

**TTET UNION CORPORATION AND
SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
MARCH 31, 2022 AND 2021**

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

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of TTET Union Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of TTET Union Corporation and its subsidiary (the “Group”) as at March 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for three-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Lin, Tzu-Shu

Independent Accountants

Lin, Yung-Chih

PricewaterhouseCoopers, Taiwan

Republic of China

April 29, 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
MARCH 31, 2022, DECEMBER 31, 2021 AND MARCH 31, 2021
 (Expressed in thousands of New Taiwan dollars)
 (The consolidated balance sheets as of March 31, 2022 and 2021 are reviewed, not audited)

Assets		Notes	March 31, 2022		December 31, 2021		March 31, 2021	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 1,729,372	24	\$ 1,927,676	28	\$ 1,977,182	29
1110	Financial assets at fair value	6(2) and 12						
	through profit or loss - current		391	-	-	-	17,234	-
1150	Notes receivable, net	6(3)	135,557	2	161,509	2	123,783	2
1170	Accounts receivable, net	6(3)	961,101	13	811,361	12	829,095	12
1180	Accounts receivable - related	6(3) and 7						
	parties		92,808	1	98,295	1	80,887	1
1200	Other receivables		21,349	-	29,842	1	9,608	-
130X	Inventory	6(4)	2,848,029	39	2,463,953	35	2,314,151	34
1410	Prepayments		321,553	5	363,764	5	313,858	5
11XX	Total current assets		<u>6,110,160</u>	<u>84</u>	<u>5,856,400</u>	<u>84</u>	<u>5,665,798</u>	<u>83</u>
Non-current assets								
1517	Financial assets at fair value	6(5)						
	through other comprehensive							
	income - non-current		44,811	1	37,600	1	6,185	-
1600	Property, plant and equipment	6(6) and 8	836,072	11	852,176	12	867,984	13
1755	Right-of-use assets	6(7) and 7	202,366	3	200,725	3	203,545	3
1780	Intangible assets	6(8)	837	-	1,018	-	1,304	-
1840	Deferred income tax assets	6(22)	23,329	-	22,851	-	26,643	-
1920	Guarantee deposits paid		40,369	1	32,442	-	34,036	1
1990	Other non-current asset		780	-	286	-	351	-
15XX	Total non-current assets		<u>1,148,564</u>	<u>16</u>	<u>1,147,098</u>	<u>16</u>	<u>1,140,048</u>	<u>17</u>
1XXX	Total assets		<u>\$ 7,258,724</u>	<u>100</u>	<u>\$ 7,003,498</u>	<u>100</u>	<u>\$ 6,805,846</u>	<u>100</u>

(Continued)

TTET UNION CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2022, DECEMBER 31, 2021 AND MARCH 31, 2021
 (Expressed in thousands of New Taiwan dollars)
 (The consolidated balance sheets as of March 31, 2022 and 2021 are reviewed, not audited)

Liabilities and Equity		Notes	March 31, 2022		December 31, 2021		March 31, 2021	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(9)	\$ 16,303	-	\$ 65,516	1	\$ 81,338	1
2110	Short-term notes and bills payable	6(10)	29,996	-	69,995	1	39,995	1
2120	Financial liabilities at fair value through profit or loss - current	6(2) and 12	-	-	20	-	-	-
2130	Current contract liabilities	6(15)	46,340	1	30,405	-	26,136	-
2150	Notes payable		3,591	-	4,788	-	3,591	-
2170	Accounts payable		664,522	9	828,340	12	513,150	8
2180	Accounts payable - related parties	7	59,336	1	63,627	1	58,222	1
2200	Other payables		305,070	4	418,616	6	351,453	5
2230	Current income tax liabilities	6(22)	449,151	6	327,224	5	325,357	5
2280	Lease liabilities - current	6(7) and 7	36,555	1	35,772	-	31,966	-
21XX	Total current liabilities		<u>1,610,864</u>	<u>22</u>	<u>1,844,303</u>	<u>26</u>	<u>1,431,208</u>	<u>21</u>
Non-current liabilities								
2570	Deferred income tax liabilities	6(22)	12,316	-	12,315	-	13,577	-
2580	Lease liabilities - non-current	6(7) and 7	173,404	3	172,467	3	178,391	3
2640	Net defined benefit liabilities - non-current	6(11)	12,176	-	12,342	-	40,627	-
2645	Guarantee deposits received		3,140	-	4,418	-	3,465	-
25XX	Total non-current liabilities		<u>201,036</u>	<u>3</u>	<u>201,542</u>	<u>3</u>	<u>236,060</u>	<u>3</u>
2XXX	Total liabilities		<u>1,811,900</u>	<u>25</u>	<u>2,045,845</u>	<u>29</u>	<u>1,667,268</u>	<u>24</u>
Equity attributable to owners of parent								
Share capital								
3110	Common stock	6(12)	1,599,749	22	1,599,749	23	1,599,749	24
3200	Capital surplus	6(13)	23,784	1	23,784	-	23,784	-
Retained earnings								
3310	Legal reserve	6(14)	1,456,732	20	1,456,732	21	1,327,386	19
3320	Special reserve		7,000	-	7,000	-	7,000	-
3350	Unappropriated retained earnings		2,254,239	31	1,776,932	25	2,091,590	31
Other equity interest								
3400	Other equity interest	6(5)	(3,418)	-	(5,528)	-	(6,972)	-
31XX	Equity attributable to owners of the parent		<u>5,338,086</u>	<u>74</u>	<u>4,858,669</u>	<u>69</u>	<u>5,042,537</u>	<u>74</u>
36XX	Non-controlling interest		<u>108,738</u>	<u>1</u>	<u>98,984</u>	<u>2</u>	<u>96,041</u>	<u>2</u>
3XXX	Total equity		<u>5,446,824</u>	<u>75</u>	<u>4,957,653</u>	<u>71</u>	<u>5,138,578</u>	<u>76</u>
Significant contingent liabilities and unrecognized contract commitments								
3X2X	Total liabilities and equity		<u>\$ 7,258,724</u>	<u>100</u>	<u>\$ 7,003,498</u>	<u>100</u>	<u>\$ 6,805,846</u>	<u>100</u>

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

TTET UNION CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)
(REVIEWED, NOT AUDITED)

			Three months ended March 31			
			2022		2021	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(15) and 7		\$ 5,698,170	100	\$ 4,842,731	100
5000 Operating costs	6(4)(8)(11)(20)(21) and 7		(4,861,827)	(85)	(4,047,615)	(83)
5900 Net operating margin			836,343	15	795,116	17
Operating expenses	6(8)(11)(20)(21)					
6100 Selling expenses			(166,193)	(3)	(151,718)	(3)
6200 General and administrative expenses			(79,556)	(2)	(76,793)	(2)
6300 Research and development expenses			(2,929)	-	(3,011)	-
6450 Expect credit (losses) gains	12		(595)	-	168	-
6000 Total operating expenses			(249,273)	(5)	(231,354)	(5)
6900 Operating profit			587,070	10	563,762	12
Non-operating income and expenses						
7100 Interest income	6(16)		1,006	-	1,667	-
7010 Other income	6(17)		2,980	-	5,845	-
7020 Other gains and losses	6(2)(7)(18) and 12		18,771	1	51,907	1
7050 Finance costs	6(7)(19) and 7		(1,218)	-	(1,236)	-
7000 Total non-operating income and expenses			21,539	1	58,183	1
7900 Profit before income tax			608,609	11	621,945	13
7950 Income tax expense	6(22)		(121,548)	(2)	(124,399)	(3)
8200 Profit for the period			\$ 487,061	9	\$ 497,546	10
Other comprehensive income (loss)						
Components of other comprehensive income that will not be reclassified to profit or loss						
8316 Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	6(5)		\$ 2,110	-	\$ 28	-
8300 Other comprehensive income for the period			\$ 2,110	-	\$ 28	-
8500 Total comprehensive income for the period			\$ 489,171	9	\$ 497,574	10
Profit attributable to:						
8610 Owners of the parent			\$ 477,307	9	\$ 488,560	10
8620 Non-controlling interest			9,754	-	8,986	-
			\$ 487,061	9	\$ 497,546	10
Comprehensive income attributable to:						
8710 Owners of the parent			\$ 479,417	9	\$ 488,588	10
8720 Non-controlling interest			9,754	-	8,986	-
			\$ 489,171	9	\$ 497,574	10
Earnings per share (in dollars)	6(23)					
9750 Basic			\$ 2.98		\$ 3.05	
9850 Diluted			\$ 2.98		\$ 3.05	

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

TTET UNION CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

	Notes	Equity attributable to owners of the parent						Total	Non-controlling interest	Total equity
		Share capital - common stock	Capital surplus	Retained Earnings			Other Equity			
				Legal reserve	Special reserve	Unappropriated retained earnings	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income			
<u>For the three-month period ended March 31, 2021</u>										
Balance at January 1, 2021		\$ 1,599,749	\$ 23,784	\$ 1,327,386	\$ 7,000	\$ 1,603,030	(\$ 7,000)	\$ 4,553,949	\$ 87,055	\$ 4,641,004
Net income for the three-month period ended March 31, 2021		-	-	-	-	488,560	-	488,560	8,986	497,546
Other comprehensive income for the three-month period ended March 31, 2021	6(5)	-	-	-	-	-	28	28	-	28
Total comprehensive income for the three-month period ended March 31, 2021		-	-	-	-	488,560	28	488,588	8,986	497,574
Balance at March 31, 2021		<u>\$ 1,599,749</u>	<u>\$ 23,784</u>	<u>\$ 1,327,386</u>	<u>\$ 7,000</u>	<u>\$ 2,091,590</u>	<u>(\$ 6,972)</u>	<u>\$ 5,042,537</u>	<u>\$ 96,041</u>	<u>\$ 5,138,578</u>
<u>For the three-month period ended March 31, 2022</u>										
Balance at January 1, 2022		\$ 1,599,749	\$ 23,784	\$ 1,456,732	\$ 7,000	\$ 1,776,932	(\$ 5,528)	\$ 4,858,669	\$ 98,984	\$ 4,957,653
Net income for the three-month period ended March 31, 2022		-	-	-	-	477,307	-	477,307	9,754	487,061
Other comprehensive income for the three-month period ended March 31, 2022	6(5)	-	-	-	-	-	2,110	2,110	-	2,110
Total comprehensive income for the three-month period ended March 31, 2022		-	-	-	-	477,307	2,110	479,417	9,754	489,171
Balance at March 31, 2022		<u>\$ 1,599,749</u>	<u>\$ 23,784</u>	<u>\$ 1,456,732</u>	<u>\$ 7,000</u>	<u>\$ 2,254,239</u>	<u>(\$ 3,418)</u>	<u>\$ 5,338,086</u>	<u>\$ 108,738</u>	<u>\$ 5,446,824</u>

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

TTET UNION CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

	Notes	<u>For the three-month periods ended March 31,</u>	
		<u>2022</u>	<u>2021</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 608,609	\$ 621,945
Adjustments			
Adjustments to reconcile profit (loss)			
Gain on financial assets at fair value through profit or loss		(411)	(7,907)
Expected credit losses (gains)	12	595	(168)
Reversal of allowance provision for inventory	6(4)	(67)	(835)
Depreciation	6(6)(7)(20)	50,257	44,786
Gain on disposal of property, plant and equipment	6(18)	-	(114)
Property, plant and equipment recognized as expense	6(6)	1,964	201
Loss on lease modification	6(7)(18)	41	-
Amortization	6(8)(20)	181	310
Interest income	6(16)	(1,006)	(1,667)
Finance costs	6(19)	1,218	1,236
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		25,961	19,998
Accounts receivable		(150,344)	(22,843)
Accounts receivable - related parties		5,487	12,590
Other receivables		8,493	10,653
Inventories		(384,009)	(1,276,152)
Prepayments		42,211	(11,000)
Changes in operating liabilities			
Current contract liabilities		15,935	(26,050)
Notes payable		(1,197)	(1,197)
Accounts payable		(163,818)	(62,508)
Accounts payable - related parties		(4,291)	(3,092)
Other payables		(105,914)	(84,458)
Net defined benefit liabilities - non-current		(166)	(376)
Cash outflow generated from operations		(50,271)	(786,648)
Interest received		1,006	1,667
Interest paid		(1,226)	(1,239)
Income tax paid		(98)	(163)
Net cash flows used in operating activities		(50,589)	(786,383)

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TTET UNION CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

	Notes	For the three-month periods ended March 31, 2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income		(\$ 5,101)	(\$ 4,882)
Acquisition of property, plant and equipment	6(24)	(30,217)	(92,254)
Proceeds from disposal of property, plant and equipment		-	114
Increase in intangible assets	6(8)	-	(152)
(Increase) decrease in guarantee deposits paid		(7,927)	3,346
(Increase) decrease in other non-current assets		(494)	28
Net cash flows used in investing activities		(43,739)	(93,800)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term borrowings	6(25)	(49,213)	1,594
(Decrease) increase in short-term notes and bills payable	6(25)	(40,000)	20,000
Repayment of lease principal	6(25)	(13,485)	(12,252)
Decrease in guarantee deposit received	6(25)	(1,278)	(325)
Net cash flows (used in) from financing activities		(103,976)	9,017
Net decrease in cash and cash equivalents		(198,304)	(871,166)
Cash and cash equivalents at beginning of period	6(1)	1,927,676	2,848,348
Cash and cash equivalents at end of period	6(1)	<u>\$ 1,729,372</u>	<u>\$ 1,977,182</u>

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

TTET UNION CORPORATION AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(REVIEWED, NOT AUDITED)

1. HISTORY AND ORGANIZATION

- (1) TTET Union Corporation (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on May 24, 1982. The Company and its subsidiary (the “Group”) are primarily engaged in the manufacture, sales, processing, import and export of a variety of vegetable oils and engaged in cogeneration plant business, wholesale and retailing of oils, etc.
- (2) The common shares of the Company have been listed on the Taiwan Stock Exchange since February 1996.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on April 29, 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 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board (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.

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

None.

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

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

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 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

Except for the compliance statement, basis of preparation, basis of consolidation, and the additional descriptions described below, the other principal accounting policies are in agreement with Note 4 of the consolidated financial statements for the year ended December 31, 2021. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the 'Regulations Governing the Preparation of Financial Reports by Securities Issuers' and IAS 34, 'Interim Financial Reporting' as endorsed by the FSC.
- B. The consolidated financial statements should be read together with the consolidated financial statements for the year ended December 31, 2021.

(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 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 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:

The basis for preparation of these consolidated financial statements is consistent with those for the preparation of consolidated financial statements for the year ended December 31, 2021.

B. Subsidiary included in the consolidated financial statements:

Name of investor	Name of subsidiary	Business activities	Ownership (%)		Note
			March 31, 2022	December 31, 2021	
TTET Union Corporation	Master Channels Corporation	Wholesale of food	80.27	80.27	—

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

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

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

E. Significant restrictions: None.

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

(4) Employee benefits

Defined benefit plans

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

(5) Income tax

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

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

in profit or loss.

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

There have been no significant changes during the period. Refer to Note 5 of the consolidated financial statements for the year ended December 31, 2021.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Cash:			
Cash on hand	\$ 3,505	\$ 5,990	\$ 2,102
Checking and demand deposits	<u>345,872</u>	<u>630,994</u>	<u>406,597</u>
	<u>349,377</u>	<u>636,984</u>	<u>408,699</u>
Cash equivalents:			
Time deposits	151,700	151,700	200,000
Commercial paper	<u>1,228,295</u>	<u>1,138,992</u>	<u>1,368,483</u>
	<u>1,379,995</u>	<u>1,290,692</u>	<u>1,568,483</u>
	<u>\$ 1,729,372</u>	<u>\$ 1,927,676</u>	<u>\$ 1,977,182</u>

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

B. The Group has no cash and cash equivalents pledged to others as of March 31, 2022, December 31, 2021 and March 31, 2021.

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Financial assets mandatorily measured at fair value through profit or loss			
Non-hedging derivative	<u>\$ 391</u>	<u>\$ –</u>	<u>\$ 17,234</u>
	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Financial liabilities held for trading			
Non-hedging derivative	<u>\$ –</u>	<u>\$ 20</u>	<u>\$ –</u>

A. The Group recognized net gain (shown as “Other gains and losses”) on financial assets mandatorily measured at fair value amounting to \$18,863 and \$48,520 for the three-month periods ended March 31, 2022 and 2021, respectively.

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

March 31, 2022			March 31, 2021		
Contract amount			Contract amount		
Derivative instruments	(Notional principal)	Contract period	(Notional principal)	Contract period	
Current asset item:					
Forward foreign		2022. 1. 20		2021. 1. 18	
exchange contracts	USD 3, 332	~2022. 5. 25	USD 43, 540	~2021. 5. 28	
			December 31, 2021		
			Contract amount		
Derivative instruments	(Notional principal)	Contract period	(Notional principal)	Contract period	
Current liability items:					
Forward foreign				2021. 11. 2	
exchange contracts			USD 22, 177	~2022. 3. 17	

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

	March 31, 2022	December 31, 2021	March 31, 2021
Notes receivable	\$ 136, 946	\$ 162, 907	\$ 125, 131
Less: Allowance for uncollectible accounts	(1, 389)	(1, 398)	(1, 348)
	<u>\$ 135, 557</u>	<u>\$ 161, 509</u>	<u>\$ 123, 783</u>
	March 31, 2022	December 31, 2021	March 31, 2021
Accounts receivable	\$ 966, 514	\$ 816, 259	\$ 833, 660
Accounts receivable-related parties	92, 808	98, 295	80, 887
	1, 059, 322	914, 554	914, 547
Less: Allowance for uncollectible accounts	(5, 413)	(4, 898)	(4, 565)
	<u>\$ 1, 053, 909</u>	<u>\$ 909, 656</u>	<u>\$ 909, 982</u>

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

	March 31, 2022		December 31, 2021	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	\$ 136, 946	\$ 1, 056, 150	\$ 162, 907	\$ 912, 254
Less than 30 days	–	3, 147	–	1, 881
31 ~ 60 days	–	16	–	134
61 ~ 90 days	–	9	–	–
91 ~ over 120 days	–	–	–	285
	<u>\$ 136, 946</u>	<u>\$ 1, 059, 322</u>	<u>\$ 162, 907</u>	<u>\$ 914, 554</u>

	March 31, 2021	
	Notes receivable	Accounts receivable
Not past due	\$ 125, 131	\$ 911, 459
Less than 30 days	–	3, 083
31 ~ 60 days	–	5
61 ~ 90 days	–	–
91 ~ over 120 days	–	–
	<u>\$ 125, 131</u>	<u>\$ 914, 547</u>

The above ageing analysis was based on past due date.

- B. As at March 31, 2022, December 31, 2021 and March 31, 2021, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2021, the balance of receivables from contracts with customers amounted to \$1,049,423.
- C. As at March 31, 2022, December 31, 2021 and March 31, 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable were its book value.
- D. The Group holds certificates of time deposit and land as security for accounts receivable as of March 31, 2022, December 31, 2021 and March 31, 2021.
- E. The Group has no notes and accounts receivable pledged to others as at March 31, 2022, December 31, 2021 and March 31, 2021.
- F. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(4) Inventories

March 31, 2022			
	Cost	Allowance for market price decline	Book value
Merchandise	\$ 276,168	(\$ 5,579)	\$ 270,589
Raw materials	428,235	–	428,235
Raw materials in transit	1,453,969	–	1,453,969
Supplies	21,699	(10)	21,689
Work in process	221,320	–	221,320
Work in process in transit	9,862	–	9,862
Finished goods	442,387	(22)	442,365
	<u>\$ 2,853,640</u>	<u>(\$ 5,611)</u>	<u>\$ 2,848,029</u>

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
	<u>\$ 2,469,631</u>	<u>(\$ 5,678)</u>	<u>\$ 2,463,953</u>

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

The cost of inventories recognized as expense for the period:

	For the three-month periods ended March 31,	
	2022	2021
Cost of goods sold	\$ 4, 778, 343	\$ 3, 975, 124
Loss on scrapped inventories	282	10
Reversal of allowance for inventory market price decline (Note)	(67)	(835)
Gain on physical inventory	(5)	(458)
	<u>\$ 4, 778, 553</u>	<u>\$ 3, 973, 841</u>

(Note) The Group recognized gain from price recovery as the increase in the international prices of raw materials led to a recovery in inventory net realizable value for the three-month periods ended March 31, 2022 and 2021.

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

	March 31, 2022	December 31, 2021	March 31, 2021
Equity instruments			
Listed stocks	\$ 39, 954	\$ 34, 853	\$ 4, 882
Unlisted stocks	<u>8, 275</u>	<u>8, 275</u>	<u>8, 275</u>
	48, 229	43, 128	13, 157
Valuation adjustment	(3, 418)	(5, 528)	(6, 972)
	<u>\$ 44, 811</u>	<u>\$ 37, 600</u>	<u>\$ 6, 185</u>

- 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 \$44,811, \$37,600 and \$6,185 as at March 31, 2022, December 31, 2021 and March 31, 2021, respectively.
- B. The Group recognized other comprehensive income in relation to the financial assets at fair value through other comprehensive income amounting to \$2,110 and \$28 for the three-month periods ended March 31, 2022 and 2021, respectively.
- C. As at March 31, 2022, December 31, 2021 and March 31, 2021, 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
<u>January 1, 2022</u>								
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)
	<u>\$ 44,244</u>	<u>\$ 331,542</u>	<u>\$ 353,011</u>	<u>\$ 1,470</u>	<u>\$ 2,409</u>	<u>\$ 92,469</u>	<u>\$ 27,031</u>	<u>\$ 852,176</u>
<u>For the three-month period ended March 31, 2022</u>								
At January 1	\$ 44,244	\$ 331,542	\$ 353,011	\$ 1,470	\$ 2,409	\$ 92,469	\$ 27,031	\$ 852,176
Additions	—	892	9,701	—	—	1,368	10,633	22,594
Transferred after acceptance	—	—	7,180	—	—	—	(7,180)	—
Depreciation	—	(9,142)	(23,317)	(158)	(173)	(3,944)	—	(36,734)
Disposals — Cost	—	—	(1,272)	—	(1,172)	(12,986)	—	(15,430)
— Accumulated depreciation	—	—	1,272	—	1,172	12,986	—	15,430
Expensed	—	—	—	—	—	—	(1,964)	(1,964)
At March 31	<u>\$ 44,244</u>	<u>\$ 323,292</u>	<u>\$ 346,575</u>	<u>\$ 1,312</u>	<u>\$ 2,236</u>	<u>\$ 89,893</u>	<u>\$ 28,520</u>	<u>\$ 836,072</u>
<u>March 31, 2022</u>								
Cost	\$ 44,244	\$ 1,112,836	\$ 3,467,587	\$ 15,152	\$ 6,743	\$ 168,732	\$ 28,520	\$ 4,843,814
Accumulated depreciation	—	(789,544)	(3,121,012)	(13,840)	(4,507)	(78,839)	—	(4,007,742)
	<u>\$ 44,244</u>	<u>\$ 323,292</u>	<u>\$ 346,575</u>	<u>\$ 1,312</u>	<u>\$ 2,236</u>	<u>\$ 89,893</u>	<u>\$ 28,520</u>	<u>\$ 836,072</u>

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

- A. The Group's property, plant and equipment are all owner-occupied as at March 31, 2022, December 31, 2021 and March 31, 2021.
- B. The Group has not capitalized any interest for the three-month periods ended March 31, 2022 and 2021.
- C. For more information regarding the Group's property, plant and equipment pledged to others as at March 31, 2022, December 31, 2021 and March 31, 2021, 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:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 33,421	\$ 33,211	\$ 34,751
Buildings	93,049	98,585	115,193
Transportation equipment	75,775	68,794	53,601
Other equipment	121	135	—
	<u>\$ 202,366</u>	<u>\$ 200,725</u>	<u>\$ 203,545</u>

	<u>For the three-month periods ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 517	\$ 515
Buildings	5,536	5,536
Transportation equipment	7,456	6,395
Other equipment	14	—
	<u>\$ 13,523</u>	<u>\$ 12,446</u>

- C. For the three-month periods ended March 31, 2022 and 2021, the additions to right-of-use assets were \$15,716 and \$4,232, respectively.
- D. The information on income and expense accounts relating to lease contracts is as follows:

	<u>For the three-month periods ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 768	\$ 754
Expense on short-term lease contracts	3,520	4,728
Loss from lease modification	41	—

- E. For the three-month periods ended March 31, 2022 and 2021, the Group's total cash outflow for leases were \$17,773 and \$17,734, respectively.

(8) Intangible assets

	<u>Computer software</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2022</u>			
Cost	\$ 13,458	\$ 464	\$ 13,922
Accumulated amortization	(12,828)	(76)	(12,904)
	<u>\$ 630</u>	<u>\$ 388</u>	<u>\$ 1,018</u>

For the three-month period ended March 31, 2022

At January 1	\$ 630	\$ 388	\$ 1,018
Amortization charge	(171)	(10)	(181)
At March 31	<u>\$ 459</u>	<u>\$ 378</u>	<u>\$ 837</u>

At March 31, 2022

Cost	\$ 13,458	\$ 464	\$ 13,922
Accumulated amortization	(12,999)	(86)	(13,085)
	<u>\$ 459</u>	<u>\$ 378</u>	<u>\$ 837</u>

	<u>Computer software</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2021</u>			
Cost	\$ 13,306	\$ 133	\$ 13,439
Accumulated amortization	(11,844)	(133)	(11,977)
	<u>\$ 1,462</u>	<u>\$ -</u>	<u>\$ 1,462</u>

For the three-month period ended March 31, 2021

At January 1	\$ 1,462	\$ -	\$ 1,462
Additions—Acquired separately	152	-	152
Amortization charge	(310)	-	(310)
At March 31	<u>\$ 1,304</u>	<u>\$ -</u>	<u>\$ 1,304</u>

At March 31, 2021

Cost	\$ 13,458	\$ 133	\$ 13,591
Accumulated amortization	(12,154)	(133)	(12,287)
	<u>\$ 1,304</u>	<u>\$ -</u>	<u>\$ 1,304</u>

Details of amortization on intangible assets are as follows:

	For the three-month periods ended March 31,	
	2022	2021
Operating costs	\$ 11	\$ 36
Selling expenses	27	38
Administrative expenses	143	236
	<u>\$ 181</u>	<u>\$ 310</u>

(9) Short-term borrowings

	March 31, 2022	Interest rate range	Collateral
Bank unsecured borrowings	<u>\$ 16,303</u>	1.01%	None
	December 31, 2021	Interest rate range	Collateral
Bank unsecured borrowings	<u>\$ 65,516</u>	0.54%~1.21%	None
	March 31, 2021	Interest rate range	Collateral
Bank unsecured borrowings	<u>\$ 81,338</u>	0.63%~0.75%	None

For interest expense recognized in profit or loss for the three-month periods ended March 31, 2022 and 2021, please refer to Note 6(19).

(10) Short-term notes and bills payable

	March 31, 2022	Interest rate range	Collateral
Commercial paper payable	\$ 30,000	0.91%	None
Less: Unamortized discount	(4)		
	<u>\$ 29,996</u>		
	December 31, 2021	Interest rate range	Collateral
Commercial paper payable	\$ 70,000	0.40%~0.80%	None
Less: Unamortized discount	(5)		
	<u>\$ 69,995</u>		
	March 31, 2021	Interest rate range	Collateral
Commercial paper payable	\$ 40,000	0.76%	None
Less: Unamortized discount	(5)		
	<u>\$ 39,995</u>		

- 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 three-month periods ended March 31, 2022 and 2021, 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%~4% and 2.5%~4% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, under the name of the independent retirement fund committee for the three-month periods ended March 31, 2022 and 2021, respectively. Also, the Group would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Group will make contribution for the deficit by next March. The information on the Group's defined benefit pension plan is as follows:
- (a) The pension cost under the aforementioned defined benefit pension plans of the Group for the three-month periods ended March 31, 2022 and 2021 were \$480 and \$607, respectively.
- (b) The Group's expected contributions under the defined benefit pension plans for the year ending December 31, 2022 amount to \$2,445.
- B. Effective July 1, 2005, the Group has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Group contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Group for the three-month periods ended March 31, 2022 and 2021 were \$3,584 and \$3,712, respectively.

(12) Share capital

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

	For the three-month periods ended March 31,	
	2022	2021
Beginning and ending balance	159,975	159,975

- B. As of March 31, 2022, the Company's authorized capital was \$1,778,000 and the paid-in capital was \$1,599,749, consisting of 159,975 thousand shares of ordinary stock, with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

(13) Capital surplus

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

Movements in the Company's capital reserves for the three-month periods ended March 31, 2022 and 2021 are as follows:

For the three-month period ended March 31, 2022			
	Share premium	Treasury share transactions	Total
Beginning and ending balance	\$ 154	\$ 23, 630	\$ 23, 784
For the three-month period ended March 31, 2021			
	Share premium	Treasury share transactions	Total
Beginning and ending balance	\$ 154	\$ 23, 630	\$ 23, 784

(14) Retained earnings

- A. Pursuant to the Company Act, the current year's after-tax earnings should set aside 10% of the remaining earnings as legal reserve until the balance of legal reserve is equal to that of paid-in capital. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- B. According to the Company's Articles of Incorporation, 10% of the annual net income, after offsetting any loss of prior years and paying all taxes and dues, shall be set aside as legal reserve, and set aside or reverse special reserve. The remaining net income and the unappropriated retained earnings from prior years can be distributed in accordance with a resolution passed during a meeting of the Board of Directors and approved at the stockholders' meeting. Of the amount to be distributed by the Company, stockholders' dividends shall comprise 50% to 100% of the unappropriated retained earnings. Since the Company is in a changeable industry environment and the life cycle of the Company is in a stable growth, the appropriation of earnings should consider fund requirements and capital budgets to decide how much earnings will be kept or distributed and how much cash dividends will be distributed. The percentage of stock dividends shall not be more than 50% of dividends distributed.
- C. In accordance with the regulations, the Company shall set aside special reserve from the debit

balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

- D. For the year ended December 31, 2021, the Company recognized dividends distributed to owners amounting to \$959,850 (\$6 (in dollars) per share as cash dividend). 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. Such dividend payable is not disclosed in this financial report.

(15) Operating revenue

	For the three-month periods ended March 31,	
	2022	2021
Revenue from contracts with customers	\$ 5,698,170	\$ 4,842,731

A. Disaggregation of revenue from contracts with customers

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

	For the three-month period ended March 31, 2022		
	TTET Union Corporation	Master Channels Corporation	Total
Sales revenue	\$ 4,465,746	\$ 1,110,754	\$ 5,576,500
Processing revenue	110,186	–	110,186
Logistics service revenue	–	11,484	11,484
	<u>\$ 4,575,932</u>	<u>\$ 1,122,238</u>	<u>\$ 5,698,170</u>
Timing of revenue recognition			
At a point in time	\$ 4,465,746	\$ 1,110,754	\$ 5,576,500
Over time	110,186	11,484	121,670
	<u>\$ 4,575,932</u>	<u>\$ 1,122,238</u>	<u>\$ 5,698,170</u>
	For the three-month period ended March 31, 2021		
	TTET Union Corporation	Master Channels Corporation	Total
Sales revenue	\$ 3,695,643	\$ 1,048,848	\$ 4,744,491
Processing revenue	87,194	–	87,194
Logistics service revenue	–	11,046	11,046
	<u>\$ 3,782,837</u>	<u>\$ 1,059,894</u>	<u>\$ 4,842,731</u>
Timing of revenue recognition			
At a point in time	\$ 3,695,643	\$ 1,048,848	\$ 4,744,491
Over time	87,194	11,046	98,240
	<u>\$ 3,782,837</u>	<u>\$ 1,059,894</u>	<u>\$ 4,842,731</u>

B. Contract liabilities

(a) As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group has recognized the revenue-related liabilities amounting to \$46,340, \$30,405 and \$26,136, respectively.

(b) Revenue recognized that were included in the contract liabilities balance at the beginning of 2022 and 2021 amounted to \$29,986 and \$51,928, respectively.

(16) Interest income

	For the three-month periods ended March 31,	
	2022	2021
Interest income:		
Interest income from bank deposits	\$ 208	\$ 623
Other interest income	798	1,044
	<u>\$ 1,006</u>	<u>\$ 1,667</u>

(17) Other income

	For the three-month periods ended March 31,	
	2022	2021
Other income	<u>\$ 2,980</u>	<u>\$ 5,845</u>

(18) Other gains and losses

	For the three-month periods ended March 31,	
	2022	2021
Net gain on financial assets and liabilities at fair value through profit or loss	\$ 18,863	\$ 48,520
Net currency exchange (loss) gain	(51)	3,273
Loss from lease modification	(41)	–
Gain on disposal of property, plant and equipment	–	114
	<u>\$ 18,771</u>	<u>\$ 51,907</u>

(19) Finance costs

	For the three-month periods ended March 31,	
	2022	2021
Interest expense:		
Bank borrowings	\$ 395	\$ 465
Interest expense on lease liabilities	768	754
Other interest expense	55	17
	<u>\$ 1,218</u>	<u>\$ 1,236</u>

(20) Expenses by nature

For the three-month period ended March 31, 2022			
	Operating cost	Operating expense	Total
Employee benefit expenses	\$ 35,664	\$ 155,448	\$ 191,112
Depreciation	\$ 29,291	\$ 20,966	\$ 50,257
Amortization	\$ 11	\$ 170	\$ 181

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

(21) Employee benefit expense

For the three-month period ended March 31, 2022			
	Operating cost	Operating expense	Total
Wages and salaries	\$ 33,047	\$ 136,367	\$ 169,414
Labor and health insurance expenses	1,429	10,424	11,853
Pension costs	677	3,387	4,064
Other personnel expenses	511	5,270	5,781
	<u>\$ 35,664</u>	<u>\$ 155,448</u>	<u>\$ 191,112</u>

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

- A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 2% for employees' compensation and shall not be higher than 2% for directors' and supervisors' remuneration.
- B. For the three-month periods ended March 31, 2022 and 2021, employees' compensation was accrued at \$12,210 and \$12,490, respectively; while directors' and supervisors' remuneration was accrued at \$9,160 and \$9,370, respectively. The aforementioned amounts were recognized in salary expenses and estimated and accrued based on the distributable net profit as of the end of reporting period calculated by the percentage prescribed under the Articles of Incorporation of the Company. The actual amount resolved by the Board of Directors for employees' compensation and directors' and supervisors' remuneration for 2021 was \$55,340, which is different from the estimated amount recognized in the 2021 financial statements of \$55,380, by (\$40). Such difference will be recognized in profit and loss for the year ending December 31, 2022. Information about employees' compensation and directors' and supervisors' remuneration of the Company as proposed by the Board of Directors and resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(22) Income tax

A. Income tax expense

Components of income tax expense:

	<u>For the three-month periods ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
Current tax:		
Current tax on profits for the period	\$ <u>122,025</u>	\$ <u>124,628</u>
Deferred tax:		
Origination and reversal of temporary differences	(<u>477</u>)	(<u>229</u>)
Income tax expense	\$ <u><u>121,548</u></u>	\$ <u><u>124,399</u></u>

- B. As of April 29, 2022, the Company's income tax returns through 2020 have been assessed by the Tax Authority, and there were no disputes existing between the Company and the Tax Authority.

(23) Earnings per share

For the three-month period ended March 31, 2022			
		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
	<u>Amount after tax</u>		
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 477,307</u>	<u>159,975</u>	<u>\$ 2.98</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 477,307	159,975	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>—</u>	<u>208</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 477,307</u>	<u>160,183</u>	<u>\$ 2.98</u>
For the three-month period ended March 31, 2021			
		Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
	<u>Amount after tax</u>		
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 488,560</u>	<u>159,975</u>	<u>\$ 3.05</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 488,560	159,975	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>—</u>	<u>304</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 488,560</u>	<u>160,279</u>	<u>\$ 3.05</u>

(24) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the three-month periods ended March 31,	
	2022	2021
Purchase of property, plant and equipment	\$ 22,594	\$ 92,254
Add: Opening balance of payable on equipment (listed under "Other payables")	7,623	-
Cash paid for the acquisition of property, plant and equipment	<u>\$ 30,217</u>	<u>\$ 92,254</u>

B. Operating activities with no cash flow effects:

	For the three-month periods ended March 31,	
	2022	2021
Write-off of allowance for doubtful accounts	<u>\$ 89</u>	<u>\$ -</u>

(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, 2022	\$ 65,516	\$ 69,995	\$ 208,239	\$ 4,418	\$ 348,168
Increase in lease liabilities	-	-	15,716	-	15,716
Decrease in lease liabilities	-	-	(511)	-	(511)
Changes in cash flow from financing activities	(49,213)	(40,000)	(13,485)	(1,278)	(103,976)
Changes in unamortized discounts	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
At March 31, 2022	<u>\$ 16,303</u>	<u>\$ 29,996</u>	<u>\$ 209,959</u>	<u>\$ 3,140</u>	<u>\$ 259,398</u>

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

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
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.	"
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 three-month periods ended March 31,	
	2022	2021
Sales of merchandise and finished goods:		
— An entity controlled by key management individuals	\$ 134,737	\$ 134,500
— Key management individuals	118,681	159,344
— Investee of key management individual accounted for under the equity method	986	751
	<u>254,404</u>	<u>294,595</u>
Processing revenue:		
— May Lan Lei Co., Ltd.	84,714	64,651
— Tai Hwa Oil Industrial Co., Ltd.	21,647	19,341
— Other entities controlled by key management individuals	3,685	3,061
— Other key management individuals	140	141
	<u>110,186</u>	<u>87,194</u>
	<u>\$ 364,590</u>	<u>\$ 381,789</u>

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

B. Purchases

	For the three-month periods ended March 31,	
	2022	2021
An entity controlled by key management individuals	\$ 124,884	\$ 121,187
Key management individuals	<u>30,451</u>	<u>56,100</u>
	<u>\$ 155,335</u>	<u>\$ 177,287</u>

The terms of purchases and payments are made in 12~25 days after receipt to related parties which were the same with third party suppliers, except for an entity controlled by key management individuals, wherein payments are made in 15~30 days after receipt for the three-month periods ended March 31, 2022 and 2021, respectively.

C. Accounts receivable

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
An entity controlled by key management individuals	\$ 63,009	\$ 76,417	\$ 50,256
Key management individuals	29,799	20,728	30,631
Investee of key management individual accounted for under equity method	–	1,150	–
	<u>\$ 92,808</u>	<u>\$ 98,295</u>	<u>\$ 80,887</u>

D. Accounts payable

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
An entity controlled by key management individuals	\$ 52,397	\$ 47,755	\$ 54,608
Key management individuals	6,939	15,872	3,614
	<u>\$ 59,336</u>	<u>\$ 63,627</u>	<u>\$ 58,222</u>

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:

	<u>For the three-month periods ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
An entity controlled by key management individuals	<u>\$ 13,475</u>	<u>\$ 4,232</u>

As of March 31, 2022, December 31, 2021 and March 31, 2021, the lease liability balance was \$72,766, \$67,615 and \$51,093, respectively. Interest expense recognized amounted to \$282 and \$190 (shown as “Finance costs”) for the three-month periods ended March 31, 2022 and 2021, respectively.

(3) Key management compensation

	<u>For the three-month periods ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
Salaries and other short-term employee benefits	<u>\$ 41,918</u>	<u>\$ 41,699</u>

8. PLEDGED ASSETS

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

<u>Assets pledged</u>	<u>Book Value</u>			<u>Purpose of collateral</u>
	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>	
Land (Note 1)	\$ 44,244	\$ 44,244	\$ 44,244	(Note 2)
Buildings, net (Note 1)	86,082	88,377	95,853	"
	<u>\$ 130,326</u>	<u>\$ 132,621</u>	<u>\$ 140,097</u>	

(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 March 31, 2022, December 31, 2021 and March 31, 2021, the unused letters of credit amounted to \$2,135,301, \$1,713,620 and \$2,018,389, respectively.

(2) Capital expenditures contracted for but not yet incurred

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Property, plant and equipment	\$ 92,455	\$ 88,020	\$ 107,392

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:

March 31, 2022			
	Foreign currency		
	amount (in thousands)	Exchange rate	Book value
(foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 359	28.68	\$ 10,289
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	569	28.68	16,303
December 31, 2021			
	Foreign currency		
	amount (in thousands)	Exchange rate	Book value
(foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 108	27.73	\$ 2,989
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1,641	27.73	45,516

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

- (iv) As of March 31, 2022 and 2021, if the NTD:USD exchange rate appreciates / depreciates by 1% with all other factors remaining constant, the after-tax profit for the three-month periods ended March 31, 2022 and 2021, would increase/decrease by \$48 and \$584, respectively.
- (v) The unrealized exchange gain (loss) arising from significant foreign exchange variation on monetary items held by the Group for the three-month periods ended March 31, 2022 and 2021, amounted to (\$37) and \$122, 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 invests 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 \$896 and \$124, 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 three-month periods ended March 31, 2022 and 2021.

(b) Credit risk

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

- II. The Group manages its credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a certain rating are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.
- III. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- IV. The Group adopts the assumption under IFRS 9, whereby the default occurs when the contract payments are past due over 90 days.
- V. The Group classifies customer's accounts receivable in accordance with credit risk on trade. The Group applies the simplified approach using the provision matrix to estimate expected credit loss. The Group uses the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable, and the expected loss rate ranged from 0.3% to 100%. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

For the three-month period ended March 31, 2022		
	Notes receivable	Accounts receivable
At January 1	\$ 1, 398	\$ 4, 898
(Reversal) provision for impairment	(9)	604
Write-off of allowance for doubtful accounts	–	(89)
At March 31	<u>\$ 1, 389</u>	<u>\$ 5, 413</u>
For the three-month period ended March 31, 2021		
	Notes receivable	Accounts receivable
At January 1	\$ 1, 429	\$ 4, 652
Reversal for impairment	(81)	(87)
At March 31	<u>\$ 1, 348</u>	<u>\$ 4, 565</u>

(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 expected cash outflow amounted to US\$3,332 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:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Floating rate:			
Expiring within one year	<u>\$ 6,050,576</u>	<u>\$ 5,937,734</u>	<u>\$ 5,973,292</u>

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.

<u>March 31, 2022</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>More than 5 years</u>
Non-derivative financial liabilities:				
Short-term borrowings	\$ 16,303	\$ -	\$ -	\$ -
Short-term notes and bills payable	30,000	-	-	-
Notes payable	3,591	-	-	-
Accounts payable (including related parties)	723,858	-	-	-
Other payables	305,070	-	-	-
Lease liabilities (including current and non-current portion)	52,108	46,124	80,210	42,598
Guarantee deposits received	-	3,140	-	-

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

(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:

March 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contract	\$ -	\$ 391	\$ -	\$ 391
Financial assets at fair value through other comprehensive income				
Equity securities - non-current	\$ 43,536	\$ -	\$ 1,275	\$ 44,811
December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities - non-current	\$ 36,325	\$ -	\$ 1,275	\$ 37,600
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contract	\$ -	\$ 20	\$ -	\$ 20

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

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

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

E. For the three-month periods ended March 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

F. The following is the movement of level 3 for the three-month periods ended March 31, 2022 and 2021:

	<u>Equity Securities</u>
For the three-month period ended March 31, 2022	\$ <u> 1,275 </u>
	<u>Equity Securities</u>
For the three-month period ended March 31, 2021	\$ <u> 1,275 </u>

G. For the three-month periods ended March 31, 2022 and 2021, there was no transfer into or out from Level 3.

H. Finance division 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 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 three-month period ended March 31, 2022.

(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: None.
- 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 2.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 3.

(3) Information on investments in Mainland China

- A. Basic information: Refer to table 4.
- 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 5.

14. SEGMENT INFORMATION

(1) General information

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

(2) Segment information

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

For the three-month period ended March 31, 2022	TTET Union Corporation	Master Channels Corporation	Total
Segment revenue	\$ 4,654,486	\$ 1,122,238	\$ 5,776,724
Revenue from internal customers	78,554	–	78,554
Revenue from external customers	4,575,932	1,122,238	5,698,170
Segment income	547,967	60,642	608,609
Depreciation and amortization	34,332	16,106	50,438
Segment assets	5,862,112	1,396,612	7,258,724
For the three-month period ended March 31, 2021	TTET Union Corporation	Master Channels Corporation	Total
Segment revenue	\$ 3,848,380	\$ 1,059,894	\$ 4,908,274
Revenue from internal customers	65,543	–	65,543
Revenue from external customers	3,782,837	1,059,894	4,842,731
Segment income	565,976	55,969	621,945
Depreciation and amortization	31,241	13,855	45,096
Segment assets	5,468,740	1,337,106	6,805,846

(3) Reconciliation for segment income and segment assets

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

TTET Union Corporation and Subsidiary

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

March 31, 2022

Table 1

Expressed in thousands of NTD

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of March 31, 2022				
				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	10,500	—	10,500	—
	Taiwan Secom Co., Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	100,000	10,900	—	10,900	—
	Far Eastern New Century Corporation	—	Financial assets at fair value through other comprehensive income - non-current	530,000	16,112	—	16,112	—
	The Shanghai Commercial & Savings Bank, Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	120,000	6,024	—	6,024	—

TTET Union Corporation and Subsidiary
Significant inter-company transactions during the reporting period
For the three-month period ended March 31, 2022

Table 2

Expressed in thousands of NTD

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction terms				Percentage of total consolidated revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms		
0	TTET Union Corporation	Master Channels Corporation	1	Sales	($\$$ 78,554)	Closes its accounts each half month, notes due in 20 days		(1%)
				Accounts receivable	32,909	—		—

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

(1) Parent company is '0'.

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

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

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

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

TTET Union Corporation and Subsidiary
Information on investees (not including investees in China)
For the three-month period ended March 31, 2022

Table 3

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2022			Net profit (loss) of the investee for the three-month period ended March 31, 2022	Investment income (loss) recognized by the Company for the three-month period ended March 31, 2022	Note
				Balance as at March 31, 2022	Balance as at March 31, 2021	Number of shares	Ownership	Book value			
TTET Union Corporation	Master Channels Corporation	Taiwan	Wholesale of food	\$ 138,585	\$ 138,585	12,039,999	80.27	\$ 441,375	\$ 48,505	\$ 38,751	Subsidiary

TTET Union Corporation and Subsidiary
Information on investments in Mainland China
For the three-month period ended March 31, 2022

Table 4

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, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three-month period ended March 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2022	Net income of investee for the three-month period ended March 31, 2022	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the three-month period ended March 31, 2022	Book value of investments as of March 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2022	Note
Beijing FoodChina Online Information and Technology Ltd.	Program planning, System design, etc.	\$ 40,145	(2)	\$ 6,882	\$ -	\$ -	\$ 6,882	\$ 356	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	\$ 6,882	\$ 6,882	\$ 3,268,094

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

Note 2: Foreign currencies were translated into New Taiwan Dollars using the exchange rate as of balance sheet date as follows: USD:NTD 1:28.675.

TTET Union Corporation and Subsidiary

Major shareholders information

March 31, 2022

Table 5

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.	29,159,706	—	18.22%	—
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.