacy ratio (%) (Description 5) | 102.90 | 84.79 | 116.82 | 126.32 | 88.74 |
| | Cash re-investment ratio (%) (Description 6) | 4.52 | 6.31 | 2.75 | 12.67 | (9.02) |
| Leverage | Operating Leverage (Description 7) | 14.44 | 13.19 | 11.95 | 9.17 | 12.03 |
| | Financial Leverage | 1.01 | 1.01 | 1.01 | 1.00 | 1.00 |

Reasons of change in financial ratio over the past two years: (A change for less than 20% needs not be analyzed):

Description 1. Quick ratio decreased, as the inventory was up 173.58% from the previous time.

Description 2: The decrease of interest coverage multiplicity was mainly due to the increase of interest expense by 41.39% comparing to the year before.

Description 3. Quick ratio decreased, as the net amount of inventory was up 20.96% from the previous time.

Description 4: the cash reinvestment ratio decreased, mainly because the net cash flow from the operating activities decreased 90.93% from the last term and the long-term investment increased 26.60%% from the last term.

Description 5: Cash flow adequacy ratio decreased, mainly because the inventory increased.

Description 6: The cash flow ratio and cash re-investment ratio increased mainly because the operating cash flow increased approximately 90.93% from the last period and increased cash dividends.

Description 7: The decreased operating leverage was mainly because the net operating income increased by 20.96% from the same period of last year.

Note 1: The 2017-2021 financial data had been audited and attested by the CPAs.
Note 2: The following formulas should be illustrated at the end of the table above:

1.Financial structure

(1) Liabilities to assets ratio = Total liabilities / Total assets

(2) Long-term working capital to real estate, plants and equipment ratio = (Total equity + Non-current liabilities) / Net real estate, plants, and equipment

2. Solvency

(1) Current ratio = Current assets / Current liabilities

(2) Quick ratio = (Current assets – Inventory - Expenses paid in advance) / Current liabilities.

(3) Interest coverage multiplicity = Net profit before income tax and interest expenses / Current interest expenditures

3.Manageability

(1) Accounts receivable (including notes receivables from operating activities and accounts receivable) turnover rate = Net sales / Average balance of accounts receivable (including notes receivables from operating activities and accounts receivable) in various terms

(2) Average cash collection days = 365 /Accounts receivable turnover rate

(3) Inventory turnover rate = Cost of goods sold / Average amount of inventory.

(4) Accounts payable (including notes payable from operating activities and accounts payable) turnover rate = Cost of goods sold / Average balance of accounts payable (including notes payable from operating activities and accounts payable) of various terms

(5) Average days required for sales = 365 / Inventory turnover rate

(6) Real estate, plants, and equipment turnover rate = Net sales / Average net real estate, plants, and equipment

(7) Total asset turnover rate = Net sales / Average total assets

4.Profitability

(1) Asset return ratio = [Profit and/or loss after tax＋Interest expenses ×(1－Tax rate)/ Average total assets

(2) Equity return ratio = Profit and/or loss after tax / Average total equity.

(3) Net profitability = Profit and/or loss after tax / Net sales

(4) Earnings per share = (Profit and/or loss belonging to parent company proprietor - Preferred shares dividend) / Weighted average number of outstanding shares. (Note 3)

5.Cash flow

(1) Cash flow ratio = Cash flow from operating activities / Current liabilities

(2) Net cash flow adequacy ratio = Net cash flow from operating activities over the past five years / (Capital expenditure + Amount of inventory increase + Cash dividend) over the past five years

(3) Cash reinvestment ratio = (Cash flow from operating activities - Cash dividend) / (Real estate, plants, and equipment in gross amount + Long-term investment + Other noncurrent assets + Working capital) (Note 4)

6.Leverage:

(1) Operating Leverage = (Net operating revenues - Variable operating costs and expenses) / Operating profit (Note 5)

(2) Financial Leverage = Operating profit / (Operating profit - Interest expenses).

Note 3: The formula of the earnings per share should be measured with attentions paid to the following matters:

1. It is based on the weighted average number of common stock shares instead of the outstanding shares at yearend.
2. Where a cash capital increase or treasury shares trader should consider during its circulation, the weighted average number of shares
3. For any capitalization from earnings or additional paid-in capital, the calculation of the post annual and semi-annual earnings per share should be adjusted retroactively and proportionally to the capitalization without considering the issue period of the capitalization.
4. If the preferred shares are non-convertible cumulative preferred shares, the current dividend (no matter distributed or not) should be subtracted from the net income or added to the net loss. The non-cumulative preferred shares should be deducted from the net income, if any, and no adjustment is needed if there is with net loss.

Note 5: Cash flow analysis should be measured with attention paid to the following matters:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the statement of cash flow.
2. Capital expenditure refers to the cash outflow from investing activities.
3. Inventories increase will be accounted for only when the ending balance is greater than the beginning balance. If the inventory is decreased at yearend, it is counted as zero.
4. Cash dividend includes the cash dividend for common shares and preferred shares.
5. The real estate, plants, and equipment in gross amount refer to the total amount of real estate, plants, and equipment before deducting the accumulated depreciation.

Note 6: The issuers shall have operating costs and operating expenses classified as fixed and variable by the nature of operation; in addition, the rationality and consistency of the estimates or subjective judgments made, if any, must be observed and maintained.

Note 7: If the Company's stock shares are without a par value or without a NT$10 par value, the calculation of the "ratio to paid-in capital" should be replaced with the equity ratio belongs to the parent company proprietor on the balance sheet.

# III. The Audit Committee's Report

TTET Union Corp.

Review Report of the Audit Committee

It is agreed hereby with

The 2021 Business Report, Financial Statements, and the proposal of earning distributions, prepared and submitted by the Board of Directors; the Financial Statements have been audited by CPA Lin Tzu-Yu and Lin, Yung-Chih, of PwC with the Independent Accountant's Audit Report. The Audit Committee has reviewed the aforesaid Business Report, Financial Statements, and proposal of earnings distribution, and found no nonconformity therein. Therefore, The report is hereby issued pursuant to Article 219 of the Company Act for approval.

Your Sincerely

2022 General Shareholders' Meeting of the Company

TTET Union Corp.

Huang Pei-Wen, Convener of the Audit Committee

黃培文

February 23, 2022

### IV. The parent-only financial report of the most recent year and the Independent Auditor's Report: please refer to Page 106.

### V. The consolidated financial report of the most recent year and the Independent Auditor's Report: please refer to Page 168.

### VI. Facts regarding the Company and its affiliated enterprises which have developed difficult financial standing in recent year and the period as of the Annual Report date: None.

# Six. A Review and analysis of Company's financial Position and financial performance, and A Listing of Risks

**I. Financial Position:** the main reasons for the material changes in assets, liabilities, and shareholders' equity over the last two years and the impacts; if the impacts are material, the future response plans shall be specified:

(I) Financial comparison and analysis report　　Unit: NT$1,000

| Title \ Year | 2021 | 2020 | Difference | |
|---|---|---|---|---|
| | | | Amount | % |
| Current assets | 5,856,400 | 5,261,300 | 595,100 | 11.31 |
| Real estate, plants and Equipment | 852,176 | 808,271 | 43,905 | 5.43 |
| Other assets | 294,922 | 279,117 | 15,805 | 5.66 |
| Total assets | 7,003,498 | 6,348,688 | 654,810 | 10.31 |
| Current liabilities | 1,844,303 | 1,463,030 | 381,273 | 26.06 |
| Non-current liabilities | 201,542 | 244,654 | (43,112) | (17.62) |
| Total liabilities | 2,045,845 | 1,707,684 | (338,161) | (19.80) |
| Share capital | 1,599,749 | 1,599,749 | - | - |
| Retained earnings | 23,784 | 23,784 | - | - |
| Additional paid-in capital | 3,240,664 | 2,937,416 | 303,248 | 10.32 |
| Other equity | (5,528) | (7,000) | 1,472 | 21.03 |
| Non-controlled equity | 98,984 | 87,055 | 11,929 | 13.70 |
| Total shareholders' equity | 4,957,653 | 4,641,004 | 316,649 | 6.82 |

(II) Reasons of change in financial ratio (A change for 20%):
Current liabilities increase: mainly because the account payables and the income tax liabilities of the period increased year on year.

(III) Effects of the changes in financial ratios over the past 2 fiscal years: none

(IV) Future corresponding plans: the domestic soybean imports, processing and sales has been a free and open market operation for a long time. The price fluctuation of domestic soybean products is highly correlated to the changes in international market price. The Company has faced competition from both domestic and foreign related products; therefore, in addition to relying on the enhancement of the Company's competitiveness, the Company will continue to observe the international soybean price fluctuation and the domestic soybean market supply and demand in order to enact an appropriate procurement policy and production and sale plan.

**II. Financial performance:** The main reasons for the material changes in operating income, net operating income and net income before tax over the last two years, and the expected sales volume and its basis, the potential impact on the Company's future finance, and the response plan:

(I) Comparison and Analysis of Financial Performance Unit: NT$1,000

| Year / Title | 2021 | 2020 | Amount increase/decrease | Ratio of change(%) |
|---|---|---|---|---|
| Operating revenue | 20,477,990 | 17,440,979 | 3,037,011 | 17.41 |
| Operating costs | ( 18,119,818) | ( 14,992,999) | 3,126,819 | 20.86 |
| Gross operating profit | 2,358,172 | 2,447,980 | (89,808) | (3.67) |
| Accrued operating expenses | ( 827,258) | ( 829,844) | (2,586) | (0.31) |
| Operating income | 1,530,914 | 1,618,136 | (87,222) | (5.39) |
| Non-operating revenues and gains | 66,856 | 34,153 | 32,703 | 95.75 |
| Net income before tax | 1,597,770 | 1,652,289 | (54,519) | (3.30) |
| Income tax expenses | ( 323,848) | ( 329,666) | (5,818) | (1.76) |
| Net income | 1,273,922 | 1,322,623 | (48,701) | (3.68) |
| Other net consolidated profit and/or loss | 23,297 | 1,571 | 21,726 | 1,382.94 |
| Total current consolidated profit and/or loss this term | 1,297,219 | 1,324,194 | (26,975) | (2.04) |
| Net income belonging to the parent company proprietor | 1,241,710 | 1,291,828 | (50,118) | (3.88) |

(II) Reasons of change in financial ratio (A change for 20%):

Operating costs increased: due to higher international raw materials.

Non-operating revenues and expenditures increased: as the other profit and loss in the period increased year on year.

Other comprehensive net profit or loss increased: it is due to the increase of defined benefit plan re-measurement value over last year.

(III) Expected sales volume and its basis; possible effect on the company's future finance and operation, and countermeasures: the Company is engaged in an industry for daily necessities; therefore, the changes in the Company's performance are closely related to the future prices, the economic cycle and the Company's overall competitiveness. In the past years, the Company continues to enhance the overall competitiveness through reducing cost, improving quality, and upgrading service. Therefore, according to future economic climate changes and customer needs, the sale of soybean flour and refined salad cooking oil is expected to reach 530,000 tons and 120,000 tons within one year, respectively.

## III. Cash flow review and analysis

**Cash flow analysis**

Unit: NT$1,000

| Balance of cash, at beginning of the year | Cash flow from operating activities of entire year | Cash inflow (outflow) of the entire year (note) | Cash surplus (deficit) | Remedy for cash deficit | |
|---|---|---|---|---|---|
| | | | | Investment plans | Wealth management plans |
| 2,848,348 | 286,183 | (1,206,855) | 1,927,676 | - | - |

1.Cash flow from operating activities of entire year

(1) Operating activities: The net cash inflow from the operating activities in 2021 decreased compared to 2020 mainly because the changed inventory amount of the period increased.

(2) Investing activities: The net cash outflow from the investing activities decreased in 2021 compared to 2020, mainly because amount of buying real estate, plants and equipment decreased.

(3) Financing activities: The net cash ouflow from the 2021 financing activities increased from 2020, mainly because the distributed cash dividends increased.

2.Remedy for cash deficit and liquidity analysis: not applicable

3. Cash flow analysis within one year:

| Balance of cash, at beginning of the year | Cash flow from operating activities of entire year | Cash outflow (inflow) of the entire year | Cash surplus (deficit) | Remedy against cash deficit | |
|---|---|---|---|---|---|
| | | | | Investment plans | Wealth management plans |
| 1,927,676 | 12,910 | (239,136) | 1,701,450 | - | - |

Note: the cash outflow (inflow) of the entire year includes the net cash inflow (outflow) with the investment activities and fundraising activities.

## IV. The effect of the major capital expenditures in recent year on the financial standing: None.

## V. The reinvestment policy of the current year, major cause of profit or loss, corrective action plan and investment plan within one year ahead:

(I) The re-investment policy and profitability:

The Company’s re-investment policy is to assess and invest in the investment objects that are related to the Company’s business operation currently and in the future or the investment objects that are positively helpful to the Company’s business development.

In 2021, the subsidiary with the equity method, Master Channels Corporation exploited the competitive edges, and the profit has continued to grow.

(II) The investment plan within one year ahead:

there is not a clear investment plan in place just yet.

## VI. Analysis and assessment on risk: (in the most recent year and up to the printing date of the annual report)

(I) The impact of changes in interest rate, exchange rate and inflation on the Company’s profit and loss and/or the future countermeasures:

To respond to the needs of procuring materials, the Company closely monitors the international stock and FX markets, to reduce the fund cost effectively. The international COVID-19 pandemic has continued to affect the global economy. In May 2021, the domestic pandemic escalated, and thus the TWD/USD depreciated moderately. In the first three quarters, the U.S. Fed played down the inflation risk and maintained the monetary policy accommodative. As the inflation has increased, in December, the Fed Chair Jerome Powell gave up the comment of "transitional risks," and announced the acceleration of tapering in the FOMC meeting; the USD went strong. However, the fundamental in Taiwan performed well, with strong export and good pandemic-containment, funds were attracted and pushed TWD to become the strongest Asian currency.

In 2022, the Russia-Ukraine war resulted in the continued supply chain bottleneck; international commodities including crude oil, energies, and grains have seen price surges and triggered the global concern of stagflation To contain the inflation, the U.S. initiate the interest rate hiking in March, and the Central Bank of Taiwan also followed suit to raise the interest rate. But there was a signal of foreign investors remitting funds out, so TWD tends to depreciate slowly.

As a conclusion, the Company prudently faces global political and economic changes, and incorporates benchmarks such as macro economic analysis, currency supply and demand balance, and position control in the operations of FX forwards, and adopts reasonable and effective hedging strategies.

(II) The policies to engage in high risk and high leveraged investment, grant loans to others, render endorsement/guarantee and engage in derivatives transactions, the major causes leading to profit/loss and the relevant action plan and the countermeasures to be adopted in the future:

1. The Company does not engage in high risk and high leveraged investment.

2. The Company has duly enacted the "Operating Procedures for Loaning of Funds" and "Operating Procedures for Making of Endorsements/Guarantees" in accordance with the requirements promulgated by the Securities and Futures Bureau. Moreover, the Company's Audit Department has enacted the related systems for risk management and evaluation in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies." As of December 31, 2021, there has been no endorsement/guarantee; as of December 31, 2021, there has been no loaning of funds to others.

3. Pursuant to the "Handling Procedures for Acquiring or Disposing Assets," the Company has engaged only in the US dollar forward foreign exchange of derivatives transactions due to the need of the Company's business operations for hedging the risk arising from the changes in foreign exchange rate of the US dollar needed.

(III) The future research and development programs and expected fund investment in research & development:

the main factors affecting the success of research and development are: (1) meet the customer demand, good quality products and (2) a competitive price, the absolute cost advantage. The new products launched in succession in the recent years by the Company include “Energetic non-GMO soybean,” “non-GMO canola oil,” “sunflower oil” and “whole-fat soybean meal.”

The Company’s future R&D plans from the aspect of manpower, resources, and finance:

1. Equipment procurement: in 2022, it is expected to update the fine balance and oil oxidation stability reader (AOM).

2. Budgeting: An amount of NT$11 million is budgeted for the related research and development and quality assurance.

(IV) The impact of changes in domestic and foreign major policies and laws on the Company’s financial standing and the Company’s countermeasures:

The Company constantly pays u tm o s t attention to and grasps any updates in the related policies and laws and regulations. At the same time, obtain assessments, suggestions, and countermeasures planning from the related professional institutions of law and accounting in order to reduce the impact of the changes on the Company’s financial operations.

(V) Effect on the company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response:

The Company’s products are daily necessities; therefore, the impact of changes in technologies (including cyber security risks) on the Company’s financial operation is insignificant. It remains our goal to continue strengthening quality improvement and fulfilling customer demands and maintaining the competitiveness of products and services in order to pursue continuous growth and substantiate a sustainable business operation.

(VI) The impact of change in the corporate image on the corporate crisis management and the relevant countermeasures:

The Company has upheld the “complying with the law, open, and transparent” business philosophy with a good corporate image.

(VII) The estimated benefits and potential risks of a merger/acquisition (M&A) and the countermeasures: There is no relevant plan available currently.

(VIII) The estimated benefits and potential risks of plant expansion and the countermeasures: There is no relevant plan available currently.

(IX) The risks of centralized purchase and sale and the relevant countermeasures:

The Company’s purchase is by public tenders without any risk. The top-two customers for sales accounted for 10% of the total sales without any risk of centralized sales.

(X) The impact and risk of significant transfer or conversion of equity by Directors, Supervisors or major shareholders with more than 10% shareholding, and the relevant countermeasures: Not applicable.

(XI) The impact and risk of change in managerial powers on the Company: Not applicable.

(XII) Litigation or non-litigation events, the consequence of finalized or pending major litigious and non-litigious events or administrative disputes of the Company and the Company’s Directors, Supervisors, President, Person-in-charge, major shareholders with more than 10% shareholding, and subsidiaries which might have a significant impact on the shareholders' equity or stock prices of the Company should be disclosed clearly, including the fact, underlying amount, litigation starting date, major litigants, and the result up to the printing date of the annual report: Not applicable.

(XIII) Other significant risks and the relevant countermeasures: Not applicable.

## VII. Other important matters: None.

# Seven. Other Items Deserving Special Mention

## I. Information Related to the Company's Affiliates:

(I) Affiliated company overview

1. Affiliated company organizational overview

(1) Affiliated company organizational chart

TTET UNION CORPORATION

↓ 80.27%

Master Channels Corporation

(2) A control-subordinate relationship deducted in accordance with Article 369-3 of the Company Law: None

(3) The subsidiary with the human resources and finance or business operation controlled by the Company directly or indirectly in accordance with Article 369-2 Paragraph 2 of the Company Law: Master Channels Corporation

2. Affiliated company profile — Unit: Thousand New Taiwan Dollars

| Company | Establishment date | Address | Paid-in capital | Main business operation or production items |
|---|---|---|---|---|
| TTET Union Corporation | 71.5.24 | No. 32, Gungye W. Road, Erzhen Village, Guantian District, Tainan City | 1,599,749 | Soybean powder, high protein powder, refined salad oil, a selection of soybeans, and brewing soybean flakes |
| Master Channels Corporation | 89.9.29 | No. 58, Gongye 1st Road, Annan District, Tainan City | 150,000 | Wholesale and retail of agricultural, livestock, aquatic products, and edible material |

3. The information of the same shareholders if there is a control-subordinate relationship deducted: None
4. The overall affiliated companies are engaged in the business operations: The Company and its affiliates are engaged in the manufacturing, processing, and sales of animal and vegetable oil, and the wholesale and retail of the agriculture, livestock, aquatic products, and edible materials.

5. All affiliates directors, supervisors and president profile December 31, 2021

| Company | Title | Name | Shares held | | Corporate representitive |
|---|---|---|---|---|---|
| | | | Shares | Shareholding ratio | |
| TTET Union Corporation | Chairman | Lo, Chih-Hsien | 61,594,201 | 38.50% | Uni-President Enterprises Corporation |
| | Director | Wu, Liang-Feng | | | |
| | Director | Lee, Ching-Tyan | | | |
| | Director | Chen, Chao-Liang | | | |
| | Director | Chang, Li-Hsun | | | |
| | Director | Chen, Yi-Tu | 29,260,706 | 18.29% | Tai Hwa Oil Industrial Co., Ltd. |
| | Director | Chen I-Tsunz | | | |
| | Director | Han, Chia-Yau | 15,416,960 | 9.64% | Great Wall Enterprise Co., Ltd.; |
| | Independent Director | Huang, Pei-Wen | - | - | |
| | Independent Director | Yu, Chung-Ying | - | - | |
| | Independent Director | Chen, Hsu-Hwa | - | - | |
| | General manager | Chen, Chao-Liang | - | - | |
| Master Channels Corporation | Chairman | Wu, Liang-Feng | 12,039,999 | 80.27% | TTET Union Corporation |
| | Director and General manager | Chi, Ching-Hsu | | | |
| | Director | Chen, Chao-Liang | | | |
| | Supervisor | Hu, Yu-Chih | — | — | |

(II) Affiliates operation overview:

Financial position and financial performance of each affiliated company

Unit: Thousand New Taiwan Dollars

December 31, 2021

| Company | Capital | Total assets | Total liabilities | Net worth | Operating revenue (Net income) | Operating income | Net income | Earnings per share (after tax) |
|---|---|---|---|---|---|---|---|---|
| TTET Union Corporation | 1,599,749 | 5,907,952 | 1,049,283 | 4,858,669 | 16,772,295 | 1,330,611 | 1,241,710 | 7.76 |
| Master Channels Corporation | 150,000 | 1,527,170 | 1,025,562 | 501,608 | 3,968,154 | 200,301 | 163,236 | 10.88 |

(III) Affiliates consolidated financial statements: Please refer to Page 168 and on.

(IV) Business report: Please refer to Page 168 and on.

**II. Private Placement of Securities Carried Out by the Company during the Most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Printing of the Annual Report: None.**

**III. Holding or Disposal of Company's stocks by Subsidiaries during the Most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Printing of the Annual Report: None.**

**IV. Other Matters That Require Additional Description: None.**

**V. Any of the Situations Listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities; has Occurred during the Most Recent Fiscal Year or during the Current Fiscal Year up to the Date of Printing of the Annual Report: None.**

# The parent-only financial report of the most recent year and the Independent Auditor's Report

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of TTET Union Corporation

## *Opinion*

We have audited the accompanying parent company only balance sheets of TTET Union Corporation (the "Company") as at December 31, 2021 and 2020, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

## *Basis for opinion*

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

## *Key audit matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the parent company only financial statements of the current period are stated as follows:

**Cut-off of inventory in transit**

Description

The Company imports soybean from foreign suppliers as raw material. The terms of trade is C&F which means the seller delivers the goods at the port of loading. The Company will confirm the information about loading date, quantity, pricing and other details with suppliers. After receiving the bill of lading, invoice, bank debit and other related source documents, the Company can recognize those materials as inventory. However, due to the complexity of the import process and paper work, the source documents may not be received on time and will result in inappropriate inventory recognition. In addition, the goods in transit have significant value. Thus, we considered the cut-off of inventory in transit a key audit matter.

How our audit addressed the matter

We performed the following key audit procedures in respect of the above key audit matter:

1. Understood the process of importing raw material and checking the source documents as basis for inventory recognition.
2. Tested the purchase transactions that took place after the balance sheet date, by inspecting the bill of lading or bank debit, to ensure the purchase was recognized in the correct reporting period.
3. Confirmed the borrowing amount of loan and the letter of credit with the banks.

**Inventory valuation**

Description

Refer to Notes 4(8) and 6(4) to the parent company only financial statements for the accounting policy and the details of accounts relating to inventory valuation. As at December 31, 2021, inventory and allowance for market price decline amounted to $2,219,721 thousand and $718 thousand, respectively, with the net amount constituting 38% of total assets.

The Company is engaged in the manufacture, sales and processing of a variety of vegetable oil and fat. The main raw material is soybean and it is usually affected by price changes in international trade. This results in higher risk of loss on market price decline. The inventories are estimated at the lower of cost and net realizable value. As the raw material is usually affected by price changes in international trade and the value of inventories is significant, we considered inventory valuation a key audit matter.

How our audit addressed the matter

We performed the following key audit procedures in respect of the above key audit matter:

1. Evaluated the reasonableness of accounting policy on provision for inventory, and the consistency of process application during the financial reporting period.
2. Tested the details of loss on market price decline, recalculated the net realizable value of the selected inventories, inspected related documents and discussed with management to confirm the adequacy of the provision on inventory market price decline.

## *Responsibilities of management and those charged with governance for the parent company only financial statements*

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the Company’s financial reporting process.

## *Auditors’ responsibilities for the audit of the parent company only financial statements*

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance (including audit committee), we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Lin, Tzu-Shu

Independent Accountants

Lin, Yung-Chih

PricewaterhouseCoopers, Taiwan
Republic of China
February 23, 2022

---

The accompanying parent company only 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 parent company only 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
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

| | Assets | Notes | December 31, 2021 AMOUNT | % | December 31, 2020 AMOUNT | % |
|---|---|---|---|---|---|---|
| | **Current assets** | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | $ 1,705,466 | 29 | $ 2,673,977 | 49 |
| 1110 | Financial assets at fair value through profit or loss - current | 6(2) and 12 | - | - | 9,327 | - |
| 1150 | Notes receivable, net | 6(3) | 137,535 | 2 | 120,616 | 2 |
| 1170 | Accounts receivable, net | 6(3) | 297,708 | 5 | 355,651 | 7 |
| 1180 | Accounts receivable - related parties | 6(3) and 7 | 103,607 | 2 | 118,016 | 2 |
| 1200 | Other receivables | | 14,100 | - | 4,671 | - |
| 130X | Inventory | 5(2) and 6(4) | 2,219,003 | 38 | 811,101 | 15 |
| 1410 | Prepayments | | 342,129 | 6 | 289,991 | 6 |
| 11XX | **Total current assets** | | 4,819,548 | 82 | 4,383,350 | 81 |
| | **Non-current assets** | | | | | |
| 1517 | Financial assets at fair value through other comprehensive income - non-current | 6(5) | 37,600 | - | 1,275 | - |
| 1550 | Investments accounted for under equity method | 6(6) | 402,624 | 7 | 354,102 | 7 |
| 1600 | Property, plant and equipment | 6(7) and 8 | 587,090 | 10 | 607,507 | 11 |
| 1755 | Right-of-use assets | 6(8) | 38,394 | 1 | 51,127 | 1 |
| 1780 | Intangible assets | 6(9) | 912 | - | 1,432 | - |
| 1840 | Deferred income tax assets | 6(22) | 17,171 | - | 21,717 | - |
| 1920 | Guarantee deposits paid | | 4,613 | - | 12,621 | - |
| 15XX | **Total non-current assets** | | 1,088,404 | 18 | 1,049,781 | 19 |
| 1XXX | **Total assets** | | $ 5,907,952 | 100 | $ 5,433,131 | 100 |

(Continued)

TTET UNION CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

| | Liabilities and Equity | Notes | December 31, 2021 AMOUNT | % | December 31, 2020 AMOUNT | % |
|---|---|---|---|---|---|---|
| | **Current liabilities** | | | | | |
| 2100 | Short-term borrowings | 6(10) | $ 45,516 | 1 | $ 79,744 | 1 |
| 2120 | Financial liabilities at fair value through profit or loss - current | 6(2) and 12 | 20 | - | - | - |
| 2130 | Current contract liabilities | 6(15) | 29,451 | - | 51,140 | 1 |
| 2150 | Notes payable | | 4,788 | - | 4,788 | - |
| 2170 | Accounts payable | | 308,014 | 5 | 139,534 | 3 |
| 2180 | Accounts payable - related parties | 7 | 45,070 | 1 | 37,077 | 1 |
| 2200 | Other payables | | 275,993 | 5 | 295,066 | 5 |
| 2230 | Current income tax liabilities | 6(22) | 285,820 | 5 | 177,352 | 3 |
| 2280 | Lease liabilities - current | 6(8) | 91 | - | 1,063 | - |
| 21XX | **Total current liabilities** | | 994,763 | 17 | 785,764 | 14 |
| | **Non-current liabilities** | | | | | |
| 2570 | Deferred income tax liabilities | 6(22) | 12,058 | - | 13,853 | - |
| 2580 | Lease liabilities - non-current | 6(8) | 38,855 | 1 | 50,446 | 1 |
| 2640 | Net defined benefit liabilities - non-current | 6(11) | 1,847 | - | 26,709 | 1 |
| 2645 | Guarantee deposits received | | 1,760 | - | 2,410 | - |
| 25XX | **Total non-current liabilities** | | 54,520 | 1 | 93,418 | 2 |
| 2XXX | **Total liabilities** | | 1,049,283 | 18 | 879,182 | 16 |
| | **Equity** | | | | | |
| | Share capital | | | | | |
| 3110 | Common stock | 6(12) | 1,599,749 | 27 | 1,599,749 | 30 |
| 3200 | Capital surplus | 6(13) | 23,784 | - | 23,784 | - |
| | Retained earnings | 6(14) | | | | |
| 3310 | Legal reserve | | 1,456,732 | 25 | 1,327,386 | 24 |
| 3320 | Special reserve | | 7,000 | - | 7,000 | - |
| 3350 | Unappropriated retained earnings | | 1,776,932 | 30 | 1,603,030 | 30 |
| 3400 | Other equity interest | | ( 5,528) | - | ( 7,000) | - |
| 3XXX | **Total equity** | | 4,858,669 | 82 | 4,553,949 | 84 |
| | Significant contingent liabilities and unrecognized contract commitments | 9 | | | | |
| 3X2X | **Total liabilities and equity** | | $ 5,907,952 | 100 | $ 5,433,131 | 100 |

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

TTET UNION CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except for earning per share amounts)

| | | | Year ended December 31 | | | |
|---|---|---|---|---|---|---|
| | | | 2021 | | 2020 | |
| | Items | Notes | AMOUNT | % | AMOUNT | % |
| 4000 | Operating revenue | 6(15) and 7 | $ 16,772,295 | 100 | $ 13,866,157 | 100 |
| 5000 | Operating costs | 6(4)(9)(11)(20)(21) and 7 | ( 15,030,541) | ( 90) | ( 12,018,335) | ( 87) |
| 5900 | Net operating margin | | 1,741,754 | 10 | 1,847,822 | 13 |
| | Operating expenses | 6(9)(11)(20)(21) and 7 | | | | |
| 6100 | Selling expenses | | ( 228,594) | ( 1) | ( 234,527) | ( 2) |
| 6200 | General and administrative expenses | | ( 173,260) | ( 1) | ( 182,578) | ( 1) |
| 6300 | Research and development expenses | | ( 9,528) | - | ( 9,207) | - |
| 6450 | Expected credit gains (losses) | 12 | 239 | - | ( 240) | - |
| 6000 | Total operating expenses | | ( 411,143) | ( 2) | ( 426,552) | ( 3) |
| 6900 | Operating profit | | 1,330,611 | 8 | 1,421,270 | 10 |
| | Non-operating income and expenses | | | | | |
| 7100 | Interest income | 6(16) | 3,736 | - | 8,431 | - |
| 7010 | Other income | 6(17) | 13,412 | - | 11,059 | - |
| 7020 | Other gains and losses | 6(2)(18) and 12 | 49,122 | - | 19,983 | - |
| 7050 | Finance costs | 6(8)(19) | ( 2,149) | - | ( 3,616) | - |
| 7070 | Share of profit of subsidiaries, associates and joint ventures accounted for using equity method, net | 6(6) | 131,024 | 1 | 125,262 | 1 |
| 7000 | Total non-operating income and expenses | | 195,145 | 1 | 161,119 | 1 |
| 7900 | **Profit before income tax** | | 1,525,756 | 9 | 1,582,389 | 11 |
| 7950 | Income tax expense | 6(22) | ( 284,046) | ( 1) | ( 290,561) | ( 2) |
| 8200 | **Profit for the year** | | $ 1,241,710 | 8 | $ 1,291,828 | 9 |
| | **Other comprehensive income (loss)** | | | | | |
| | **Components of other comprehensive income that will not be reclassified to profit or loss** | | | | | |
| 8311 | Remeasurements of defined benefit obligations | 6(11) | $ 24,513 | - | $ 2,353 | - |
| 8316 | Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income | 6(5) | 1,472 | - | - | - |
| 8330 | Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using equity method | 6(6) | 1,778 | - | ( 251) | - |
| 8349 | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | 6(22) | ( 4,903) | - | ( 470) | - |
| 8300 | **Other comprehensive income for the year** | | $ 22,860 | - | $ 1,632 | - |
| 8500 | **Total comprehensive income for the year** | | $ 1,264,570 | 8 | $ 1,293,460 | 9 |
| | Basic earnings per share (in dollars) | 6(23) | | | | |
| 9750 | Basic | | $ | 7.76 | $ | 8.08 |
| 9850 | Diluted | | $ | 7.75 | $ | 8.06 |

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

TTET UNION CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

| | | | | 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 equity |
| For the year ended December 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 |
| Net income for 2020 | | - | - | - | - | 1,291,828 | - | 1,291,828 |
| Other comprehensive income for 2020 | | - | - | - | - | 1,632 | - | 1,632 |
| Total comprehensive income for 2020 | | - | - | - | - | 1,293,460 | - | 1,293,460 |
| Distribution of 2019 net income: | | | | | | | | |
| Legal reserve | | - | - | 97,933 | - | ( 97,933) | - | - |
| Cash dividends | 6(14) | - | - | - | - | ( 799,875) | - | ( 799,875) |
| Balance at December 31, 2020 | | $ 1,599,749 | $ 23,784 | $ 1,327,386 | $ 7,000 | $ 1,603,030 | ($ 7,000) | $ 4,553,949 |
| For the year ended December 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 |
| Net income for 2021 | | - | - | - | - | 1,241,710 | - | 1,241,710 |
| Other comprehensive income for 2021 | 6(5) | - | - | - | - | 21,388 | 1,472 | 22,860 |
| Total comprehensive income for 2021 | | - | - | - | - | 1,263,098 | 1,472 | 1,264,570 |
| Distribution of 2020 net income: | | | | | | | | |
| Legal reserve | | - | - | 129,346 | - | ( 129,346) | - | - |
| Cash dividends | 6(14) | - | - | - | - | ( 959,850) | - | ( 959,850) |
| Balance at December 31, 2021 | | $ 1,599,749 | $ 23,784 | $ 1,456,732 | $ 7,000 | $ 1,776,932 | ($ 5,528) | $ 4,858,669 |

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

TTET UNION CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

| | Notes | For the years ended December 31, 2021 | 2020 |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before tax | | $ 1,525,756 | $ 1,582,389 |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Loss (gain) on financial assets at fair value through profit or loss | | 9,347 | ( 16,118 ) |
| Expected credit (gains) losses | 12 | ( 239 ) | 240 |
| (Reversal of allowance) provision for inventory market price decline | 6(4) | ( 1,044 ) | 106 |
| Share of profit of subsidiaries, associates and joint ventures accounted for using equity method | 6(6) | ( 131,024 ) | ( 125,262 ) |
| Depreciation | 6(7)(8)(20) | 131,419 | 114,274 |
| Loss on disposal of property, plant and equipment | 6(18) | 244 | 428 |
| Property, plant and equipment recognized as expense | 6(7) | 4,454 | 4,080 |
| Loss from lease modification | 6(8)(18) | 18 | 100 |
| Amortization | 6(9)(20) | 921 | 1,336 |
| Dividend income | 6(17) | ( 1,146 ) | - |
| Interest income | 6(16) | ( 3,736 ) | ( 8,431 ) |
| Finance costs | 6(19) | 2,149 | 3,616 |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Notes receivable | | ( 16,888 ) | ( 13,908 ) |
| Accounts receivable | | 58,151 | ( 58,003 ) |
| Accounts receivable - related parties | | 14,409 | 244 |
| Other receivables | | ( 9,429 ) | 2,443 |
| Inventories | | ( 1,406,858 ) | 598,652 |
| Prepayments | | ( 52,138 ) | ( 2,432 ) |
| Changes in operating liabilities | | | |
| Current contract liabilities | | ( 21,689 ) | 35,083 |
| Notes payable | | - | 399 |
| Accounts payable | | 168,480 | ( 110,758 ) |
| Accounts payable - related parties | | 7,993 | ( 8,189 ) |
| Other payables | | ( 19,070 ) | 25,431 |
| Net defined benefit liabilities - non-current | | ( 349 ) | ( 1,194 ) |
| Cash inflow generated from operations | | 259,731 | 2,024,526 |
| Dividend received from investment accounted for under equity method | 6(6) | 84,280 | 60,200 |
| Dividends received | | 1,146 | - |
| Interest received | | 3,736 | 8,431 |
| Interest paid | | ( 2,151 ) | ( 3,670 ) |
| Income tax paid | | ( 177,730 ) | ( 226,983 ) |
| Net cash flows from operating activities | | 169,012 | 1,862,504 |

(Continued)

TTET UNION CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

| | Notes | For the years ended December 31, 2021 | For the years ended December 31, 2020 |
|---|---|---|---|
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Acquisition of financial assets at fair value through other comprehensive income | | ($ 34,853 ) | $ - |
| Acquisition of property, plant and equipment | 6(7) | ( 102,286 ) | ( 137,908 ) |
| Increase in intangible assets | 6(9) | ( 401 ) | ( 996 ) |
| Decrease (increase) in guarantee deposits paid | | 8,008 | ( 3,597 ) |
| Net cash flows used in investing activities | | ( 129,532 ) | ( 142,501 ) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Decrease in short-term borrowings | 6(24) | ( 34,228 ) | ( 44,093 ) |
| Repayments of lease principal | 6(24) | ( 13,263 ) | ( 13,221 ) |
| (Decrease) inecrease in guarantee deposit received | 6(24) | ( 650 ) | 30 |
| Payment of cash dividends | 6(14) | ( 959,850 ) | ( 799,875 ) |
| Net cash flows used in financing activities | | ( 1,007,991 ) | ( 857,159 ) |
| Net (decrease) increase in cash and cash equivalents | | ( 968,511 ) | 862,844 |
| Cash and cash equivalents at beginning of year | 6(1) | 2,673,977 | 1,811,133 |
| Cash and cash equivalents at end of year | 6(1) | $ 1,705,466 | $ 2,673,977 |

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

TTET UNION CORPORATION

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

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 is primarily engaged in the manufacture, sales, processing, import and export of a variety of vegetable oils and engaged in cogeneration plant business, 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 parent company only financial statements were authorized for issuance by the Board of Directors on February 23, 2022.

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 – Phase 2’ | January 1, 2021 |
| Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’ | April 1, 2021 (Note) |

Note: Earlier application from January 1, 2021 is allowed by the FSC.

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2022 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 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 Company's financial condition and financial performance based on the Company's assessment.

(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 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture' | To be determined by IASB |
| IFRS 17, 'Insurance contracts' | January 1, 2023 |
| Amendments to IFRS 17,'Insurance contracts' | January 1, 2023 |
| Amendment to IFRS 17,'Initial application of IFRS 17 and IFRS 9 – comparative information' | January 1, 2023 |
| Amendments to IAS 1, 'Classification of liabilities as current or non-current' | January 1, 2023 |
| Amendments to IAS 1, 'Disclosure of accounting policies' | January 1, 2023 |
| Amendments to IAS 8, 'Definition of accounting estimates' | January 1, 2023 |
| Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction' | January 1, 2023 |

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

A. Except for the following items, the parent company only 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 loss.

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

(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 judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the parent company only financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The parent company only 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".

(4) 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.

(5) 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.

(6) 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 Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

(7) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(8) 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 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.

(9) 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 Company 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 Company'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 Company measures the financial assets at fair value plus transaction costs. The Company 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 Company 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.

(10) 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 Company 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 Company recognizes the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Company 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 Company 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 Company has not retained control of the financial asset.

(12) Investments accounted for under equity method / associates

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has right, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Unrealized gains or losses between the Company and its subsidiaries are eliminated. Necessary adjustments are made to the accounting policies of subsidiaries, to be consistent with the accounting policies of the Company.

C. After acquisition of subsidiaries, the Company recognizes proportionately the share of profit and loss and other comprehensive income in the income statement as part of the Company's profit and loss and other comprehensive income, respectively. When the share of loss from a subsidiary exceeds the carrying amount of Company's interest in that subsidiary, the Company continues to recognize its share in the subsidiary's loss proportionately.

D. According to "Regulations Governing the Preparation of Financial Statements by Securities Issuers", 'profit for the year' and 'other comprehensive income for the year' reported in an entity's parent company only statement of comprehensive income, shall equal to 'profit for the year' and 'other comprehensive income' attributable to owners of the parent reported in that entity's consolidated statement of comprehensive income. Total equity reported in an entity's parent company only financial statements, shall equal to equity attributable to owners of parent reported in that entity's consolidated financial statements.

(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 Company 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 |
| 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 Company. For short-term leases or leases of low-value 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 Company 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 decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference between remeasured lease liability 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 life of 3~10 years.

(16) Impairment of non-financial assets

The Company 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 Company measures the financial liabilities at fair value. All related transaction costs are recognized in profit or loss. The Company 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 Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans 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 defined benefit plan is recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

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 Company 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 Company 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 parent company only 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 Company 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.

(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 Company 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

The Company 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.

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

The preparation of these parent company only financial statements requires management to make critical judgments in applying the Company'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 judgments in applying the Company'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 Company 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 Company 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 December 31, 2021, the carrying amount of inventories was $2,219,003.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Cash: | | |
| Cash on hand | $ 581 | $ 477 |
| Checking accounts and demand deposits | 415,893 | 245,563 |
| | 416,474 | 246,040 |
| Cash equivalents: | | |
| Time deposits | 150,000 | 800,000 |
| Commercial paper | 1,138,992 | 1,627,937 |
| | 1,288,992 | 2,427,937 |
| | $ 1,705,466 | $ 2,673,977 |

A. The Company transacts 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 Company has no cash and cash equivalents pledged to others as of December 31, 2021 and 2020.

(2) Financial assets and liabilities at fair value through profit or loss-current

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Financial assets mandatorily measured at fair value through profit or loss | | |
| Non-hedging derivatives | $ - | $ 9,327 |

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Financial liabilities held for trading | | |
| Non-hedging derivatives | $ 20 | $ - |

A. The Company recognized net gain (shown as “Other gains and losses”) on financial assets and liability mandatorily measured at fair value amounting to $35,260 and $2,415 for the years ended December 31, 2021 and 2020, respectively.

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

| | December 31, 2020 | |
|---|---|---|
| Derivative instruments | Contract amount (Notional principal) | Contract period |
| Current asset items: | | |
| Forward foreign exchange contracts | USD 39,021 | 2020.10.29~2021.3.22 |

There is no current asset item as of December 31, 2021.

| | December 31, 2021 | |
|---|---|---|
| Derivative instruments | Contract amount (Notional principal) | Contract period |
| Current liability items: | | |
| Forward foreign exchange contracts | USD 27,177 | 2021.11.2~2022.3.17 |

There is no current liability items as of December 31, 2020.

The Company 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 and liabilities at fair value through profit or loss is provided in Note 12(2).

(3) Notes and accounts receivable

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Notes receivable | $ 137,880 | $ 120,992 |
| Less: Allowance for uncollectible accounts | ( 345) | ( 376) |
| | $ 137,535 | $ 120,616 |

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Accounts receivable | $ 299,033 | $ 357,184 |
| Accounts receivable-related parties | 103,607 | 118,016 |
| | 402,640 | 475,200 |
| Less: Allowance for uncollectible accounts | ( 1,325) | ( 1,533) |
| | $ 401,315 | $ 473,667 |

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

| | December 31, 2021 | | December 31, 2020 | |
|---|---|---|---|---|
| | Notes receivable | Accounts receivable | Notes receivable | Accounts receivable |
| Not past due | $ 137,880 | $ 402,640 | $ 120,992 | $ 475,200 |
| Less than 30 days | - | - | - | - |
| 31~60 days | - | - | - | - |
| 61~90 days | - | - | - | - |
| 91~Over 120 days | - | - | - | - |
| | $ 137,880 | $ 402,640 | $ 120,992 | $ 475,200 |

The above ageing analysis was based on past due date.

B. As of December 31, 2021 and 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 $524,525.

C. As at December 31, 2021 and 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 Company's notes and accounts receivable was the book value.

D. The Company holds certificates of time deposit and land as security for accounts receivable as of December 31, 2021 and 2020.

E. The Company has no notes and accounts receivable pledged to others as of December 31, 2021 and 2020.

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

(4) Inventories

| | December 31, 2021 | | |
|---|---|---|---|
| | Cost | Allowance for market price decline | Book value |
| Merchandise | $ 3,869 | ($ 17) | $ 3,852 |
| Raw materials | 17,316 | - | 17,316 |
| Raw materials in transit | 1,539,086 | - | 1,539,086 |
| Supplies | 18,948 | ( 674) | 18,274 |
| Work in progress | 255,473 | - | 255,473 |
| Work in progress in transit | 16,568 | - | 16,568 |
| Finished goods | 368,461 | ( 27) | 368,434 |
| | $ 2,219,721 | ($ 718) | $ 2,219,003 |

| | December 31, 2020 | | | | | |
|---|---|---|---|---|---|---|
| | | Cost | | Allowance for market price decline | | Book value |
| Merchandise | $ | 13,541 | ($ | 172) | $ | 13,369 |
| Raw materials | | 102,760 | | - | | 102,760 |
| Raw materials in transit | | 272,143 | | - | | 272,143 |
| Supplies | | 16,417 | ( | 1,498) | | 14,919 |
| Work in progress | | 61,030 | | - | | 61,030 |
| Work in progress in transit | | 54,183 | | - | | 54,183 |
| Finished goods | | 292,789 | ( | 92) | | 292,697 |
| | $ | 812,863 | ($ | 1,762) | $ | 811,101 |

The cost of inventories recognized as expense for the year:

| | For the years ended December 31, | | | |
|---|---|---|---|---|
| | | 2021 | | 2020 |
| Cost of goods sold | $ | 14,728,704 | $ | 11,702,508 |
| (Reversal of allowance) provision for inventory market price decline (Note) | ( | 1,044) | | 106 |
| (Gain) loss on physical inventory | ( | 490) | | 628 |
| Loss on scrapped inventories | | 621 | | 239 |
| | $ | 14,727,791 | $ | 11,703,481 |

(Note) The Company 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 year ended December 31, 2021.

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

| | | December 31, 2021 | | December 31, 2020 |
|---|---|---|---|---|
| Equity instruments | | | | |
| Listed stocks | $ | 34,853 | $ | - |
| Unlisted stocks | | 8,275 | | 8,275 |
| | | 43,128 | | 8,275 |
| Valuation adjustment | ( | 5,528) | ( | 7,000) |
| | $ | 37,600 | $ | 1,275 |

A. The Company 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 $37,600 and $1,275 at December 31, 2021 and 2020, respectively.

B. The Company recognized other comprehensive income in relation to financial assets at fair value through other comprehensive income amounting to $1,472 and $ – for the years ended December 31, 2021 and 2020, respectively.

C. As at December 31, 2021 and 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 Company was the book value.

D. The Company 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) Investments accounted for under equity method

Movement of investments accounted for under equity method is as follows:

| | For the years ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| At January 1 | $ 354,102 | $ 289,291 |
| Share of profit of investments accounted for under equity method | 131,024 | 125,262 |
| Earnings distribution of investments accounted for under equity method | ( 84,280) | ( 60,200) |
| Changes in other equity items | 1,778 | ( 251) |
| At December 31 | $ 402,624 | $ 354,102 |

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Subsidiaries | $ 402,624 | $ 354,102 |

A. For information relating to the Company's subsidiaries, please refer to Note 4(3), 'Basis of consolidation' of the Company and its subsidiaries' consolidated financial statements for the year ended December 31, 2021.

B. The Company has no investments accounted for under equity method pledged to others as of December 31, 2021 and 2020.

## (7) Property, plant and equipment

| | Land | Buildings | Machinery | Transportation equipment | Other equipment | Construction in progress | Total |
|---|---|---|---|---|---|---|---|
| **January 1, 2021** | | | | | | | |
| Cost | $ 44,244 | $ 909,813 | $ 3,384,272 | $ 11,947 | $ 46,287 | $ 35,094 | $ 4,431,657 |
| Accumulated depreciation | - | ( 744,178) | ( 3,033,318) | ( 10,751) | ( 35,903) | - | ( 3,824,150) |
| | $ 44,244 | $ 165,635 | $ 350,954 | $ 1,196 | $ 10,384 | $ 35,094 | $ 607,507 |
| **For the year ended December 31, 2021** | | | | | | | |
| At January 1 | $ 44,244 | $ 165,635 | $ 350,954 | $ 1,196 | $ 10,384 | $ 35,094 | $ 607,507 |
| Additions | - | 4,524 | 40,428 | - | 5,163 | 52,171 | 102,286 |
| Transferred after acceptance | - | 21,605 | 50,178 | - | 2,343 | ( 74,126) | - |
| Depreciation | - | ( 26,496) | ( 88,394) | ( 215) | ( 2,900) | - | ( 118,005) |
| Disposals-Cost | - | ( 629) | ( 22,900) | - | ( 584) | - | ( 24,113) |
| -Accumulated depreciaton | - | 540 | 22,745 | - | 584 | - | 23,869 |
| Expensed | - | - | - | - | - | ( 4,454) | ( 4,454) |
| At December 31 | $ 44,244 | $ 165,179 | $ 353,011 | $ 981 | $ 14,990 | $ 8,685 | $ 587,090 |
| **December 31, 2021** | | | | | | | |
| Cost | $ 44,244 | $ 935,313 | $ 3,451,978 | $ 11,947 | $ 53,209 | $ 8,685 | $ 4,505,376 |
| Accumulated depreciation | - | ( 770,134) | ( 3,098,967) | ( 10,966) | ( 38,219) | - | ( 3,918,286) |
| | $ 44,244 | $ 165,179 | $ 353,011 | $ 981 | $ 14,990 | $ 8,685 | $ 587,090 |

| | Land | Buildings | Machinery | Transportation equipment | Other equipment | Construction in progress | Total |
|---|---|---|---|---|---|---|---|
| **January 1, 2020** | | | | | | | |
| Cost | $ 44,244 | $ 902,213 | $ 3,255,995 | $ 12,935 | $ 45,492 | $ 55,951 | $ 4,316,830 |
| Accumulated depreciation | - | ( 720,787) | ( 2,973,827) | ( 11,433) | ( 35,763) | - | ( 3,741,810) |
| | $ 44,244 | $ 181,426 | $ 282,168 | $ 1,502 | $ 9,729 | $ 55,951 | $ 575,020 |
| **For the year ended December 31, 2020** | | | | | | | |
| At January 1 | $ 44,244 | $ 181,426 | $ 282,168 | $ 1,502 | $ 9,729 | $ 55,951 | $ 575,020 |
| Additions | - | 4,575 | 71,010 | - | 3,060 | 59,263 | 137,908 |
| Transferred after acceptance | - | 3,998 | 71,780 | - | 262 | ( 76,040) | - |
| Depreciation | - | ( 24,364) | ( 73,576) | ( 306) | ( 2,667) | - | ( 100,913) |
| Disposals-Cost | - | ( 973) | ( 14,513) | ( 988) | ( 2,527) | - | ( 19,001) |
| -Accumulated depreciaton | - | 973 | 14,085 | 988 | 2,527 | - | 18,573 |
| Expensed | - | - | - | - | - | ( 4,080) | ( 4,080) |
| At December 31 | $ 44,244 | $ 165,635 | $ 350,954 | $ 1,196 | $ 10,384 | $ 35,094 | $ 607,507 |
| **December 31, 2020** | | | | | | | |
| Cost | $ 44,244 | $ 909,813 | $ 3,384,272 | $ 11,947 | $ 46,287 | $ 35,094 | $ 4,431,657 |
| Accumulated depreciation | - | ( 744,178) | ( 3,033,318) | ( 10,751) | ( 35,903) | - | ( 3,824,150) |
| | $ 44,244 | $ 165,635 | $ 350,954 | $ 1,196 | $ 10,384 | $ 35,094 | $ 607,507 |

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

B. The Company has not capitalized any interest for the years ended December 31, 2021 and 2020.

C. For more information regarding the Company’s property, plant and equipment pledged to others as at December 31, 2021 and 2020, please refer to Note 8, “Pledged assets”.

(8) Leasing arrangements－lessee

A. The Company leases various assets including buildings and transportation equipment. Rental contracts are typically made for periods of 1 to 6 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:

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| | Carrying amount | Carrying amount |
| Buildings | $ 29,924 | $ 38,810 |
| Transportation equipment | 8,470 | 12,317 |
| | $ 38,394 | $ 51,127 |

| | For the years ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| | Depreciation charge | Depreciation charge |
| Buildings | $ 8,885 | $ 8,675 |
| Transportation equipment | 4,529 | 4,686 |
| | $ 13,414 | $ 13,361 |

D. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were $1,550 and $31,584, respectively.

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

| | For the years ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Items affecting profit or loss | | |
| Interest expense on lease liabilities | $ 385 | $ 452 |
| Expense on short-term lease contracts | 72 | 161 |
| Loss from lease modification | 18 | 100 |

F. For the years ended December 31, 2021 and 2020, the Company's total cash outflow for leases were $13,720 and $13,834, respectively.

(9) Intangible assets

| | For the years ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| At January 1 | | |
| Cost | $ 8,668 | $ 7,672 |
| Accumulated amortization | ( 7,236) | ( 5,900) |
| | $ 1,432 | $ 1,772 |
| For the year ended December 31 | | |
| At January 1 | $ 1,432 | $ 1,772 |
| Additions－acquired separately | 401 | 996 |
| Amortization charge | ( 921) | ( 1,336) |
| At December 31 | $ 912 | $ 1,432 |
| At December 31 | | |
| Cost | $ 9,069 | $ 8,668 |
| Accumulated amortization | ( 8,157) | ( 7,236) |
| | $ 912 | $ 1,432 |

Details of amortization on intangible assets are as follows:

| | For the years ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Operating costs | $ 68 | $ 219 |
| Selling expenses | 137 | 331 |
| Administrative expenses | 716 | 786 |
| | $ 921 | $ 1,336 |

(10) Short-term borrowings

| | December 31, 2021 | Interest rate range | Collateral |
|---|---|---|---|
| Bank unsecured borrowings | $ 45,516 | 0.54%~0.69% | None |
| | December 31, 2020 | Interest rate range | Collateral |
| Bank unsecured borrowings | $ 79,744 | 0.65%~0.92% | None |

For interest expense recognized in profit or loss for the years ended December 31, 2021 and 2020, please refer to Note 6(19).

(11) Pensions

A. The Company has a defined benefit pension plan 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. In

2021, The Company 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 years ended December 31, 2021 and 2020, respectively. Also, the Company 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 Company will make contribution for the deficit by next March. The information on the Company's defined benefit pension plan is as follows:

(a) The amounts recognized in the balance sheet are as follows:

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Present value of defined benefit obligations | ($ 227,008) | ($ 245,740) |
| Fair value of plan assets | 225,161 | 219,031 |
| Net defined benefit liability | ($ 1,847) | ($ 26,709) |

(b) Movements in net defined benefit liabilities are as follows:

| | Present value of defined benefit obligations | Fair value of plan assets | Net defined benefit liability |
|---|---|---|---|
| For the year ended December 31, 2021 | | | |
| Balance at January 1 | ($ 245,740) | $ 219,031 | ($ 26,709) |
| Current service cost | ( 1,708) | - | ( 1,708) |
| Interest (expense) income | ( 727) | 652 | ( 75) |
| | ( 248,175) | 219,683 | ( 28,492) |
| Remeasurements: | | | |
| Return on plan assets (excluding amounts included in interest income or expense) | - | 3,346 | 3,346 |
| Change in demographic assumptions | ( 321) | - | ( 321) |
| Change in financial assumptions | 7,985 | - | 7,985 |
| Experience adjustments | 13,503 | - | 13,503 |
| | 21,167 | 3,346 | 24,513 |
| Pension fund contribution | - | 2,132 | 2,132 |
| Balance at December 31 | ($ 227,008) | $ 225,161 | ($ 1,847) |

| | Present value of defined benefit obligations | Fair value of plan assets | Net defined benefit liability |
|---|---|---|---|
| For the year ended December 31, 2020 | | | |
| Balance at January 1 | ($ 249,996) | $ 219,740 | ($ 30,256) |
| Current service cost | ( 2,025) | - | ( 2,025) |
| Interest (expense) income | ( 1,691) | 1,491 | ( 200) |
| | ( 253,712) | 221,231 | ( 32,481) |
| Remeasurements: | | | |
| Return on plan assets (excluding amounts included in interest income or expense) | - | 7,377 | 7,377 |
| Change in financial assumptions | ( 8,941) | - | ( 8,941) |
| Experience adjustments | 3,917 | - | 3,917 |
| | ( 5,024) | 7,377 | 2,353 |
| Pension fund contribution | - | 3,287 | 3,287 |
| Paid pension | 12,996 | ( 12,864) | 132 |
| Balance at December 31 | ($ 245,740) | $ 219,031 | ($ 26,709) |

(c) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(d) The principal actuarial assumptions used were as follows:

| | For the years ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Discount rate | 0.70% | 0.30% |
| Future salary increases | 2.00% | 2.00% |

For the years ended December 31, 2021 and 2020, assumptions regarding future mortality experience are set based on actuarial advice in accordance with Taiwan Life Insurance Industry 6th and 5th Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

| | Discount rate | | Future salary increases | |
|---|---|---|---|---|
| | Increase 0.25% | Decrease 0.25% | Increase 0.25% | Decrease 0.25% |
| December 31, 2021 | | | | |
| Effect on present value of defined benefit obligation | ($ 4,852) | $ 5,007 | $ 4,930 | ($ 4,803) |
| December 31, 2020 | | | | |
| Effect on present value of defined benefit obligation | ($ 5,643) | $ 5,834 | $ 5,721 | ($ 5,564) |

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(e) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2022 amount to $1,876.

(f) As of December 31, 2021, the weighted average duration of the retirement plan is 8 years. The analysis of timing of the future pension payment was as follows:

| | |
|---|---|
| Within 1 year | $ 6,472 |
| 2-5 years | 56,830 |
| Over 6 years | 177,126 |
| | $ 240,428 |

B. Effective July 1, 2005, the Company 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 Company 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 Company for the years ended December 31, 2021 and 2020 were $4,507 and $4,635, 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 years ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Beginning and ending balance | 159, 975 | 159, 975 |

B. As of December 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 Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient. Movements of the Company's capital surplus for the years ended December 31, 2021 and 2020 are as follows:

| | For the year ended December 31, 2021 | | |
|---|---|---|---|
| | Share premium | Treasury share transactions | Total |
| Beginning and ending balance | $ 154 | $ 23, 630 | $ 23, 784 |

| | For the year ended December 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 years ended December 31, 2021 and 2020, the Company distributed cash dividends amounting to $959,850 ($6 (in dollars) per share) and $799,875 ($5 (in dollars) per share), respectively. On February 23, 2022, the Board of Directors proposed for the distribution of dividends from 2021 earnings in the amount of $959,850 at $6 (in dollars) per share.

(15) Operating revenue

| | For the years ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Revenue from contracts with customers | $ 16,772,295 | $ 13,866,157 |

A. Disaggregation of revenue from contracts with customers

The Company 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 years ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Sales revenue | $ 16,380,670 | $ 13,456,363 |
| Processing revenue | 391,625 | 409,794 |
| | $ 16,772,295 | $ 13,866,157 |
| Timing of revenue recognition | | |
| At a point in time | $ 16,380,670 | $ 13,456,363 |
| Over time | 391,625 | 409,794 |
| | $ 16,772,295 | $ 13,866,157 |

B. Contract liabilities

(a) As of December 31, 2021 and 2020 and January 1, 2020, the Company has recognized the revenue-related liabilities amounting to $29,451, $51,140 and $16,057, respectively.

(b) Revenue recognized that were included in the contract liabilities balance at the beginning of 2021 and 2020 amounted to $51,136 and $16,056, respectively.

(16) Interest income

| | For the years ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Interest income from bank deposits | $ 1,047 | $ 6,526 |
| Other interest income | 2,689 | 1,905 |
| | $ 3,736 | $ 8,431 |

(17) Other income

| | For the years ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Dividend income | $ 1,146 | $ - |
| Other income | 12,266 | 11,059 |
| | $ 13,412 | $ 11,059 |

(18) Other gains and losses

| | For the years ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Net gain on financial assets at fair value through profit or loss | $ 35,260 | $ 2,415 |
| Net currency exchange gain | 14,124 | 19,399 |
| Loss on disposals of property, plant and equipment | ( 244) | ( 428) |
| Loss from lease modification | ( 18) | ( 100) |
| Other losses | - | ( 1,303) |
| | $ 49,122 | $ 19,983 |

(19) Finance costs

| | For the years ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Interest expense | | |
| Bank borrowings | $ 1,764 | $ 3,164 |
| Interest expense on lease liabilities | 385 | 452 |
| | $ 2,149 | $ 3,616 |

(20) Expenses by nature

| | For the years ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2021 | | | 2020 | | |
| | Operating cost | Operating expense | Total | Operating cost | Operating expense | Total |
| Employee benefit expense | $114,912 | $198,051 | $312,963 | $110,627 | $206,730 | $317,357 |
| Depreciation | $113,912 | $ 17,507 | $131,419 | $ 98,621 | $ 15,653 | $114,274 |
| Amortization | $ 68 | $ 853 | $ 921 | $ 219 | $ 1,117 | $ 1,336 |

(21) Employee benefit expense

| | For the years ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2021 | | | 2020 | | |
| | Operating cost | Operating expense | Total | Operating cost | Operating expense | Total |
| Wages and salaries | $ 104,271 | $ 150,620 | $ 254,891 | $ 99,918 | $ 165,579 | $ 265,497 |
| Labor and health insurance expense | 5,850 | 9,565 | 15,415 | 5,369 | 8,279 | 13,648 |
| Pension costs | 2,782 | 3,508 | 6,290 | 3,334 | 3,526 | 6,860 |
| Directors' remuneration | - | 23,605 | 23,605 | - | 20,163 | 20,163 |
| Other personnel expenses | 2,009 | 10,753 | 12,762 | 2,006 | 9,183 | 11,189 |
| | $ 114,912 | $ 198,051 | $ 312,963 | $ 110,627 | $ 206,730 | $ 317,357 |

A. As of December 31, 2021 and 2020, the Company had 155 and 156 employees, including 10 and 8 non-employee directors, respectively.

B. For the years ended December 31, 2021 and 2020, the average employee benefit expense were $1,996 and $2,008, respectively.

C. For the years ended December 31, 2021 and 2020, the average wages and salaries were $1,758 and $1,794, respectively.

D. For the year ended December 31, 2021, the adjustment of average employee salary rate was (2.01%).

E. For the years ended December 31, 2021 and 2020, the supervisors' remuneration were $5,945 and $9,312, respectively.

F. For the tasks carried out by the Company's directors and supervisors, the Company may pay remunerations; the remunerations are to be enforced in compliance with the Company's internal management system and to be paid according to the industry criteria; the Company's remuneration policy is established according to personal capabilities, contribution to the Company and performance, and market value of the position held and is positively correlated to the management performance. The overall compensation includes the basic salary, prize and welfare. About the standard of payment, basic salary is determined according to the market value of the position held, prize is determined according to the fulfilled goals or corporate management performance, and welfare refers to sound welfare measures designed as required by laws and regulations and reflective of personal needs.

G. 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.

H. For the years ended December 31, 2021 and 2020, employees' compensation were accrued at $31,630 and $32,830, respectively; while directors' and supervisors' remuneration were accrued at $23,750 and $24,675, respectively. The aforementioned amounts were recognized in salary expenses and estimated and accrued based on the distributable net profit of current year for the year ended December 31, 2021 calculated by the percentage prescribed under the Articles of Incorporation of the Company. On February 23, 2022, the employees' compensation and directors' remuneration as resolved by the Board of Directors were $31,623 and $23,717, respectively, and the employees' compensation will be distributed in the form of cash. 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 was recognized in profit and loss for the year ended 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

(a) Components of income tax expense:

| | For the years ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Current tax: | | |
| Current tax on profits for the year | $ 280,271 | $ 288,149 |
| Tax on undistributed earnings | 5,919 | - |
| Prior year income tax under (over) estimation | 8 | ( 865) |
| Total current tax | 286,198 | 287,284 |
| Deferred tax: | | |
| Origination and reversal of temporary differences | ( 2,152) | 3,277 |
| Income tax expense | $ 284,046 | $ 290,561 |

(b) The income tax charge relating to components of other comprehensive income is as follows:

| | For the years ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Remeasurement of defined benefit obligations | $ 4,903 | $ 470 |

B. Reconciliation between income tax expense and accounting profit

| | For the years ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Tax calculated based on profit before tax and statutory tax rate | $ 305,151 | $ 316,478 |
| Effects from items disallowed by tax regulation | ( 27,032) | ( 25,052) |
| Tax on undistributed earnings | 5,919 | - |
| Prior year income tax under (over) estimation | 8 | ( 865) |
| Income tax expense | $ 284,046 | $ 290,561 |

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

| | For the year ended December 31, 2021 | | | |
|---|---|---|---|---|
| | January 1 | Recognized in profit or loss | Recognized in other comprehensive income | December 31 |
| Temporary differences: | | | | |
| Deferred tax assets: | | | | |
| Allowance for doubtful accounts | $ 944 | $ – | $ – | $ 944 |
| Unrealized loss on inventory market value decline | 352 | ( 209) | – | 143 |
| Unrealized expense | 1,447 | 562 | – | 2,009 |
| Unrealized loss on financial assets and liabilities | – | 4 | – | 4 |
| Actuarial loss | 18,974 | – | ( 4,903) | 14,071 |
| | $ 21,717 | $ 357 | ($ 4,903) | $ 17,171 |
| Deferred tax liabilities: | | | | |
| Unrealized gain on financial assets and liabilities | ($ 1,865) | $ 1,865 | $ – | $ – |
| Pensions | ( 11,981) | ( 70) | – | ( 12,051) |
| Unrealized exchange gain | ( 7) | – | – | ( 7) |
| | ($ 13,853) | $ 1,795 | $ – | ($ 12,058) |
| | $ 7,864 | $ 2,152 | ($ 4,903) | $ 5,113 |

| | For the year ended December 31, 2020 | | | |
|---|---|---|---|---|
| | January 1 | Recognized in profit or loss | Recognized in other comprehensive income | December 31 |
| Temporary differences: | | | | |
| Deferred tax assets: | | | | |
| Allowance for doubtful accounts | $ 944 | $ - | $ - | $ 944 |
| Unrealized loss on inventory market value decline | 331 | 21 | - | 352 |
| Unrealized expense | 1,402 | 45 | - | 1,447 |
| Unrealized loss on financial assets and liabilities | 1,358 | ( 1,358) | - | - |
| Actuarial loss | 19,444 | - | ( 470) | 18,974 |
| | $ 23,479 | ($ 1,292) | ($ 470) | $ 21,717 |
| Deferred tax liabilities: | | | | |
| Unrealized gain on financial assets and liabilities | $ - | ($ 1,865) | $ - | ($ 1,865) |
| Pensions | ( 11,768) | ( 213) | - | ( 11,981) |
| Unrealized exchange gain | ( 100) | 93 | - | ( 7) |
| | ($ 11,868) | ($ 1,985) | $ - | ($ 13,853) |
| | $ 11,611 | ($ 3,277) | ($ 470) | $ 7,864 |

D. As of February 23, 2022, 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 year ended December 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 | $ 1,241,710 | 159,975 | $ 7.76 |
| Diluted earnings per share | | | |
| Profit attributable to ordinary shareholders | $ 1,241,710 | 159,975 | |
| Assumed conversion of all dilutive potential ordinary shares Employees' compensation | - | 259 | |
| Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares | $ 1,241,710 | 160,234 | $ 7.75 |

| | For the year ended December 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 | $ 1,291,828 | 159,975 | $ 8.08 |
| Diluted earnings per share | | | |
| Profit attributable to ordinary shareholders | $ 1,291,828 | 159,975 | |
| Assumed conversion of all dilutive potential ordinary shares Employees' compensation | - | 296 | |
| Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares | $ 1,291,828 | 160,271 | $ 8.06 |

(24) Changes in liabilities from financing activities

| | Short-term borrowings | Lease liabilities | Guarantee deposits received | Liabilities from financing activities-gross |
|---|---|---|---|---|
| At January 1, 2021 | $ 79,744 | $ 51,509 | $ 2,410 | $ 133,663 |
| Increase in lease liabilities | - | 1,550 | - | 1,550 |
| Decrease in lease liabilities | - | ( 850) | - | ( 850) |
| Changes in cash flow from financing activities | ( 34,228) | ( 13,263) | ( 650) | ( 48,141) |
| At December 31, 2021 | $ 45,516 | $ 38,946 | $ 1,760 | $ 86,222 |

| | Short-term borrowings | Lease liabilities | Guarantee deposits received | Liabilities from financing activities-gross |
|---|---|---|---|---|
| At January 1, 2020 | $ 123,837 | $ 34,527 | $ 2,380 | $ 160,744 |
| Increase in lease liabilities | - | 31,584 | - | 31,584 |
| Decrease in lease liabilities | - | ( 1,381) | - | ( 1,381) |
| Changes in cash flow from financing activities | ( 44,093) | ( 13,221) | 30 | ( 57,284) |
| At December 31, 2020 | $ 79,744 | $ 51,509 | $ 2,410 | $ 133,663 |

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

| Names of related parties | Relationship with the Company |
|---|---|
| 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 Nisshin Corp. | " |
| Uni-President Vietnam Co., Ltd. | " |
| President Tokyo Corporation | " |
| Uni-President Vender Corp. | " |
| Weilih Food Industrial Co., Ltd. | Investee of key management individual accounted for under the equity method |
| Master Channels Corporation | Subsidiary |

(2) Significant related party transactions

A. Sales and processing revenue

| | For the years ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Sales of merchandise and finished goods: | | |
| －Key management individuals | $ 363,213 | $ 445,921 |
| －Subsidiaries | 262,459 | 290,052 |
| －An entity controlled by key management individuals | 448,345 | 444,400 |
| －Investee of key management individual accounted for under the equity method | 9,217 | 5,649 |
| | 1,083,234 | 1,186,022 |
| Processing revenue: | | |
| －May Lan Lei Co., Ltd. | 294,497 | 311,668 |
| －Tai Hwa Oil Industrial Co., Ltd. | 82,555 | 85,206 |
| －Other entities controlled by key management individuals | 14,026 | 12,394 |
| －Other key management individuals | 547 | 526 |
| | 391,625 | 409,794 |
| | $ 1,474,859 | $ 1,595,816 |

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 payment within 15 days after. The pricing depends on the contract and management methods.

B. Purchases

| | For the years ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| An entity controlled by key management individuals | $ 341,280 | $ 330,062 |
| Key management individuals | 93,562 | 14,497 |
| | $ 434,842 | $ 344,559 |

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 years ended December 31, 2021 and 2020.

C. Accounts receivable

| | December 31, 2021 | | December 31, 2020 | |
|---|---|---|---|---|
| An entity controlled by key management individuals | $ | 52,961 | $ | 51,750 |
| Subsidiaries | | 29,000 | | 40,131 |
| Key management individuals | | 20,496 | | 26,135 |
| Investee of key management individual accounted for under the equity method | | 1,150 | | – |
| | $ | 103,607 | $ | 118,016 |

D. Accounts payable

| | December 31, 2021 | | December 31, 2020 | |
|---|---|---|---|---|
| Ton-Yi Industrial Corp. | $ | 31,992 | $ | 34,410 |
| Key management individuals | | 12,250 | | 2,667 |
| An entity controlled by key management individuals | | 828 | | – |
| | $ | 45,070 | $ | 37,077 |

(3) Key management compensation

| | For the years ended December 31, | | | |
|---|---|---|---|---|
| | 2021 | | 2020 | |
| Salaries and other short-term employee benefits | $ | 75,446 | $ | 57,728 |

8. PLEDGED ASSETS

The Company's assets pledged as collateral were as follows:

| | Book Value | | | | |
|---|---|---|---|---|---|
| Assets pledged | December 31, 2021 | | December 31, 2020 | | Purpose of collateral |
| Land (Note 1) | $ | 44,244 | $ | 44,244 | (Note 2) |
| Buildings, net (Note 1) | | 88,377 | | 98,345 | 〃 |
| | $ | 132,621 | $ | 142,589 | |

(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. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of December 31, 2021 and 2020, the unused letters of credit amounted to $1,713,620 and $1,576,678, respectively.

(2) Capital expenditures contracted for but not yet incurred

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Property, plant and equipment | $ 67,093 | $ 78,429 |

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company'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 Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

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

B. Financial risk management policies

(a) The Company'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 Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance.

(b) Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company'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. Foreign exchange risk

(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 the Company to manage the foreign exchange risk against the functional currency. The Company hedges foreign exchange rate by using forward exchange contracts. However, the Company does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2).

(iii) The Company's businesses involve some non-functional currency operations (the Company'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:

| | December 31, 2021 | | |
|---|---|---|---|
| | Foreign currency amount (in thousands) | Exchange rate | Book value |
| (Foreign currency: functional currency) | | | |
| Financial assets | | | |
| Monetary items | | | |
| USD : NTD | $ 108 | 27.73 | $ 2,989 |
| Financial liabilities | | | |
| Monetary items | | | |
| USD : NTD | 1,641 | 27.73 | 45,516 |

| | 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 |

(iv) As of December 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 years ended December 31, 2021 and 2020 would increase/decrease by $340 and $600, respectively.

(v) The unrealized exchange gain arising from significant foreign exchange variation on monetary items held by the Company for the years ended December 31, 2021 and 2020 amounted to $36 and $31, respectively.

II. Price risk

The Company'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 Company has set various stop loss points to ensure that the Company is not exposed to significant market risks.

The Company'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, other components of equity for the years ended December 31, 2021 and 2020 would have increased/decreased by $752 and $26, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

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 years ended December 31, 2021 and 2020.

(b) Credit risk

I. Credit risk refers to the risk of financial loss to the Company 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 Company manages its credit risk taking into consideration the Company's concern. For banks and financial institutions, only independently rated parties with a certain rating are accepted. According to the Company's credit policy, the Company 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 Company 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 Company adopts the assumption under IFRS 9, whereby the default occurs when the contract payments are past due over 90 days.

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

| | For the year ended December 31, 2021 | |
|---|---|---|
| | Notes receivable | Accounts receivable |
| At January 1 | $ 376 | $ 1,533 |
| Reversal of impairment | ( 31) | ( 208) |
| At December 31 | $ 345 | $ 1,325 |

| | For the year ended December 31, 2020 | |
|---|---|---|
| | Notes receivable | Accounts receivable |
| At January 1 | $ 326 | $ 1,343 |
| Provision for impairment | 50 | 190 |
| At December 31 | $ 376 | $ 1,533 |

(c) Liquidity risk

I. Cash flow forecasting is performed in Finance Division of the Company. Finance division monitors rolling forecasts of the Company'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 Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

II. For the forward exchange agreement which the Company is engaged in, the expected cash outflow amounts to US$27,177 thousand. There is no significant risk because the rate of forward exchange agreement had already been confirmed.

III. The Company has the following undrawn borrowing facilities:

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Floating rate: | | |
| Expiring within one year | $ 5,647,734 | $ 5,533,216 |

IV. The table below analyses the Company'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.

| December 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 | $ 45,520 | $ - | $ - | $ - |
| Notes payable | 4,788 | - | - | - |
| Accounts payable (including related parties) | 353,084 | - | - | - |
| Other payables | 275,993 | - | - | - |
| Lease liabilities (including current and non-current) | 12,089 | 11,608 | 15,519 | - |
| Guarantee deposits received | - | 1,760 | - | - |
| Derivative financial liabilities: | | | | |
| Forward foreign exchange contracts | 20 | - | - | - |

| 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 | $ - | $ - | $ - |
| Notes payable | 4,788 | - | - | - |
| Accounts payable (including related parties) | 176,611 | - | - | - |
| Other payables | 295,066 | - | - | - |
| Lease liabilities (including current and non-current) | 13,564 | 12,162 | 26,304 | 386 |
| Guarantee deposits received | - | 2,410 | - | - |

(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.

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 Company'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 Company'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, notes payable, accounts payable (including related parties), other payables, 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:

| December 31, 2021 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets | | | | |
| Recurring fair value measurements | | | | |
| Financial assets at fair value through other comprehensive income | | | | |
| Equity securities - non-current | $ 36,325 | $ - | $ 1,275 | $ 37,600 |
| Liabilities | | | | |
| Recurring fair value measurements | | | | |
| Financial liabilities at fair value through profit or loss | | | | |
| Forward foreign exchange contract | $ - | $ 20 | $ - | $ 20 |

| 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 |

D. The methods and assumptions the Company 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 foreign exchange contracts are usually valued based on the current forward exchange rate.

E. For the years ended December 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.

F. The following is the movement of Level 3 for the years ended December 31, 2021 and 2020:

| | Equity Securities |
|---|---|
| For the year ended December 31, 2021 | $ 1,275 |

| | Equity Securities |
|---|---|
| For the year ended December 31, 2020 | $ 1,275 |

G. For the years ended December 31, 2020 and 2019, 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.

(4) Other matter

Due to the preventive measures implemented by the government to control the novel coronavirus (COVID 19) pandemic, the terminal consumption demand for some products has decreased. The Company has taken countermeasures by maintaining close contacts with clients and suppliers, continually assessing the supply of raw materials and market demand and strengthening employee health management. However, the impact of the pandemic on the Company's operating performance and financial condition would depend on the subsequent development of the pandemic.

13. SUPPLEMENTARY DISCLOSURES

According to the current regulatory requirements, the Company is only required to disclose the information for the year ended December 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 and liabilities 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

None.

TTET Union Corporation

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

December 31, 2021

Table 1

Expressed in thousands of NTD

| Securities held by | Marketable securities | Relationship with the securities issuer | General ledger account | As of December 31, 2021 Number of shares | Book value | Ownership | Fair value | Note |
|---|---|---|---|---|---|---|---|---|
| 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 | 100,000 | 10,000 | - | 10,000 | — |
| | Taiwan Secom Co. , Ltd. | — | Financial assets at fair value through other comprehensive income - non-current | 100,000 | 10,400 | - | 10,400 | — |
| | Far Eastern New Century Corporation | — | Financial assets at fair value through other comprehensive income - non-current | 350,000 | 10,255 | - | 10,255 | — |
| | The Shanghai Commercial & Savings Bank, Ltd. | — | Financial assets at fair value through other comprehensive income - non-current | 120,000 | 5,670 | - | 5,670 | — |

TTET Union Corporation

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

For the year ended December 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 | Uni-President Enterprises Corp. | The investor of the Company | (Sales) | ($ 209,998) | (1%) | 15 days after sales | $ - | (Note 1) | $ 15,100 | 3% | — |
| | Great Wall Enterprise Co., Ltd. | The director of the Company | (Sales) | ( 153,215) | (1%) | 10 days after sales | - | (Note 1) | – | - | — |
| | Master Channels Corporation | An investee company accounted for under the equity method | (Sales) | ( 262,459) | (2%) | Closes its accounts each half month, notes due in 20 days | - | (Note 1) | 29,000 | 5% | — |
| | Ton-Yi Industrial Corp. | An investee company of Uni-President Enterprises Corp. accounted for under the equity method | Purchases | 320,595 | 2% | 30 days after acceptance | - | (Note 2) | ( 31,992) | (9%) | — |
| | Total Nutrition Technologies Co., Ltd. | An investee company of Great Wall Enterprise Co., Ltd. accounted for under the equity method | (Sales) | ( 190,642) | (1%) | 10 days after sales | - | (Note 1) | 3,545 | 1% | — |

| Purchase/sale company | Counterparty | Relationship with the counterparty | Description of transaction: Purchases /(sales) | Description of transaction: Amount | Description of transaction: Percentage of total purchases /(sales) | Description of transaction: Credit term | Description and reasons for difference in transaction terms compared to non-related party transactions: Unit price | Description and reasons for difference in transaction terms compared to non-related party transactions: Credit term | Notes or accounts receivable/(payable): Balance | Notes or accounts receivable/(payable): Percentage of total notes/accounts receivable (payable) | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|
| TTET Union Corporation | May Lan Lei Co., Ltd. | An investee company of Great Wall Enterprise Co., Ltd. accounted for under the equity method | (Sales) | ($ 175,817) | (1%) | 10 days after sales | $ - | (Note 1) | $ 8,432 | 2% | — |
| | | | (Processing revenue) | ( 294,497) | (75%) | Closes its accounts 15 days after the end of each month | - | (Note 1) | 32,689 | 6% | — |
| Master Channels Corporation | TTET Union Corporation | The Company | Purchases | 262,459 | 8% | Closes its accounts each half month, notes due in 20 days | - | — | ( 29,000) | (5%) | — |

Note 1: The collection period for third parties was 10~45 days after sales of goods.
Note 2: Payments to third parties were made in 12~30 days after receipt of goods.

TTET Union Corporation

Significant inter-company transactions during the reporting period

For the year ended December 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 | ($ 262,459) | Closes its accounts each half month, notes due in 20 days | (1%) |
| | | | | Accounts receivable | 29,000 | — | - |

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

Information on investees (not including investees in China)

For the year ended December 31, 2021

Table 4

Expressed in thousands of NTD

| | | | | Initial investment amount | | Shares held as at December 31, 2021 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Investor | Investee | Location | Main business activities | Balance as at December 31, 2021 | Balance as at December 31, 2020 | Number of shares | Ownership | Book value | Net profit (loss) of the investee for the year ended December 31, 2021 | Investment income (loss) recognized by the Company for the year ended December 31, 2021 | Note |
| TTET Union Corporation | Master Channels Corporation | Taiwan | Wholesale of food | $ 138,585 | $ 138,585 | 12,039,999 | 80.27 | $ 402,624 | $ 163,236 | $ 131,024 | Subsidiary |

TTET Union Corporation

Information on investments in Mainland China

For the year ended December 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 year ended December 31, 2021 | | Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021 | Net income of investee for the year ended December 31, 2021 | Ownership held by the Company (direct or indirect) | Investment income (loss) recognized by the Company for the year ended December 31, 2021 | Book value of investments as of December 31, 2021 | Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021 | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Remitted to Mainland China | Remitted back to Taiwan | | | | | | | |
| Beijing FoodChina Online Information and Technology Ltd. | Program planning, System design, etc. | $ 38,822 | (2) | $ 6,655 | $ - | $ - | $ 6,655 | $ 1,078 | 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 | $ 6,655 | $ 6,655 | $ 2,974,591 |

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 1:27.73.

TTET Union Corporation

Major shareholders information

December 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. | 29,269,706 | - | 18.29% | — |
| 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.

# The consolidated financial report of the most recent year and the Independent Auditor's Report

<u>TTET UNION CORPORATION</u>

<u>Declaration of Consolidated Financial Statements of Affiliated Enterprises</u>

For the year ended December 31, 2021, pursuant to "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," the company that is required to be included in the consolidated financial statements of affiliates, is the same as the company required to be included in the consolidated financial statements under International Financial Reporting Standards 10. And if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare consolidated financial statements of affiliates.

Hereby declare,

TTET UNION CORPORATION
February 23, 2022

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of TTET Union Corporation

## *Opinion*

We have audited the accompanying consolidated balance sheets of TTET Union Corporation and its subsidiary (the "Group") as at December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

## *Basis for opinion*

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## *Key audit matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the consolidated financial statements of the current period are stated as follows:

**Cut-off of inventory in transit**

Description

The Group imports soybean from foreign suppliers as raw material. The terms of trade is C&F which means the seller delivers the goods at the port of loading. The Group will confirm the information about loading date, quantity, pricing and other details with suppliers. After receiving the bill of lading, invoice, bank debit and other related source documents, the Group can recognize those materials as inventory. However, due to the complexity of the import process and paper work, the source documents may not be received on time and will result in inappropriate inventory recognition. In addition, the goods in transit have significant value. Thus, we considered the cut-off of inventory in transit a key audit matter.

How our audit addressed the matter

We performed the following key audit procedures in respect of the above key audit matter:

1. Understood the process of importing the raw material and checking the source documents as basis of inventory recognition.
2. Tested the purchase transactions that took place after the balance sheet date, by inspecting the bill of lading or bank debit, to ensure the purchase was recognized in the correct reporting period.
3. Confirmed the borrowing amount of loan and the letter of credit with the banks.

**Inventory valuation**

Description

Refer to Notes 4(9) and 6(4) to the consolidated financial statements for the accounting policy and the details of accounts relating to inventory valuation. As at December 31, 2021, inventory and allowance for market price decline amounted to $2,469,631 thousand and $5,678 thousand, respectively, with the net amount constituting 35% of consolidated total assets.

The Group is engaged in the manufacture, sales and processing of a variety of vegetable oil and fat. The main raw material is soybean and it is usually affected by price changes in international trade. This results in higher risk of loss on market price decline. The inventories are estimated at the lower of cost and net realizable value. As the raw material is usually affected by price changes in international trade and the value of inventories is significant, we considered inventory valuation a key audit matter.

How our audit addressed the matter

We performed the following key audit procedures in respect of the above key audit matter:

1. Evaluated the reasonableness of accounting policy on provision for inventory, and the consistency of process application during the financial reporting period.
2. Tested the details of loss on market price decline, recalculated the net realizable value of the selected inventories, inspected related documents and discussed with management to confirm the adequacy of the provision on inventory market price decline.

### *Other matter – Parent company only financial reports*

We have audited and expressed an unmodified opinion on the parent company only financial statements of TTET Union Corporation as at and for the years ended December 31, 2021 and 2020.

### *Responsibilities of management and those charged with governance for the consolidated financial statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the Group's financial reporting process.

### *Auditors' responsibilities for the audit of the consolidated financial statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance (including audit committee), we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Lin, Tzu-Shu

Independent Accountants

Lin, Yung-Chih

PricewaterhouseCoopers, Taiwan
Republic of China
February 23, 2022

---

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
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

| | Assets | Notes | December 31, 2021 AMOUNT | % | December 31, 2020 AMOUNT | % |
|---|---|---|---|---|---|---|
| | **Current assets** | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | $ 1,927,676 | 28 | $ 2,848,348 | 45 |
| 1110 | Financial assets at fair value through profit or loss - current | 6(2) and 12 | - | - | 9,327 | - |
| 1150 | Notes receivable, net | 6(3) | 161,509 | 2 | 143,700 | 2 |
| 1170 | Accounts receivable, net | 6(3) | 811,361 | 12 | 806,165 | 13 |
| 1180 | Accounts receivable - related parties | 6(3) and 7 | 98,295 | 1 | 93,477 | 2 |
| 1200 | Other receivables | | 29,842 | 1 | 20,261 | - |
| 130X | Inventory | 5(2) and 6(4) | 2,463,953 | 35 | 1,037,164 | 16 |
| 1410 | Prepayments | | 363,764 | 5 | 302,858 | 5 |
| 11XX | **Total current assets** | | 5,856,400 | 84 | 5,261,300 | 83 |
| | **Non-current assets** | | | | | |
| 1517 | Financial assets at fair value through other comprehensive income - non-current | 6(5) | 37,600 | 1 | 1,275 | - |
| 1600 | Property, plant and equipment | 6(6) and 8 | 852,176 | 12 | 808,271 | 13 |
| 1755 | Right-of-use assets | 6(7) and 7 | 200,725 | 3 | 211,929 | 3 |
| 1780 | Intangible assets | 6(8) | 1,018 | - | 1,462 | - |
| 1840 | Deferred income tax assets | 6(22) | 22,851 | - | 26,690 | - |
| 1920 | Guarantee deposits paid | | 32,442 | - | 37,382 | 1 |
| 1990 | Other non-current asset | | 286 | - | 379 | - |
| 15XX | **Total non-current assets** | | 1,147,098 | 16 | 1,087,388 | 17 |
| 1XXX | **Total assets** | | $ 7,003,498 | 100 | $ 6,348,688 | 100 |

(Continued)

TTET UNION CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

| | Liabilities and Equity | Notes | December 31, 2021 AMOUNT | % | December 31, 2020 AMOUNT | % |
|---|---|---|---|---|---|---|
| | **Current liabilities** | | | | | |
| 2100 | Short-term borrowings | 6(9) | $ 65,516 | 1 | $ 79,744 | 1 |
| 2110 | Short-term notes and bills payable | 6(10) | 69,995 | 1 | 19,998 | - |
| 2120 | Financial liabilities at fair value through profit or loss - current | 6(2) and 12 | 20 | - | - | - |
| 2130 | Current contract liabilities | 6(15) | 30,405 | - | 52,186 | 1 |
| 2150 | Notes payable | | 4,788 | - | 4,788 | - |
| 2170 | Accounts payable | | 828,340 | 12 | 575,658 | 9 |
| 2180 | Accounts payable - related parties | 7 | 63,627 | 1 | 61,314 | 1 |
| 2200 | Other payables | | 418,616 | 6 | 435,911 | 7 |
| 2230 | Current income tax liabilities | 6(22) | 327,224 | 5 | 200,892 | 3 |
| 2280 | Lease liabilities - current | 6(7) and 7 | 35,772 | - | 32,539 | 1 |
| 21XX | **Total current liabilities** | | 1,844,303 | 26 | 1,463,030 | 23 |
| | **Non-current liabilities** | | | | | |
| 2570 | Deferred income tax liabilities | 6(22) | 12,315 | - | 13,853 | - |
| 2580 | Lease liabilities - non-current | 6(7) and 7 | 172,467 | 3 | 186,008 | 3 |
| 2640 | Net defined benefit liabilities - non-current | 6(11) | 12,342 | - | 41,003 | 1 |
| 2645 | Guarantee deposits received | | 4,418 | - | 3,790 | - |
| 25XX | **Total non-current liabilities** | | 201,542 | 3 | 244,654 | 4 |
| 2XXX | **Total liabilities** | | 2,045,845 | 29 | 1,707,684 | 27 |
| | **Equity attributable to owners of parent** | | | | | |
| | Share capital | | | | | |
| 3110 | Common stock | 6(12) | 1,599,749 | 23 | 1,599,749 | 25 |
| 3200 | Capital surplus | 6(13) | 23,784 | - | 23,784 | 1 |
| | Retained earnings | 6(14) | | | | |
| 3310 | Legal reserve | | 1,456,732 | 21 | 1,327,386 | 21 |
| 3320 | Special reserve | | 7,000 | - | 7,000 | - |
| 3350 | Unappropriated retained earnings | | 1,776,932 | 25 | 1,603,030 | 25 |
| | Other equity interest | | | | | |
| 3400 | Other equity interest | | ( 5,528) | - | ( 7,000) | - |
| 31XX | **Equity attributable to owners of the parent** | | 4,858,669 | 69 | 4,553,949 | 72 |
| 36XX | Non-controlling interest | | 98,984 | 2 | 87,055 | 1 |
| 3XXX | **Total equity** | | 4,957,653 | 71 | 4,641,004 | 73 |
| | Significant contingent liabilities and unrecognized contract commitments | 9 | | | | |
| 3X2X | **Total liabilities and equity** | | $ 7,003,498 | 100 | $ 6,348,688 | 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 YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

| | | | Year ended December 31 | | | |
|---|---|---|---|---|---|---|
| | | | 2021 | | 2020 | |
| | Items | Notes | AMOUNT | % | AMOUNT | % |
| 4000 | Operating revenue | 6(15) and 7 | $ 20,477,990 | 100 | $ 17,440,979 | 100 |
| 5000 | Operating costs | 6(4)(8)(11)(20)(21) and 7 | ( 18,119,818) | ( 88) | ( 14,992,999) | ( 86) |
| 5900 | Net operating margin | | 2,358,172 | 12 | 2,447,980 | 14 |
| | Operating expenses | 6(8)(11)(20)(21) | | | | |
| 6100 | Selling expenses | | ( 572,678) | ( 3) | ( 566,157) | ( 3) |
| 6200 | General and administrative expenses | | ( 244,641) | ( 1) | ( 252,895) | ( 1) |
| 6300 | Research and development expenses | | ( 9,528) | - | ( 9,207) | - |
| 6450 | Expect credit losses | 12 | ( 411) | - | ( 1,585) | - |
| 6000 | Total operating expenses | | ( 827,258) | ( 4) | ( 829,844) | ( 4) |
| 6900 | Operating profit | | 1,530,914 | 8 | 1,618,136 | 10 |
| | Non-operating income and expenses | | | | | |
| 7100 | Interest income | 6(16) | 4,056 | - | 8,879 | - |
| 7010 | Other income | 6(17) | 18,473 | - | 11,746 | - |
| 7020 | Other gains and losses | 6(2)(18) and 12 | 49,261 | - | 19,898 | - |
| 7050 | Finance costs | 6(7)(19) and 7 | ( 4,934) | - | ( 6,370) | - |
| 7000 | Total non-operating income and expenses | | 66,856 | - | 34,153 | - |
| 7900 | **Profit before income tax** | | 1,597,770 | 8 | 1,652,289 | 10 |
| 7950 | Income tax expense | 6(22) | ( 323,848) | ( 2) | ( 329,666) | ( 2) |
| 8200 | **Profit for the year** | | $ 1,273,922 | 6 | $ 1,322,623 | 8 |
| | **Other comprehensive income (loss)** | | | | | |
| | **Components of other comprehensive income that will not be reclassified to profit or loss** | | | | | |
| 8311 | Remeasurements of defined benefit obligation | 6(11) | $ 27,281 | - | $ 1,963 | - |
| 8316 | Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income | 6(5) | 1,472 | - | - | - |
| 8349 | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | 6(22) | ( 5,456) | - | ( 392) | - |
| 8300 | **Other comprehensive income for the year** | | $ 23,297 | - | $ 1,571 | - |
| 8500 | **Total comprehensive income for the year** | | $ 1,297,219 | 6 | $ 1,324,194 | 8 |
| | Profit attributable to: | | | | | |
| 8610 | Owners of the parent | | $ 1,241,710 | 6 | $ 1,291,828 | 8 |
| 8620 | Non-controlling interest | | 32,212 | - | 30,795 | - |
| | | | $ 1,273,922 | 6 | $ 1,322,623 | 8 |
| | Comprehensive income attributable to: | | | | | |
| 8710 | Owners of the parent | | $ 1,264,570 | 6 | $ 1,293,460 | 8 |
| 8720 | Non-controlling interest | | 32,649 | - | 30,734 | - |
| | | | $ 1,297,219 | 6 | $ 1,324,194 | 8 |
| | Earnings per share (in dollars) | 6(23) | | | | |
| 9750 | Basic | | $ | 7.76 | $ | 8.08 |
| 9850 | Diluted | | $ | 7.75 | $ | 8.06 |

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 YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

| | | 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 year ended December 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 2020 | | - | - | - | - | 1,291,828 | - | 1,291,828 | 30,795 | 1,322,623 |
| Other comprehensive income (loss) for 2020 | | - | - | - | - | 1,632 | - | 1,632 | ( 61 ) | 1,571 |
| Total comprehensive income for 2020 | | - | - | - | - | 1,293,460 | - | 1,293,460 | 30,734 | 1,324,194 |
| Distribution of 2019 net income: | | | | | | | | | | |
| Legal reserve | | - | - | 97,933 | - | ( 97,933 ) | - | - | - | - |
| Cash dividends | 6(14) | - | - | - | - | ( 799,875 ) | - | ( 799,875 ) | - | ( 799,875 ) |
| Decrease in non-controlling interest | | - | - | - | - | - | - | - | ( 14,800 ) | ( 14,800 ) |
| Balance at December 31, 2020 | | $1,599,749 | $ 23,784 | $1,327,386 | $ 7,000 | $1,603,030 | ($ 7,000 ) | $4,553,949 | $ 87,055 | $4,641,004 |
| For the year ended December 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 2021 | | - | - | - | - | 1,241,710 | - | 1,241,710 | 32,212 | 1,273,922 |
| Other comprehensive income for 2021 | 6(5) | - | - | - | - | 21,388 | 1,472 | 22,860 | 437 | 23,297 |
| Total comprehensive income for 2021 | | - | - | - | - | 1,263,098 | 1,472 | 1,264,570 | 32,649 | 1,297,219 |
| Distribution of 2020 net income: | | | | | | | | | | |
| Legal reserve | | - | - | 129,346 | - | ( 129,346 ) | - | - | - | - |
| Cash dividends | 6(14) | - | - | - | - | ( 959,850 ) | - | ( 959,850 ) | - | ( 959,850 ) |
| Decrease in non-controlling interest | | - | - | - | - | - | - | - | ( 20,720 ) | ( 20,720 ) |
| Balance at December 31, 2021 | | $1,599,749 | $ 23,784 | $1,456,732 | $ 7,000 | $1,776,932 | ($ 5,528 ) | $4,858,669 | $ 98,984 | $4,957,653 |

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

TTET UNION CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

| | Notes | For the years ended December 31, 2021 | 2020 |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before tax | | $ 1,597,770 | $ 1,652,289 |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Loss (gain) on financial assets at fair value through profit or loss | | 9,347 | ( 16,118 ) |
| Expected credit losses | 12 | 411 | 1,585 |
| (Reversal of allowance) provision for inventory market price decline | 6(4) | ( 664 ) | 1,456 |
| Depreciation | 6(6)(7)(20) | 192,349 | 162,306 |
| Loss on disposal of property, plant and equipment | 6(18) | 73 | 428 |
| Property, plant and equipment recognized as expense | 6(6) | 4,454 | 4,080 |
| Loss on lease modification | 6(7)(18) | 50 | 185 |
| Amortization | 6(8)(20) | 997 | 1,642 |
| Dividend income | 6(17) | ( 1,146 ) | - |
| Interest income | 6(16) | ( 4,056 ) | ( 8,879 ) |
| Finance costs | 6(19) | 4,934 | 6,370 |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Notes receivable | | ( 17,778 ) | ( 14,523 ) |
| Accounts receivable | | ( 5,638 ) | ( 63,216 ) |
| Accounts receivable - related parties | | ( 4,818 ) | 9,297 |
| Other receivables | | ( 9,581 ) | 2,747 |
| Inventories | | ( 1,426,125 ) | 586,057 |
| Prepayments | | ( 60,906 ) | 1,305 |
| Changes in operating liabilities | | | |
| Current contract liabilities | | ( 21,781 ) | 35,539 |
| Notes payable | | - | 399 |
| Accounts payable | | 252,682 | ( 85,124 ) |
| Accounts payable - related parties | | 2,313 | ( 6,944 ) |
| Other payables | | ( 24,923 ) | 48,620 |
| Net defined benefit liabilities - non-current | | ( 1,380 ) | ( 2,234 ) |
| Cash inflow generated from operations | | 486,584 | 2,317,267 |
| Dividends received | | 1,146 | - |
| Interest received | | 4,056 | 8,879 |
| Interest paid | | ( 4,932 ) | ( 6,426 ) |
| Income tax paid | | ( 200,671 ) | ( 262,682 ) |
| Net cash flows from operating activities | | 286,183 | 2,057,038 |

(Continued)

TTET UNION CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

| | Notes | For the years ended December 31, 2021 | 2020 |
|---|---|---|---|
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Acquisition of financial assets at fair value through other comprehensive income | | ($ 34,853 ) | $ - |
| Acquisition of property, plant and equipment | 6(24) | ( 182,062 ) | ( 253,802 ) |
| Proceeds from disposal of property, plant and equipment | | 171 | - |
| Increase in intangible assets | 6(8) | ( 553 ) | ( 996 ) |
| Decrease (increase) in guarantee deposits paid | | 4,940 | ( 5,657 ) |
| Decrease (increase) in other non-current assets | | 93 | ( 338 ) |
| Net cash flows used in investing activities | | ( 212,264 ) | ( 260,793 ) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Decrease in short-term borrowings | 6(25) | ( 14,228 ) | ( 44,093 ) |
| Increase in short-term notes and bills payable | 6(25) | 50,000 | 9,000 |
| Repayment of lease principal | 6(25) | ( 50,421 ) | ( 50,653 ) |
| Increase in guarantee deposit received | 6(25) | 628 | 30 |
| Payment of cash dividends | 6(14) | ( 959,850 ) | ( 799,875 ) |
| Decrease in non-controlling interest | | ( 20,720 ) | ( 14,800 ) |
| Net cash flows used in financing activities | | ( 994,591 ) | ( 900,391 ) |
| Net (decrease) increase in cash and cash equivalents | | ( 920,672 ) | 895,854 |
| Cash and cash equivalents at beginning of year | 6(1) | 2,848,348 | 1,952,494 |
| Cash and cash equivalents at end of year | 6(1) | $ 1,927,676 | $ 2,848,348 |

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 YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

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 February 23, 2022.

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 – Phase 2' | January 1, 2021 |
| Amendment to IFRS 16, 'Covid-19-related rent concessions beyond 30 June 2021' | April 1, 2021 (Note) |

Note: Earlier application from January 1, 2021 is allowed by the FSC.

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

New standards, interpretations and amendments as endorsed by the FSC effective from 2022 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 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.

(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 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture' | To be determined by IASB |
| IFRS 17, 'Insurance contracts' | January 1, 2023 |
| Amendments to IFRS 17, 'Insurance contracts' | January 1, 2023 |
| Amendments to IFRS 17 'Initial application of IFRS 17 and IFRS 9 - Comparative information' | January 1, 2023 |
| Amendments to IAS 1, 'Classification of liabilities as current or non-current' | January 1, 2023 |
| Amendments to IAS 1,'Disclosure of accounting policies' | January 1, 2023 |
| Amendments to IAS 8,'Disclosure of accounting estimates' | January 1, 2023 |
| Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction' | January 1, 2023 |

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" , International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by FSC (collectively refered herein as the "IFRS")

(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 | Business | Ownership (%) | | |
|---|---|---|---|---|---|
| Name of investor | subsidiary | activities | December 31, 2021 | December 31, 2020 | Note |
| TTET Union Corporation | Master Channels Corporation | Wholesale of food | 80.27 | 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, 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 low-value 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, trademarks and patent are stated at cost and amortized on a straight-line basis over their estimated useful lives of 1～10 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.

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.

(24) <u>Dividends</u>

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) <u>Revenue recognition</u>

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 December 31, 2021, the carrying amount of inventories was $2,463,953.

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Cash: | | |
| Cash on hand | $ 5,990 | $ 2,854 |
| Checking and demand deposits | 630,994 | 417,557 |
| | 636,984 | 420,411 |
| Cash equivalents: | | |
| Time deposits | 151,700 | 800,000 |
| Commercial paper | 1,138,992 | 1,627,937 |
| | 1,290,692 | 2,427,937 |
| | $ 1,927,676 | $ 2,848,348 |

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 December 31, 2021 and 2020.

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

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Financial assets mandatorily measured at fair value through profit or loss | | |
| Non-hedging derivative | $ – | $ 9,327 |

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Financial liabilities held for trading | | |
| Non-hedging derivative | $ 20 | $ – |

A. The Group recognized net gain (shown as "Other gains and losses") on financial assets mandatorily measured at fair value amounting to $35,260 and $2,415 for the years ended December 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:

| | December 31, 2020 | |
|---|---|---|
| Derivative instruments | Contract amount (Notional principal) | Contract period |
| Current asset item: | | |
| Forward foreign exchange contracts | US$ 39,021 | 2020.10.29～2021.3.22 |

There is no current asset items on December 31, 2021.

| Derivative instruments | December 31, 2021 Contract amount (Notional principal) | Contract period |
|---|---|---|
| Current liability items: | | |
| Forward foreign exchange contracts | USD 27,177 | 2021.11.2~2022.3.17 |

There is no current liability items on December 31, 2020.

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 and liabilities at fair value through profit or loss is provided in Note 12(2).

(3) Notes and accounts receivable

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Notes receivable | $ 162,907 | $ 145,129 |
| Less: Allowance for uncollectible accounts | ( 1,398) | ( 1,429) |
| | $ 161,509 | $ 143,700 |

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Accounts receivable | $ 816,259 | $ 810,817 |
| Accounts receivable-related parties | 98,295 | 93,477 |
| | 914,554 | 904,294 |
| Less: Allowance for uncollectible accounts | ( 4,898) | ( 4,652) |
| | $ 909,656 | $ 899,642 |

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

| | December 31, 2021 | | December 31, 2020 | |
|---|---|---|---|---|
| | Notes receivable | Accounts receivable | Notes receivable | Accounts receivable |
| Not past due | $ 162,907 | $ 912,254 | $ 145,129 | $ 901,331 |
| Less than 30 days | - | 1,881 | - | 2,253 |
| 31～60 days | - | 134 | - | 26 |
| 61～90 days | - | - | - | 37 |
| 91～over 120 days | - | 285 | - | 647 |
| | $ 162,907 | $ 914,554 | $ 145,129 | $ 904,294 |

The above ageing analysis was based on past due date.

B. As at December 31, 2021 and 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 December 31, 2021 and 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 December 31, 2021 and 2020.

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

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

(4) Inventories

| | December 31, 2021 | | |
|---|---|---|---|
| | Cost | Allowance for market price decline | Book value |
| Merchandise | $ 253,780 | ($ 4,977) | $ 248,803 |
| Raw materials | 17,316 | - | 17,316 |
| Raw materials in transit | 1,539,086 | - | 1,539,086 |
| Supplies | 18,948 | ( 674) | 18,274 |
| Work in process | 255,473 | - | 255,473 |
| Work in process in transit | 16,568 | - | 16,568 |
| Finished goods | 368,460 | ( 27) | 368,433 |
| | $ 2,469,631 | ($ 5,678) | $ 2,463,953 |

| | 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 |

The cost of inventories recognized as expense for the year:

| | For the years ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Cost of goods sold | $ 17,817,498 | $ 14,643,963 |
| (Reversal of allowance) provision for inventory market price decline (Note) | ( 664) | 1,456 |
| Loss on scrapped inventories | 733 | 622 |
| (Gain) loss on physical inventory | ( 498) | 239 |
| | $ 17,817,069 | $ 14,646,280 |

(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 year ended December

31, 2021.

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

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Equity instruments | | |
| Listed stocks | $ 34,853 | $ – |
| Unlisted stocks | 8,275 | 8,275 |
| | 43,128 | 8,275 |
| Valuation adjustment | ( 5,528) | ( 7,000) |
| | $ 37,600 | $ 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 $37,600 and $1,275 as at December 31, 2021 and 2020, respectively.

B. The Group recognized other comprehensive income in relation to the financial assets at fair value through other comprehensive income amounting to $1,472 and $－ for the years ended December 31, 2021 and 2020, respectively.

C. As at December 31 2021 and 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 the 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 year ended December 31, 2021 | | | | | | | | |
| At January 1 | $ 44,244 | $ 168,059 | $ 350,954 | $ 2,146 | $ 3,106 | $ 32,858 | $ 206,904 | $ 808,271 |
| Additions | - | 44,174 | 40,427 | - | - | 16,731 | 88,353 | 189,685 |
| Transferred after acceptance | - | 156,110 | 50,178 | - | - | 57,484 | ( 263,772) | - |
| Depreciation | - | ( 36,712) | ( 88,393) | ( 676) | ( 697) | ( 14,604) | - | ( 141,082) |
| Disposals－Cost | - | ( 629) | ( 22,900) | ( 283) | ( 460) | ( 3,885) | - | ( 28,157) |
| －Accumulated depreciation | - | 540 | 22,745 | 283 | 460 | 3,885 | - | 27,913 |
| Expensed | - | - | - | - | - | - | ( 4,454) | ( 4,454) |
| At December 31 | $ 44,244 | $ 331,542 | $ 353,011 | $ 1,470 | $ 2,409 | $ 92,469 | $ 27,031 | $ 852,176 |
| December 31, 2021 | | | | | | | | |
| Cost | $ 44,244 | $ 1,111,944 | $ 3,451,978 | $ 15,152 | $ 7,915 | $ 180,350 | $ 27,031 | $ 4,838,614 |
| Accumulated depreciation | - | ( 780,402) | ( 3,098,967) | ( 13,682) | ( 5,506) | ( 87,881) | - | ( 3,986,438) |
| | $ 44,244 | $ 331,542 | $ 353,011 | $ 1,470 | $ 2,409 | $ 92,469 | $ 27,031 | $ 852,176 |

| | 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 year ended December 31, 2020** | | | | | | | | |
| At January 1 | $ 44,244 | $ 181,426 | $ 282,168 | $ 3,073 | $ 3,954 | $ 36,633 | $ 117,798 | $ 669,296 |
| Additions | - | 7,051 | 71,010 | - | - | 3,734 | 172,007 | 253,802 |
| Transferred after acceptance | - | 3,998 | 71,780 | - | - | 3,043 | ( 78,821) | - |
| Depreciation | - | ( 24,416) | ( 73,576) | ( 927) | ( 848) | ( 10,552) | - | ( 110,319) |
| Disposals－Cost | - | ( 973) | ( 14,513) | ( 1,715) | ( 7,198) | ( 11,834) | - | ( 36,233) |
| －Accumulated depreciation | - | 973 | 14,085 | 1,715 | 7,198 | 11,834 | - | 35,805 |
| Expensed | - | - | - | - | - | - | ( 4,080) | ( 4,080) |
| At December 31 | $ 44,244 | $ 168,059 | $ 350,954 | $ 2,146 | $ 3,106 | $ 32,858 | $ 206,904 | $ 808,271 |
| **December 31, 2020** | | | | | | | | |
| 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 |

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

B. The Group has not capitalized any interest for the years ended December 31, 2021 and 2020.

C. For more information regarding the Group’s property, plant and equipment pledged to others as at December 31, 2021 and 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:

| | December 31, 2021 | | December 31, 2020 | |
|---|---|---|---|---|
| | Carrying amount | | Carrying amount | |
| Land | $ | 33, 211 | $ | 35, 394 |
| Buildings | | 98, 585 | | 120, 729 |
| Transportation equipment | | 68, 794 | | 55, 806 |
| Other equipment | | 135 | | − |
| | $ | 200, 725 | $ | 211, 929 |

| | For the years ended December 31, | | | |
|---|---|---|---|---|
| | 2021 | | 2020 | |
| | Depreciation charge | | Depreciation charge | |
| Land | $ | 2, 056 | $ | 2, 054 |
| Buildings | | 22, 143 | | 23, 926 |
| Transportation equipment | | 27, 036 | | 26, 007 |
| Other equipment | | 32 | | − |
| | $ | 51, 267 | $ | 51, 987 |

C. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were $41,843 and $72,223, respectively.

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

| | For the years ended December 31, | | | |
|---|---|---|---|---|
| | 2021 | | 2020 | |
| Items affecting profit or loss | | | | |
| Interest expense on lease liabilities | $ | 2, 965 | $ | 3, 121 |
| Expense on short-term lease contracts | | 13, 959 | | 15, 955 |
| Loss from lease modification | | 50 | | 185 |

E. For the years ended December 31, 2021 and 2020, the Group's total cash outflow for leases were $67,345 and $69,729, respectively.

(8) Intangible assets

| | Computer software | Others | Total |
|---|---|---|---|
| At January 1, 2021 | | | |
| Cost | $ 13,306 | $ 133 | $ 13,439 |
| Accumulated amortization | ( 11,844) | ( 133) | ( 11,977) |
| | $ 1,462 | $ - | $ 1,462 |
| For the year ended December 31, 2021 | | | |
| At January 1 | $ 1,462 | $ - | $ 1,462 |
| Additions－Acquired separately | 152 | 401 | 553 |
| Disposals－Cost | - | ( 70) | ( 70) |
| －Accumulated amortization | - | 70 | 70 |
| Amortization charge | ( 984) | ( 13) | ( 997) |
| At December 31 | $ 630 | $ 388 | $ 1,018 |
| At December 31, 2021 | | | |
| Cost | $ 13,458 | $ 464 | $ 13,922 |
| Accumulated amortization | ( 12,828) | ( 76) | ( 12,904) |
| | $ 630 | $ 388 | $ 1,018 |

| | Computer software | Others | Total |
|---|---|---|---|
| At January 1, 2020 | | | |
| Cost | $ 12,310 | $ 133 | $ 12,443 |
| Accumulated amortization | ( 10,202) | ( 133) | ( 10,335) |
| | $ 2,108 | $ - | $ 2,108 |
| For the year ended December 31, 2020 | | | |
| At January 1 | $ 2,108 | $ - | $ 2,108 |
| Additions－Acquired separately | 996 | - | 996 |
| Amortization charge | ( 1,642) | - | ( 1,642) |
| At December 31 | $ 1,462 | $ - | $ 1,462 |
| At December 31, 2020 | | | |
| Cost | $ 13,306 | $ 133 | $ 13,439 |
| Accumulated amortization | ( 11,844) | ( 133) | ( 11,977) |
| | $ 1,462 | $ - | $ 1,462 |

Details of amortization on intangible assets are as follows:

| | For the years ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Operating costs | $ 68 | $ 219 |
| Selling expenses | 137 | 331 |
| Administrative expenses | 792 | 1,092 |
| | $ 997 | $ 1,642 |

(9) Short-term borrowings

| | December 31, 2021 | Interest rate range | Collateral |
|---|---|---|---|
| Bank unsecured borrowings | $ 65,516 | 0.54%～1.21% | None |

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

For interest expense recognized in profit or loss for the years ended December 31, 2021 and 2020, please refer to Note 6(19).

(10) Short-term notes and bills payable

| | December 31, 2021 | Interest rate range | Collateral |
|---|---|---|---|
| Commercial paper payable | $ 70,000 | 0.40%～0.80% | None |
| Less: Unamortized discount | ( 5) | | |
| | $ 69,995 | | |

| | 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 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.

B. For interest expense recognized in profit or loss for the years ended December 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 years ended December 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 amounts recognized in the balance sheet are as follows:

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Present value of defined benefit obligations | (261,259) | (282,327) |
| Fair value of plan assets | 248,917 | 241,324 |
| Net defined benefit liability | ($ 12,342) | ($ 41,003) |

(b) Movements in net defined benefit liabilities are as follows:

| | Present value of defined benefit obligations | Fair value of plan assets | Net defined benefit liability |
|---|---|---|---|
| For the year ended December 31, 2021 | | | |
| Balance at January 1 | ($ 282,327) | $ 241,324 | ($ 41,003) |
| Current service cost | (1,708) | - | (1,708) |
| Interest (expense) revenue | (835) | 720 | (115) |
| | (284,870) | 242,044 | (42,826) |
| Remeasurements: | | | |
| Return on plan assets (excluding amounts included in interest income or expense) | - | 3,670 | 3,670 |
| Change in demographic assumptions | (427) | - | (427) |
| Change in financial assumptions | 9,309 | - | 9,309 |
| Experience adjustments | 14,729 | - | 14,729 |
| | 23,611 | 3,670 | 27,281 |
| Pension fund contribution | - | 3,203 | 3,203 |
| Balance at December 31 | ($ 261,259) | $ 248,917 | ($ 12,342) |

| | Present value of defined benefit obligations | Fair value of plan assets | Net defined benefit liability |
|---|---|---|---|
| For the year ended December 31, 2020 | | | |
| Balance at January 1 | ($ 285,280) | $ 240,080 | ($ 45,200) |
| Current service cost | ( 2,025) | - | ( 2,025) |
| Interest (expense) revenue | ( 1,953) | 1,645 | ( 308) |
| | ( 289,258) | 241,725 | ( 47,533) |
| Remeasurements: | | | |
| Return on plan assets (excluding amounts included in interest income or expense) | - | 8,028 | 8,028 |
| Change in demographic assumptions | ( 1) | - | ( 1) |
| Change in financial assumptions | ( 10,618) | - | ( 10,618) |
| Experience adjustments | 4,554 | - | 4,554 |
| | ( 6,065) | 8,028 | 1,963 |
| Pension fund contribution | - | 4,435 | 4,435 |
| Paid pension | 12,996 | ( 12,864) | 132 |
| Balance at December 31 | ($ 282,327) | $ 241,324 | ($ 41,003) |

(c) The Bank of Taiwan was commissioned to manage the Fund of the Group's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less then the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Group has no right to participate in managing and operating that fund and hence the Group is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(d) The principal actuarial assumptions used were as follows:

| | For the years eaded December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Discount rate | 0.70% | 0.30% |
| Future salary increases | 2.00%~3.00% | 2.00%~3.00% |

For the years ended December 31, 2021 and 2020, assumptions regarding future mortality experience are set based on actuarial advice in accordance with Taiwan Life Insurance Industry 6th and 5th Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

| | Discount rate | | Future salary increases | |
|---|---|---|---|---|
| | Increase 0.25% | Decrease 0.25% | Increase 0.25% | Decrease 0.25% |
| December 31, 2021 | | | | |
| Effect on present value of defined benefit obligation | ($ 5,650) | $ 5,836 | $ 5,738 | ($ 5,585) |
| December 31, 2020 | | | | |
| Effect on present value of defined benefit obligation | ($ 6,589) | $ 6,818 | $ 6,676 | ($ 6,488) |

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(e) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2022 amount to $2,445.

(f) As of December 31, 2020, the weighted average duration of the retirement plan is 8~9 years. The analysis of timing of the future pension payment was as follows:

| | |
|---|---|
| Within 1 year | $ 7,137 |
| 2-5 years | 67,084 |
| Over 6 years | 202,850 |
| | $ 277,071 |

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 years ended December 31, 2021 and 2020 were $14,320 and $14,242, 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 years ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Beginning and ending balance | 159, 975 | 159, 975 |

B. As of December 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 years ended December 31, 2021 and 2020 are as follows:

| | For the year ended December 31, 2021 | | |
|---|---|---|---|
| | Share premium | Treasury share transactions | Total |
| Beginning and ending balance | $ 154 | $ 23, 630 | $ 23, 784 |

| | For the year ended December 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 years ended December 31, 2021 and 2020, the Company distributed cash dividends amounting to $959,850 ($6 (in dollars) per share) and $799,875 ($5 (in dollars) per share), respectively. On February 23, 2022, the Board of Directors proposed for the distribution of dividends from 2021 earnings in the amount of $959,850 at $6 (in dollars) per share.

(15) Operating revenue

| | For the years ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Revenue from contracts with customers | $ 20,477,990 | $ 17,440,979 |

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 year ended December 31, 2021 | | |
|---|---|---|---|
| | TTET Union Corporation | Master Channels Corporation | Total |
| Sales revenue | $ 16,118,211 | $ 3,927,373 | $ 20,045,584 |
| Processing revenue | 391,625 | - | 391,625 |
| Logistics service revenue | - | 40,781 | 40,781 |
| | $ 16,509,836 | $ 3,968,154 | $ 20,477,990 |
| Timing of revenue recognition | | | |
| At a point in time | $ 16,118,211 | $ 3,927,373 | $ 20,045,584 |
| Over time | 391,625 | 40,781 | 432,406 |
| | $ 16,509,836 | $ 3,968,154 | $ 20,477,990 |

| | For the year ended December 31, 2020 | | |
|---|---|---|---|
| | TTET Union Corporation | Master Channels Corporation | Total |
| Sales revenue | $ 13,166,311 | $ 3,825,306 | $ 16,991,617 |
| Processing revenue | 409,794 | - | 409,794 |
| Logistics service revenue | - | 39,568 | 39,568 |
| | $ 13,576,105 | $ 3,864,874 | $ 17,440,979 |
| Timing of revenue recognition | | | |
| At a point in time | $ 13,166,311 | $ 3,825,306 | $ 16,991,617 |
| Over time | 409,794 | 39,568 | 449,362 |
| | $ 13,576,105 | $ 3,864,874 | $ 17,440,979 |

B. Contract liabilities

(a) As of December 31, 2021 and 2020 and January 1, 2020, the Group has recognized the revenue-related liabilities amounting to $30,405, $52,186 and $16,647, respectively.

(b) Revenue recognized that were included in the contract liabilities balance at the beginning of 2021 and 2020 amounted to $52,124 and $16,582, respectively.

(16) Interest income

| | For the years ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Interest income: | | |
| Interest income from bank deposits | $ 1,209 | $ 6,742 |
| Other interest income | 2,847 | 2,137 |
| | $ 4,056 | $ 8,879 |

(17) Other income

| | For the years ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Dividend income | $ 1,146 | $ - |
| Other income | 17,327 | 11,746 |
| | $ 18,473 | $ 11,746 |

(18) Other gains and losses

| | For the years ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Net gain on financial assets and liabilities at fair value through profit or loss | $ 35,260 | $ 2,415 |
| Net currency exchange gain | 14,124 | 19,399 |
| Loss on disposal of property, plant and equipment | ( 73) | ( 428) |
| Loss from lease modification | ( 50) | ( 185) |
| Other losses | - | ( 1,303) |
| | $ 49,261 | $ 19,898 |

(19) Finance costs

| | For the years ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Interest expense: | | |
| Bank borrowings | $ 1,796 | $ 3,205 |
| Interest expense on lease liabilities | 2,965 | 3,121 |
| Other interest expense | 173 | 44 |
| | $ 4,934 | $ 6,370 |

(20) Expenses by nature

| | For the year ended December 31, 2021 | | |
|---|---|---|---|
| | Operating cost | Operating expense | Total |
| Employee benefit expenses | $ 114,912 | $ 474,787 | $ 589,699 |
| Depreciation | $ 113,912 | $ 78,437 | $ 192,349 |
| Amortization | $ 68 | $ 929 | $ 997 |

| | For the year ended December 31, 2020 | | |
|---|---|---|---|
| | Operating cost | Operating expense | Total |
| Employee benefit expenses | $ 110,627 | $ 485,251 | $ 595,878 |
| Depreciation | $ 98,621 | $ 63,685 | $ 162,306 |
| Amortization | $ 219 | $ 1,423 | $ 1,642 |

(21) Employee benefit expense

| | For the year ended December 31, 2021 | | |
|---|---|---|---|
| | Operating cost | Operating expense | Total |
| Wages and salaries | $ 104,271 | $ 410,895 | $ 515,166 |
| Labor and health insurance expenses | 5,850 | 30,082 | 35,932 |
| Pension costs | 2,782 | 13,361 | 16,143 |
| Other personnel expenses | 2,009 | 20,449 | 22,458 |
| | $ 114,912 | $ 474,787 | $ 589,699 |

| | For the year ended December 31, 2020 | | |
|---|---|---|---|
| | Operating cost | Operating expense | Total |
| Wages and salaries | $ 99,918 | $ 427,353 | $ 527,271 |
| Labor and health insurance expenses | 5,369 | 26,523 | 31,892 |
| Pension costs | 3,334 | 13,241 | 16,575 |
| Other personnel expenses | 2,006 | 18,134 | 20,140 |
| | $ 110,627 | $ 485,251 | $ 595,878 |

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 years ended December 31, 2021 and 2020, employees' compensation was accrued at $31,630 and $32,830, respectively; while directors' and supervisors' remuneration was accrued at $23,750 and $24,675, 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. On February 23, 2022, the employees' compensation and directors' and supervisors' remuneration as resolved by the Board of Directors were $31,623 and $23,717, respectively, and the employees' compensation will be distributed in the form of cash. 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 was recognized in profit and loss for the year ended December 31, 2021. Information about employees' compensation and directors' and supervisors' remuneration of the Company as 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

(a) Components of income tax expense:

| | For the years ended Deceember 31, | |
|---|---|---|
| | 2021 | 2020 |
| Current tax: | | |
| Current tax on profits for the year | $ 321,686 | $ 327,507 |
| Tax on undistributed earnings | 5,919 | – |
| Prior year income tax over estimation | ( 602) | ( 880) |
| Total current tax | 327,003 | 326,627 |
| Deferred tax: | | |
| Origination and reversal of temporary differences | ( 3,155) | 3,039 |
| Income tax expense | $ 323,848 | $ 329,666 |

(b) The income tax charge relating to components of other comprehensive income is as follows:

| | For the years ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Remeasurement of defined benefit obligations | $ 5,456 | $ 392 |

B. Reconciliation between income tax expense and accounting profit

| | For the years ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Tax calculated based on profit before tax and statutory tax rate | $ 345,758 | $ 355,510 |
| Expenses from items disallowed by tax regulation | ( 27,227) | ( 24,964) |
| Tax on undistributed earnings | 5,919 | – |
| Prior year income tax over estimation | ( 602) | ( 880) |
| Income tax expense | $ 323,848 | $ 329,666 |

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

| | For the year ended December 31, 2021 | | | |
|---|---|---|---|---|
| | January 1 | Recognized in profit or loss | Recognized in other comprehensive income | December 31 |
| Temporary differences: | | | | |
| Deferred tax assets: | | | | |
| Allowance for doubtful accounts | $ 944 | $ 98 | $ - | $ 1,042 |
| Unrealized loss on inventory market value decline | 1,268 | ( 132) | - | 1,136 |
| Unrealized expense | 2,726 | 634 | - | 3,360 |
| Unrealized loss on financial assets and liabilities | - | 4 | - | 4 |
| Depreciation expense | - | 1,052 | - | 1,052 |
| Pensions | 21,752 | ( 296) | ( 5,199) | 16,257 |
| | $ 26,690 | $ 1,360 | ($ 5,199) | $ 22,851 |
| Deferred tax liabilities: | | | | |
| Unrealized gain on financial assets and liabilities | ($ 1,865) | $ 1,865 | $ - | $ - |
| Pensions | ( 11,981) | ( 70) | ( 257) | ( 12,308) |
| Unrealized exchange gain | ( 7) | - | - | ( 7) |
| | ($ 13,853) | $ 1,795 | ($ 257) | ($ 12,315) |
| | $ 12,837 | $ 3,155 | ($ 5,456) | $ 10,536 |

| | For the year ended December 31, 2020 | | | |
|---|---|---|---|---|
| | January 1 | Recognized in profit or loss | Recognized in other comprehensive income | December 31 |
| Temporary differences: | | | | |
| Deferred tax assets: | | | | |
| Allowance for doubtful accounts | $ 944 | $ - | $ - | $ 944 |
| Unrealized loss on inventory market value decline | 977 | 291 | - | 1,268 |
| Unrealized expense | 2,594 | 132 | - | 2,726 |
| Unrealized loss on financial assets and liabilities | 1,359 | ( 1,359) | - | - |
| Pensions | 22,262 | ( 118) | ( 392) | 21,752 |
| | $ 28,136 | ($ 1,054) | ($ 392) | $ 26,690 |
| Deferred tax liabilities: | | | | |
| Unrealized gain on financial assets and liabilities | $ - | ($ 1,865) | $ - | ($ 1,865) |
| Pensions | ( 11,768) | ( 213) | - | ( 11,981) |
| Unrealized exchange gain | ( 100) | 93 | - | ( 7) |
| | ($ 11,868) | ($ 1,985) | $ - | ($ 13,853) |
| | $ 16,268 | ($ 3,039) | ($ 392) | $ 12,837 |

D. As of February 23, 2022, 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 year ended December 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 | $ 1,241,710 | 159,975 | $ 7.76 |
| Diluted earnings per share | | | |
| Profit attributable to ordinary shareholders of the parent | $ 1,241,710 | 159,975 | |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Employees' compensation | - | 259 | |
| Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | $ 1,241,710 | 160,234 | $ 7.75 |

| | For the year ended December 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 | $ 1,291,828 | 159,975 | $ 8.08 |
| Diluted earnings per share | | | |
| Profit attributable to ordinary shareholders of the parent | $ 1,291,828 | 159,975 | |
| Assumed conversion of all dilutive potential ordinary shares | | | |
| Employees' compensation | - | 296 | |
| Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares | $ 1,291,828 | 160,271 | $ 8.06 |

(24) Supplemental cash flow information

A. Investing activities with partial cash payments:

| | For the years ended December 31, 2021 | For the years ended December 31, 2020 |
|---|---|---|
| Purchase of property, plant and equipment | $ 189,685 | $ 253,802 |
| Less: Ending balance of payable on equipment (listed under "Other payables") | ( 7,623) | - |
| Cash paid for the acquisition of property, plant and equipment | $ 182,062 | $ 253,802 |

B. Operating activities with no cash flow effects:

| | For the years ended December 31, 2021 | For the years ended December 31, 2020 |
|---|---|---|
| Write-off of allowance for doubtful accounts | $ 196 | $ 706 |

(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 | - | - | 41,843 | - | 41,843 |
| Decrease in lease liabilities | - | - | ( 1,730) | - | ( 1,730) |
| Changes in cash flow from financing activities | ( 14,228) | 50,000 | ( 50,421) | 628 | ( 14,021) |
| Changes in unamortized discounts | - | ( 3) | - | - | ( 3) |
| At December 31, 2021 | $ 65,516 | $ 69,995 | $ 208,239 | $ 4,418 | $ 348,168 |

| | 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 | - | - | 72,223 | - | 72,223 |
| Decrease in lease liabilities | - | - | ( 2,199) | - | ( 2,199) |
| Changes in cash flow from financing activities | ( 44,093) | 9,000 | ( 50,653) | 30 | ( 85,716) |
| Changes in unamortized discounts | - | ( 2) | - | - | ( 2) |
| At December 31, 2020 | $ 79,744 | $ 19,998 | $ 218,547 | $ 3,790 | $ 322,079 |

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 |

(2) Significant transactions and balances with related parties

A. Sales and processing revenue

| | For the years ended December 31, 2021 | For the years ended December 31, 2020 |
|---|---|---|
| Sales of merchandise and finished goods: | | |
| —An entity controlled by key management individuals | $ 529,108 | $ 520,360 |
| —Key management individuals | 363,750 | 446,956 |
| —Investee of key management individual accounted for under the equity method | 9,217 | 5,649 |
| | 902,075 | 972,965 |
| Processing revenue: | | |
| —May Lan Lei Co., Ltd. | 294,497 | 311,668 |
| —Tai Hwa Oil Industrial Co., Ltd. | 82,555 | 85,206 |
| —Other entities controlled by key management individuals | 14,026 | 12,394 |
| —Other key management individuals | 547 | 526 |
| | 391,625 | 409,794 |
| | $ 1,293,700 | $ 1,382,759 |

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 years ended December 31, 2021 | For the years ended December 31, 2020 |
|---|---|---|
| An entity controlled by key management individuals | $ 470,176 | $ 464,062 |
| Key management individuals | 157,646 | 74,402 |
| | $ 627,822 | $ 538,464 |

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 years ended December 31, 2021 and 2020.

C. Accounts receivable

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| An entity controlled by key management individuals | $ 76,417 | $ 67,190 |
| Key management individuals | 20,728 | 26,287 |
| Investee of key management individual accounted for under equity method | 1,150 | – |
| | $ 98,295 | $ 93,477 |

D. Accounts payable

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| An entity controlled by key management individuals | $ 47,755 | $ 55,716 |
| Key management individuals | 15,872 | 5,598 |
| | $ 63,627 | $ 61,314 |

E. Lease transactions－lessee

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

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

| | For the years ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| An entity controlled by key management individuals | $ 41,676 | $ 45,212 |

As of December 31, 2021 and 2020, the lease liability balance was $67,615 and $52,993, respectively. Interest expense recognized amounted to $822 and $699 (shown as "Finance costs") for the years ended December 31, 2021 and 2020, respectively.

(3) Key management compensation

| | For the years ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Salaries and other short-term employee benefits | $ 92,675 | $ 74,622 |

8. PLEDGED ASSETS

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

| | Book Value | | |
|---|---|---|---|
| Assets pledged | December 31, 2021 | December 31, 2020 | Purpose of collateral |
| Land (Note 1) | $ 44,244 | $ 44,244 | (Note 2) |
| Buildings, net (Note 1) | 88,377 | 98,345 | 〃 |
| | $ 132,621 | $ 142,589 | |

(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. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of December 31, 2021 and 2020, the unused letters of credit amounted to $1,713,620 and $1,576,678, respectively.

(2) Capital expenditures contracted for but not yet incurred

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Property, plant and equipment | $ 88,020 | $ 128,889 |

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

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) Financial instruments

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. Foreign exchange risk

(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 and liabilities 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:

| | December 31, 2021 | | |
|---|---|---|---|
| | Foreign currency amount (in thousands) | Exchange rate | Book value |
| (foreign currency: functional currency) | | | |
| Financial assets | | | |
| Monetary items | | | |
| USD : NTD | $ 108 | 27.73 | $ 2,989 |
| Financial liabilities | | | |
| Monetary items | | | |
| USD : NTD | 1,641 | 27.73 | 45,516 |

| | 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 |

(iv) As of December 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 years ended December 31, 2021 and 2020 would increase/decrease by $340 and $600, respectively.

(v) The unrealized exchange gain arising from significant foreign exchange variation on monetary items held by the Group for the years ended December 31, 2021 and 2020 amounted to $36 and $31, 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 listed stocks and 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, other components of equity would have increased/decreased by $752 and $26, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

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 years ended December 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 year ended December 31, 2021 | |
|---|---|---|
| | Notes receivable | Accounts receivable |
| At January 1 | $ 1,429 | $ 4,652 |
| (Reversal) provision for impairment | ( 31) | 442 |
| Write-off of allowance for doubtful accounts | - | ( 196) |
| At December 31 | $ 1,398 | $ 4,898 |

| | For the year ended December 31, 2020 | |
|---|---|---|
| | Notes receivable | Accounts receivable |
| At January 1 | $ 1,380 | $ 3,822 |
| Provision for impairment | 49 | 1,536 |
| Write-off of allowance for doubtful accounts | - | ( 706) |
| At December 31 | $ 1,429 | $ 4,652 |

(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. For the forward exchange agreement which the Company is engaged in, the excepted cash outflow amounting to US$22,177 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:

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Floating rate: | | |
| Expiring within one year | $ 5,937,734 | $ 5,893,216 |

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.

| December 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 | $ 65,580 | $ - | $ - | $ - |
| Short-term notes and bills payable | 70,000 | - | - | - |
| Notes payable | 4,788 | - | - | - |
| Accounts payable (including related parties) | 891,967 | - | - | - |
| Other payables | 418,616 | - | - | - |
| Lease liabilities (includind current and non-current portion) | 50,143 | 42,934 | 81,463 | 44,126 |
| Guarantee deposits received | - | 4,418 | - | - |
| Derivative liabilities: | | | | |
| Forward foreign exchange contracts | 20 | - | - | - |

| 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 (includind current and non-current portion) | 47,408 | 39,160 | 91,239 | 53,056 |
| Guarantee deposits received | - | 3,790 | - | - |

(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 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:

| December 31, 2021 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets | | | | |
| Recurring fair value measurements | | | | |
| Financial assets at fair value through other comprehensive income | | | | |
| Equity securities - non-current | $ 36,325 | $ - | $ 1,275 | $ 37,600 |
| Financial liabilities at fair value through | | | | |
| Forward foreign exchange contract | $ - | $ 20 | $ - | $ 20 |

| 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 |

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 years ended December 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.

F. The following is the movement of level 3 for the years ended December 31, 2021 and 2020:

| | Equity Securities |
|---|---|
| For the year ended December 31, 2021 | $ 1, 275 |

| | Equity Securities |
|---|---|
| For the year ended December 31, 2020 | $ 1, 275 |

G. For the years ended December 31, 2021 and 2020, there was no transfer into or out from Level 3.

H. Finance division is in charge of valuation procedures for fair value measurements beingcategorized 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.

(4) Other matter

Due to the preventive measures implemented by the government to control the novel coronavirus (COVID 19) pandemic, the terminal consumption demand for some products has decreased. The Group has taken countermeasures by maintaining close contacts with clients and suppliers, continually assessing the supply of raw materials and market demand and strengthening employee health management. However, the impact of the pandemic on the Group's operating performance and financial condition would depend on the subsequent development of the pandemic.

13. SUPPLEMENTARY DISCLOSURES

According to the current regulatory requirements, the Group is only required to disclose the information for the year ended December 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 and liabilities 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 year ended December 31, 2021 | TTET Union Corporation | Master Channels Corporation | Total |
|---|---|---|---|
| Segment revenue | $ 16,772,295 | $ 3,968,154 | $ 20,740,449 |
| Revenue from internal customers | 262,459 | - | 262,459 |
| Revenue from external customers | 16,509,836 | 3,968,154 | 20,477,990 |
| Segment income | 1,394,732 | 203,038 | 1,597,770 |
| Depreciation and amortization | 132,340 | 61,006 | 193,346 |
| Segment assets | 5,476,328 | 1,527,170 | 7,003,498 |

| For the year ended December 31, 2020 | TTET Union Corporation | Master Channels Corporation | Total |
|---|---|---|---|
| Segment revenue | $ 13,866,157 | $ 3,864,874 | $ 17,731,031 |
| Revenue from internal customers | 290,052 | - | 290,052 |
| Revenue from external customers | 13,576,105 | 3,864,874 | 17,440,979 |
| Segment income | 1,457,127 | 195,162 | 1,652,289 |
| Depriciation and amortization | 115,610 | 48,338 | 163,948 |
| Segment assets | 5,038,898 | 1,309,790 | 6,348,688 |

(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.

(4) Information on products and services

Revenue from external customers is mainly from sales and processing of vegetable oil, edible oil, cigarette, alcohol and articles for daily use and logistics service revenue.

Details of revenue are as follows:

| | For the years ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Sales revenue of finished goods | $ 16,118,211 | $ 13,166,311 |
| Sales revenue of merchandise | 3,927,373 | 3,825,306 |
| Processing revenue | 391,625 | 409,794 |
| Logistics service revenue | 40,781 | 39,568 |
| | $ 20,477,990 | $ 17,440,979 |

(5) Geographical information

Geographical information for the years ended December 31, 2021 and 2020 is as follows:

| | For the year ended December 31, 2021 | | For the year ended December 31, 2020 | |
|---|---|---|---|---|
| | Revenue | Non-current assets | Revenue | Non-current assets |
| Taiwan | $ 20,026,346 | $ 1,054,205 | $ 17,174,826 | $ 1,022,041 |
| India | 193,205 | - | - | - |
| Others | 258,439 | - | 266,153 | - |
| | $ 20,477,990 | $ 1,054,205 | $ 17,440,979 | $ 1,022,041 |

(6) Major customer information

The Group's revenues from each customer for the years ended December 31, 2021 and 2020 are less than 10% of the amount of operating revenue on the consolidated statement of comprehensive income.

TTET Union Corporation and Subsidiary

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

December 31, 2021

Table 1

Expressed in thousands of NTD

| Securities held by | Marketable securities | Relationship with the securities issuer | General ledger account | As of December 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 | 100,000 | 10,000 | — | 10,000 | — |
| | Taiwan Secom Co., Ltd. | — | Financial assets at fair value through other comprehensive income - non-current | 100,000 | 10,400 | — | 10,400 | — |
| | Far Eastern New Century Corporation | — | Financial assets at fair value through other comprehensive income - non-current | 350,000 | 10,255 | — | 10,255 | — |
| | The Shanghai Commercial & Savings Bank, Ltd. | — | Financial assets at fair value through other comprehensive income - non-current | 120,000 | 5,670 | — | 5,670 | — |

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 year ended December 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 | Uni-President Enterprises Corp. | The investor of the Company | (Sales) | ($ 209,998) | (1%) | 15 days after sales | $ - | (Note 1) | $ 15,100 | 3% | — |
| | Great Wall Enterprise Co., Ltd. | The director of the Company | (Sales) | ( 153,215) | (1%) | 10 days after sales | - | (Note 1) | - | — | — |
| | Master Channels Corporation | An investee company accounted for under the equity method | (Sales) | ( 262,459) | (2%) | Closes its accounts each half month, notes due in 20 days | - | (Note 1) | 29,000 | 5% | — |
| | Ton-Yi Industrial Corp. | An investee company of Uni-President Enterprises Corp. accounted for under the equity method | Purchases | 320,595 | 2% | 30 days after acceptance | - | (Note 2) | ( 31,992) | (9%) | — |
| | Total Nutrition Technologies Co.,Ltd. | An investee company of Great Wall Enterprise Co., Ltd. accounted for under the equity method | (Sales) | ( 190,642) | (1%) | 10 days after sales | - | (Note 1) | 3,545 | 1% | — |
| | May Lan Lei Co., Ltd. | An investee company of Great Wall Enterprise Co., Ltd. accounted for under the equity method | (Sales) | ( 175,817) | (1%) | 10 days after sales | - | (Note 1) | 8,432 | 2% | — |

| | | | 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 | May Lan Lei Co., Ltd. | An investee company of Great Wall Enterprise Co., Ltd. accounted for under the equity method | (Processing revenue) | ($ 294,497) | (75%) | Closes its accounts 15 days after the end of each month | $ - | (Note 1) | $ 32,689 | 6% | — |
| Master Channels Corporation | TTET Union Corporation | The Company | Purchases | 262,459 | 8% | Closes its accounts each half month, notes due in 20 days | - | - | ( 29,000) | (5%) | — |

Note 1: The collection period for third parties was 10~45 days after sales of goods.
Note 2: Payments to third parties were made in 12~30 days after receipt of goods.

TTET Union Corporation and Subsidiary

Significant inter-company transactions during the reporting period

For the year ended December 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 | ($ 262,459) | Closes its accounts each half month, notes due in 20 days | (1%) |
| | | | | Accounts receivable | 29,000 | － | － |

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 year ended December 31, 2021

Table 4 Expressed in thousands of NTD

| | | | | Initial investment amount | | Shares held as at December 31, 2021 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Investor | Investee | Location | Main business activities | Balance as at December 31, 2021 | Balance as at December 31, 2020 | Number of shares | Ownership | Book value | Net profit (loss) of the investee for the year ended December 31, 2021 | Investment income (loss) recognized by the Company for the year ended December 31, 2021 | Note |
| TTET Union Corporation | Master Channels Corporation | Taiwan | Wholesale of food | $ 138,585 | $ 138,585 | 12,039,999 | 80.27 | $ 402,624 | $ 163,236 | $ 131,024 | Subsidiary |

TTET Union Corporation and Subsidiary

Information on investments in Mainland China

For the year ended December 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 year ended December 31, 2021: Remitted to Mainland China | Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021: Remitted back to Taiwan | Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021 | Net income of investee for the year ended December 31, 2021 | Ownership held by the Company (direct or indirect) | Investment income (loss) recognized by the Company for the year ended December 31, 2021 | Book value of investments as of December 31, 2021 | Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021 | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Beijing FoodChina Online Information and Technology Ltd. | Program planning, System design, etc. | $ 38,822 | (2) | $ 6,696 | $ - | $ - | $ 6,696 | $ 600 | 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 | $ 6,696 | $ 6,696 | $ 2,974,591 |

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 1:27.73.

TTET Union Corporation and Subsidiary

Major shareholders information

December 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. | 29,269,706 | - | 18.29% | — |
| 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.

# TTET Union Corporation

# Chairman: Lo Chih-Hsien

Date of Publication: March 31, 2022