



味王股份有限公司  
VE WONG CORPORATION

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# 2020

## ANNUAL REPORT

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### **Notice to readers**

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

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## **V.Overseas Securities Exchange: Nil**

## **VI.Corporate Website** <http://www.vewong.com>



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# I. Letter to Shareholders

## 1. Preface

Since the COVID-19 pneumonia epidemic swept the world at the end of 2019, it has still not subsided. Under the impact of this turbulent wave, it not only affects the living and consumption habits of ordinary people, but also affects the operation and development model of enterprises. As far as the food industry is concerned, in the face of the fact that some products were in short supply due to the pandemic last year, and some products were shrinking due to the sharp decline of international tourism and catering channels, it is suitable for us to think about the future business layout.

The company has been deeply involved in the industry and has surpassed the top one. It is our bounden duty to provide safe, healthy and delicious products for consumers to enjoy. The company will continue to uphold this belief and exert corporate social responsibility, strive for excellence. The company will accept the supervision of consumers, and serve the world. Work hard for the health of the world.

## 2. Business Performance Report for FY2020

I would like to report the operating status of 2020 to all shareholders:

### 1. Performance

The company's annual 2020 consolidated total turnover was NT\$ 6,043,700,000 (the same below). The combined net profit after tax was NT\$ 693,921,000, with a net profit margin of 11%.

### 2. Main product sales

Unit: NT\$ thousand

products item	2020	2019	Increase (decrease)
Condiment	4,219,669	4,693,702	(474,033)
Instant Foods	1,513,166	1,365,963	147,203
others	310,865	263,572	47,293
Total	6,043,700	6,323,237	(279,537)

### 3. Operation report

The company's annual 2020 consolidated net operating income totals NT\$ (the same hereinafter) NT\$ 6,043,700,000. Among them, the cost of goods sold is NT\$3,999,778,000, operating expenses was NT\$1,169,011,000, and non-operating income and expenses are net losses NT\$336,210,000, pre-tax net profit was NT\$941,290,000, income tax expense was NT\$247,369,000, and the net profit for the current period is NT\$ 693,921,000.

### 4. Research and design of present:

1. Selected non-genetically modified soybean crisp, after a long period of fermentation and production of premium raw shoyu, every drop is precious. Ingredients are used as

local raw materials to present clean labels and the uniqueness of soy sauce for consumers.

2. Using TFL (Total Food Liquefaction) technology is the purpose to a whole food, 100% whole food without food additive or decreased food additive and salt to present clean label products.
3. Due to senior citizens and sub-replacement fertility, we have stepped whole foods and into the senior food industry, finding the whole foods and functional foods decrease body burden and designing the liquid food using vegetables and whole food nutrition for senior citizens.
4. Adding the TFL vegetables into noodles to increase nutrition, elastic and flavor, seasoning combined with local raw material for "Cuisine of Southeast Asia" and "exotic cuisine" to make consumers lover.
5. The certification of "Eatender" was awarded the "Taiwan Canned Product Innovation Competition" from the Agriculture and Food Agency and the "Fun food Taiwan" award from the Industrial development bureau ministry of economic affairs, "Taiwan Canned Product Innovation Competition" industry-academic cooperation to enhance the company's brand and exposure.
6. Research and innovate various products, extend the product image of existing brands, and increase products' added value.

### **3. Summary of Business Operation Plans for FY2021**

Although the impact of the COVID-19 in the 2021 was still affected, the epidemic slowed down in the first quarter and the demand for instant noodles and instant food decreased. In order to maintain the competitiveness of Taiwan's overall food industry, equipment upgrades are still ongoing:

1. Replace the dependence on manpower with automated equipment: The new soy sauce blending building has been contracted. Instant noodle factories continue to update equipment and improve automated production capacity to increase production while reducing manpower requirements. The Fast Food Group has newly purchased a filling machine, which is being installed and tested, and at the same time increasing product diversity to meet future market demand.
2. The launch of new products, with personalized products as the direction, to cope with possible future impacts.
3. Development of idle assets, continue to handle application procedures, and develop as soon as possible.
4. Foreign investment in business, increase production capacity to meet customer needs, and create the higher performance.

The above operation plan will require all colleagues to set goals and plans to make an all-out effort, to achieve the trust of all shareholders.



#### **4. Look forward to the company development strategy**

The enterprise pursues sustainable operation and long-term development. It must be responsible for all shareholders, all colleagues, and consumers. The corporate mission is to enhance shareholder's rights and employee's well-being, and provide consumers with quality products. As a citizen of the earth, it should be better to fulfill corporate social responsibility to the sustainable development of the environment, we can do our best to give back to the society.

Looking forward to the future of the company, we must rely on updating equipment and enhancing automation to promote technological upgrading and strengthen production competitiveness. The promotion and implementation of corporate development strategies must rely on excellent human resources, education and training is also a top priority to improve the quality of personnel.

After experiencing the baptism of the epidemic, in the face of the post-epidemic era, the company is also deeply thinking about how to adjust the pace of operations to adapt to the changes of the times and changes in the industrial pattern. As the epidemic has catalyzed the substantial growth and vigorous development of e-commerce channels, the frequency of online shopping has increased, and the delivery of home services have become more mature, how to apply the convenience brought by digital technology and develop e-commerce sales methods is the focus of future.

In addition, in terms of the development of various products, instant noodles will continue to promote equipment renewal and expansion of production capacity to improve production efficiency. To strengthen development technology, add health and diversified characteristics, and strengthen marketing power, conduct brand promotion, hope to expand new customer base to increase market share and product values.

Regarding soy sauce, we will pursue safer and more secure products to attract health-conscious consumers, and try to use local ingredients from Taiwan to develop seasoning sauces. It is easy to match ingredients, simple to prepare, and shorten the cooking time. In addition, in response to the family structure, the number of small families and singles has increased, the capacity and packaging methods have been adjusted to reduce the storage problems, to be exquisite without waste.

Ve Wong 's prepared fast food has a long history and characteristics of complete taste, could be long-term storage at room temperature. The company will use the research and development capabilities of the conditioning package to develop a healthy regimen, easy to chew and effortless food preparation for the Taiwan consumer market, that has entered an aging society. The silver-haired friendly products are designed to serve middle-aged and elderly consumers. The COVID-19 epidemic has caused a hot sale of prepared foods, it is obvious that consumers have the concept of rations. The company will continue to take the technological advantages to accumulate diversified products and sell them in combination at any time.

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

Due to the impact of the pneumonia epidemic, the global shipping capacity is insufficient, leading to lack of cabins and container shortages, causing international freight rates to soar. In addition, the shortage of labor in some production areas is serious, affecting the collection of global agricultural products and the interruption of the supply chain. The shadow of stock shortages will drive the upward trend of raw materials, which will increase the pressure on production costs and erode the company's profits. Therefore, regardless of Taiwan's main business or overseas reinvestment business, it must be cautious to respond.

In addition, the domestic food laws and regulations are in line with the current status and are in line with international standards. The changes in the food laws and regulations of 2020 were mainly in two directions: first, to protect the rights and interests of consumers' safety, health and knowledge; second, the self-management of the food industry. The company started to carry out the product ingredient cleansing, and strengthen the education training programs in 2020.

Regarding the cleanliness of product ingredients, the company is gradually reviewing the ingredients of old products, cooperating with customers and consumers' feedback, eliminating and simplifying unnecessary or redundant food additives, replacing with general raw materials, reducing the sodium content to make the products meet the expectations of today's society.

In terms of education and training, the company started its seed cultivation program in 2020 for sustainable operations and cultivating talents, training a large number of cadres and transferring them to relevant departments and grassroots units through internal lecturers. In addition to enhancing personnel capabilities, the company also enhances personnel education and awareness to improve product quality and competitiveness.

Due to the impact of the epidemic in 2020, the global market environment and ecology have changed drastically. For companies that have survived the epidemic, in the post-epidemic era, the manufacturing industry needs better manpower, capacity, quality to face the future challenges. . Ve Wong Corporation. will adhere to the above-mentioned direction of efforts, hoping to create outstanding achievements in the post-epidemic era.

Chairman **Chen, Ching-Fu**







## II. Company Profile

### 1. Date of Incorporation

The company was established on July 4, 1959.

### 2. Company History

- 1959     1.The company was originally named “China Fermentation Industry Co., Ltd.” and was established in Taipei in April.  
           2.In September of the same year, one monosodium glutamate plant was built in Shulin Township and was named the Taipei Plant. The company entered into technical cooperation with Japan's Kyowa Hakko Kogyo Co., Ltd. and introduced its patented fermentation technology and a full set of automation equipment. The construction of the Taipei Plant was completed in August of the following year and started the production of MSG.
- 1964     The company launched a capital increase for the first time to expand equipment and increase production and applied for the listing of its shares to become a public company.
- 1966     The company actively developed overseas investment business, and cooperated with overseas Chinese businessmen in Southeast Asia such as Vietnam, Thailand, Philippines, and Indonesia to set up plants to produce MSG.
- 1970     1.The company was renamed “Ve Wong Fermentation Industry Corporation” to make the company name consistent with the product trademark.  
           2.The company cooperated with Japan’s Myojo Food Industrial Co., Ltd. to manufacture instant noodles and diversify its business.
- 1972     In view of the strategy of diversification, the equipment of the Taipei Plant in Shulin Township was insufficient. In the same year, a new plant, named Fengtian Plant, was built in Fengtian Industrial Park, Yunlin County.
- 1975     The first phase of construction of the Fengtian Plant was completed as scheduled. In October of the same year, the production of instant noodles, seaweed soup, and canned beverages was started; in the second phase construction plan, a high-end brewed soy sauce production plant was to be built.
- 1978     1. In order to seek unification, promote the rationalization of operations, and comply with the government's policy of encouraging enterprises to merge for industry development, the company merged “Ve Wong Soy Sauce & Canning Industrial Co., Ltd..” It renamed its plant to “Ve Wong Sanchong Plant.”  
           2. In July of the same year, the Fengtian Plant began to produce Kim Ve Wong Soy Sauce for consumers.
- 1979     1.The company was renamed “Ve Wong Corporation.”  
           2.The company reinvested in “The World Champion Co., Ltd.” in December of the same year.
- 1983     The company introduced from Japan Retort Pouch (sterilized conditioning package, also known as Liduo Pouch) for the Fengtian Plant and launched the Kim Ve Wong Brand Instant Noodle Soup Beef Flavor with this packaging, which was well received by consumers after the launch.

- 1984      1. In view of the demand of the instant noodle market, an instant noodle production plant was built in Xsiangshan, Hsinchu.
2. In August of the same year, the Taipei Plant launched Kim ve wong IG Glutamate, and the Fengtian Plant launched conditioned foods (pre-cooked fast foods of Chinese style).
- 1986      In June, the Sanxia Packaging Material Printing Factory was moved to the Sanchong plant. In September of the same year, it was approved and registered as the Ve Wong Co., Ltd. Sanchong Plant by the Ministry of Economic Affairs. It was designated to produce packaging materials.
- 1990      The company strengthened its company-wide target management and tracking; in the same year, the Taipei Plant was awarded the Food GMP Excellence Mark, and the Fengtian Plant was awarded the excellent plant for industrial pollution prevention.
- 1991      1. The company's current year earnings were transferred to a capital increase for share allotment, and the capital increased to NT\$1,687,977,000.
2. In the same year, the company's soy sauce and instant noodles of its Fengtian Plant were both awarded the GMP Excellence Mark.
3. In March, the company established a joint venture, "Saigon Ve Wong Co., Ltd." with the Vietnamese shareholder "Ho-Chi-Minh-City food company."
- 1992      The company's instant noodle series "Hot of Hots," won the 1992 Marketing Communication Excellence Award - first prize in the Republic of China and the first prize of International MCEI.
- 1993      The company's Fengtian Plant's beverages, conditioned foods, and the Hsinchu Plant's instant noodles were awarded the Food GMP Excellence Mark.
- 1994      The company's Taipei Plant was awarded ISO-9002 international quality assurance certification.
- 1996      1. The company signed a contract with "Indonesia's Sungai Budi Group" to establish a joint venture company "P.T. Ve Wong Budi Indonesia" to produce MSG.
2. In May, the Sanchong Plant, which produced packaging materials, ceased production and switched to a joint venture with "Fujimori Kogyo Co., Ltd. of Japan" to establish "Summit Packing Industrial Co., Ltd." to produce Packaging materials.
- 1997      1. In October, the company was divided into five business divisions: food, trade, automobile, construction and general development. The company also signed a technical assistance and business cooperation agreement with "Japan's Toyo Suisan Kaisha, Ltd."
2. The application for the development of the World Champion Industrial and Commercial Integrated District obtained the development permit from the Ministry of the Interior.
- 1998      1. In January, the company's Fengtian Plant won the ISO-9002 international quality assurance certification.
2. In May, the company invested and established "Wong Ching Motors Co., Ltd." to distribute Subaru cars.
3. In August, a joint venture with Indonesia, "P.T. Ve Wong Budi Indonesia" started producing MSG.



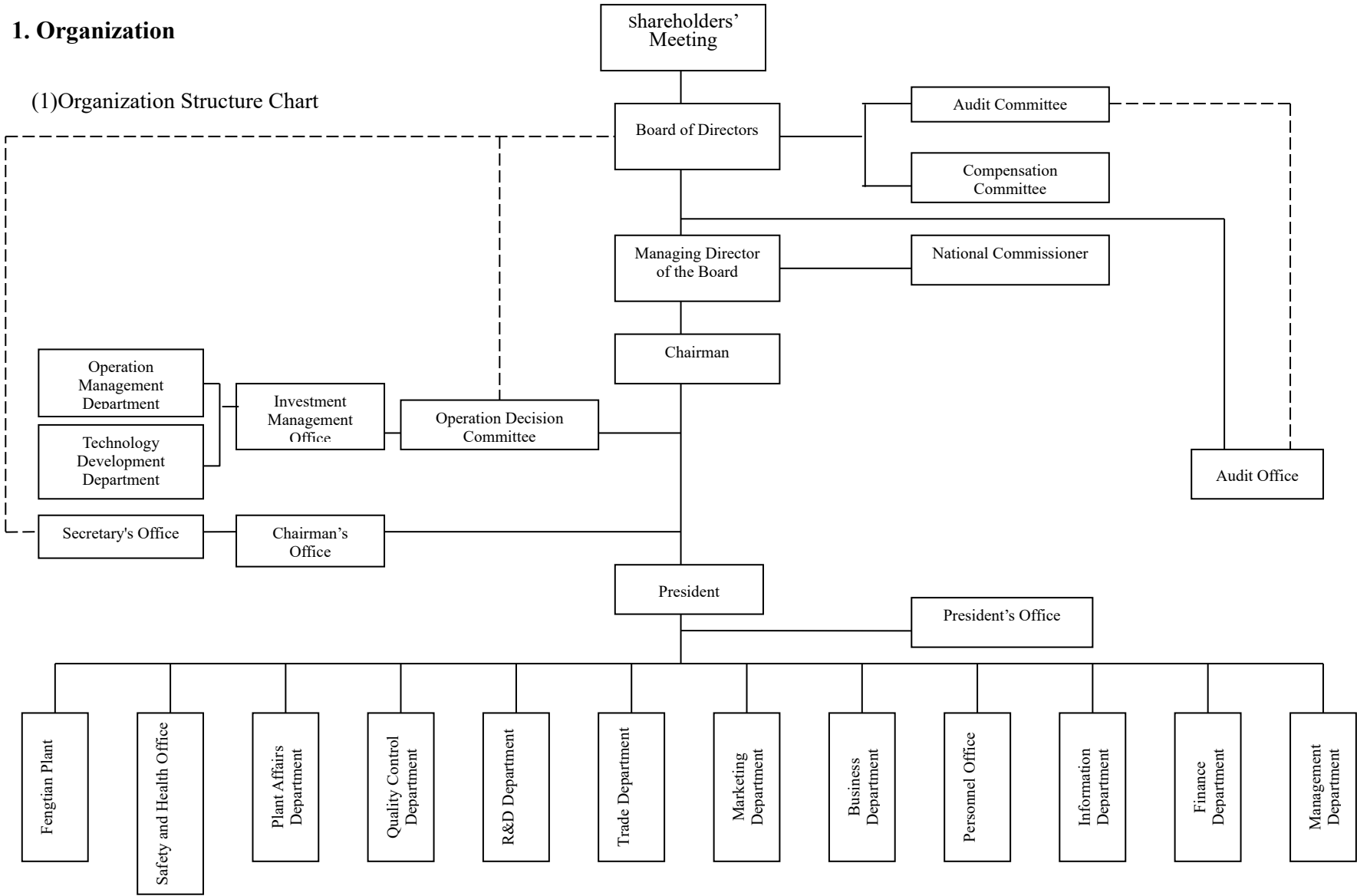
- 2000 The Fengtian Plant added the MSG packaging group, dedicated to MSG packaging.
- 2001 “Wong Ching Motors Co., Ltd.” closed its business on April 30.
- 2002
  - 1. In January, the noodle-making set L-6 of the company's Fengtian Plant was awarded the Food GMP Excellence Mark certification.
  - 2. In April, the company's Fengtian Plant won the ISO-9001: 2000 international quality assurance certification.
- 2003 The company established the Subsidiary “Tai Ve Co., Ltd.” and “Weiguan Co., Ltd.”
- 2004
  - 1. The company was awarded the Excellent Supplier of Welfare Products by the Welfare General Office of the Ministry of Defense for three consecutive years.
  - 2. The company invested in Thailand’s “Siam Ethanol Export Co., Ltd.” in August.
- 2005
  - 1. The board of directors decided to “invest, build and sell by the company on its own” the company’s land and buildings in Lanya Section, Shilin District, Taipei.
  - 2. The soy sauce production line of the company's Fengtian Plant was once again awarded the Food GMP Premium Manufacturer certification.
- 2006
  - 1. In July, the seven categories of products: soy sauce, instant noodles, conditioned fast food, canned beverages, instant soup, MSG, and flavored seasonings of the company's Fengtian Plant passed ISO-22000 (ISO-9001 and HACCP) Food Safety Management System certification of the Bureau of Standards-Metrology and Inspection, Ministry of Economic Affairs.
  - 2. The soy sauce production line of the company's Fengtian Plant was once again awarded the Food GMP Premium Manufacturer certification.
- 2007
  - 1. The company invested in “Koh Kong Plantation Co., Ltd.” in Cambodia in March.
  - 2. The company purchased 35% of the shares of “Saigon Ve Wong Co., Ltd.” from the Vietnamese shareholder “Ho-Chi-Minh-City food company” to make it a 100% wholly-owned subsidiary of the company, and renamed it “Saigon Ve Wong Co., Ltd.”
- 2008
  - 1. The company invested in “Koh Kong Sugar Industry Co., Ltd.” in Cambodia in January.
  - 2. In October, the company transferred the equity of “Siam Ethanol Export Co., Ltd.”
- 2009 The company established the Yunlin branch in October.
- 2010
  - 1. In November, the important subsidiary “Tai Ve Co., Ltd.” merged with the sub-subsidiary company “Weiguan Co., Ltd.”
  - 2. The earnings were transferred to the capital increase, and the capital was increased to NT\$2.4 billion.
- 2011 In November, the subsidiary “Summit Packing Industrial Co., Ltd.” completed the relocation of its plant from Sanchong, New Taipei City to Fengtian Industrial Park, Dapi Township, Yunlin County.
- 2012
  - 1. In May, the subsidiary Summit Packing Industrial Co., Ltd. changed its business address from Sanchong District, New Taipei City to Zhongshan District, Taipei City.
  - 2. The subsidiary Thai Fermentation Industry Co., Ltd. invested in “Fuji Nihon Thai Inulin Co., Ltd.” (22.5% shareholding).

- 2013 The US Food and Drug Administration (USFDA) inspected the plants, and the instant noodle plant and the soy sauce plant passed the management operation assessment.
- 2014 The indirect investment “Fuji Nihon Thai Inulin Co.,Ltd.” officially went into production and began to sell inulin products at home and abroad.
- 2015 The Vietnam plant and the Fengtian Plant each added an instant noodle production line.
- 2016 1.In September, the company transferred the shares of “Champion Fermentation Co., Ltd. of Thailand” to its subsidiary Thai Fermentation Industry Co., Ltd. for organization consolidation to strengthen management efficiency.  
2.In December, Thai Fermentation Industry Co., Ltd. transferred the shares of its indirect investment “Fuji Nihon Thai Inulin Co.,Ltd..”
- 2017 1.In March, the land purchase for the second phase of the Chiayi Dapumei Precision Machinery Industrial Park was completed. The groundbreaking ceremony for the new plant was held on October 5 to build a plant with a floor area of approximately 3,000 pings meters. It is expected that after the completion of the new plant at the end of 2018, it will serve as a production base for the subsidiary Summit Packing Industrial Co., Ltd..  
2.In October, the Fengtian plant's soy sauce group added the installation of Y2 pressing machinery and equipment, which is scheduled to be completed by the end of October 2018.  
3.In December, the US Food and Drug Administration (USFDA) inspected the plant again, and the Fengtian Plant fully passed the management assessment.
- 2018 In September, a joint venture company “Green TFL Co., Ltd.” was established with “Real Green Foods Co., Ltd.” to produce refined whole vegetable and fruit products.
- 2019 The Y2 pressing machinery and equipment added to the Fengtian plant's soy sauce group.It was completed in 2019 and started production.
- 2020 1.The company cooperated with the EasyCard Corporation to launch the "Ve Wong MSG Shape Eastcard" in January and the "Prince Noodle 50th Anniversary 3D Shape EasyCard " in August.  
2.In October, the 50th anniversary of the of Prince Noodle Launched and the award ceremony of the "7<sup>th</sup> Little Prince Love Graffiti Painting Competition", the company donated to the "Republic of China Autism Foundation" ceremony was held.  
3.Ve Wong XO Soy Sauce-**Jiaodidi (Gan)** won the special award of "FUN FOOD TAIWAN" in the brewed product category of "FUN FOOD TAIWAN" hosted by the Industrial Development Bureau of the Ministry of Economic Affairs.

# III. Corporate Governance Report

## 1. Organization

(1) Organization Structure Chart



(2) The business of each main department is as follows:

Department	Business
Audit Office	In charge of company audit and internal control, the business audit of various units, and investigation of employee violations.
Chairman's Office	Comprehensively manage the affairs assigned by the chairman and arrange various data. The Secretary's Office is set up under the Chairman's Office to manage the company's board meetings, confidential matters, seals, and overseas business trips of directors and employees.
Operation Decision Committee	The Investment Management Office is set up under the Operation Decision Committee. The Investment Management Office is in charge of evaluating, recommending, and executing domestic and foreign investment projects reviewed by the Company's Operation Decision Committee and comprehensive management of domestic and foreign investment businesses. The Investment Management Office has units such as the Technology Development Department and Operation Management Department, which are in charge of the technology integration, technology development, and operation management of the company's domestic and foreign investment business and other related affairs.
President's Office	Assisting the President in handling related business.
Management Department	In charge of the company's general affairs, documents, files, stock affairs, assets, vehicle management, domestic and foreign procurement, legal affairs, and other affairs that are not in the control of other departments.
Finance Department	In charge of the company's financial, accounting, taxation, budget and final accounts preparation, and handling domestic and foreign investment business-related accounting matters.
Information Department	In charge of the company's overall information system planning, implementation, coordination and control, and supervising the implementation of computer operations in various units.
Personnel Office	In charge of the company's employee recruitment, appointment and dismissal, salary adjustment, transfer, rewards and punishments, and labor insurance, national health insurance, training and labor relations.
Business Department	In charge of the company's business target formulation and target achievement rate reporting, domestic product sales channel development and management, products for sale in and out of warehouse and distribution management, and all management matters of the headquarters' business office and shipping center.
Marketing Department	In charge of marketing research, marketing data collection, marketing strategy planning and new product development of its product management.
Trade Department	In charge of the company's merchandise export, foreign market development, quotation, contract, letter of credit, delivery, and cost calculation.



Department	Business
R&D Department	In charge of improving the company's existing products, the development of new products, the collection, research and storage of domestic and foreign technical data, and the handling of foreign technical cooperation matters.
Quality Control Department	In charge of the company's quality control plan formulation, quality control education plan and implementation, raw materials and product sampling inspection, customer complaint handling, and supervision of plant quality control units.
Plant Affairs Department	In charge of the formulation of production plans of the company's production units, assisting in implementing environmental protection work, and assisting in handling domestic and foreign investment-related production technology and machinery and equipment related matters.
Safety and Health Office	In charge of the formulation, planning, promotion, implementation, coordination, supervision, inspection, guidance and improvement of the company's safety and health management plan and establishing a safety and health management system.
Fengtian Plant	Responsible for the company's product manufacturing, processing, packaging, storage and transportation, quality management, management and maintenance of production machinery and equipment, plant public relations and employee management, security, and hygiene.

## 2.Information on the company directors, supervisors, president, vice presidents, assistant vice presidents, and heads of all company divisions and branch units:

### 1.Board Members

#### (1) Information Regarding Board Members

April 30, 2021

Job title(note.1)	Nationality or Record of Birth	Name	Gender	Date of Assignment	Term of office	Date of First Assignment (note.2)	Shares held when appointed		Shares held currently		Shares held by spouses and minor children		Shares held in another person's name		Significant Experience & Education (note 3)	Concurrently Serving Position	Executives or Directors who are spouses or within two degrees of kinship			Remarks (note4)
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Title	Name	Relation	
Chairman	R.O.C	Great Pacific Navigation Co, Ltd.	Male	June 26, 2018	3	September 16, 2000	8,355,959	3.482	8,355,959	3.482	—	—	—	—	National Cheng Kung University	Managing Director of Formosa TV				
	R.O.C	Representative Chen, Ching-Fu					554,789	0.231	889,798	0.371	—	—	—	—						
Managing Director	R.O.C	Chen, Kung-Pin	Male	June 26, 2018	3	June 27, 2003	4,000,267	1.667	4,000,267	1.667	248,884	0.104	—	—	Tamkang University	President of Ve Wong Corporation / President of Tai Ve Co., Ltd. / President of The World Champion Co., Ltd. / Chairman of Summit Packing Industrial Co., Ltd.				
Managing Director	R.O.C	Kan, Chin-Yu	Male	June 26, 2018	3	June 25, 2009	5,054,728	2.106	5,703,728	2.377	—	—	—	—	Nan Jeon University of Science and Technology	Chairman of Hotel Sense Director of Shihlin Electric & Engineering Corp.				
Managing Director	R.O.C Japan	Whole Green Trading Co., Ltd. Representative Egawa Manwa	Male	June 26, 2018	3	June 28, 2006	3,064,604	1.277	3,064,604	1.277	—	—	—	—	Waseda University (Janan)	Director of Summit Packing Industrial Co., Ltd. /The World Champion Co., Ltd. /Tai Ve Co., Ltd.	Director	Egawa Hirokazu	brother	
Director	R.O.C Japan	Oversea Fruits Trading Co., Ltd. Representative Egawa Hirokazu	Male	June 26, 2018	3	June 21, 2012	7,215,354	3.006	7,215,354	3.006	—	—	—	—	Aoyama Gakuin University(Tokyo)		Managing Director	Egawa Manwa	brother	
Director	R.O.C R.O.C	Chien Shun Trading Co., Ltd. Representative / Du, Heng-Yi	Male	June 26, 2018	3	June 11, 1999	8,759,761	3.650	8,759,761	3.650	—	—	—	—	Master of Business Administration, University of Hawaii	President of WanYuanTextiles Co., Ltd. Chairman of Chien Shun Trading Co., Ltd.				
Director	R.O.C R.O.C	Syuan Yuan Industrial Co., Ltd. Representative / Yang, Kun-Chou	Male	June 26, 2018	3	June 28, 2006	3,700,005	1.542	3,700,005	1.542	—	—	—	—	Tamsui Institute of Business Administration	Director of VEDAN Enterprise Corporation				
							263,794	0.110	0	0										



Job title(note.1)	Nationality or Record of Birth	Name	Gender	Date of Assignment	Term of office	Date of First Assignment (note.2)	Shares held when appointed		Shares held currently		Shares held by spouses and minor children		Shares held in another person's name		Significant Experience & Education (note 3)	Concurrently Serving Position	Executives or Directors who are spouses or within two degrees of kinship			Remarks (note4)
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Title	Name	Relation	
Director	R.O.C R.O.C	Fu Tai Investment and Development Co., Ltd. Representative / Chou, Hai-Kuo	Male	June 26, 2018	3	June 26, 1997	1,896,990 0	0.790 0	1,896,990 0	0.790 0	— —	— —	— —	— —	Da Der Commercial and Technical School	Chairman of Ding Wang Marketing Co., Ltd. / Ding Chang Marketing Co., Ltd. / Ding Pet Marketing Co., Ltd.				
Director	R.O.C R.O.C	Hsieh Mei Enterprise Co., Ltd. Representative / Yeh, Chii-Jau	Male	June 26, 2018	3	May28, 1993	1,822,668 35,425	0.759 0.015	1,822,668 35,425	0.759 0.015	— —	— —	— —	— —	Department of Statistics / National Chengchi University	Chairman & President of Chung Ho Spinning Co., Ltd.				
Director	R.O.C R.O.C	ChuanLun Investment Co., Ltd. Representative / Lai, Chee-Lee	Male	June 26, 2018	3	June 01, 1994	1,129,369 978,850	0.471 0.408	1,129,369 978,850	0.471 0.408	— 199,622	— 0.083	— —	— —	Master's degree / University of Minnesota	Chairmanof K Line (Taiwan) Ltd. / ChuanLun InvestmentCo., Ltd. /Joy Medical Devices Corp. Director of King Polytechnic Engineering Co., Ltd.				
Director	R.O.C R.O.C	Her Yeu Trading Co., Ltd. Representative / Lee, Chi-Lung	Male	June 26, 2018	3	June 01, 1994	274,741 333	0.114 0.000	274,741 333	0.114 0.000	— —	— —	— —	— —	Soochow University					
Director	R.O.C R.O.C	Overseas Bros Co., Ltd. Representative / Chen, Yueh-Feng	Female	June 26, 2018	3	June 26, 2018	22,784,966 487,446	9.494 0.203	22,784,966 487,446	9.494 0.203	— —	— —	— —	— —	Higher Vocational Education	Chairman of ChuanWei InvestmentCo., Ltd.				
Independent Director (Managing Director)	R.O.C	Liao, Chi-Fang	Male	June 26, 2018	3	June 23, 2015	0	0	0	0	—	—	—	—	Master of Business Administration / National Taiwan University	Presidentof Formosa TV				
Independent Director	R.O.C	Kuo, Kong- Chuan	Male	June 26, 2018	3	June 23, 2015	0	0	0	0	—	—	—	—	Master of Business Administration / University of Rochester, Ph.D. program / Institute of Mechanical and Aeronautics, Master of Medical Sciences / University of Tsukuba, Japan	President of A & A Management Consultants Co., LTD				



Job title(note.1)	Nationality or Record of Birth	Name	Gender	Date of Assignment	Term of office	Date of First Assignment (note.2)	Shares held when appointed		Shares held currently		Shares held by spouses and minor children		Shares held in another person's name		Significant Experience & Education (note 3)	Concurrently Serving Position	Executives or Directors who are spouses or within two degrees of kinship			Remarks (note4)
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Title	Name	Relation	
Independent Director	R.O.C	Chiang, Wen-Chang	Male	June 26, 2018	3	June 26, 2018	0	0	0	0	—	—	—	—	Department of Agricultural Chemistry / NTU Master and PhD, Institute of Food Science and Technology, College of Bioresource and Agriculture, NTU. Chairman of Kuang Ta Foods Corp. University of Tokyo, Japan	Professor Emeritus, Institute of Food Science and Technology, College of Bioresource and Agriculture, NTU. Chairman of Kuang Ta Foods Corp.				

Note 1: Institutional shareholders are to have the name of institutional shareholders and representatives presented separately (for the representative of institutional shareholders, the name of the institutional shareholders should be indicated) and fill in Table below.

Note 2: Fill in the date of being elected as the director or supervisor for the first time and with the discontinuity stated, if any.

Note 3: An experience relevant to the current position, such as, employed by the independent auditor's firm or its affiliated companies throughout the time period referred to above, please state the job title and the job responsibilities.

Note 4: The chairman of the company and the general manager or equivalent (the top manager) are the same person, are relatives of each other, such as spouse or one parent, should explain the reasons, rationality, necessity and corresponding measures (such as increasing the number of independent directors and should More than half of the directors have not served as employees or managers, etc.) related information.



## 2. Major Shareholders of Institutional Shareholders

April 30, 2021

Names of Institutional Shareholders (Note 1)	Major Stockholders of Institutional Shareholders (Note 2)	
Great Pacific Navigation Co, Ltd.	Chen Xihe	25.21
	Egawa Manwa	25.19
	Chen, Yueh-Feng	17.47
	Chen, Chin-he	12.60
	Egawa Shurei	7.63
	Chen, Ching-Fu	8.02
	Zhiyi, Linghua	3.82
	Egawa Chiho	0.05
	WanKuo Trading Co., Ltd.	0.01
Oversea Fruits Trading Co., Ltd.	Great Pacific Navigation Co, Ltd.	62.82
	Chen, Yueh-Feng	24.00
	Chen, Rong-xiang	12.02
	Chen Yen, Jin Yheh	0.52
	Chen, Xihe	0.20
	Egawa Norikazu	0.20
	Chen, Wanhe	0.24
Overseas Bros Co., Ltd.	Chen, Yueh-Feng	18.23
	Chen, Ching-Fu	19.52
	Great Pacific Navigation Co., Ltd.	36.04
	Egawa Shurei	25.42
Her Yeu Trading Co., Ltd.	Great Pacific Navigation Co., Ltd.	29.86
	Egawa Hirokazu	14.83
	Egawa Norikazu	14.83
	Egawa Manwa	14.83
	WanKuo Trading Co., Ltd.	12.76
	Hao Shine Trading Co., Ltd.	12.76
	Egawa Taketada	0.10
	Chen, Ching-Fu	0.03
Whole Green Trading Co., Ltd.	Chen, Ching-Fu	85.17
	Great Pacific Navigation Co., Ltd.	5.17
	Chen, Yueh-Feng	4.83
	Chen Lingling	2.41
	Chen, Rongxiang	2.41
Chien Shun Trading Co., Ltd.	Du, Heng-Yi	72.72
	Ting Chien Co., Ltd.	19.64
	Du Junxian	2.50
	Du Junde	2.50
	Shueh, Shiue-Jen	1.82
	Ting Fang Investment Co., Ltd.	0.08
	Du Wanquan Charity Foundation	0.02
	Du Mingglaze	0.54
	Du Guanen	0.18

Names of Institutional Shareholders (Note 1)	Major Stockholders of Institutional Shareholders (Note 2)	
Syuan Yuan Industrial Co., Ltd.	Huang,Chin-Ze	34.81
	Chen, Hong-mo	9.80
	Ke, Zong-zhi	25.00
	Hong, Yao-ming	30.39
Fu Tai Investment and Development Co., Ltd.	San-Le Investment Development Co., Ltd.	81.00
		5.67
	Tan-Tung Investment Co., Ltd.	5.70
	Tan-Tse Enterprise Co., Ltd.	4.93
	Tan-Lien Investment Co., Ltd.	2.66
	Shen-Po investment Co., Ltd.	0.01
	Yang Shian	0.01
	Yang Wenhui	0.01
	Yang Chenwen	0.01
Hsieh Mei Enterprise Co., Ltd.	Yang Tong	
	Yeh, Yingmei	16.28
	Yeh, Chii-Jau	15.47
	Yeh,Yingxian	12.42
	Chen, Zanggu	10.88
	Yeh, Yuanzhu	9.10
	Tseng, Shuyun	6.35
	ChungShin Investment Co., Ltd.	6.25
	Ye Yingqiu	5.80
	Lai Rongnian	3.25
	Ye Qianfang	2.55
ChuanLun Investment Co., Ltd.	Lai, Chee-Lee	30.00
	Lai,Jay-Lun	24.00
	Chen,Pi-Chuan	22.25
	Lai, Hsiao-Lun	17.52
	Chiang, Pei-Yu	5.74
	Lai, Hsing-Chien	0.49

Note 1: If the director or supervisor is the representative of the institutional shareholders, the name of the institutional shareholders should be indicated.

Note 2: Fill in the name and shareholding ratio of the major shareholders (with the top-ten shareholding ratio) of the institutional shareholders. If the major shareholders are institutional shareholders, please fill out Table below.

Note 3: If a legal person shareholder is not a company organizer, the name and shareholding ratio of the shareholder that should be disclosed beforehand is the name of the funder or donor and its contribution or contribution ratio.



## 3. Major shareholder of the major institutional shareholders

April 30, 2021

Names of Institutional Shareholders (Note 1)	Major Stockholders of Institutional Shareholders (Note 2)	
Great Pacific Navigation Co, Ltd.	As the the previoustable of Major Stockholders of Institutional Shareholders	
WanKuo Trading Co., Ltd.	Chen, Yueh-Feng	41.33
	Egawa Hirokazu	8.67
	Chen, Ching-Fu	29.27
	Great Pacific Navigation Co, Ltd.	2.00
	Egawa Taketada	1.33
	Egawa Norikazu	8.67
	Egawa Manwa	8.67
Hao Shine Trading Co., Ltd.	Chen Yueh-Feng	86.00
	Chen, Ching-Fu	13.86
	Chen Rongxiang	0.14
Ting Chien Co., Ltd.	Karbo Holding ltd. (B.V.I.)	45.00
	Cheerway Holding ltd. (B.V.I.)	45.00
	Du, Heng-Yi	7.00
	Shueh, Shiue-Jen	1.67
	Du Wanquan Charity Foundation	0.33
	Ting Sing Co., Ltd.	1.00
Ting Fang Investment Co., Ltd.	Du, Heng-Yi	49.91
	Ting Sing Co., Ltd.	27.32
	Shueh, Shiue-Jen	4.74
	Ting Chien Co., Ltd.	1.82
	Chien Shun Trading Co., Ltd.	15.85
	Du Wanquan Charity Foundation	0.36
Sun Disc Co., Ltd.	Chen Hongmo	5.04
	Chen Qinggui	5.04
	Lee Xingjin	5.04
	Ni Zhihao	4.88
	Fu Tai Investment and Development Co., Ltd.	80.00
San-Le Investment Development Co., Ltd.	Fu Tai Investment and Development Co., Ltd.	33.33
	Tan-Lien Investment Co., Ltd.	12.80
	Donghai Fermentation Industry Corporation	9.33
	Kao-Tien Investment Co., Ltd.	5.51
	Mei-Te Investment Co., Ltd.	4.18
	Yung-Jen Investment Co., Ltd.	3.63

Names of Institutional Shareholders (Note 1)	Major Stockholders of Institutional Shareholders (Note 2)	
	Yang Zheng	3.33
	Yang Wenhui	3.22
	Yang Kunxiang	3.00
	Kao-Chi Investment Co.,Ltd.	2.97
Tan-Tung Investment Co., Ltd.	Tung-An Investment Co., Ltd.	29.63
	Mei-Te Investment Co., Ltd.	32.04
	Kao-Tien Investment Co., Ltd.	32.59
	Xiong Zhenzhen	0.37
	Yang Wenhui	3.70
	Yang Chenwen	0.93
	Yang Tong	0.74
Tan-Tse Enterprise Co., Ltd.	Kao-Chi Investment Co.,Ltd.	24.55
	Yang-Chi Investment Co., Ltd.	24.55
	Huang-Pin Investment Co., Ltd.	24.45
	Yung-Jen Investment Co., Ltd.	25.00
	Yang Mengda	0.09
	Yang Yonghuang	0.45
	Yang Kunxiang	0.45
	Yang Kunchou	0.45
Tan-Lien Investment Co., Ltd.	Yang Touxiong	2.40
	Yang Shian	32.60
	Yang Shifu	10.00
	Yang Shiqing	27.60
	Yang Shiguang	20.00
	Lin Bizhu	0.20
	Yang Yuxuan	3.60
	Yang Yude	3.60
Shen-Po Investment Co., Ltd.	Pinzheng Investment Co., Ltd.	26.27
	Danpo Investment Co., Ltd.	25.85
	Chung-Ya Investment Co., Ltd.	15.25
	Danpo Investment Co., Ltd.	13.14
	Yang Yunde	6.74
	Yang Zongzhan	3.98
	Yang Fucheng	3.98
	Yang Zheng	2.54
	Yang Shixi	1.19
	Yang Kaili	1.06
ChungShin Investment Co., Ltd.	Yeh Xunwan	30.40
	Yeh Xunyang	16.00
	Tseng Shuyun	10.00
	Yeh Yuanzhu	10.00
	Yeh Chii-Jau	8.00



Names of Institutional Shareholders (Note 1)	Major Stockholders of Institutional Shareholders (Note 2)	
	Hsieh Mei Enterprise Co., Ltd.	8.00
	Yeh Yingxian	6.00
	Yeh Yingqin	5.60
	Ye Qianfang	2.00

Note 1: If the major shareholders in Table 1 are institutional shareholders, please state the name of the institutional shareholders.

Note 2: Fill in the name and shareholding ratio of the major shareholders (with the top-ten shareholding ratio) of the institutional shareholders.

Note 3: If a legal person shareholder is not a company organizer, the name and shareholding ratio of the shareholder that should be disclosed beforehand is the name of the funder or donor and its contribution or contribution ratio.

#### 4. Professional qualifications and independence analysis of directors and supervisors

April 30, 2021

Name (Note1)	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria (Note2)												Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Chen, Ching-Fu			V	V		V						V	V	V		
Chen, Kung-Pin			V	V				V	V	V	V	V	V	V	V	
Kan, Chin-Yu			V	V			V	V	V	V	V	V	V	V	V	
Egawa Manwa			V	V		V						V		V		
Egawa Hirokazu			V	V		V						V		V		
Du, Heng-Yi			V	V		V	V	V	V	V	V	V	V	V		
Yang, Kun-Chou			V	V		V	V		V	V		V	V	V		
Chou, Hai-Kuo			V	V		V	V	V	V	V		V	V	V		
Lai, Chee-Lee			V	V		V	V	V	V	V	V	V	V	V		
Yeh, Chii-Jau			V	V		V	V	V	V	V	V	V	V	V		
Lee, Chi-Lung			V			V		V	V	V	V	V	V	V		
Chen, Yuch-Feng			V	V		V	V					V	V	V		
Liao, Chi-Fang			V	V	V	V	V	V	V	V	V	V	V	V	V	
Kuo, Kong-Chuan			V	V	V	V	V	V	V	V	V	V	V	V	V	
Chiang, Wen-Chang			V	V	V	V	V	V	V	V	V	V	V	V	V	

Note 1: The number of columns is adjusted depending on the actual needs.

Note 2: If the respective director or Independent director meets any of the following conditions within 2 years prior to his/her service and during the service period, please put a check mark ("✓") in the blank space under the code representing the respective condition.

1. Not an employee of the company or any of its affiliates.
2. Not a director or supervisor of the company or any of its affiliates. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws





and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.

6. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
7. If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: **not** a director (or governor), supervisor, or employee of that other company or institution. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
8. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company.
9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
10. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
11. Not been a person of any conditions defined in Article 30 of the Company Law.
12. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

## 2.Information onPresident,vice President,Assistant vice President, and heads of all the Company divisions

April 30, 2021

Title (Note.1)	Nationality	Name	Gender	Elected (inauguration) Date	Shares		Shareholding of spouse and underage children		Shareholdings in the names of others		Work experience (academic degree) (note.2)	Position(s) held concurrently in the Company and / or in any other company	Managers who are Spouses or Within Two Degrees of Kinship			Remark (note.3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
General Manager	R.O.C.	Chen, Kung-Pin	Male	March 01,2007	4,000,267	1.667	248,884	0.104	—	—	Tamkang College of Arts and Sciences					
Deputy General Manager	R.O.C.	Lee, Chi-Lung	Male	May 01,2016	333	0.000	—	—	—	—	Soochow University					
Associate Manager	R.O.C.	Cheng Xuanzhang	Male	January 15,2010	0	0	18,000	0.008	—	—	MBA Wright University					
Associate Manager	R.O.C.	Chang Bozhou	Male	January15,2010	0	0	—	—	—	—	Soochow University					
Manager	R.O.C.	Wei Jingxiong	Male	January 01,2000	0	0	—	—	—	—	Soochow University					
Manager	R.O.C.	Kuo Changcheng	Male	April 07,2005	1,026	0	—	—	—	—	Chinese Culture University					
Manager	R.O.C.	Yu Depu	Male	September 01,2019	0	0	—	—	—	—	Master / National Chung Hsing University					
Manager	R.O.C.	Chen Rongxian	Male	September 01,2019	0	0	—	—	—	—	Fu Jen Catholic University					
Factory Director	R.O.C.	Zheng Mingtang	Male	April 24,2012	0	0	—	—	—	—	NationalPingtung Agricultural College					

Note 1:It should include the information disclosure of the General Manager, Deputy General Manager, Associate Manager, department heads, and branch officers; also, the position equivalent to General Manager, Deputy General Manager, or Associate Manager.

Note 2:An experience relevant to the current position, such as, employed by the independent auditor's firm or its affiliated companies throughout the time period referred to above, please state the job title and the job responsibilities.

Note 3: The President or equivalent (the top manager) and the chairman of the company are the same person, are relatives of each other, such as spouse or one parent, should explain the reasons, rationality, necessity and corresponding measures (such as increasing the number of independent directors and should more than half of the directors have not served as employees or managers, etc.) related information.

### 3. Remuneration Paid to Directors, General Manager, Deputy General Manager

Unit:NT\$ 1000

Job Title	Name (Note 1)	Remuneration of Director								The sum of A, B, C and D in proportion to Earnings (Note 10)		Remuneration in the capacity as employee								The sum of A, B, C, D, E, F and G to Earnings (Note 10)		Whether remuneration from any reinvestees other than subsidiaries received? (J)(Note 11)
		Remuneration (A) (Note 2)		Pension (B)		Retained Earnings Distribution (C) (Note 3)		Professional practice (D) (Note 4)				Salaries, bonus and special subsidies (E) (Note 5)		Pension (F)		Employee bonus from earnings (G) (Note 6)						
		the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	the Company	Companies included in the financial statement(Note 7)	Cash dividend	the Company Stock dividend	Companies included in the financial statement (Note 7)	Cash dividend	Stock dividend	the Company	Companies included in the financial statement (Note 7)		
Chairman	Great Pacific Navigation Co, Ltd. Representative / Chen, Ching-Fu	3000	3000	-	-	13145	13145	2203	5688	4.28%	5.09%	2817	2817	-	-	91	-	91	-	4.95%	5.77%	None
Managing Director	Chen, Kung-Pin																					
Managing Director	Kan, Chin-Yu																					
Managing Director	Whole Green Trading Co., Ltd. Representative / Egawa Manwa																					
Director	Her Yeu Trading Co., Ltd. Representative / Lee, Chi-Lung																					
Director	Oversea Fruits Trading Co., Ltd. Representative / Egawa Hirokazu																					
Director	Fu Tai Investment and Development Co., Ltd. Representative / Chou, Hai-Kuo																					
Director	Syuan Yuan Industrial Co., Ltd. Representative / Yang, Kun-Chou																					
Director	Hsieh Mei Enterprise Co., Ltd. Representative / Yeh, Chii-Jau																					
Director	ChuanLun Investment Co., Ltd. Representative / Lai, Chee-Lee																					
Director	Chien Shun Trading Co., Ltd. Representative / Du, Heng-Yi																					
Director	Overseas Bros Co., Ltd. Representative / Wu, Jun-mo/Chen, Yueh-Feng																					



Job Title	Name (Note 1)	Remuneration of Director								The sum of A, B, C and D in proportion to Earnings (Note 10)		Remuneration in the capacity as employee								The sum of A, B, C, D, E, F and G to Earnings (Note 10)		Whether remuneration from any reinvestees other than subsidiaries is received? (J) (Note 11)
		Remuneration (A) (Note 2)		Pension (B)		Retained Earnings Distribution (C) (Note 3)		Professional practice (D) (Note 4)				Salaries, bonus and special subsidies (E) (Note 5)		Pension (F)		Employee bonus from earnings (G) (Note 6)						
		the Company	Companies included in the financial statement (Note 7)	the Company	Companies included in the financial statement (Note 7)	the Company	Companies included in the financial statement (Note 7)	the Company	Companies included in the financial statement (Note 7)	the Company	Companies included in the financial statement (Note 7)	the Company	Companies included in the financial statement (Note 7)	the Company	Companies included in the financial statement (Note 7)	Cash dividend	Stock dividend	Cash dividend	Stock dividend	the Company	Companies included in the financial statement (Note 7)	
Managing Director / Independent Director	Liao, Chi-Fang	-	-	-	-	3173	3173	601	601	0.88%	0.88%	-	-	-	-	-	-	-	-	0.88%	0.88%	None
Independent Director	Kuo, Kong- Chuan																					
Independent Director	Chiang, Wen-Chang																					

1. Please describe the policy, system, standards and structure of independent directors' compensation and the correlation with the amount of compensation paid based on the responsibilities, risks and time commitment.

The remuneration payment is estimated in accordance with the company's articles of association and processed after discussion by the board of directors and a report at the shareholders meeting. The actual payment has been made with reference to the results of the director's performance evaluation and the recommendations after discussion by the remuneration committee for the board of directors' reference, and will be implemented after approval.

2. Remuneration to Directors providing service to entities within the Company's most recent financial reporting period (such as serving as non-employee consultants), in addition to remuneration disclosed in the above table: None.

\*It should include the information disclosure of the Director(non-independent director), and the Independent Directors.

## Breakdown of remuneration

Breakdown of remuneration of Directors	Name of Director			
	Total (A+B+C+D)		Total (A+B+C+D+E+F+G)	
	the Company (Note 8)	Companies included in the financial statement H (Note 9)	the Company (Note 8)	All investees I (Note 9)
Less than NT\$1,000,000	-	-	-	-
NT\$1,000,000 (inclusive)~NT\$2,000,000	Chen, Kung-Pin Kan, Chin-Yu Whole Green Trading Co., Ltd. Representative / Egawa Manwa Her Yeu Trading Co., Ltd. Representative /Lee, Chi-Lung Oversea Fruits Trading Co., Ltd. Representative /Egawa Hirokazu Fu Tai Investment and Development Co., Ltd. Representative / Chou, Hai-Kuo Syuan Yuan Industrial Co., Ltd. Representative / Yang, Kun-Chou Hsieh Mei Enterprise Co., Ltd. Representative / Yeh, Chii-Jau ChuanLun Investment Co., Ltd. Representative / Lai, Chee-Lee Chien Shun Trading Co., Ltd. Representative / Du, Heng-Yi Overseas Bros Co., Ltd. Representative / Wu, Jun-mo .Chen, Yueh-Feng Liao, Chi-Fang Kuo, Kong- Chuan Chiang, Wen-Chang	Kan, Chin-Yu Her Yeu Trading Co., Ltd. Representative / Lee, Chi-Lung Oversea Fruits Trading Co., Ltd. Representative / Egawa Hirokazu Fu Tai Investment and Development Co., Ltd. Representative / Chou, Hai-Kuo Syuan Yuan Industrial Co., Ltd. Representative / Yang, Kun-Chou Hsieh Mei Enterprise Co., Ltd. Representative / Yeh, Chii-Jau ChuanLun Investment Co., Ltd. Representative / Lai, Chee-Lee Chien Shun Trading Co., Ltd. Representative / Du, Heng-Yi Overseas Bros Co., Ltd. Representative / Wu, Jun-mo .Chen, Yueh-Feng Liao, Chi-Fang Kuo, Kong- Chuan Chiang, Wen-Chang	Kan, Chin-Yu Whole Green Trading Co., Ltd. Representative / Egawa Manwa Her Yeu Trading Co., Ltd. Representative / Lee, Chi-Lung Oversea Fruits Trading Co., Ltd. Representative / Egawa Hirokazu Fu Tai Investment and Development Co., Ltd. Representative / Chou, Hai-Kuo Syuan Yuan Industrial Co., Ltd. Representative / Yang, Kun-Chou Hsieh Mei Enterprise Co., Ltd. Representative / Yeh, Chii-Jau ChuanLun Investment Co., Ltd. Representative / Yeh, Chii-Jau ChuanLun Investment Co., Ltd. Representative / Lai, Chee-Lee Chien Shun Trading Co., Ltd. Representative / Du, Heng-Yi Chien Shun Trading Co., Ltd. Representative / Du, Heng-Yi Overseas Bros Co., Ltd. Representative / Wu, Jun-Mo.Chen, Yueh-Feng Liao, Chi-Fang Kuo, Kong- Chuan Chiang, Wen-Chang	Kan, Chin-Yu Her Yeu Trading Co., Ltd. Representative / Lee, Chi-Lung Oversea Fruits Trading Co., Ltd. Representative / Egawa Hirokazu Fu Tai Investment and Development Co., Ltd. Representative / Chou, Hai-Kuo Syuan Yuan Industrial Co., Ltd. Representative / Yang, Kun-Chou Hsieh Mei Enterprise Co., Ltd. Representative / Yeh, Chii-Jau ChuanLun Investment Co., Ltd. Representative / Lai, Chee-Lee Chien Shun Trading Co., Ltd. Representative / Du, Heng-Yi Overseas Bros Co., Ltd. Representative / Wu, Jun-Mo.Chen, Yueh-Feng Liao, Chi-Fang Kuo, Kong- Chuan Chiang, Wen-Chang
NT\$2,000,000 (inclusive)~NT\$3,500,000	-	Chen, Kung-Pin Whole Green Trading Co., Ltd. Representative / Egawa Manwa	-	Whole Green Trading Co., Ltd. Representative / Egawa Manwa
NT\$3,500,000 (inclusive)~NT\$5,000,000	-	-	Chen, Kung-Pin	-
NT\$5,000,000 (inclusive)~NT\$10,000,000	Great Pacific Navigation Co, Ltd. Representative / Chen, Ching-Fu	Great Pacific Navigation Co, Ltd.Representative / Chen, Ching-Fu	Great Pacific Navigation Co, Ltd. Representative / Chen, Ching-Fu	Great Pacific Navigation Co, Ltd. Representative / Chen, Ching-Fu Chen, Kung-Pin
NT\$10,000,000 (inclusive)~NT\$15,000,000	-	-	-	-
NT\$15,000,000 (inclusive)~NT\$30,000,000	-	-	-	-
NT\$30,000,000 (inclusive)~NT\$50,000,000	-	-	-	-
NT\$50,000,000 (inclusive)~NT\$100,000,000	-	-	-	-
NT\$100,000,000 above	-	-	-	-
Total				



Note 1: Names of directors should be separately disclosed (Institutional shareholders should disclose the names of the institutional shareholders and representatives separately). The amount of remuneration should be disclosed in summary. If a director concurrently serves as the President or Senior Vice President, this Form and Form (3-1) or (3-2) must be filled out.

Note 2: It refers to the directors' compensation received for the recent year (including salaries of the directors, special responsibility allowance, severance pay, various bonuses, incentives, etc.).

Note 3: It refers to the remuneration of directors to be distributed in accordance with the proposal for distributing the recent year's earnings adopted at a meeting of board of directors and such proposal has not yet been submitted to the Shareholders' Meeting for approval.

Note 4: It refers to the relevant expenses for business operations paid to directors for the recent year (including transportation allowance, special allowance, various allowances and the provision of dormitory and vehicle, etc.). When a car, house and other transportation or personal expense are provided, the nature and cost of the assets provided, the actual or estimated rental expense based on a fair market price, gas expense, and other payments should be disclosed. Further, if a chauffeur is assigned, please also disclose the relevant compensation paid to such chauffeur in the Note. However, such amount shall not be included in the remuneration.

Note 5: It refers to the salaries, special responsibility allowance, severance pay, various bonuses, incentives, transportation allowance, special allowance, and the provision of dormitory and vehicle received by the director(s) who concurrently serve(s) as employee(s) (including President, Senior Vice President, and other managerial officers and employees) in the recent year. When a house, car, and other transportation or personal expense are provided, the nature and cost of the assets provided, the actual or estimated rental expense based on a fair market price, gas expense, and other payments should be disclosed. Further, if a chauffeur is assigned, please also describe the relevant compensation paid to such chauffeur in the Note. However, such amount shall not be included in the remuneration. In addition, the salary expense recognized in accordance with IFRS 2 "Share-based payment" includes the acquisition of employee stock warrant, employee restricted stock, and subscription of new shares from cash capitalization.

Note 6: It refers to the employee remuneration (including stock and cash) received by the directors who concurrently serve(s) as employee(s) (including concurrent President, Senior Vice President, and other managerial officers and employees) in the recent year. It is required to disclose the amount of employee remuneration to be distributed in accordance with the proposal for distributing the recent year's earnings adopted at a meeting of board of directors and such proposal has not been submitted to the Shareholders' Meeting for approval. If such amount is unable to be estimated, the amount can be determined in accordance with the actual distribution ratio for last year. Form 1-3 shall be filled out as well. For a company listed on the stock exchange or an OTC market, the stock remuneration shall be measured at fair value (i.e., the closing price on the balance sheet date) in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers; for a non-listed company, the stock remuneration shall be measured at the net value on the last date of the fiscal year that the earnings are generated.

Note 7: Disclose the total amount of remuneration paid to the directors by all the companies included in the consolidated financial statements (including the Company).

Note 8: Disclose the name of the directors in the respective range of total remuneration received from the Company.

Note 9: Disclose the name of the directors in the respective range of total remuneration received from all the companies included in the consolidated financial statements (including the Company).

Note 10: It refers to the net income of the recent year. After the adoption of IFRS.

Note 11: a. It is required to specify in this column the relevant remuneration amount the directors of the Company received from the reinvested companies other than the subsidiaries.

b. If the Company's director has received the relevant remuneration from the reinvested companies other than the subsidiaries, the received amount should be included in Column J. In addition, the column title shall be revised as "All reinvested companies."

c. Compensation shall mean the remuneration, reward, employee bonus, and expense for business operation paid to the Company's director(s) by the reinvested companies other than the subsidiaries and such directors concurrently serve(s) as director(s), supervisor(s), or managerial officer(s) of the reinvested companies.

\* The concept of the "compensation" disclosed in this Form is different from the income defined under the Income Tax Law. Therefore, the purpose of this Form is for information disclosure not for taxation.

Note :Director Overseas Bros Co., Ltd.Representative / Wu, Jun-moresigned on January 31, 2020 and Representative /Chen Yuefengtook over on January 31, 2020.

# Remuneration of General Manager, Deputy General Manager

Unit: NT\$ thousands

Job Title	Name	Salary (A)		Pension (B) (Note1)		Salaries, bonus and special subsidies (C) (Note 2)		Employee bonus allocated from earnings (D) (Note 3)				The sum of A, B, C and D in proportion to Earnings (Note 4)		Whether remuneration from any reinvestees other than subsidiaries is received? (Note 6)
		the Company	Companies included in the financial statement (Note 5)	the Company	Companies included in the financial statement (Note 5)	the Company	Companies included in the financial statement (Note 5)	the Company		Companies included in the financial statement (Note 5)		the Company	Companies included in the financial statement (Note 5)	
								Cash dividend	Stock dividend	Cash dividend	Stock dividend			
General Manager	Chen, Kung-Pin	2350	2350	-	-	467	467	91	-	91	-	0.68%	0.68%	None

\*It should include the information disclosure of the General Manager, Deputy General Manager, Associate Manager, department heads, and branch officers; also, the position equivalent to President, Deputy President, or Associate Manager.

## Breakdown of remuneration

Breakdown of remuneration of General Manager & Deputy General Manager	Name of General Manager & Deputy General Manager	
	the Company (Note 6)	Companies included in the financial statement (Note 7) E
Less than NT\$1,000,000	-	-
NT\$1,000,000 (inclusive)~NT\$2,000,000	-	-
NT\$2,000,000 (inclusive)~NT\$3,500,000	Chen, Kung-Pin	Chen, Kung-Pin
NT\$3,500,000 (inclusive)~NT\$5,000,000	-	-
NT\$5,000,000 (inclusive)~NT\$10,000,000	-	-
NT\$10,000,000 (inclusive)~NT\$15,000,000	-	-
NT\$15,000,000 (inclusive)~NT\$30,000,000	-	-
NT\$30,000,000 (inclusive)~NT\$50,000,000	-	-
NT\$50,000,000 (inclusive)~NT\$100,000,000	-	-
NT\$100,000,000 above	-	-
Total	-	-



- Note 1: Names of General Manager and Deputy General Manager should be separately disclosed. The amount of remunerations should be disclosed in summary. If a director concurrently serves as the General Manager or Deputy General Manager, this Form and Form (1-1) or (1-2) must be filled out.
- Note 2: It refers to the General Manager and Deputy General Manager's salary, special responsibility allowance, and severance pay.
- Note 3: It refers to the bonuses, incentives, transportation allowance, special allowance, the provision of dormitory and vehicle, and other compensations received by the General Manager and Deputy General Manager in the recent year. When a house, car, and other transportation or personal expense are provided, the nature and cost of the assets provided, the actual or estimated rental expense based on a fair market price, gas expense, and other payments should be disclosed. Further, if a chauffeur is assigned, please also describe the relevant compensation paid to such chauffeur in the Note. However, such amount shall not be included in the remuneration. In addition, the salary expense recognized in accordance with IFRS 2 "Share-based payment" includes the acquisition of employee stock warrant, employee restricted stock, and subscription of new shares from cash capitalization.
- Note 4: It refers to the employee remuneration (including stock and cash) received by the General Manager and Deputy General Manager that is distributed in accordance with the proposal for distributing the recent year's earnings adopted at a meeting of board of directors and such proposal has not been submitted to the Shareholders' Meeting for approval. If such amount is unable to be estimated, the amount can be determined in accordance with the actual distribution ratio for last year. Form 1-3 shall be filled out as well. For a company listed on the stock exchange or an OTC market, the stock remuneration shall be measured at fair value (i.e., the closing price on the balance sheet date) in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers; for a non-listed company, the stock remuneration shall be measured at the net value on the last date of the fiscal year that the earnings are generated. It refers to the net income of the recent year. After the adoption of IFRS, it refers to the net income in the individual or independent financial statements of the recent year.
- Note 5: Disclose the total amount of remuneration paid to the General Manager and Deputy General Manager by all the companies (including the Company) included in the consolidated financial statements.
- Note 6: Disclose the name of the General Manager and Deputy General Manager in the respective range of total remuneration received from all the Company.
- Note 7: Disclose the total amount of remuneration paid to the General Manager and Deputy General Manager by all the companies (including the Company) included in the consolidated financial statements. Disclose the name of the General Manager and Deputy General Manager in the respective range of total remuneration received.
- Note 8: It refers to the net income of the recent year. After the adoption of IFRS, it refers to the net income in the individual or independent financial statements of the recent year.
- Note 9:a. It is required to specify in this column the relevant remuneration amount the General Manager and Deputy General Manager of the Company received from the reinvested companies other than the subsidiaries.  
b. If the General Manager and Deputy General Manager have received the relevant remuneration from the reinvested companies other than the subsidiaries, the received amount should be included in Column E. In addition, the column title shall be revised as "All reinvested companies."  
c. Remuneration shall mean the compensation, reward, employee bonus, and expense for business operation paid to the Company's General Manager and Deputy General Manager by the reinvested companies other than the subsidiaries and such the General Manager and Deputy General Manager concurrently serve(s) as director(s), supervisor(s), or managerial officer(s) of the reinvested companies.
- \* The concept of the "compensation" disclosed in this Form is different from the income defined under the Income Tax Law. Therefore, the purpose of this Form is for information disclosure not for taxation.





## 3. Employee bonus amount paid to managerial officers

April 30, 2021  
Unit: NT\$ thousands

	Title (Note 1)	Name (Note 1)	Stock	Cash	Total	Proportion to Earnings After Tax (%)
Managerial officer	General Manager	Chen, Kung-Pin	0	217	217	0.05%
	Associate Manager	Zheng Xuan-zhang				
	Associate Manager	Zhang Bo-zhou				
	Financial Manager	Guo Chang-cheng				

Note 1: Names and job title of each individual should be separately disclosed. The amount of remunerations can be disclosed in summary.

Note 2: It refers to the employee remuneration (including stock and cash) received by the managerial officers that is distributed in accordance with the proposal for distributing the recent year's earnings adopted at a meeting of board of directors and such proposal has not been submitted to the Shareholders' Meeting for approval. If such amount is unable to be estimated, the amount can be determined in accordance with the actual distribution ratio for last year. It refers to the net income of the recent year. After the adoption of IFRS, it refers to the net income in the individual or independent financial statements of the recent year.

Note 3: The scope of application for managers is defined in accordance with the Tai.Chai.Chen (III) No. 0920001301 Letter dated March 27, 2003 by the SEC as follows:

- (1) General Manager and the equals
- (2) Deputy General Manager and the equals
- (3) Associate Manager and the equals
- (4) General Manager of Finance Department
- (5) General Manager of Accounting Department
- (6) Managerial officers and the individuals authorized to sign

Note 4: If Directors, General Manager and Deputy General Manager have collected employee remuneration (including stock and cash), in addition to filling out Form 1-2, please fill out this Form too.

4. Compare and explain the total remuneration paid to the directors, supervisors, the president and vice presidents of the company in the most recent two years as a proportion of the company and consolidated financial statement's net profit after tax in the individual or respective financial report, and explain the remuneration policy, standard and combination, the procedure for setting remuneration, and its correlation with business performance and future risks:

- (1) An analysis of the proportion of the total remuneration paid to the directors, supervisors, the president and vice presidents of the company as a proportion of the company's net profit after tax in the individual or respective financial report:

The company's total remuneration paid to directors, supervisors, the president and vice presidents as a proportion of the company's net profit after tax is shown in the following table. The total remuneration in 2020 was slightly lower than in 2019, and the proportion of net profit after tax decreased, but there was no significant change. The total remuneration for 2019 and 2020 is not higher than the industry level and is reasonable.

The company has set up the Audit Committee to replace the supervisor on June 26, 2018. There is still some supervisor's remuneration in 2018, and there has been no supervisor's remuneration since 2019.

Year	Net profit after tax (Thousand New Taiwan Dollars)	Category	Directors' total remuneration as a proportion of net profit after tax	Total remuneration of the president and vice presidents as a proportion of net profit after tax
2019	456,880	The company	4.93%	0.63%
		Consolidated financial statement in the consolidated statement	5.73%	0.63%
2020	429,096	The company	5.16%	0.68%
		Consolidated financial statement in the consolidated statement	5.97%	0.68%

- (2) Remuneration policies, standards and combinations, procedures for determining remuneration, and their relevance to business performance and future risks:

The directors of the company's remuneration standards have been stipulated in the company's articles of association. The remunerations of the president and vice presidents are determined in accordance with the company's regulations while considering market levels and the operating performance, as well as the company's ability to pay in response to future risks. Besides, the remunerations are all approved by the company's Compensation Committee and the board meeting.



## 4. The state of Implementation of Corporate Governance

### (1) Operations of Board of Directors

The Board held **four (A)** meetings in 2020. The attendance record of Directors is listed below:

Title	Name	Actual attendanceB	Attendance by proxy	Actual attendance rate (%) (B/A)	Remark
Chairman	Great Pacific Navigation Co, Ltd. Representative / Chen, Ching-Fu	4	0	100%	
Managing Director	Chen, Kung-Pin	4	0	100%	
Managing Director	Kan, Chin-Yu	3	1	75%	
Managing Director	Whole Green Trading Co., Ltd. Representative / Egawa Manwa	0	4	0%	
Director	Oversea Fruits Trading Co., Ltd. Representative / Egawa Hirokazu	0	4	0%	
Director	Syuan Yuan Industrial Co., Ltd. Representative / Yang, Kun-Chou	0	4	0%	
Director	Fu Tai Investment and Development Co., Ltd. Representative / Chou, Hai-Kuo	4	0	100%	
Director	ChuanLun Investment Co., Ltd. Representative / Lai, Chee-Lee	4	0	100%	
Director	Hsieh Mei Enterprise Co., Ltd. Representative / Yeh, Chii-Jau	2	2	50%	
Director	Chien Shun Trading Co., Ltd. Representative / Du, Heng-Yi	4	0	100%	
Director	Her Yeu Trading Co., Ltd. Representative / Lee, Chi-Lung	0	4	0%	
Director	Overseas Bros Co., Ltd. Representative / Chen, Yueh-Feng	4	0	100%	Representative / Wu Junmoresigned and Chen Yue-Fengtook over on January 31, 2020.
Independent Director (Managing Director)	Liao, Chi-Fang	3	1	75%	
Independent Director	Kuo, Kong- Chuan	4	0	100%	
Independent Director	Chiang, Wen-Chang	4	0	100%	
Other items to be specified:					
1. Should one of the following occur, the meeting date, period, content of the resolution, opinions of all Independent Directors, and the Company's handling of the opinions of the Independent Directors shall be clearly stated:					
(1) All the listed items in Article 14-3 of the Securities and Exchange Act.					
(2) In addition to the aforementioned, the items in board resolutions regarding which Independent Directors have voiced opposing or qualified opinions on the record or in writing.					

Board of Directors	Discussions and Resolutions	Matters Specified in Article 14-3 of Securities and Exchange Act	Independent directors oppose or reservations
8 <sup>th</sup> Meeting of 21 <sup>th</sup> Board Mar. 26, 2020	1. Issues of employee compensation in 2019 and the amount of employee compensation for each manager.	V	
	2. Amount of 2019 remuneration for directors	V	
	3. Amount of 2019 remuneration paid to independent directors	V	
	4. Appointment of CPAs' Remuneration of Certified Public Accountants and Independent Assessment of Accountants in 2020	V	
10 <sup>th</sup> Meeting of 21 <sup>th</sup> Board Aug. 11, 2020	1. The "Accounting Professional Judgment Procedure, Accounting Policy and Assessment Change Management Operation" and other internal control, internal audit procedures and key audit tasks for financing cycle operations have been updated.	V	
Independent directors oppose or reservations: None			
The company's handling of independent directors' opinions: None			
Resolution result: all present directors approved.			

2. In instances where a Director's circumvention due to the conflict of interest, the minutes shall clearly state the Director's name, contents of the motion and resolution thereof, reason for such circumvention and the voting status:

1) On March 26, 2020, when the 8<sup>th</sup> meeting of the 21<sup>st</sup> session of the board of directors discussed the company's 2019 manager employee compensation proposal, because Chen, Kung-Pin, the managing director and general manager, has his own interest in this case. He withdrew in accordance with the law and participated in the discussion, voting, and did not represent Egawa Manwa to exercise the voting rights.

2) At the 8<sup>th</sup> meeting of the 21<sup>st</sup> session of the Board of Directors on March 26, 2020, when the company's 2019 non-independent directors' remuneration proposal was discussed, non-independent directors Chen, Ching-Fu, Chen, Kung-Pin, Kan, Chin-Yu, Du, Heng-Yi, Chou, Hai-Kuo, Lai, Chee-Lee, Chen, Yuch-Fengt 7 people had their own interests in this case, so they evaded in accordance with the law, did not participate in the discussion and voting, and did not represent Egawa Manwa, Egawa Hirokazu, Yang, Kun-Chou, Yeh, Chii-Jau, Lee, Chi-Lung to exercise their voting rights.

3) When the 8<sup>th</sup> meeting of the 21<sup>st</sup> session of the Board of Directors on March 26, 2020 discussed the company's 2019 independent directors' remuneration proposal, the independent directors Liao, Chi-Fang, Kuo, Kong-Chuan, Chiang, Wen-Chang had their own interests in this case, so they withdrew in accordance with the law. Did not participate in the discussion and voting.

3. Measures undertaken during the current year and past year (including the establishment of the Audit Committee, improvement of info transparency, etc.) in order to strengthen the functions of the Board of Directors and assessment of such implementation

In order to assist the directors in performing their duties and improve the effectiveness of the board of directors, the board of directors approved the "Standard Operating Procedures for Handling Directors' Requirements" on May 14, 2019.

In accordance with Article 18 of the "Key Points of Matters to be Followed in the Establishment and Exercise of Powers of the Board of Directors of Listed Companies" issued by the Taiwan Stock Exchange Co., Ltd. and Article 37 of the "Code of Practice for Corporate Governance for Listed Companies", the company was issued on May 13, 2020 The "Board Performance Evaluation Method" was formulated daily to implement corporate governance, enhance the functions of the board of directors, and establish performance targets to enhance the operational efficiency of the board of directors.



Note 1: The names of corporate shareholders and names of representatives shall be disclosed in case the director and Independent Director are corporate organizations.

Note 2: (1) In case any director or supervisor resigns before the end of the year, mark the date of resignation on the remarks and the actual attendance rate (%) is calculated by the number of meeting attended during his/her term at the Board of the Directors and the number of actual attendance for calculation.

(2) In case of any director and supervisor reelection before the end of the year, fill in the new and former directors and supervisors in addition to marking the director and supervisor as new or former term, and date of reelection. The actual attendance rate (%) is calculated by the number of meeting attended during his/her term at the Board of the Directors and the number of actual attendance for calculation.

## (2) Assessment of the implementation of the Board of Directors

Assessment Circle (note1)	Assessment Period (note2)	Assessment Scope (note3)	Assessment Measure (note4)	Assessment Content (note5)
Execute once a year	January 01,2020 to December 31,2020	Overall board performance evaluation, functional committee performance evaluation	Internal self-evaluation by the board of directors	<p>➤ The overall board performance evaluation includes: participation in the company's operations, improvement of the decision-making quality of the board of directors, board composition and structure, director selection and continuous education, internal control, etc., total of 45 measurement items.</p> <p><b>Overall Board Performance Evaluation Results:</b> Excellent</p> <p>➤ The performance evaluation of the audit committee includes: participation in the company's operations, awareness of the responsibilities of the functional committee, improvement of the decision-making quality of the functional committee, the composition of the functional committee and the selection of members, internal control, etc., total of 24 measurement items</p> <p><b>Overall the audit committee Evaluation Results:</b> Excellent</p> <p>➤ The performance evaluation of the salary and compensation committee includes: the degree of participation in the company's operations, the awareness of the responsibilities of the functional committee, the improvement of the decision-making quality of the functional committee, the composition of the functional committee and the selection of members, total of 20 measurement items</p> <p><b>Overall the salary and compensation committee Evaluation Results:</b> Excellent</p>

Assessment Circle (note1)	Assessment Period (note2)	Assessment Scope (note3)	Assessment Measure (note4)	Assessment Content (note5)
Execute once a year	January 01,2020 to December31,2020	Performance evaluation of individual board members	Board member self-evaluation	➤ The performance evaluation of individual directors includes: mastery of company goals and tasks, awareness of directors' responsibilities, participation in company operations, internal relationship management and communication, directors' professional and continuous education, internal control, etc., total of 20 measurement items

Note1: Fill in the assessment cycle of the board evaluation, such as / Yearly.

Note2: Fill in the assessment period of the board evaluation, such as / Jan 01, 2020 to December 31, 2020.

Note3: The assessment scope of the board evaluation, such as / Board, individual Director, or functional Committees (incl. Audit Committee and Remuneration Committee)

Note4: The assessment measure of the board evaluation, such as / Board internal assessment, Director's self-appraisal, Peer assessment, appoint external professional organizations and experts or other assessment method deemed appropriate.

Note5: The assessment measure for the Board shall include the following:

1. Involvement in the Company's operation, quality improvement of the Board's decision-making, the composition and structure of the Board, the assignment and continual education of Directors, internal control.
2. Self-appraisal measure for the individual Director shall include the following: (1) Control of the corporate goal and mission (2) Cognition of Director's duty. (3) Involvement in the Company's operation (4) Internal relation management and communication (5) The assignment and continual education of Directors (6) Internal control
3. Assessment measure for the functional committees shall include the following: (1) Involvement in the Company's operation (2) Cognition of functional committee's duty (3) Quality improvement of the Board's decision-making (4) The composition and assignment of the functional committee (5) Internal control.



### (3) Operations of Audit Committee

The Audit Committee held **four (A)** meetings in 2020. The attendance record of Independent Directors is listed below:

Job Title	Name	Actual attendance B	Attendance by proxy	Actual attendance rate (%) (B/A) (Note)	Remark
Managing & Independent Director	Liao, Chi-Fang	4	0	100%	
Independent Director	Kuo, Kong- Chuan	4	0	100%	
Independent Director	Chiang, Wen-Chang	4	0	100%	

Other items to be recorded:

1. The Audit Committee shall record the convene date, the term, the content of the proposal the Board Meeting, and the resolution of Audit Committee and the Company's treatment to the resolution of the Audit Committee if any of the following circumstances occurs.

(1) Items listed in Article 14-5 of the Securities and Exchange Act.

(2) In addition to the preceding matters, other matters that have not been approved by the Audit Committee and have been approved by more than two-thirds of all Directors.

Board of Directors	Discussions and Resolutions	Matters Specified in Article 14-5 of Securities and Exchange Act	Not approved by the Audit Committee, but approved by more than 2/3 of all directors
8 <sup>th</sup> Meeting of 21 <sup>th</sup> Board Mar. 26, 2020	1. Year 2019 "Internal Control System Composition" Element Judgment Table's Internal Control Effectiveness Test Nuclear judgment case..	V	
	2. The company's 2019 consolidated financial statements, individual financial statements and business reports.	V	
	3. Appointment of CPAs' Remuneration of Certified Public Accountants and Independent Assessment of Accountants in 2020.	V	
10 <sup>th</sup> Meeting of 21 <sup>th</sup> Board Aug. 11, 2020	1. Update the "Accounting Professional Judgment Procedure and Accounting Policy" for the company's financing cycle operations and Estimated Change Management" and other internal control, internal audit procedures and audit nuclear key work items.	V	
Independent directors oppose or reservations: None			
The company's handling of independent directors' opinions: None			
Resolution result: .all present directors approved.			

2. The names of Independent Directors, the contents of the proposals, the reasons for avoidance of conflicts of interest and the participation of voting shall be clearly recorded if there is any implementation of avoidance of conflicts of interest to any Independent Director:

➤ There is no circumvention of interest, since the proposals of the audit committee this year have no interest in independent directors.

3. Communication between the Independent Directors and the internal audit directors and CPAs (please record the covered major issues, methods and results of the communication for the Company's financial and business conditions):

Methods	Object of communication	Covered major issues	Results of the communication
7 <sup>th</sup> Meeting of 1 <sup>th</sup> Audit Committee Mar. 24, 2020  Report / proposal discussion	Finance Department Audit Office.	1. Internal audit business report 2. Proposed a discussion proposal on the "Judgment Table for the Components of the Company's Internal Control System for the Year 2019". 3. Proposed a discussion proposal on "The Company's 2019 Internal Control System Statement". 4. Proposed a discussion proposal on "The Company's 2019 Annual Consolidated Financial Statements, Individual Financial Statements and Business Reports". 5. Proposal for the discussion of "The Company's 2020 <sup>th</sup> Annual Appointment of Certified Public Accountants, Remuneration of Certified Public Accountants and Independent Assessment of Accountants".	Approved without objection
8 <sup>th</sup> Meeting of 1 <sup>th</sup> Audit Committee May 07, 2020  Report / proposal discussion	Finance Department Audit Office.	1. The company self-concluded financial report for the first quarter of 2020. 2. Internal audit business report. 3. Proposed a discussion proposal on "The Company's 2019 Earnings Distribution Table".	Approved without objection <b>Suggestions:</b> Member Kuo suggested that the Audit Office should study the control points for immediate and scrapped products.
9 <sup>th</sup> Meeting of 1 <sup>th</sup> Audit Committee Aug. 07, 2020  Report / proposal discussion	Finance Department Audit Office.	1. The company self-concluded financial report for the second quarter of 2020. 2. Internal audit business report. 3. Proposed a discussion proposal for "increase the "Accounting Professional Judgment Procedures, Accounting Policies and Estimation Change Management Operations" and other internal control, internal audit procedures and audit key tasks for the company's financing cycle operations"	Approved without objection
109 <sup>th</sup> Meeting of 1 <sup>th</sup> Audit Committee Nov. 05, 2020  Report / proposal discussion	Finance Department Audit Office.	1. The company self-concluded financial report for the third quarter of 2020. 2. Internal audit business report. 3. Proposed the audit work plan discussion proposal of "the company's 2020 annual audit work schedule" and "the audit office's 2020 annual work schedule deployment schedule".	Passed without objection <b>Suggestions:</b> ➤ Committee Member Jiang requested to provide a comparison table of the ratio of R&D expenses to revenue, R&D projects and budgets. In response to the foreign embezzlement case. ➤ Member Kuo hoped that relevant units would propose improvement plans, and also suggested that the post-investment management work be transferred to the Finance Department. ➤ Member Liao said that the control of collection operations should be implemented.





Methods	Object of communication	Covered major issues	Results of the communication
Send by e-mail about 1~2 months	Audit Office.	Audit report and follow-up report	Execute according to the laws and regulations
7 <sup>th</sup> Meeting of 1 <sup>th</sup> Audit Committee Mar. 24, 2020  Attend oral report	CPA	Report on the accountant's audit report, key audit items, the impact of IFRS 16 "lease", financial report related matters and important amendments of the exchange in the year of 2019.	Without objection
Mar.23 ,2020 Accountant Letter Inquiry	CPA	Governance matters learned by accountants in the audit of Ve Wong Corporation's 2019 annual financial statements	Informed, no other comment
May 12 ,2020 Accountant Letter Inquiry	CPA	Regarding the governance matters learned by the accountant from the review of the financial statements of the first quarter of the year 2020 of Ve Wong Corporation.	Informed, no other comment
Aug 07 ,2020 Accountant Letter Inquiry	CPA	Regarding the governance matters learned by the accountant from the review of the financial statements of the second quarter of the year 2020 of Ve Wong Corporation.	Informed, no other comment
Nov.10 ,2020 Accountant Letter Inquiry	CPA	Regarding the governance matters learned by the accountant from the review of the financial statements of the third quarter of the year 2020 of Ve Wong Corporation.	Informed, no other comment
Nov.10 ,2020 Accountant Letter Inquiry	CPA	The accountant is entrusted to check the 2020 consolidated financial statements of Ve Wong Corporation and its subsidiaries and the governance matters of the individual financial statements of Ve Wong Corporation. It is in the planning stage.	Informed, no other comment

Note:

- \* Where an Independent Directors may be relieved from duties before the end of the fiscal year, please specify their date of discharge in the 'Remarks' Section. Their actual attendance rate (%) to the Audit Committee session shall be calculated on the basis of the number of meetings called and actual number of sessions he/she attended, during his/her term of office.
- \* Where an election may be held for filling the vacancies of Independent Directors before the end of the fiscal year, please list out both the new and the discharged Independent Directors and specify the new, the discharged and the reelected Independent Directors and the election date in the 'Remarks' Section. Their actual attendance rate(%) of the Audit Committee meetings shall be calculated on the basis of the number of meetings called and actual number of sessions he/she attended, during his/her term of office.

**(4)The state of the company's implementation of corporate governance, any discrepancy of such implementation from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such discrepancy:**

Item	Implementation Status			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons.
	Yes	No	Summary	
1. Is the company in compliance with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and disclosed its own corporate governance best practice principles?	✓		The Company has established its own “corporate governance best practice principles” and disclosed them on MOPS and the Company’s website.	The operating conditions listed on the left comply with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
2. Equity structure and shareholders' equity of the company?				
(1)Has the company established internal operating procedures to deal with shareholders' suggestions, doubts, disputes and lawsuits, and implemented them in accordance with the procedures?	✓		(1)In addition to formulating stock affairs handling procedures, the company also has a spokesperson and a deputy spokesperson to handle shareholder suggestions, doubts, disputes and litigation matters. It implements them in accordance with the procedures to protect shareholders’ rights.	The operating conditions listed on the left comply with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
(2)Does the company have a list of major shareholders and ultimate controllers of major shareholders who actually control the company?	✓		(2)The company keeps at any time the list of major shareholders who actually control the company and the final controllers of major shareholders and regularly reports the changes in the shareholdings of directors and managers.	
(3)Has the company established and implemented the risk control and firewall mechanism with related enterprises?	✓		(3)The company and its affiliated companies have established “Procedures for Acquisition or Disposal of Assets,” “Operating Procedures for Loaning Funds to Others,” and “Operating Procedures for Endorsement Guarantees.” They have established relevant controls in accordance with the company’s internal control system.	
(4)Does the company have internal regulations that prohibit insiders of the company from buying and selling securities using non-public information?	✓		(4)The company has formulated the operating procedures and control points of the “Management Measures for Prevention of Insider Trading” and implements them in accordance with the operating procedures.	
3. Composition and responsibilities of the board of directors				
(1)Has the board of directors formulated and implemented diversified policies on the composition of its members?	✓		(1)In accordance with Article 20 of the Company’s "Code of Practice on Corporate Governance" and "Methods for Election of Company Directors", the composition of the board of directors should be diversified, and appropriate diversified policies.The members of the board should be set in accordance with its own operations, business	The operating conditions listed on the left comply with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.



Item	Implementation Status			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons.
	Yes	No	Summary	
			models and development needs. The board members should be universal possess the necessary knowledge, skills and literacy to perform duties. The board of directors should have the following knowledge: 1. Operational judgment ability, 2. Accounting and financial ability, 3. Operation management ability, 4. Crisis management ability, 5. Industry knowledge, 6. International market outlook, 7. Leadership ability, 8. Decision-making ability. There are 15 members in the 21st term of the company's directors (1 female and 14 males in 2020, with an average age of 67.6.). Two of the directors live in Japan. There are multicultural, and full with the knowledge necessary to perform their duties. Skills and literacy (attached table 1).	
(2) In addition to setting up a compensation committee and an audit committee according to law, has the company voluntarily set up other functional committees?	✓		(2) In addition to the establishment of the Business Decision-making Committee, the Remuneration Committee and the Audit Committee in accordance with the law, the company also established the cross-departmental Corporate Social Responsibility Execution Committee to be responsible for the formulation and promotion of corporate social responsibility. In the future, other functional committees will be set up according to the assessment of the legal environment, company operation and management needs.	
(3) Has the company established performance evaluation measures and methods for the board of directors, conducted performance evaluation annually and regularly, reported performance evaluation results to the board of directors, and applied them to the reference of salary and remuneration of individual directors and nomination and renewal?	✓		(3) The company's board of directors resolved to approve the "Board Performance Evaluation Method" in May 2020, and the evaluation method was approved in March 2021. The board of directors had reported the results of the performance evaluation on file.	
(4) Does the company regularly evaluate the independence of the independent auditor?	✓		(4) The company evaluates the independence of its independent auditors based on the independence evaluation items every year and submits the results to the Audit Committee and the board meeting for approval. 1. The company's independent auditors provide the company's "Accountant's Independence Statement" every year.	

Item	Implementation Status			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons.
	Yes	No	Summary	
			2. In addition, the rotation of the company's independent auditors is also handled in compliance with relevant regulations.	
4. Is the listed or OTC company equipped with competent and appropriate number of corporate governance personnel, and has it designated the corporate governance director to be responsible for corporate governance related matters (including but not limited to providing information required by directors and audit committees to carry out business, assisting directors and audit committees in complying with laws and regulations, managing related matters of the board of directors' meeting and shareholders' meeting in accordance with laws, taking minutes of the board of directors' meeting and shareholders' meeting, etc.)?	✓		<p>The company's governance is supervised, authorized, managed and executed by the heads of various departments. The Management Department of the company and outsourced stock affairs agency provide directors with the necessary information to perform business, handle company registration, change registration, shareholder affairs, and shareholders' meeting related matters, and assist in the development and legal compliance of the operating company. The Secretary's Office is responsible for handling matters related to the board meeting and various committees, and preparing meeting minutes; the company's Audit Office is responsible for supervising corporate governance-related matters.</p> <p>In addition, in the year 2021, the director of corporate governance will be appointed in accordance with the legal procedures. The main responsibilities is to handle matters related to the board of directors and the shareholders' meeting in accordance with the law, to provide directors with information needed to perform their business, to collect the latest legal developments related to operating companies to assist directors in compliance. To assist directors in appointment and continuing education, etc.</p>	The operating conditions listed on the left comply with the provisions of the Corporate Governance Best Practice Principles, and because corporate governance-related matters are in charge of the heads of the Management Department, the Secretary's Office and the Audit Office, there is no major difference.
5. Has the company established a communication channel with stakeholders (including but not limited to shareholders, employees, customers and suppliers), set up a stakeholder area on the company's website, and properly respond to major corporate social responsibility issues of concern to stakeholders?	✓		The company has established a spokesperson system and has a dedicated area on the company's website for stakeholders. Through telephone and e-mail and other information delivery methods, the company maintains smooth communication channels with stakeholders at all times. In this way, we can collect the issues that the stakeholders are concerned about, and check whether the various activities implemented by the company respond to the stakeholders. Therefore, the relevant stakeholders' concerns and communication methods are as shown in (Attached Table 2), and please also refer to the chapter "Identification and Communication of Stakeholders and Concerned Issues" in the company's corporate social responsibility report.	The operating conditions listed on the left are in compliance with the provisions of the Corporate Governance Best Practice Principles, and there is no major difference.
6. Has the company appointed a professional agency to handle the affairs of the shareholders' meeting?	✓		The Company has appointed a professional stock affairs agency (Capital Securities Co., Ltd.) to handle the shareholders' meeting's relevant affairs and various stock affairs.	The operating conditions listed on the left comply with the provisions of the corporate governance best practice principles.

[illegible]

Item	Implementation Status			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons.
	Yes	No	Summary	
	✓		<p>regulations to honestly announce relevant significant financial, business and company information on the MOPS to protect the rights and interests of investors and fulfill the company's responsibilities to shareholders. If you want to understand the company's business growth history and products and other related information, there is a website set up by the company for viewing; you may also maintain communication with shareholders and stakeholders at any time through telephone and e-mail and other information transmission methods based on the information in the stakeholder area.</p> <p>(3) Supplier relationship: The company has established the "Procurement Management Measures," "Measures for Management of Related Party Transactions," and other rules for operation and implementation. Regarding the quality of the raw materials supplied, the company has established quality standards and established good partnerships with suppliers.</p> <p>(4) The situation of directors' advanced training: The company actively arranges directors' further training, discloses information on the further training of directors on the MOPS and the company's website (Schedule 2), and encourages them to participate in other related courses.</p> <p>(5) Implementation of risk management policies and risk measurement standards: The company has established a decision-making authority system in its operation and management. Clearly, it regulates the execution of responsibilities at all levels in order to minimize the probability of risk occurrence. The company's necessary management regulations are all resolved by the board meeting or the shareholders' meeting. The company's major operational policies, investment cases, endorsement guarantees, capital loans, bank financing and other major proposals have been evaluated and analyzed by the appropriate authority and responsibility departments and implemented in accordance with the resolutions of the board of directors. The audit office also draws up its annual audit plan based on the risk assessment results. Really implement; to implement the</p>	



Item	Implementation Status			Difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons.
	Yes	No	Summary	
	✓		supervision mechanism and control the implementation of various risk management.	
	✓		(6) Implementation of customer policies: The company adheres to the concept of customer first, delicious and healthy, and quality first to manage a wide range of customers and consumers. To serve the majority of consumers and investors, we have set up a toll-free service line 0800-221121 and the webmaster@vewong.com.tw mailbox to provide consumers or customers with a smooth communication channel. (7) Circumstances in which the company purchases liability insurance for directors: The company has insured liability insurance for all directors and submitted a report to the board of directors in August 2020.	
<p>9. Please explain the improvement of the corporate governance evaluation results according to the finding issued by the Corporate Governance Center of the Taiwan Stock Exchange Corporation for the latest year, and put forward the priorities and measures for those that have not been improved.</p> <p>Based on the results of the "Corporate Governance Evaluation" in 2020, the company will prioritize improvements for the following unscored items as explained below:</p> <p>(1) The company's annual report will be uploaded to the MOPS 16 days before the general meeting of shareholders. The English annual report of the company will be uploaded 7 days before the general meeting of shareholders..</p> <p>(2) The English version of the meeting notice for the company's shareholders' meeting, the meeting handbook, including the supplementary materials for the meeting, are uploaded to the MOPS 30 days before the meeting.</p> <p>(3) Although the company has set up the Ethical Conduct Guide to follow, in order to act in line with ethical standards to help strengthen corporate governance. The company will stipulate "regulations that prohibit insiders from using information that is not available in the market to profit" to the prevention of conflicts of interest. The company will expose them to the company website.</p> <p>(4) The company will continue to evaluate the feasibility of future improvements for the parts that have not yet been scored.</p>				

Note 1: Regardless of whether the operation status is checked "Yes" or "No," it should be stated in the summary description column.

Table 1--Diversification of individual directors in 2020

Diversification Projects Name of Directors	Country of Citizenship	Gender	Operation Judgment	Accounting and financial analysis	Operating management	Crisis management	Industry know how	International Market view	Leadership ability	Policy making ability
Chen, Ching-Fu	R.O.C.	male	✓	✓	✓	✓	✓	✓	✓	✓
Chen, Kung-Pin	R.O.C.	male	✓	✓	✓	✓	✓	✓	✓	✓
Kan, Chin-Yu	R.O.C.	male	✓	✓	✓	✓	✓	✓	✓	✓
Egawa Manwa (Note1)	Japan	male	✓	✓	✓	✓	✓	✓	✓	✓
Egawa Hirokazu (Note1)	Japan	male	✓	✓	✓	✓	✓	✓	✓	✓
Du, Heng-Yi	R.O.C.	male	✓	✓	✓	✓	✓	✓	✓	✓
Yang, Kun-Chou	R.O.C.	male	✓	✓	✓	✓	✓	✓	✓	✓
Chou, Hai-Kuo	R.O.C.	male	✓	✓	✓	✓	✓	✓	✓	✓
Yeh, Chii-Jau	R.O.C.	male	✓	✓	✓	✓	✓	✓	✓	✓
Lai, Chee-Lee	R.O.C.	male	✓	✓	✓	✓	✓	✓	✓	✓
Lee, Chi-Lung	R.O.C.	male	✓	✓	✓	✓	✓	✓	✓	✓
Chen, Yueh-Feng	R.O.C.	Female	✓	✓	-	✓	-	✓	✓	✓
Liao, Chi-Fang	R.O.C.	male	✓	✓	✓	✓	✓	✓	✓	✓
Kuo, Kong- Chuan	R.O.C.	male	✓	✓	✓	✓	-	✓	✓	✓
Chiang, Wen-Chang	R.O.C.	male	✓	-	✓	✓	✓	✓	✓	✓
Average age of all directors : 67.6										
(Note1) : Director living in Japan, with Japanese nationality and culture.										

Table-2 Stakeholders are concerned about substantive issues, communication channels and frequency, and the company's response unit list

Stakeholder	Concerned about substantive issues	Communication channel	communication frequency	response unit
Employees / unions	1.Operation performance	Labor-management meeting Board of Supervisors Meeting of Labor Union Member Representative Conference of Labor Union		Personnel Department
	2.Sustainable development strategy		season	
	3.Benefits and salary		season	
	4.Company image		year	
	5.Health and safety			
Supplier	1.Procurement practice	Communication (such as telephone, e-mail, e-procurement system) Visit factory Company website Public information website	Irregular	Management Department
	2. Operation performance		Irregular	
	3. Supply chain management		Irregular	
	4.Compliance		Month	
Consumer	1.Product Liability	Company website / 0800consumer hotline/ customer satisfaction survey / Public information website/ Store tasting	Irregular	Business Unit/ Quality Control Department/ Marketing Department/ Fengtian Plant
	2.Food quality, safety and verification		Year	
	3.Compliance		Month	
	4. Company image		Irregular	
Distributors and commissioned OEMs	1. Product Liability	Company website / 0800consumer hotline/ customer satisfaction survey / Public information website / Direct sales	Irregular	Business Unit/ Quality Control Department/ Marketing Department/ Fengtian Plant
	2.Food quality, safety and verification		Year	
	3. Compliance		Month	
	4. Company image		Month	
	5. Operation performance			





Stakeholder	Concerned about substantive issues	Communication channel	communication frequency	response unit
Bank	1. Operation performance	Public information website Company website Direct sales Telephone communication	Month	Finance Department
	2. Sustainable development strategy		Irregular	
	3. Risk control		Irregular	
	4. Corporate Governance		Irregular	
	5. Compliance			
government	1. Compliance	Public information website Company website Direct sales Telephone communication Correspondence	Month	Personnel\ Purchase\ Finance\ Produce\ Marketing and Sales Department
	2. Environmental management		Irregular	
	3. Product Liability		Irregular	
	4. Food quality, safety and verification		Irregular	
	5. Corporate Governance		Irregular	
	6. Greenhouse Gas and Energy Management			
Community and sponsors	1. Environmental management	Communication (such as telephone, e-mail) Community meeting	Irregular	Fengtian Plant\ Marketing and Sales Department
	2. Compliance			
	3. Product Liability			
	4. Company image			
	5. Community relations			
Board of Directors	1. Operation performance	Board Meeting Public information website Company website Communication (such as telephone, e-mail)	Season	spokesman Management Department Secretary room
	2. Sustainable development strategy		Month	
	3. Risk control		Irregular	
	4. Company image		Irregular	
Media	1. Operation performance	Public information website Company website Communication (such as telephone, e-mail) Press conference	Month	spokesman Secretary room
	2. Sustainable development strategy		Irregular	
	3. Corporate Governance		Irregular	
	4. Company image		Irregular	
	5. Compliance			

Table-3 The 2020 continued advanced program of Directors is as follows:

Title	Name	Elected (inauguration) Date	Advancement Date		Organizer	Course Title Course name	Training Hours
			From	To			
Independent Director	Chiang, Wen-Chang	2018/06/26	2020/09/21	2020/09/21	Taipei Exchange(TPEX)	Corporate Governance 3.0 Sustainable Development Blueprint Summit Forum	3
			2020/10/23	2020/10/23	Taiwan Corporate Governance Association (TCGA)	Fubon Property & Casualty Insurance / Directors and Supervisors Responsibility Planning and Risk Management Seminar	3
Independent Director	Kuo, Kong- Chuan	2018/06/26	2020/09/21	2020/09/21	Taipei Exchange(TPEX)	Corporate Governance 3.0 Sustainable Development Blueprint Summit Forum	3
Director	Yeh, Chii-Jau	2018/06/26	2020/10/23	2020/10/23	Taiwan Corporate Governance Association (TCGA)	Fubon Property & Casualty Insurance / Directors and Supervisors Responsibility Planning and Risk Management Seminar	3

## (5) Establishment, functions, and operations of the Remuneration Committee:

### 1. Members profile of the Remuneration Committee

ID (Note 1)	Requirements Name	Over five years of experience and the following professional qualifications			Independence criteria (Note 2)										Number of other public companies where the person holds the title as Remuneration Committee member	Remark
		University teaching in areas of commerce, law, finance, accounting or related corporate business	Working as a judge, attorney, lawyer, accountant or other positions that require professional certification	Work experience in commerce, law, finance, accounting or related corporate experiences	1	2	3	4	5	6	7	8	9	10		
Convener	Liao, Chi-Fang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A	
Member	Chen, Chi-Chang		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	
Member	Kuo, Kong- Chuan			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	N/A	

Note 1: Please fill in the ID column as a Director, Independent Director or Other.

Note 2: A “✓” is marked in the space beneath a condition number when a member has met that condition during the two years prior to election and during his or her period of service. The conditions are as follows:

- (1) Not employed by the Company or any of the Company's affiliates.
- (2) Not a Director or Supervisor of the Company or any of the Company's affiliates. This restriction does not apply to Independent Directors of subsidiaries in which the Company or its parent company directly or indirectly holds over 50% of the shareholder voting rights.
- (3) Not holding over 1% of company shares or being a top 10 natural person shareholder in one's own name, held by a spouse or underage child, or held by nominee agreement.
- (4) Not a spouse, kin at the second pillar under the Civil Code, or the lineal blood relatives within the third pillar under the Civil Code as specified in (1) through (3).
- (5) Not a Director, Supervisor or employee of a corporate shareholder who holds more than 5% of the outstanding shares issued by the Company, or a Director, Supervisor or employee of a corporate shareholder who is among the top 5 shareholders.
- (6) Not a Director, Supervisor, Manager or shareholder holding more than 5% of the outstanding shares of specific company or institution in business or financial relation with the Company.
- (7) Not a professional, owner, partner, Director, Supervisor, manager of proprietorship, partnership, company or institution that provide business, legal, financial and accounting services to the Company or its affiliates or a spouse to the aforementioned persons.
- (8) Not under any of the categories stated in Article 30 of the Company Law.
- (9) Not a professional, owner, partner, Director, Supervisor, manager of proprietorship, partnership, company or institution, or a spouse that provides business, legal, financial and accounting services to the Company or its affiliates with rewarded remuneration not exceeding NTD 500,000 within last two years. Notwithstanding, this shall not apply to the Remuneration Committee members, or members of special committee of public company for merger/consolidation and acquisition who perform their duties in accordance with the Securities Exchange Act and Business Mergers and Acquisitions Act.
- (10) Not under any of the categories stated in Article 30 of the Company Law.

### 2. Operations of the Remuneration Committee

(1) The Company's Remuneration Committee consists of 3 members.

(2) Current term of office: June 29, 2018~June 25, 2020. The Committee **held 2 (A)** meetings in the 2019 and the attendance of the Committee members is summarized as follows:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A) (Note)	Remark
Convener	Liao, Chi-Fang	2	0	100%	Re-elected on June 29, 2018
Member	Chen Chichang	2	0	100%	Re-elected on June 29, 2018
Member	KuoKong Chuan	2	0	100%	Re-elected on June 29, 2018

Other Notes:

1. If the Board of Directors does not adopt, or amends, the Remuneration Committee's suggestions, please specify the meeting date, term, contents of motion, resolution of the Board of Directors, and the Company's handling of the Remuneration Committee's opinions (If the remuneration ratified by the Board of Directors is superior than that suggested by the Remuneration Committee, please specify the deviation and reasons thereof): N/A
2. For resolution(s) made by the Remuneration Committee with the Committee members voicing opposing or qualified opinions on the record or in writing, please state the meeting date, term, contents of motion, opinions of all members and the Company's handling of the said opinions: N/A

Note 1. Where an Remuneration committee's member may be relieved from duties before the end of the fiscal year, please specify



their Resignation date in the ‘Remarks’ Section. Their actual attendance rate (%) to Remuneration committee session shall be calculated on the basis of the number of meetings called and actual number of sessions he/she attended, during his/her term of office.

3. Where an election may be held for filling the vacancies of Remuneration committee's member before the end of the fiscal year, please list out both the new and the discharged Remuneration committee's member and specify the new, the discharged and the reelected Independent Directors and the election date in the ‘Remarks’ Section. Their actual attendance rate(%) of the Remuneration Committee's meetings shall be calculated on the basis of the number of meetings called and actual number of sessions he/she attended, during his/her term of office.

**(6) Performance of social responsibility and differences from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the reasons:**

Evaluation items	Operation status (note 1)			Deviations from "Corporate Governance Best-Practice Principle for TWSE/GTSM Listed Companies" and Reasons
	yes	no	Summary explanation (note 2)	
1.Does the company conduct risk assessment on environmental, social and corporate governance issues related to the company's operation in accordance with the principle of materiality and formulate relevant risk management policies or strategies?	✓		(1) In accordance with the principle of materiality, the company conducts risk assessment of environmental, social and corporate governance issues related to company operations, and formulates relevant risk management policies or strategies. Its risk management policy: Risk management is a management process, based on When discovering different actual or potential problems that have an impact on the company's operations, take corresponding measures. Therefore, the implementation of internal control is a continuous operation. Through continuous inspection of various operation and management operations, we discover facts that deviate from company policies, operating procedures, established goals or expected standards, and respond to the appropriate management level through feedback systems. , And take necessary corrective actions in response to the problem to ensure that the company's operations follow the original planning direction. And use internal containment methods to achieve the purpose of collusion, achieve effective control of risks and prevent the occurrence of operational malpractice. Please also refer to the relevant information in the company's corporate social responsibility report. Please refer to the chapter "Risk Management and Crisis Management" in the company's Corporate Social Responsibility report.	The operating conditions listed on the left comply with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies.
2.Has the company set up a full-time (part-time) unit to promote corporate social responsibility, authorized by the board of directors to be handled by the senior management and reported to the board of directors?	✓		(2)In order to implement the implementation and management of corporate social responsibility, the company has set up a cross-department "corporate social responsibility executive committee" to organize the implementation. The general manager serves as the chairman of the committee, and the two associates serve as	The operating conditions listed on the left comply with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed

Evaluation items	Operation status (note 1)			Deviations from "Corporate Governance Best-Practice Principle for TWSE/GTSM Listed Companies" and Reasons
	yes	no	Summary explanation (note 2)	
			deputy directors. Each department selects appropriate It is composed of functional supervisors and employees, and reports the handling situation to the board of directors once a year. For relevant information, please refer to the chapter "Corporate Social Responsibility Executive Committee Operation" of the company's Corporate Social Responsibility report.	Companies.
3.Environmental issues				
(1) Has the company established an appropriate environmental management system according to its industrial characteristics?	✓		(1) In accordance with the food manufacturing industry regulations, the company has formulated operation management procedures for environmental management of air pollution, water pollution, and waste related to the environment to implement pollution control and prevention.	The operating conditions listed on the left comply with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies.
(2) Is the company committed to improving resource utilization efficiency and using recycled materials with low impact on the environment?	✓		(2)The company introduces specific resource utilization efficiency actions, such as using recycled materials and recyclable packaging materials to reduce the impact on the environment, hoping that it may protect the environment and provide consumers with low carbon through long-term gradual actions and environment-friendly products.	
(3) Does the company assess the potential risks and opportunities of climate change for the enterprise now and in the future and take measures to deal with climate related issues?	✓		(3)The company regularly reviews information on the impact of climate change on operating activities, continuously monitors direct and indirect greenhouse gas emissions, and implements its energy saving and carbon reduction and greenhouse gas reduction strategies. However, as this issue's effectiveness is not significant, it is still seriously under review and responded to.	
(4) Does the company prepare statistics of greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction or other waste management?	✓		(4) Please refer to the "Environmental Maintenance and Achievement" chapter of the company's Corporate Social Responsibility report for the relevant information listed above and (4) assessment items.	
4. Social issues				
(1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and International Human Rights Conventions?	✓		(1)The company complies with the Labor Standards Act, the Act of Gender Equality in Employment, and labor safety and health relevant laws and regulations, and formulated various measures such as "Employee Work Rules" and their operation management	The operating conditions listed on the left comply with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed



Evaluation items	Operation status (note 1)			Deviations from "Corporate Governance Best-Practice Principle for TWSE/GTSM Listed Companies" and Reasons
	yes	no	Summary explanation (note 2)	
			procedures. At the same time, it implements a pension system and the employee welfare committee handles various employee welfare. The company has also established a labor union to coordinate labor relations to protect employees' legitimate rights and interests and the employment policy without discrimination.	Companies.
(2) Has the company established and implemented reasonable employee welfare measures (including compensation, vacation and other benefits) and properly reflected the operating performance or results in employee compensation?	✓		(2) The company formulates and implements reasonable employee welfare measures (including remuneration, vacation and other benefits, etc.), and appropriately reflects operating performance or results in employee remuneration. For relevant information, please refer to the company's Corporate Social Responsibility Report "Welfare Measures"	
(3) Does the company provide a safe and healthy working environment for its employees and conduct regular safety and health education for them?	✓		(3) In order to ensure the safety of employees, the company has set up access control measures, guards and safeguards at night and holidays. The company maintains workplace safety, and both the head office and the factory are insured with public accident liability insurance, and employees are regularly provided with safety and health education. For related information, please refer to the "Safety and Health Management and Maintenance" chapter of the company's Corporate Social Responsibility report.	
(4) Has the company established an effective career development training program for its employees?	✓		(4) The company formulates an employee education and training plan every year, and conducts internal and external training based on actual conditions to strengthen the development of employees' own capabilities and professional capabilities. For related information, please refer to the "Training and Education" chapter of the company's Corporate Social Responsibility report	
(5) Does the company follow relevant laws and regulations and international standards for customer health and safety, customer privacy, marketing and labeling of products and services, and formulate relevant policies and grievance procedures to protect consumers' rights and interests?	✓		(5) The company is committed to the food safety policy of "delicious and healthy, quality first" and the food safety goal of "quality, innovation, and delivery". Regarding consumer protection policies and appeal procedures, there are related operating standard procedures such as "Customer Complaints Handling", "0800 Free Service Line" and "Product Recycling Process and Handling", which are implemented in accordance with the established norms and actual operations. For related information, please refer to the "Product Responsibility and Health and	

Evaluation items	Operation status (note 1)			Deviations from "Corporate Governance Best-Practice Principle for TWSE/GTSM Listed Companies" and Reasons
	yes	no	Summary explanation (note 2)	
(6) Does the company have a supplier management policy that requires suppliers to follow relevant specifications and implement environmental protection, occupational safety and health or labor human rights issues?	✓		Safety" chapter of the company's Corporate Social Responsibility report (6)In order to ensure product quality and safety, the company requires suppliers to be approved by the local government to establish and register, and be able to produce products that meet the company's required specifications or obtain third-party impartial unit quality verification, and have been certified or provided by a third party. Food additives certification, sanitary inspection reports, etc. control mechanisms, and formulate "purchasing policy management guidelines", and set "supplier evaluation conditions for suppliers on safety, social, environmental and service issues" Management policies such as direction and direction are the basis for evaluating suppliers. For information on the company's raw material procurement management, please refer to the chapter of "Raw Material Procurement Management" of the company's Corporate Social Responsibility report	
5. Does the company prepare the corporate social responsibility report and other reports that disclose the company's non-financial information in accordance with the international reporting standards or guidelines? Is the aforesaid report confirmed or guaranteed by a third-party verification unit?	✓		The company publishes a corporate social responsibility report every year, which is written in accordance with the framework published by the Global Reporting Initiative (GRI) and based on the core disclosure principles. For this report, Deloitte is appointed to perform independent and limited assurance on the selected indicators in accordance with R.O.C. Standards for Assurance Bulletin No. 1 "Assurance cases of audit or review of non-historical financial information." Market Observation Post System: <a href="http://mops.twse.com.tw/mops/web/t100sb11">http://mops.twse.com.tw/mops/web/t100sb11</a> , enter the company's stock code 1203 to query the corporate social responsibility report. And disclose the corporate social responsibility report of the current year and past years on the company's website. <a href="https://www.vewong.com/ec99/ushop20069/profile_12.asp">https://www.vewong.com/ec99/ushop20069/profile_12.asp</a>	The operating conditions listed on the left comply with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies.
6. If the company has its own corporate social responsibility best practice principles in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies," please state the implementation status and the differences: The company has formulated the "Corporate Social Responsibility Best Practice Principles," which includes the promotion of corporate governance, the development of a sustainable environment, the maintenance of social welfare and the strengthening of corporate social responsibility information disclosure so that the company's employees can follow together to manage the economic, environmental and social risks and impacts. There are no major differences.				
7. Other important information to understand the operation of corporate social responsibility: 1. In order to ensure the safety and quality of raw materials, semi-finished products and finished products, the total inspection fee for outsourced inspections in 2020 was approximately NT\$2.52 million.				



Evaluation items	Operation status (note 1)			Deviations from "Corporate Governance Best-Practice Principle for TWSE/GTSM Listed Companies" and Reasons
	yes	no	Summary explanation (note 2)	
<p>2. Carbon reduction and energy-saving performance promoted by the company in 2020: Greenhouse gas emissions (metric tons/CO<sub>2</sub>e emission equivalent) totaled 13,001.668 metric tons of CO<sub>2</sub>e (12,561.397 metric tons of CO<sub>2</sub>e) in 2019. The total energy saving is 23.907GJ (120.214GJ in 2019).</p> <p>3. In 2020, the company participated in 15 group social activities in the form of gifts of the company's products to give back to society. In addition, the amount of raw materials purchased domestically is approximately NT\$977 million.</p> <p>4. The company has passed ISO22000 and ISO9001 certifications. In addition to gaining international credibility and enhancing corporate image through the evaluation of third-party certification bodies, the implementation of the systems can help establish a complete written system, procedures and organization, which can not only leave the company's technical documentation assets which may become a template for operational communication when necessary, making internal communication easier to grasp, but also improve management efficiency, effectiveness and work quality due to the establishment of a management system to maintain the stability and safety of product output to allow consumers to eat and use with peace of mind. In addition, the company issues and publishes corporate social responsibility reports with non-financial information, which will help investors and stakeholders understand the company's operations.</p> <p>5. The company's corporate social responsibility system promotion plan and implementation results are disclosed in the corporate social responsibility report of the current year and previous years on the company's website. The URL is: <a href="https://www.vewong.com/ec99/ushop20069/profile_12.asp">https://www.vewong.com/ec99/ushop20069/profile_12.asp</a></p>				

Note 1: Regardless of whether the operation status is checked "Yes" or "No," it should be stated in the summary description column.

Note 2: If the company has prepared a corporate social responsibility report, the summary description can be replaced by reviewing the corporate social responsibility report and the index page.

**(7) Performance of ethical corporate management and the differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons:**

Evaluation items	Operation status (note 1)			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	yes	no	Summary description	
1. Establishment of ethical corporate management policy and plan (1) Does the company have an ethical corporate management policy approved by the board of directors. Clearly, they state the ethical corporate management policy and practice in the internal regulations and external documents and the commitment of the board of directors and senior management to actively implement the corporate management policy?  (2) Has the company established an evaluation mechanism for the risk of unethical behavior, regularly analyzed and evaluated the business activities with high unethical behavior risk within the business scope, and formulated a plan to prevent unethical behavior accordingly, which at least covers the preventive measures for the behaviors	✓  ✓		The company has formulated the "Ethical Corporate Management Best Practice Principles" to be followed by the company's directors, managers, employees, assignees, or substantive controllers. The company also adopts preventive measures against each of the circumstances in paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" or other business activities within the business scope that have a higher risk of dishonest behavior. The company has also established the "Principles for Handling Violation of Ethical Corporate Management," and the punishment and appeal system for relevant violations have been implemented.  In addition, the company's "Corporate Integrity Code" Article 20 stipulates that relevant insiders are prohibited from using information that is not available in the market to make a profit for the	The operations listed on the left comply with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.

Evaluation items	Operation status (note 1)			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	yes	no	Summary description	
<p>in paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”?</p> <p>(3) Does the company stipulate the operating procedures, behavior guidelines, and disciplinary and grievance systems in its unethical behavior prevention plan and implement them, and regularly review and revise the plan?</p>	✓		<p>implementation of sentiments, and there has been no violation in the 2020. In addition, at the 5th meeting of the 18th session of the board of directors in 2009, the company adopted the "Prevention of Insider Trading Management Control Points" to strengthen the company's good internal material information processing and disclosure mechanism, avoid improper information leakage, and ensure that the company publishes information to the outside world consistency and correctness.</p>	
<p>2.Implementation of ethical corporate management</p> <p>(1)Does the company assess its counterparties' ethical corporate management records and specify the ethical corporate management terms in the contracts it enters into with them?</p> <p>(2) Has the company set up a dedicated unit under the board of directors to promote ethical corporate management, and regularly (at least once a year) report to the board of directors its ethical corporate management policy and plan to prevent unethical behavior as well as its supervision of the implementation?</p> <p>(3) Does the company have a conflict of interest prevention policy to provide appropriate channels for explaining and implementing it?</p>	<p>✓</p> <p></p> <p>✓</p>	<p></p> <p>✓</p> <p></p>	<p>(1)The company has formulated the “Ethical Corporate Management Best Practice Principles,” and there are rigorous operating specifications and procedures in the relevant management measures. For example, the “Purchasing Management Operating Standards” sets out procurement principles, rights and responsibilities, procedures... etc. to prevent the occurrence of unethical behavior.</p> <p>(2)The company does not have a dedicated (part-time) unit under the board of directors to promote ethical corporate management. In the future, the feasibility of establishment will be evaluated based on the legal environment, the company's operating conditions and management needs.</p> <p>(3)The company has formulated the “Code of Procedures for the Board Meeting of the Company.” Concerning meeting matters, if there is an interest related to a director himself or the legal person he represents, the director shall explain the important content of his interest at the current board meeting; if there is possible harm to the interests of the company, the director shall not participate in but shall avoid the discussion and voting, and shall not act for other directors to exercise their voting rights.</p> <p>In addition, in order to implement Article 18 of the "Corporate Integrity Code" to prevent conflicts of interest, the company has established the "Principles for Handling Cases of Violation of Integrity" to follow, provide appropriate notification channels, and strengthen internal control and handling principles. No violations occurred in 2020.</p>	<p>Except for the non-compliance of the second and fifth items in the operating conditions listed on the left, the remaining operating conditions comply with the requirements of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and there is no major difference.</p>





Evaluation items	Operation status (note 1)			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	yes	no	Summary description	
(4) Has the company established an effective accounting system and internal control system for the implementation of ethical corporate management, and has the internal audit unit, according to the assessment results of the risk of unethical behavior, drawn up relevant audit plans to check the status of unethical behavior prevention accordingly, or entrusted an independent auditor to carry out the audit?	✓		(4)The company has established an effective accounting system and internal control system in accordance with the law. Internal auditors regularly check the compliance with the internal control system in accordance with the law, and self-assessment is implemented to ensure the effectiveness of the internal control system and serve as the basis for the declaration of the internal control system, which is submitted to the board meeting for approval and implementation of the responsibility of ethical corporate management.	
(5) Does the company regularly conduct internal and external ethical corporate management?	✓		(5)The company regularly organizes internal and external education and training such as related laws and regulations on integrity management to strengthen the firm commitment of relevant business colleagues to comply with integrity standards.	
3.Operation of the company's accusation system (1) Does the company have a specific accusation and reward system, establish a convenient accusation channel, and assign appropriate personnel to the accused person? (2) Has the company established the standard operating procedures for the investigation of accused matters, follow-up measures after investigation and the relevant confidentiality mechanism? (3) Does the company take measures to protect the accuser from improper treatment due to the accusation?	✓  ✓ ✓		The company has established a specific reporting and reward system and a list of e-mail addresses and contact numbers of relevant supervisors. The accusation channel is smooth. If there is any accusation case, it will be investigated and handled by the special personnel of the audit or personnel unit. According to the established "Reward and Punishment Management Measures," a Reward and Punishment Committee is set up to handle reward and punishment matters and deal with them impartially according to the norms to protect the parties involved and informers.	The operations listed on the left comply with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
4.Enhancement of information disclosure (1) Does the company disclose the content and promotion effect of its ethical corporate management best practice principles on its website and the MOPS?	✓		The company discloses its "Ethical Corporate Management Best Practice Principles" related information on its website and the MOPS.	The operations listed on the left comply with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.
5.If the company has its own ethical corporate management best practice principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please state the differences between its operation and the principles:  The company has established the "Ethical Corporate Management Best Practice Principles" and "Principles for Handling Violation of Ethical Corporate Management," and there is no major difference in its operation with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."				
6.Other important information helpful to understand the company's ethical corporate management operation: (such as the company's review and amendment of the ethical corporate management best practice principles)  The company will continue to review and amend its "Ethical Corporate Management Best Practice Principles" and "Principles for Handling Violation of Ethical Corporate Management" in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," and follow them in operation.				

Note 1: Regardless of whether the operation status is checked "Yes" or "No," it should be stated in the summary description column. \_\_\_\_\_

**(8) Disclosure of access to Company Corporate Governance Best Practice Principles and related rules and regulations:**

I. The company has set the "Principles of Practice for Corporate Governance", "Rules of Integrity Management", "Company Compensation Committee Organizational Rules" and "Audit Committee Organizational Rules" and other regulations related to corporate governance rules.

2. please refer to the company's website <https://www.vewong.com/>

**(9) Other information enabling a better understanding of Company Corporate Governance:**

1. please refer to the company's website <https://www.vewong.com>

2. please refer to the Market Observation Post System

<http://mops.twse.com.tw/mops/web/index> the company's stock code 1203



## (10) Status of internal control system

### (1) Internal Control Declaration

#### **Ve Wong Corporation.**

#### **Declaration of the Internal Control Declaration**

Date: Mar. 25, 2021

The Company inspected the 2020 internal control system autonomously with the following results:

1. The Company is fully aware that the Board of Directors and the management are responsible for the establishment, implementation, and maintenance of the internal control system and it has been established accordingly. The purpose of its establishment was to reasonably ensure the fulfillment of effective operation and efficiency (including profit, performance, and protection of assets safety), and the reliability, timeliness, transparency and regulatory compliance of financial reports.
2. The internal control system design has inherent limitations. No matter how perfect such control is, it can only provide reasonable assurance of the fulfillment of the three objectives referred to above. The effectiveness of such an internal control system could be influenced by changes of the environment and other circumstances. Therefore, the Company internal control system has been designed with a self-monitoring mechanism so that corrective action will be activated immediately upon the identification of any nonconformity.
3. The Company has assessed the effectiveness of the design and implementation of the internal control system in accordance with criteria provided in the “Regulations Governing the Establishment of Internal Control Systems by Public Companies” (hereinafter referred to as “the Regulations”). The criteria defined in “the Regulations” include five elements that depend on the management control process: (1) environment controls, (2) risk assessment, (3) control processes, (4) information and communications, and (5) supervision. Each of the five elements is then divided into sub-categories. Please refer to “the Regulations” for details.
4. The Company has implemented criteria for inspection of the internal control system referred to above to ascertain its effectiveness, design and implementation.
5. The Company, based on the inspection results referred to above, declared (on December 31, 2020) that the internal control system, including the supervision and management of subsidiaries, is reasonably effective and achieves the objectives of operation and efficiency, the financial report is of reliability, timeliness, transparency and regulatory compliance.
6. The Declaration of Internal Control System is the main content of the Company’s annual report and published prospectus. Any false statement and concealment of the published content referred to above involves liability set out in Article 20, Article 32, Article 171, and Article 174 of the Securities and Exchange Act.
7. The Declaration of the Internal Control System was resolved at a meeting of the Board of Directors on March 25, 2021 with no objections by any of the 14 attending Directors. The contents of the declaration have been accepted without objection.

#### **Ve Wong Corporation.**

Chairman:



General Manager



- (2) The internal control audit report issued by the CPA commissioned to conduct an internal control audit, if any: N/A

**(11) Punishment of the Company or its internal personnel in accordance with the law, punishment of internal personnel by the Company for violating internal control system regulations, main deficiencies, and improvements during the recent year and up to the date of publication of this annual report: N/A**

**(12) Resolutions reached at a meeting of shareholders or by the Board of Directors during the recent year and up to the date of publication of this annual report:**

I. Annual Meeting of Shareholders

Year	Dates	Resolutions	Implementation status
2020	2020/06/23	1. Approved 2019 business report and financial statements.  2. Approved the proposal for distribution of 2019 profits. 3. Approved of Amendments to some provisions of the company's Articles of Incorporation.  4. Approved of Amendments to some provisions of the company's "Rules of Procedure for Shareholders Meeting". 5. Approved of Amendments to some provisions of the company's "Procedures for Election of Directors".	1. The form has been submitted to the competent authority for review and announcement in accordance with the company law and other relevant laws and regulations.  2. The cash dividend of NT\$1.00 per share was distributed on October 7, 2020. 3. The Department of Commerce of the Ministry of Economic Affairs approved the change of registration on August 5, 2020. ° 4. It came into effect on June 23, 2020. °  5. It came into effect on June 23, 2020.

2. Board of Directors

Term of the Meeting	Date	Discussions and Resolutions
8 <sup>th</sup> Meeting of 21 <sup>th</sup> Term	2020/03/26	1. Approved the 2019 employee compensation issues and the amount of Manager staff compensation. 2. Approved the 2019 Director's remuneration rate and amount ° 3. Approved the 2019 distributing remuneration amount of Non independent Directors. 4. Approved the 2019 distributing remuneration amount of independent Directors 5. Approved 2019 consolidated financial statements, individual financial statements and business reports. 6. Approve the proposal for distribution of 2019 profits. 7. Approved the 2020 appointment of certified accountant, certified accountant's remuneration and accountant's independence assessment. 8. Approved amendments to some provisions of "The Rules of Procedures for the Board of Directors' Meeting" 9. Approved amendments to some provisions of "Company Code of Integrity Management". 10. Approved amendments to some provisions of "Articles of Incorporation". 11. Approved amendments to some provisions of "The Rules of Procedures for Shareholders' Meeting". 12. Approved amendments to some provisions of "Rules for the Election of Directors".



Term of the Meeting	Date	Discussions and Resolutions
		<p>13. Approved the proposal to convene the 2020 shareholders' meeting.</p> <p>14. Approved the proposal of "Evaluation and Judgment on the Effectiveness of Internal Control in the "Judgment Table of Components of Internal Control System"</p> <p>15. Approved the proposal of "Internal Control System Declaration"</p> <p>16. Approved to nominate candidates to participate in the election of directors and supervisors of Summit Packing Industrial Co., Ltd.'s 2020 shareholders' meeting.</p> <p>17. Approved the ratification case of re-appointing Mr. Zhou Zhiming to succeed the director and deputy factory director of Ve Wong Corporation (Thailand).</p> <p>18. Approved the appointment of Mr. Lin Huoyi as the consultant of the company.</p> <p>19. Approved the application to Bangkok Bank for the renewal of the comprehensive credit line.</p> <p>20. Approved the application to Tai Ve Co., Ltd. for loan limit case.</p>
9 <sup>th</sup> Meeting of 21 <sup>th</sup> Term	2020/05/13	<p>1. Approved amendments to some provisions of "Audit Committee Organization Rules".</p> <p>2. Approved amendments to some provisions of "Organizational Rules of the Remuneration Committee".</p> <p>3. Approved amendments to some provisions of "Organizational Regulations".</p> <p>4. Approved to set up the "Performance Evaluation Method of Board of Directors".</p> <p>5. Approved the personnel change for the manager of Ve Wong Corporation. Yunlin Branch.</p>
10 <sup>th</sup> Meeting of 21 <sup>th</sup> Term	2020/08/11	<p>1. Approved to set the base date for the payment of cash dividends for 2019 and other related matters.</p> <p>2. Approved to update the internal control, internal audit procedures and key audit tasks such as "Accounting Professional Judgment Procedures, Accounting Policies and Estimation Change Management Tasks" for financing cycle operations.</p> <p>3. Approved to ratify the company's election as a director of Hughes Company and appointed Mr. Hong Weifeng as the representative to perform his duties.</p> <p>4. Approved the application for a comprehensive credit extension, short-term guarantee loan, and export quota renewal from Dadaocheng Branch of Taiwan Cooperative Bank</p> <p>5. Approved the application for a comprehensive credit extension and export quota renewal case from Zhongshan Branch of Taiwan Cooperative Bank.</p> <p>6. Approved the application to the Zhongshan Branch of the First Commercial Bank for a comprehensive credit extension and export quota renewal case.</p> <p>7. Approved the application to Mega Bank Zhongshan Branch for the renewal of the comprehensive credit line.</p> <p>8. Approved the application to Taiwan Business Bank Zhongshan Branch for comprehensive credit line and import and export line renewal.</p> <p>9. Approved the application to the business department of HuaNan Bank for mortgage loan and export quota renewal.</p>
11 <sup>th</sup> Meeting of 21 <sup>th</sup> Term	2020/11/12	<p>1. Approved the company's "2021 Annual Audit Plan".</p> <p>2. Approved the application to Bank of Taiwan Zhongshan Branch for a comprehensive credit extension and export quota renewal case.</p> <p>3. Approved the application to Bank SinoPac for the renewal of the comprehensive credit line.</p>

Term of the Meeting	Date	Discussions and Resolutions
12 <sup>th</sup> Meeting of 21 <sup>th</sup> Term	2021/03/25	<ol style="list-style-type: none"> <li>1. Approved the 2020 employee compensation issues and the amount of Manager staff compensation.</li> <li>2. Approved the 2020 Director's remuneration rate and amount °</li> <li>3. Approved the 2020 distributing remuneration amount of Non independent Directors.</li> <li>4. Approved the 2020 distributing remuneration amount of independent Directors.</li> <li>5. Approved the proposal of 2020 "Evaluation and Judgment on the Effectiveness of Internal Control in the "Judgment Table of Components of Internal Control System".</li> <li>6. Approved the proposal of "Internal Control System Declaration".</li> <li>7. Approved 2020 consolidated financial statements, individual financial statements and business reports.</li> <li>8. Approve the proposal for distribution of 2020 profits.</li> <li>9. Approved the 2021 appointment of certified accountant, certified accountant's remuneration and accountant's independence assessment.</li> <li>10. Approved amendments to some provisions of "Rules for the Election of Directors".</li> <li>11. Approved the proposal for re-election of the next board of directors.</li> <li>12. Approved the proposal to convene the 2021 shareholders' meeting.</li> <li>13. Approved to nominate candidates to participate in the next election of directors and supervisors of The World Champion Co., Ltd.</li> <li>14. Approved to nominate candidates to participate in the next election of directors and supervisors of Tai Ve Co., Ltd..</li> <li>15. Approved to nominate candidates to participate in the next election of directors and supervisors of Green TFL Co., Ltd..</li> <li>16. Approved the appointment of Mr. Lin Huoyi as the consultant of the company.</li> <li>17. Approved the application to Bangkok Bank for the renewal of the comprehensive credit line.</li> <li>18. Approved the applicatiob to Tai Ve Co., Ltd. for loan limit case.</li> </ol>

**(13) Recorded or written statements of dissent made by any Director or Supervisor to important resolutions passed by the Board of Directors during the recent year and up to the date of publication of this annual report: N/A**

**(14) Summary of discharge and resignation of parties relating to the annual report (Chairman, General Manager, Chief Accountant, Financial Officer, Chief Internal Auditor and R&D Officer) in the recent year and up to the date of publication of this annual report: N/A**



## 5.Information on CPA professional fees

### (1) Step Table of CPA professional fees

Firm Name	CPA Name		Duration of Audit	Remark
PKF Taiwan	Lin Kuanzhao	Wen Mingyu	Jan.01,2020~Dec.31,2020	

Unit: NT\$ thousands

Fee Range		Fee Items	Audit Fee	Non-audit Fee	Total
1	Less than NT\$2,000 thousand			✓	
2	NT\$2,000 thousand (inclusive)~NT\$4,000 thousand		✓		✓
3	NT\$4,000 thousand (inclusive)~NT\$6,000 thousand				
4	NT\$6,000 thousand (inclusive)~NT\$8,000 thousand				
5	NT\$8,000 thousand (inclusive)~NT\$10,000 thousand				
6	NT\$10,000 thousand (inclusive) or above				

(2)When non-audit fees paid to CPA, to the accounting firm of the certified public accountant, and/or to any affiliated enterprise of such accounting firm are one quarter or more of the audit fees paid thereto, the amounts of both audit and non-audit fees as well as details of non-audit services shall be disclosed : N/A

(3)In the case of a change of CPA firm and the audit fees for the year of the change are less than those of the previous year, please specify the audit fees before and after the change, and the reasons for the change: N/A

(4)In the case of the audit fees being 15% less than that of the previous year, please specify the audit fees before and after the change, and the reasons for the change: N/A

## 6.CPA Replacement Information

(1)Former CPA: N/A

(2)Successive CPA: N/A

(3)The written response of the former CPA to article 10-6-1 and article 10-6-2-3 of the standards: N/A

## 7.Information regarding the Chairman, General Manager, and Financial or Accounting Manager of the company who has worked with the CPA firm which conducts the Audit of the Company or an affiliate of said firm in the recent year: N/A

## 8. Assessment of Accountant's Independence

The company assesses the independence of the independent auditors at least once a year. After obtaining a declaration of independence issued by the independent auditors and assessment in accordance with the independence evaluation standards, based on the evaluation results of the following elements, accounts Kuan-Chao Lin and Ming-Yu Wen of PKF Taiwan meet the company's independence assessment standards and are adequate to serve as the company's independent auditors. The company has submitted the results to the meeting on March 26, 2020 for review and approval.

Elements of independence assessment of independent auditors:

- 1)The independent auditors' declaration of independence.
- 2)Auditing or non-auditing services provided by the independent auditors must be reviewed in advance to ensure that the non-auditing services will not affect the audit results.
- 3)The same independent auditors have not performed certification services continuously for more than seven years.
- 4)Annually through the accountant's competency questionnaire to consolidate the assessment results of the accountant's independence

Evaluation items	evaluation result	Independence
1.Whether there has been fraud, breach of trust, embezzlement, forgery of documents, or criminal conduct in business, shall be determined by the declaration of more than one year of imprisonment.	no	yes
2.Whether there is a guardianship or auxiliary declaration has not been revoked.	no	yes
3.Whether it has been declared bankrupt and has not yet been restored.	no	yes
4.Whether or not he was dismissed as a civil servant, and his suspension period has not yet expired.	no	yes
5 When the accountant is entrusted with the business of the company, whether he has not considered the manpower, time and risk level required for the entrusted case as a whole, unreasonably charged remuneration, and used improper methods to solicit business.	no	yes





Evaluation items	evaluation result	Independence
<p>6.Does the accountant have the following behaviors:</p> <p>(1) Agree to others to perform business in their own name.</p> <p>(2) Perform business in the name of another accountant.</p> <p>(3) Employed by a person who is not qualified as an accountant to perform accountant business.</p> <p>(4) Taking advantage of the accountant's status is an unfair competition in industry and commerce.</p> <p>(5) Perform business in matters of interest to them.</p> <p>(6) Use the name of an accountant as a guarantor outside the accountant business.</p> <p>(7) Purchase of movable or immovable property managed by the business.</p> <p>(8) Requesting, contracting, or receiving illegal benefits or rewards.</p> <p>(9) Soliciting business by improper methods.</p> <p>(10)Promotional advertisements other than opening, relocation, merger, entrusted by clients, and introduction by accounting firms.</p> <p>(11)Leak business secrets without the permission of the designated agency, client or person under investigation.</p> <p>(12)Other actions determined by the competent authority to affect the accountants' credibility.</p>	no	yes
<p>7.Does the accountant have the following behaviors:</p> <p>(1) To be employed by the company as a regular job, to receive a fixed salary or to serve as a director or supervisor.</p> <p>(2) Served as a director, supervisor, manager of the company, or an employee who has a significant influence on visa cases, and has resigned for less than two years.</p> <p>(3) The person in charge or manager of the company has a spouse, direct blood relative, direct in-law or second relative and other internal collateral blood relatives.</p> <p>(4) I, my spouse, and minor children have an investment or financial benefit relationship with the company.</p> <p>(5) I or my spouse, minor children and the company have funds to borrow.</p> <p>(6) To perform management consulting or other non-visa business enough to affect independence.</p> <p>(7) Inconsistent with the regulations governing the rotation of accountants, handling accounting affairs on behalf of others, or other regulations that can affect independence by the competent authority in business matters.</p>	no	yes

## 9.The Situation of equity transfer or changes to equity pledge of directors, supervisor,managers or shareholders holding more than 10% of Company shares in the most recent year up to the publication date of this report:

Title	Name	2020		01/01/2021~04/30/2021	
		Shares increase (decrease)	Pledge shares increase (decrease)	Shares increase (decrease)	Pledge shares increase (decrease)
Chairman	Great Pacific Navigation Co, Ltd. Representative / Chen, Ching-Fu	0 139,000	0 0	0 31,000	0 0
Managing Director	Kan, Chin-Yu	351,000	0	0	0
Director	Syuan Yuan Industrial Co., Ltd. Representative / Yang, Kun-Chou	0 (193,794)	0 0	0 0	0 0

Note 1 : Shareholders holding greater than a 10 percent stake in the Company should be remark as major shareholders.

Note 2 : If the transferees of shareholding transfer or shareholding pledge are related party, it should fill in the following table.

## 10.Top 10 shareholders and their relationships:

The data of Top 10 shareholders and their relationships

Name ( Note 1 )	Own Shareholding		Spouse and minor children's shareholding		Shareholding in name of others		Name, relationship of top 10 shareholders being the related party as spouse or kin within the second tier under the Civil Code ( Note 3 )		Remark
	Quantity of shares	Share holding	Quantity of shares	Share holding	Quantity of shares	Share holding	Name	Relationship	
Hao Shine Trading Co., Ltd. Representative / Egawa Hirokazu	23,609,447	9.837%	—	—	—	—			
Chuan Wei Investment Co., Ltd. Representative / Chen, Yueh-Feng	23,424,026	9.760%	—	—	—	—	Oversea Fruits Trading Co., Ltd.	Same chairman in charge	
Overseas Bros Co., Ltd. Representative / Chen, Ling-Ling	22,784,966	9.494%	—	—	—	—			
VEDAN Enterprise Corporation Representative / Yang, Tou-Hsiung	14,537,628	6.057%	—	—	—	—			
San-Le Investment Development Co., Ltd. Representative / Yang, Tou-Hsiung	10,385,024	4.327%	—	—	—	—	VEDAN Enterprise Corporation	Same chairman in charge	
Luo Weixin Investment Co., Ltd. Representative / Hsieh, Yun-Jie	10,139,669	4.225%	—	—	—	—			
Chien Shun Trading Co., Ltd. Representative / Du, Heng-Yi	8,759,761	3.650%	—	—	—	—			
Great Pacific Navigation Co, Ltd. Representative / Chen, Ching-Fu	8,355,959	3.482%	—	—	—	—			
Sun Disc Co., Ltd. Representative / Chen, Hung-Mo	7,785,149	3.244%	—	—	—	—			
Oversea Fruits Trading Co., Ltd. Representative / Chen, Yueh-Feng	7,215,354	3.006%	—	—	—	—			

Note 1: Name of the top-10 shareholders must be listed respectively. For institutional shareholders, the title of such institutional shareholder and the name of the representative(s) shall be listed respectively.

Note 2: The percentage of shareholding shall be calculated by taking into account the shares held by the shareholder, his/her spouse, children of minor age, and other persons holding shares in his/her name.

Note 3: For the shareholders referred to above including legal person and natural person, shall have the relationship disclosed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms.



**11. The number of shares held by the Company and Company Directors, Supervisor, managerial officers and the entities directly or indirectly controlled by the Company in a single company, and calculating the consolidated shareholding percentage of the above categories.**

Comprehensive shareholding ratio

As of December 31, 2020

Unit/ Thousand shares /%

Long-term Investment (note)	Invested by the Company		Invested by Directors, Supervisor, Management, and enterprises controlled by the Company directly or indirectly		Combined Investment	
	Shares	%	Shares	%	Shares	%
The World Champion Co., Ltd.	15,999	99.99%	0	0.00%	15,999	99.99%
Summit Packing Industrial Co., Ltd.	9,505	95.05%	495	4.95%	10,000	100.00%
Tai Ve Co., Ltd.	82,323	79.93%	20,666	20.07%	102,989	100.00%
Green TFL Co., Ltd.	2,600	65.00%	200	5.00%	2,800	70.00%
Saigon Ve Wong Co., Ltd.	—	100.00%	0	0.00%	—	100.00%
Thai Fermentation Industry Co., Ltd.	204	48.66%	0	0.00%	204	48.66%
Samoa Ve Wong International Ltd.	50	100.00%	0	0.00%	50	100.00%
Samoa Best Founder Corporation	5,328	100.00%	0	0.00%	5,328	100.00%
Koh Kong Sugar Industry Co., Ltd. (Cambodia)	20(shares)	11.98%	0	0.00%	20(shares)	11.98%

Note : It is investments accounted for using equity method of the Company.

## IV. Capital Overview

### I. Capital and shares

#### (I) Company's Capital and Any issuance of Shares

Unit: NT\$ thousand, 1000 shares

Year	Month	Issuing Price (NT\$)	Authorized Capital		Paid-in Capital		Remarks		
			Shares	Amount	Shares	Amount	Source of Capital	Capital increased by assets other than cash	Others
1991	July		240,000,000	2,400,000,000	168,797,700	1,687,977,000	surplus capitalization245,261,610		Tai-Tsai-Cheng (1) No. 01599 dated July 19, 1991
1995	June	10	240,000,000	2,400,000,000	182,301,516	1,823,015,160	surplus capitalization 16,879,770 capital reserve 118,158,390		Tai-Tsai-Cheng (1) No.38016 dated June27, 1995
1997	October	10	240,000,000	2,400,000,000	194,654,662	1,946,546,620	surplus capitalization 6,858,480 capital reserve 116,672,980		Tai-Tsai-Cheng (1) No.71748 dated October02, 1997
1998	June	10	240,000,000	2,400,000,000	209,253,762	2,092,537,620	surplus capitalization 48,663,660 capital reserve 97,327,340		Tai-Tsai-Cheng (1) No.01599 dated June22, 1998
2009	August	10	240,000,000	2,400,000,000	219,716,450	2,197,164,500	surplus capitalization104,626,880		Jing-Kung-Cheng -Fa-Zi No. 0980040301 dated August 12, 2009
2010	August	10	240,000,000	2,400,000,000	240,000,000	2,400,000,000	surplus capitalization202,835,500		Jing-Kung-Cheng -Fa-Zi No. 0990043971 dated August 20, 2010

Unit: share / April 30, 2021

Type of share	Authorized Capital Stock			Remark
	Outstanding Shares (listed)	Unissued Shares	Total	
Registered common stock	240,000,000	0	240,000,000	

Self - Registration Systemto issue securities: None



## (2) Shareholder structure

As of April 30, 2021

Shareholder structure Quantity	Government apparatus	Financial organization	Other juridical persons	Foreign institution or foreigner	Individuals	Total
Number of persons	0	5	189	79	36,963	37,236
Shares	0	13,050	181,551,203	4,707,591	53,728,156	240,000,000
Shareholding Percentage (%)	0.00%	0.01%	75.65%	1.96%	22.39%	100.00%
Note :The company does not have any mainland China equity holdings.						

Note:Primary listing of Listed and OTC companies and Emerging Stock companies should disclose the proportion of their Mainland-Area owned shares; Mainland Area investment refers to the Mainland area people, legal persons, organizations, other institutions or companies that invest in third regions as stipulated in Article 3 of the “Regulations Governing Investment in Taiwan Area by Mainland Area Investors”.

## (3) Shareholding Distribution Status

### 1) Common Shares

As of April 30, 2021

Class of Shareholding (Unit: Share)	Number of Shareholders	Number of Shares Owned (Shares)	Shareholding ratio(%)
1 ~ 999	33,041	1,872,347	0.78%
1,000 ~ 5,000	3,290	6,165,924	2.57%
5,001 ~ 10,000	415	2,994,038	1.25%
10,001 ~ 15,000	156	1,893,928	0.79%
15,001 ~ 20,000	53	965,007	0.4%
20,001 ~ 30,000	78	1,941,068	0.81%
30,001 ~ 40,000	35	1,237,957	0.52%
40,001 ~ 50,000	16	712,882	0.3%
50,001 ~ 100,000	55	3,833,923	1.6%
100,001 ~ 200,000	27	3,782,273	1.58%
200,001 ~ 400,000	18	4,537,080	1.89%
400,001 ~ 600,000	8	4,157,390	1.73%
600,001 ~ 800,000	7	4,940,388	2.06%
800,001 ~ 1,000,000	5	4,670,895	1.95%
1,000,001 and above	32	196,294,900	81.79%
Total	37,236	240,000,000	100.00%

2)Diversification of special shares:None

**(4)Major Shareholders (Top 10 shareholders or with Shareholdings greater than 5%)**

As of April 30, 2021

Major Shareholders	Quantity of shares	Total shares owned (Shares)	Shareholding ratio (%)
Hao Shine Trading Co., Ltd.		23,609,447	9.837%
Chuan Wei Investment Co., Ltd.		23,424,026	9.760%
Overseas Bros Co., Ltd.		22,784,966	9.494%
VEDAN Enterprise Corporation		14,537,628	6.057%
San-Le Investment Development Co., Ltd.		10,385,024	4.327%
Luo Weixin Investment Co., Ltd.		10,139,669	4.225%
Chien Shun Trading Co., Ltd.		8,759,761	3.650%
Great Pacific Navigation Co, Ltd.		8,355,959	3.482%
Sun Disc Co., Ltd.		7,785,149	3.244%
Oversea Fruits Trading Co., Ltd.		7,215,354	3.006%

**(5)Market Price, Net Value, Earnings and Dividends per Common Share of Latest two years**

Item		Year	2019	2020	As of April 30, 2021
Market price per share (Note 1)	Highest		27.90	38.60	39.80
	Lowest		25.55	24.45	34.00
	Average		26.48	30.46	36.90
Net value per share	Before distribution		20.82	21.48	-
	After distribution		19.82	Note 5	-
Earnings per share	Weighted Average Outstanding Shares		237,706	237,706	-
	EPS		1.92	1.81	-
Dividends per Share	Cash Dividend		1.0	1.1 (Note5)	-
	Stock Dividends	Dividends from Retained Earnings	-	-	-
		Dividends from Capital Surplus	-	-	-
	Accumulated Undistributed Dividends		-	-	-
Investment Return Analysis	Price / Earnings Ratio(Note 2)		13.79	16.83	-
	Price / Dividend Ratio(Note 3)		26.48	Note 5	-
	Cash Dividend Yield Rate(Note 4)		0.038	Note 5	-

Note 1: The source of the information is the website of the Taiwan Stock Exchange Corporation (TWSE)

Note 2: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 3: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

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

Note 5: The 2020 earnings distribution proposal has been resolved by the board of directors, with a cash dividend of NT\$1.10 per share, which has yet to be approved by the shareholders meeting.



## **(6) Company dividend policy and implementation status**

### **1. Dividend policy:**

The company's industrial environment is frequently changing, and the company is in a stage of stable growth in the life cycle. Considering the company's future capital needs and long-term financial planning, and meeting shareholders' demand for cash inflows, if the company has earnings after its annual settlements, after income tax payments for profit-making businesses in accordance with the law and making up previous years' losses, 10% shall be first allocated as the legal reserve and the special reserve as required by the Securities and Exchange Act. If there is a remaining balance, then based on the actual profit and funding situation of the year and after the board meeting's resolution, a shareholder dividend distribution scheme can be proposed to the shareholders' meeting for resolution.

### **2. Status of execution:**

The company's 2020 after-tax net profit is NT\$429,095,843. According to the Securities and Exchange Act, the Company Act, the letters of the competent authority and the company's Articles of Incorporation, the proposed distribution scheme is as follows:

- (1) 10% of NT\$42,656,812 will be set aside as the legal reserve.
- (2) Distribution of dividends to shareholders: A cash dividend of NT\$1.1 per share, a total cash dividend amount of NT\$264 million.

This case will be handled in accordance with relevant regulations after the resolution of the general shareholders' meeting on June 23, 2021.

## **(7) The impact on the company's operating performance and earnings per share by the allotted bonus shares to be proposed at the shareholders' meeting**

The company has not prepared and announced financial forecasts and has not allotted bonus shares; so this is not applicable.

## **(8) Remuneration of employees and directors**

### **1. The amount or range of the remuneration of employees and directors as stated in the Articles of Incorporation**

#### **➤ Article 34 of the Company's Articles of Incorporation:**

If the company makes a profit in the year, it shall allocate 2% as the employees' remuneration and less than 5% as the directors' remuneration. However, if the company still has a cumulative loss, it shall reserve the compensation amount in advance.

### **2. The accounting treatment when there is a discrepancy between the actual distribution amount and the estimated amount, based on the estimated cash amount of remuneration for employees and directors, and based on share number calculation for employees' remuneration to be distributed in stock for the current period:**

➤ According to the distribution plan of the company's management, the estimates are made in proportion to the current year's pre-tax net profit before deducting employees' remuneration and director's remuneration, and recognized as the current year's expenses. Suppose there is any difference between the estimated amount above and the actual payment amount. In that case, it shall be handled according to the change of accounting estimate and recorded in the payment year.

### **3. Remuneration distribution approved by the board meeting:**

#### **(1) The amount of employees' remuneration and directors' remuneration distributed in cash:**

In 2020, the company's estimated employees' remuneration and directors' remuneration were NT\$10,878,278 and 16,317,417, respectively. According to the company's management's distribution plan, the estimates are made in proportion to the current year's pre-tax net profit before deducting employees' remuneration and director's remuneration.

- (2) The amount of employees' remuneration distributed in stock as a proportion of the sum of the after-tax net profit in the individual or respective financial report and the total employees' remuneration for the current period: N/A

4. The actual distribution of remuneration for employees and directors in the previous year:

- The amount of employees' remuneration and directors' remuneration for 2019 was NT\$11,159,100 and NT\$16,738,650, respectively, both of which were paid in cash. The aforementioned employees' remuneration and directors' remuneration were expensed in 2019, and the book amounts are no different from the amounts proposed by the board meeting on March 26, 2020..

**(9) The situation of the company's share buyback:**

In 2020 and as of the annual report's printing date, the company did not buy back its shares.

**II. Issuance of Corporate Bonds: None.**

**III. Issuance of Preferred Stock : None.**

**IV. Issuance of Global Depositary Receipts : None.**

**V. Issuance of Employee Stock Options : None.**

**VI. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies : None.**

**VII. Financing Plans and Implementation**

**(1) Finance Plans**

For each uncompleted public issue or private placement of securities, and for such issues and placements that were completed in the most recent three years but have not yet fully yielded the planned benefits.

Not applicable.

**(2) Implementation**

The plan execution (If the progress or the expected effect of each plan is not fulfilled), the root causes should be specified.

Not applicable.





## V.Operation Highlights

### I. Business Activities

#### (1) Business scopes

##### 1)Description of Operation

- (1) A102060 Food Dealers
- (2) C102010 Manufacture of Dairy Products
- (3) C103050 Manufacture Canning, Freezing, Dehydration, Pickled of Food
- (4) C104010 Manufacture Sugar Confectionery
- (5) C104020 Manufacture Bakery and Steam Products
- (6) C105010 Edible Oil and Fat Manufacturing
- (7) C106010 Grain Husking, Manufacture of Grain Mill Products, Starches and Starch Products
- (8) C108010 Carbohydrate Manufacturing
- (9) C109010 Manufacture of Seasoning
- (10) C110010 Beverage Manufacturing
- (11) C114010 Food Additives Manufacturing
- (12) C199010 Manufacture of Noodles, Couscous and Similar Farinaceous Products
- (13) C199020 Edible Ice Manufacturing
- (14) C199030 Instant Meal Box Food Manufacturing
- (15) C199040 Beans Processed Food Manufacturing
- (16) C199990 Manufacture of Other Food Products Not Elsewhere Classified
- (17) C201010 Feed Manufacturing
- (18) C601030 Paper Containers Manufacturing
- (19) C801010 Basic Chemical Industrial
- (20) C801120 Manufacture of Man-made Fibers
- (21) C802060 Veterinary Drug Manufacturing
- (22) C802070 Agro-pesticide Manufacturing
- (23) C805030 Plastic Daily Necessities Manufacturing
- (24) C805070 Reinforced Plastic Products Manufacturing
- (25) C805990 Other Plastic Products Manufacturing
- (26) F101040 Wholesale of Livestock and Poultry
- (27) F101990 Wholesale of Other Agricultural, Livestock and Aquatic Products
- (28) F102020 Wholesale of Edible Fat and Oil
- (29) F102030 Wholesale of Tobacco and Alcohol
- (30) F102040 Wholesale of Nonalcoholic Beverages
- (31) F102170 Wholesale of Foods and Groceries
- (32) F103010 Wholesale of Animal Feeds
- (33) F104110 Wholesale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories
- (34) F106010 Wholesale of Hardware
- (35) F106020 Wholesale of Daily Commodities
- (36) F107070 Wholesale of Veterinary Drugs
- (37) F108040 Wholesale of Cosmetics
- (38) F109070 Wholesale of Culture, Education, Musical Instruments and Educational Entertainment Supplies
- (39) F110010 Wholesale of Clocks and Watches

- (40) F113020 Wholesale of Electrical Appliances
- (41) F114010 Wholesale of Motor Vehicles
- (42) F114030 Wholesale of Motor Vehicle Parts and Motorcycle Parts, Accessories
- (43) F119010 Wholesale of Electronic Materials
- (44) F121010 Wholesale of Food Additives
- (45) F199990 Other Wholesale Trade
- (46) F201010 Retail Sale of Agricultural Products
- (47) F201020 Retail Sale of Livestock Products
- (48) F201990 Retail Sale of Other Agricultural, Livestock and Aquaculture Products
- (49) F202010 Retail Sale of Feeds
- (50) F203010 Retail Sale of Food, Grocery and Beverage
- (51) F203020 Retail Sale of Tobacco and Alcohol
- (52) F204110 Retail Sale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories
- (53) F206010 Retail Sale of Hardware
- (54) F206020 Retail Sale of daily commodities
- (55) F207070 Retail Sale of Veterinary Drugs
- (56) F208040 Retail Sale of Cosmetics
- (57) F209060 Retail Sale of Culture, Education, Musical Instruments and Educational Entertainment Supplies
- (58) F210010 Retail Sale of Watches and Clocks
- (59) F213010 Retail Sale of Electrical Appliances
- (60) F214010 Retail Sale of Motor Vehicles
- (61) F214030 Retail Sale of Motor Vehicle Parts and Motorcycle Parts, Accessories
- (62) F219010 Retail Sale of Electronic Materials
- (63) F221010 Retail of Food Additives
- (64) F299990 Retail Sale of Other Products
- (65) F301020 Supermarkets
- (66) F399010 Convenience Stores
- (67) F401010 International Trade
- (68) G801010 Warehousing
- (69) H701010 Housing and Building Development and Rental
- (70) H701020 Industrial Factory Development and Rental
- (71) H701040 Specific Area Development
- (72) H701050 Investment, Development and Construction in Public Construction
- (73) H701060 New Towns, New Community Development
- (74) H703100 Real Estate Leasing
- (75) IZ06010 Tally Packaging
- (76) JA01010 Automobile Repair
- (77) F401161 Tobacco Products Import
- (78) F401171 Alcohol Products Importation
- (79) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.



## 2) Business Proportion:

Item	Operation proportions in 2020 Ratio (%)
MSG	62%
Instant Food	25%
Soy Sauce	8%
Other	5%
Total	100%

## (2) Industry Overview

### 1. The current situation and development of the overall economic environment and the food industry

According to the “ITIS Industry Review and Prospects of the Food Industry in the Fourth Quarter of 2020 and the Whole Year” estimated by the Food Institute, the output value of the food industry in 2020 is estimated to be approximately NT\$634 billion, an increase of 0.59% from last year. In terms of epidemic prevention in Taiwan, people's livelihood consumption and pace of life are relatively stable compared to international daily changes and fears. The value of the food exports in 2020 was estimated to be NT\$105.6 billion, a decrease of 9.88% from last year. For example, canned food (13.85%) and pickled food (12.96%) have relatively bright export growth throughout the year. Frozen food exports of major export items decreased by 14.63% compared with the same period last year. Because of its large proportion, it indirectly affected the performance of the overall food export value. In terms of imports. The value of food imports for the year is estimated to be NT\$ 256.4 billion, a decrease of 4.03% from last year. Such as animal and vegetable oils (5.59%) increased significantly. Analysis from STEP. (see the table below)

Society	The state of residence and zero contact formed in a world with relatively unfree environment, consumers are eager to go abroad, eager for safety to receive more attention, and eager for a new social atmosphere of interpersonal interaction, coupled with global sustainability, social issues and personal cognition with different conscious feelings and awakenings. The new normal business opportunities formed by new consumer demands and living environment are waiting to be discovered and satisfied.
Technology	Emphasize the spark of innovation in cross-industry and digital technology integration, deepen the sense of technology, experience and personalization of food, and the potential of scientific and technological investment in the food ecosystem will be deeply tapped.
Economic	In a highly uncertain economic state, regardless of regional economic and trade relations or the movement of new economic sectors, the business opportunity environment and business model will continue to change.
policy	The policy direction and political relationship of various countries, and the concerns and actions on food and global climate issues will continue to be reflected in the new policy norms.

The global food ecological environment in 2021, affected by the epidemic. How to strengthen the resilience of the food system, respond to external uncertainties, and grasp the business opportunities formed at the same time, is a common issue for the global food industry in 2021.

In response to the 2021 of global food ecological changes and the uncertainty that the COVID-19 epidemic has not yet ended, it is necessary to strengthen the resilience of the food industry and business operations. In response to uncertainties such as the global economic environment and the subsequent impact of the COVID-19 epidemic, according to the ITIS research team of the Food Institute, the output value of the food industry in 2021 is expected to be NT\$645.2 billion, with a growth rate of 1.76%

The food industry in Taiwan is a highly mature and highly competitive market. In recent years, the occurrence of food safety incidents has led to insufficient consumer confidence in domestic products. As a result, foreign products have sprung up to enter the domestic market, and market competition has become more intense. Constantly testing the capabilities of operators, urging them to continuously innovate products and implement food safety, and develop products that consumers can trust. However, in response to the current personnel or logistics control policies in countries where the COVID-19 epidemic is spreading, the international policy environment and the diversity of concerns are the real challenge to the global operations of food manufacturers.

## 2. The relevance of the industry's upper, middle and lower stream

The food industry is a domestic demand driven market, and the domestic market is mature and saturated. Compared with other industries, it is a labor-intensive industry. The raw materials needed are affected by domestic and foreign climate, epidemics, economic situation, laws and regulations, preservation conditions and even policies of other countries. Sometimes excessive fluctuations will have a huge impact on costs. The industry can do little about the situation and decentralize procurement sources and make pre-judgments to adjust purchases or develop new products as a response.

The sales of products in the food industry are mainly through business channels (such as group meals, catering, processing plants, etc.) and modern channels in the home market (such as convenience stores, supermarkets, mass merchandise stores, etc.). Modern channels are limited due to limited shelf space; besides, in recent years, foreign products and the channel's own brands have been increasing, and some of the channels transformed into compound stores. The shelf space available for display by domestic companies is continuously compressed, and the market competition becomes more intense. In addition, the channel costs are increasing year by year, and product profits are squeezed. In order to avoid the erosion of profits, it is necessary to develop high value-added products. On business channels, because the price is one of the important factors of customer purchase, in order to ensure profits, product development should be tailored to meet different customer needs and reduce direct price competition.



### 3. Trends of products Development

Under the changing trends of the social environment such as demographic changes, a faster pace of life, and reduced meal preparation time, the use of technology in different fields to create more diverse flavors and convenient lifestyles is a quite obvious trend in the food market. In recent years, Taiwan has been in close contact with Southeast Asia. About 1.22 million new residents, new second-generation and migrant workers from Southeast Asia will change Taiwan's food demand and flavors. According to Euromonitor, an international market research company, the global retail scale of instant meal products is expected to grow to US\$92.1 billion in 2020, with a CAGR of 1.5%. With the evolution of consumer lifestyles in the Taiwanese market, consumers continue to prefer convenient, delicious, exquisite, and high-quality instant meals, resulting in the instant meal market's rapid growth. Coupled with high-density channel deployment, and under the trend of popularity of such restaurants, consumers will increase their habit of buying and eating ready-to-eat food through various channels, which will expand and drive the development of related products. It is estimated that the country's ready-to-eat meal market will grow at an average annual rate of 5.8% from 2016 to 2020. The above-mentioned data shows that both domestic and foreign instant meal markets have room for high growth. In recent years, Taiwan has been affected by the phenomenon of a declining birthrate, aging, late marriage, and even non-marriage, and the population structure and lifestyle have changed. According to each county and city's household structure table in 2019 from the Department of Household Registration, M.O.I., 4,875,231 households have two people or less, accounting for 55% of the total number of 8,933,814 households, or more than half. Small families are most popular, resulting in a continuous increase in the population eating out. According to statistics from the Ministry of the Interior, Taiwan's elderly population (over 65 years old) accounted for 14.1% of the total population at the end of March 2018, which passed the "aged society" threshold of 14.0% defined by the United Nations for the first time. It increased to 16.2% in January 2021 totaling 3,803,633 people. In addition, the anti-food additive trend triggered by food safety gradually makes the use of natural materials a trend for products. At present, many domestic companies have tried to adjust their product development strategies in this direction by launching the "Clean Label" project, which seeks to reduce food additives and adopts the product upgrade strategy of using natural ingredients as additives. Some of them focus on products with no fragrance and no coloring for a new image of food to return to the familiar taste of ancient times and emphasize that the product retains the ingredients' original taste. Various manufacturers' moves show that the country's future direction of food development is in line with the international development trend. Consumers value additive-free, natural, healthy and environmentally friendly food and products with local ingredients to reduce carbon emissions during transportation.

In the face of increasingly difficult challenges and to achieve the company's goals, the company's future product development shall conform to the following trends:

- (1) Simple formula, fewer additives, low calorie, low salt, and low sugar products that meet the health impression.
- (2) Develop products with smaller specifications to meet the needs of small families.
- (3) Research products with upgraded taste, good digestion and nutritional value suitable for silver-hair group, nursing and disaster prevention.
- (4) For the different customers of the business market, tailor-make products that meet their needs.

#### 4. Product Competition

The domestic food industry is a mature and fiercely competitive industry. Although domestic players have inherent advantages, as foreign products occupy more and more channel shelves, market competition is becoming fierce. After food safety incidents, the government's food safety regulations are becoming more and more stringent. In order to ensure consumers' confidence in its products, the company has invested a lot of manpower and cost. It has done its best in traceability management for checking food safety to ensure product quality. The equipment is renewed and automated to increase and accelerate production capacity and reduce labor costs.

### 3. Research and Development (R&D)

#### 1. Outlay & Achievements of Research and development

Year	Outlay (thousand)	Achievements
		(1) Developing new product flavors
2019	NTD 8,841.419	<p><b>Instant noodles:</b></p> <ul style="list-style-type: none"> <li>▪Bags- Chinese mahogany soybean paste flavor (launched in May 2019), Thai style sour spicy flavor (launched in May 2019), fried garlic pork flavor (launched in Oct, 2019), spicy beef with pickled mustard green flavor (launched in Oct 2019), Japanese style ramen flavor, Japanese style miso ramen flavor, Nagasaki Japanese style ramen flavor, Japanese style soy sauce ramen flavor, spicy miso flavor, bonito miso flavor, hot black curry flavor, plus-hot spicy soybean paste flavor.</li> <li>▪Bowls (1100 c.c.)- Wine cooked chicken flavor (launched in Nov 2019), wine cooked medicinal cuisine flavor (launched in 2019), plus stewed beef with green onion flavor with retort pouch, plus fried garlic pork flavor with retort pouch, plus wine cooked chicken flavor with retort pouch, plus spicy beef flavor with retort pouch, plus angelica pork flavor with retort pouch, spicy hot pot flavor, plus-hot spicy soybean paste flavor.</li> <li>▪Bowls (750 c.c.)- plus hot spicy soybean paste flavor.</li> <li>▪Polystyrene bowls with retort pouch for export-chicken with yellow rice wine flavor, pork with rice wine flavor, pickled mustard with spicy beef flavor.</li> <li>▪Bags for export- hot spicy soybean paste flavor (launched in Oct 2019).</li> <li>▪Entrusted with other food company for original equipment manufacturer (OEM)- salted egg yolk flavor packaged in a bowl for T.K food (launched</li> </ul>



Year	Outlay (thousand)	Achievements
		(1) Developing new product flavors
		<p>in Jul, 2019), spicy beef flavor packaged in a bowl for Kow Kun food, wine cooked beef packaged in polystyrene bowl for Kow Kun food, mushroom pork with fish crisps packaged in a bowl for Hiwalk.</p> <ul style="list-style-type: none"> <li>▪Trusted with other food company for original equipment manufacturer (OEM)-hot spicy soybean paste packaged in a glass container.</li> <li>▪Snack noodles-the little prince- original decrease in salt (launched in Mar 2019), prince- plum flavor, original beef flavor (launched in May 2019), salted egg yolk flavor, spicy hot pot flavor.</li> <li>▪Improved quality- braised noodles using gardenia powder.</li> <li>▪Raw material modification- little prince-basil with Chinese mahogany decrease salt, sesame oil powder, beef flavor powder, ginseng flavor powder, glucose, citri reticulatae pericarpium powder, tallow, seafood powder, silicon dioxide, Chinese mahogany with tofu changed to vegan.</li> </ul> <p><b>Seasonings :</b></p> <ul style="list-style-type: none"> <li>▪Eating The Right Flavor-Bonito Flavor(launched in June 2019)</li> </ul> <p><b>Fast Foods/Instant Soups :</b></p> <ul style="list-style-type: none"> <li>▪Fast Foods--Red Curry Chicken(launched in September 2019), Black Pepper Pork(launched in September 2019), Gyudon, Black Curry Beef, Chicken Curry With Fermented Bean Curd, Chili Con Carne, Ginger Pork, Miso-flavored Ground Pork, Tomato Sauce Pork °</li> <li>▪Hot Pot Soup Bases—Thai Tom Yum Soup, Kimchi Stock, Miso Curry Stock.</li> <li>▪Thick SoupsmadewithTFL Products—Pumpkin Soup, Mushroom Soup, Taro with Sweet Potato Soup.</li> <li>▪Retort Pouch With Instant Noodle—Rice Wine Chicken(Bowl, 750 cc), Chinese Medicinal Herbs Pork(Bowl, 750 cc), Chinese Medicinal Herbs Pork(Bowl, 1100 cc), Spicy Hot Pot(Bowl, 1100 cc), Rice Wine Chicken(Bowl, 1100 cc), Garlic Tonkotsu(Bowl, 1100 cc)</li> <li>▪Instant Rice—Rice °</li> <li>▪OEMProducts— <ul style="list-style-type: none"> <li>National Kaohsiung University of Hospitality and Tourism—Mushroom Pork with Sarcodia Suieae, Mushroom and Mixed Vegetables with Sarcodiasuieae.</li> <li>Taipei Medical University— Porridges, Vegetarian Assorted, SeaPerch Soup with Chinese Medicinal Herbs, Sweet And Sour Fish, Stewed Chinese Cabbage.</li> <li>TCI Co., Ltd.— Products: Chicken Essence With Fish Ma.</li> <li>KOW KUN— Beef Retort Pouch with Instant Noodle.</li> <li>Long Tan— Fermented Pineapple pickle.</li> <li>ZESAUTO(launched in September 2019)— Gon Bao Sauce 80 g, Hui Kuo Sauce 80 g, Yu Hsiang Sauce 80 g, Ma Po Sauce 80 g.</li> <li>Da Xia— Cooked Red Bean, Cooked Mung Bean.</li> </ul> </li> <li>▪CupSoups — Cellophane Noodles-Hot and Sour Soup, Cellophane Noodles-Miso Tofu Soup,Cellophane Noodles-Thai Tom Yum Soup, Cellophane Noodles-Yuzu Kosho</li> <li>▪Material Modification— Vegetarian Mixed Food(Konjac).</li> </ul> <p><b>Beverages :</b></p> <p>ODM products—</p>

Year	Outlay (thousand)	Achievements
		(1) Developing new product flavors
		<p>■Green TFL Co., Ltd. —</p> <p>TFLproducts — TFL soypaste(launched in April 2019), 100% TFL pumpkinpaste(launched in April 2019), 100% TFL carrotpaste(launched in April 2019), 100% TFL pineapplepaste(launched in April 2019), TFL purple sweet potatopaste (launched in April 2019), TFL taropaste (launched in June 2019), TFL adlay paste, TFL brown rice paste, TFL yellow sweet potatopaste.</p> <p>TFLbeverages — Soy drink(launched in June 2019), Soy drink with taro(launched in June 2019), Black bean Soy drink(launched in October 2019), Soy drink with sesame(launched in November 2019), Soy drink with low sugar, Soy drink with cocoa, Soy drink with avocado, Soy drink with coffee, Soy drink with black tea, Soy drink with Matcha, Soy drink with almond Soy drink with adlay, Soy drink with adlay and red bean.</p> <p>■ The Wonderfulfood — Black bean Soy drink no sugar(launched in December 2019), Black bean Soy drink with low sugar(launched in December 2019)</p> <p>■Guanyin District Farmers' Association — Black bean Soy drink (launched in December 2019), Black bean Soy drink with sesame(launched in December 2019), Black bean Soy drink with taro.</p> <p>■Longtan Fruits &amp; Vegetables Co-operative — 100% TFL pineapple puree(launched in December, 2019)</p> <p>■YIN-CHUAN — TFL Mixed grains drink,</p> <p>■Leezen — TFL Soy drink with Mixed grains, Vegetable soybean drink.</p> <p>■Outsourcing products — Ve Wong asparagus drink CAN325mL, Soy mayonnaise plastic bottle 200g, Green's noodle gift box.</p> <p><b>Soy sauce :</b></p> <p>■60th-anniversary JIAO DI DI soy sauce 150mL(2019 May. release)—XO soy sauce—JIAO DI DI(amazake flavor), XO soy sauce— JIAO DI DI(Shaoxing flavor), XO soy sauce— JIAO DI DI(original flavor)</p> <p>■ Non-GMO soy sauce—Soy sauce(green plum flavor), KIM VE WONG soy sauce(Non-GMO, 1.6L).</p> <p>■ Seasoning soy sauce—Barbecue sauce(miso flavor) (2019 Feb. small batch test of Outsource manufacturing), Barbecue sauce(ginger flavor) (2019 Feb. small batch test of Outsource manufacturing), Korea style Kimchi barbecue sauce, Teriyaki sauce, Plum sauce, Orange barbecue sauce, Garlic barbecue sauce, Green plum sauce, green with yellow plum sauce.</p> <p>■ Original equipment manufacturer (OEM)—Din Tai Fung Original soy sauce(GMO &amp; Non-GMO type), Costco-XO soy sauce(1.6L), Tai'an soy sauce(CVS only), Carrefour soy sauce(Non-GMO 1.6L), PING ROUN soy sauce for export(New PING No.2 &amp; No.B4), PING ROUN soy sauce(Non-GMO), SAN JING FROZEN FOOD eel sauce for CVS(Fami No.1, 2 and 66), Simplify style of soy sauce and thick soy sauce</p> <p>■Fermentation test—Secondary fermentation soy sauce(GMO and Non-GMO) test, Mirin fermentation test, Low salt fermentation soy sauce(Non-GMO) test, the Precipitate test of soy sauce</p> <p>■Others—Institutional packaging seasoning soy sauce.</p>





Year	Outlay (thousand)	Achievements
		(1) Developing new product flavors
2020	NTD 8,491.863	<p><b>Instant noodles:</b></p> <ul style="list-style-type: none"> <li>▪ Bags- wine cooked chicken flavor (launched in Nov 2020), medicinal cuisine with pork flavor (launched in Nov 2020), spicy, medicinal cuisine flavor, Korean style sour and spicy flavor (vegan), barbecue pork flavor.</li> <li>▪ Bowls (1100 c.c.)- spicy hot pot flavor (launched in Oct 2020), stewed chicken with green onion flavor, yuzu pepper flavor.</li> <li>▪ Entrusted with other food company for original equipment manufacturer and original design manufacturer (OEM/ODM)- soul spicy flavor packaged in a bowl for Jinbo selection (launched in Jul 2020), Korean style spicy flavor packaged in a bag for Leezen, Korean army stew pot flavor packaged in a paper bowl for AGV, dried noodles with beef flavor for Da-Wan Yakinku, crispy sparerib rice noodles flavor packaged in a bowl for Puli Farmer association, spicy hot pot flavor packaged in a bowl for Puli Farmer association, spicy, medicinal cuisine flavor packaged in a bowl for Puli Farmer association, OEM for DIN TAI FUNG and packaged in a bowl, spicy hot pot flavor for KIKIFGSHOP.</li> <li>▪ Snack noodles- prince: plum flavor, spicy hot pot flavor, teriyaki flavor, garlic flavor, shrimp with garlic flavor, sour onion flavor, basil with Chinese mahogany, mountain litsea.</li> <li>▪ Noodles- Non-fried pumpkin noodles from Ho Chin Foods.</li> <li>▪ Improved quality: Raw material modification-Dried fish cake from So An, milk flavor from Treasure Chemical, chicken flavor from Natural Wind Taiwan, ginseng flavor powder from TEEC, lime flavor from First Aromatics, fried shrimp flavor from SHIONO, dried goji from Shincheng, dried mushroom from Chao Su frozen Food, maltodextrin from Jecheng and Brenntag, Exported to France changed the package, soy protein from YIH YUAN Food, dried seaweed from Jofont (the second supplier), beef powder from Chen Yu, sesame oil from Flavor Full, dried ginger from HS Food (the second supplier), smoked bacon powder from TEEC, food additive from So An.</li> </ul> <p><b>Fast Foods/Instant Soups :</b></p> <ul style="list-style-type: none"> <li>▪ Fast Foods— Stewed Chicken with Taro (launched in April 2019, Epidemic Prevention Foods Made with Taiwan's Farm-product Raw Materials), Dehulled Adlay with Herbal Soup, Sweet Dehulled Adlay with White Fungus Soup, Basil Vegetarian Mixed Food, Miso-flavored Ground Pork, Ginger Pork, The melody of Hungry cow &amp; Newton (Taiwan Canned Product Innovation Design Competition), Southern Asia Chicken Curry.</li> <li>▪ Hot Pot Soup Bases— Thai Tom Yum Soup (launched in October, 2020), Pickled Cabbage Hot Pot Soup, Laksa Stock, Miso Stock.</li> <li>▪ Instant Rice— Rice, Rice with 3 Treasures Oats, Rice with Dehulled Adlay and Soy, Rice with Dehulled Adlay and Black bean.</li> <li>▪ Porridges— Porridge with Chicken &amp; Red Quinoa, Porridge with Salmon &amp; Red Quinoa, Porridge with Tuna &amp; Red Quinoa. Vacuum Retort Pouch With Instant Noodle— Japanese Chashu Pork, Chicken, Beef.</li> <li>▪ Thick Soups made with TFL Products— Pumpkin Soup (launched in April 2019, Epidemic Prevention Foods Made with Taiwan's Farm-product Raw Materials), Sweet Taro Soup, Mushroom Soup, French Mushroom Soup.</li> <li>▪ OEM Products— National Kaohsiung University of Hospitality and Tourism— Mushroom Pork with Sarcodia sueiae, Mushroom and Mixed Vegetables with Sarcodia sueiae. Yanex— Braised Chicken with Hua-Diu</li> </ul>

Year	Outlay (thousand)	Achievements
		(1) Developing new product flavors
		<p>Wine, Braised Beef.</p> <p>AGV: Retort Pouch with Instant Noodle— Tuna flake.</p> <p>Tai Won— Braised Mixed Vegetables, Mushrooms Soup.</p> <p>Leezen: Retort Pouch with Instant Noodle— Thai Tom Yum Soup, Red Curry, Green Curry, Laksa.</p> <p>Leezen: Hot Pot Soup Bases— Ginger Duck Soup, Spicy Hot Pot Soup, Pickled Cabbage Hot Pot Soup.</p> <p>HE JIN— Braised Beef Soup.</p> <p>Micky— Vegetarian Curry.</p> <p>Long Tan— Fermented Pineapple pickle.</p> <p>▪CupSoups— Cellophane Noodles-Yuzu Koshu(launched in January 2020), Cellophane Noodles-Thai Tom Yum Soup(launched in January 2020)</p> <p><b>Seasonings :</b></p> <p>▪OEMProducts -Wei Chuan-Vegetable Flavor Seasoning(OEM), Bonito Flavor Seasoning(OEM), Formosa Plastic-Monosodium Glutamate Solution40~41%(OEM)</p> <p><b>Beverages :</b></p> <p>▪TFLproducts— TFL vegetable paste(launched in September 2020), TFL taro paste(launched in November 2020),TFL Dried fruit for YU JING MENG, TFL Acai for REAL GREEN, TFL Mixed Nuts paste for AGV, TFL Black beanpaste for Guanyin District Farmers' Association, TFL almond paste for Innohealth, TFL Snow fungus thickening agent for FIRDI.</p> <p>▪TFL beverages — Soy drink with Almond(launched in December 2020),Soy drink with coffee, Soy drink with Black tea, Soy drink save at room temperature, Soy drink with Matcha, Soy drink with adlay, Soy drink with adlay and red bean, Soy drink with rose, Soy drink with Oat and Mixed nuts, Soy drink with Chestnut(limited edition).</p> <p>▪ ODM products — TFL Mixed grains drink for YIN-CHUAN, Oat plant-based drink for PLANT A, Whole bean black soy drink, TFL Soy drink with Mixed grains, Vegetable soybean drink for Leezen</p> <p>▪ Outsourcing products— Ve Wong asparagus drink CAN325mL (June 2020 production), Champion asparagus drink CAN325mL (October 2020 production), Ve Wong asparagus drink PET 350mL, <u>Emergency canned food</u> (100% pineapple juice, TFL 100% carrot puree, TFL 100% pumpkin puree, TFL 100% mixed juice drink), Mixed porridge-Chinese style(Transfer OEM)</p> <p><b>Soy sauce :</b></p> <p>▪KIM VE WONG soy sauce(Non-GMO 1.6L) (launched in November 2020), Moromi soy sauce, XO soy sauce— JIAO DI DI(amazake flavor), XO soy sauce— JIAO DI DI(Shaoxing flavor), XO soy sauce— JIAO DI DI(original flavor).</p> <p>▪Seasoning soy sauce— XO×2021 Plum dipping sauce(396mL) · Teriyaki sauce, Kimchi sauce, Plum sauce, Orange barbecue sauce, Garlic barbecue sauce, Shaddock sauce, Bonito with Kombu tsuyu soup, Pineapple sauce, Plum dressing, Moromi barbecue sauce, Moromi barbecue sauce(vegan),</p>



Year	Outlay (thousand)	Achievements
		(1) Developing new product flavors
		<p>Moromi barbecue sauce(miso flavor), Moromi barbecue sauce(Sichuan pepper flavor), Moromi sauce, Moromi with Soy sauce, Moromi with Amazake sauce, Moromi sauce(Brown Job's Tears flavor), Soy sauce(wine flavor), Thick Soy sauce(wine flavor).</p> <ul style="list-style-type: none"> <li>Original equipment manufacturer (OEM) — Carrefour soy sauce(Non-GMO, 1.6L), Terra Treasures green with yellow plum sauce, Terra Treasures soy sauce(green plum flavor), TA-TUNG soy sauce(Non-GMO), Luen Tong Cooperative Farm thick soy sauce(Non-GMO), A-SHA soy sauce(Non-GMO), Mellow soy sauce(Non-GMO, 5L).</li> <li>Institutional packaging seasoning soy sauce— SAN JING FROZEN FOOD soy sauce and thick soy sauce, SAN JING FROZEN FOOD soy sauce(CVS only), SAN JING FROZEN FOOD eel sauce, PING ROUN soy sauce(5L).</li> <li>Fermentation test — Non-GMO soy sauce(fermentation by red adlay), Non-GMO aged brewed soy sauce test.</li> </ul>
2021 (Jan ~Apr)		<p><b>Instant noodles:</b></p> <ul style="list-style-type: none"> <li>Bags- clam seafood flavor, vegetable with chicken flavor, wine cooked chicken flavor forexport, spicy hot pot flavor for export.</li> <li>Bowls (1100 c.c.)- wine cooked beef flavor.</li> <li>Non fried noodles- -Scallion with Sichuan pepper flavor, shallot flavor, barbecue pork flavor, sesame paste flavor, Chinese mahogany soybean paste flavor (vegan)-Cooperated with Mars media market- soybean paste with beef flavor, tomato flavor, sweet basil flavor.</li> <li>Entrusted with other food company for original design manufacturer (ODM)- Japanese-style pork flavor packaged in a paper bowl for AGV.</li> <li>Snack noodles- prince: teriyaki flavor, garlic flavor, shrimp with garlic flavor, sour onion flavor, basil with Chinese mahogany, mountain litsea flavor.</li> <li>Noodles- Non-fried pumpkin noodles from Sun Chi Food. Fried red quinoa noodles.</li> <li>Improved quality: Raw material modification-AJI AROMA SN from SAN E Food, AJI AROMA M-RBF100(SL) from SAN E Food.</li> </ul> <p><b>Seasonings :</b></p> <p>OEMProducts —Formosa Plastic-Monosodium Glutamate Solution40~41%</p> <p><b>Fast Foods/Instant Soups :</b></p> <ul style="list-style-type: none"> <li>Fast Foods — The melody of Hungry cow &amp; Newton(Taiwan Canned Product Innovation Design Competition).</li> <li>Hot Pot Soup Bases — Pickled Cabbage Hot Pot Soup.</li> <li>Instant Rice — Rice, Rice with 3 Treasures Oats, Rice with Dehulled Adlay and Soy.</li> <li>Porridges — Porridge with Chicken &amp; Red Quinoa, Porridge with Salmon &amp; Red Quinoa.</li> <li>Vacuum Retort Pouch With Instant Noodle — Japanese Chashu Pork, Chicken, Beef.Thick SoupsmadewithTFL Products — Sweet Taro Soup(launched in January 2021)</li> </ul> <p>OEMProducts —</p> <p>Yanex— Braised Chicken with Hua-Diu Wine.</p>

Year	Outlay (thousand)	Achievements
		(1) Developing new product flavors
		<p>National Kaohsiung University of Hospitality and Tourism— Mushroom Pork with Sarcodia Suieae, Mushroom and Mixed Vegetables with SarcodiaSuieae(send samples and end in January 2021).</p> <p><b>Green TFL Co., Ltd. :</b></p> <p>ODMproducts—</p> <ul style="list-style-type: none"> <li>▪ TFLproducts— TFL Wild Enoki thickening agent for WANSHENGREEN, TFL Taiwan soy paste.</li> <li>▪ TFLbeverages— Taiwan Soy drink, Soy drink with Oat and Mixed nuts, Soy drink with Chestnut(limited edition)</li> <li>▪ ODMproducts— Whole bean black soy drink for Leezen(launched in March 2021).</li> <li>▪ Outsourcing products— Mixed porridge-Chinese style(transferred to new manufacturer) °</li> </ul> <p><b>Soy sauce :</b></p> <ul style="list-style-type: none"> <li>▪ Non-genetically modified (Non-GMO) brewing soy sauce— XO soy sauce— JIAO DI DI(amazake flavor)(396mL) (launched in January 2021), XO soy sauce(burdock root flavor), VE WONG soy sauce(plastic drum by 5L, 20L), Soy sauce(wine flavor).</li> <li>▪ Seasoning soy sauce— XO×2021 Plum dipping sauce(396mL)(launched in January 2021), Moromi sauce(Sichuan pepper flavor) 150mL, All-purpose soy sauce(donburi flavor), Moromi sauce(miso flavor) 150mL, Moromi sauce(burdock root flavor), Spicy thick soy sauce</li> <li>▪ Original equipment manufacturer (OEM)— Fung Yi Shian Enterprise Co., Ltd. – Fung No.4(Quality improvement), SAN JING FROZEN FOOD– Kabayaki tilapia belly sauce(Non-GMO Fu No.66).</li> <li>▪ Fermentation test— Non-GMO soy sauce(fermentation by red adlay), Aged brewed soy sauce(Non-GMO) test</li> </ul>

## 2. Plan of the future

- 1) Establish and improve the core technology of various products, develop added value delicious and healthy products.
- 2) The researchers of soy sauce using soy sauce mash without filter decrease waste and the raw material are made in Taiwan to present the uniqueness and innovation of soy sauce for consumer easy cook.
- 3) The researchers of instant noodles demand low calorie, low sodium, and decrease food additive, gluten-free to improve food additive products as the core concept of products innovation and optimization to enhance the convenience.
- 4) Convenience for fast food junkie or storage, 100% whole food and forward clear label or decrease food additive to purpose senior services or wishes more healthy people.
- 5) To increase "snack noodles" becomes more convenient and healthy products.
- 6) Reach the plant-based meat to create healthy and attractive products extending of instant food products.



- 7) To cooperate with the university to stimulate innovation and seek suitable employees, cultivates elites and sustainable development.
- 8) Implement the "World Global Village Concept," environment protection, waste reduction, and love for the earth.

(Note: As of the publication date on April 30<sup>th</sup>, 2021)

#### 4. Long And Short-Term Business Development Plans

##### 1. Short-term business development plan

- 1) Adjusting production capacity, outsourcing, outsourcing and importing in response to the epidemic situation to meet the rapidly changing needs of channels and consumers.
- 2) Improve product quality and increase consumers' sense of identity with the company.
- 3) Develop high value-added products to increase the company's profitability.
- 4) Deeply cultivate the modern channels, increase the opportunities for new products to be put on the shelves, in order to improve the performance.
- 5) Develop products that meet the packaging specifications sold by e-commerce channels to cope with the rapid development of e-commerce.
- 6) Actively operate a social platform to bring the young people closer.

##### 2. Long-term business development plan

- 1) Brand management to increase consumers' favorability of the company.
- 2) Strengthen to cooperate with distributors, and create partnerships with distributors to create a win-win situation.
- 3) Expand foreign trade and increase the export scale of products.
- 4) In response to the phenomenon of an aging society, declining birthrate and ethnic diversity, as well as uncertain epidemics and food safety panic, to develop products that meet taste needs and health care.
- 5) Improve and expand factory equipment so that it has the ability and potential to produce products that meet the market and future needs, so as to expand business and reduce production costs.
- 6) Participate in social welfare activities and fulfill corporate social responsibilities.

## II. Sales and Market Overview

### (1) Market Analysis

#### 1. Sales Percentage of the Company's Major Products

Major Product Categories	2020	2019
MSG	62%	61%
Instant Food	25%	19%
Soy Sauce	8%	8%
Others	5%	12%
Total	100%	100%

## 2. Sales Target for 2021

Unit: Thousand NT\$

Product Categories	Sales target	
	Domestic sales	Export
MSG	3,430,024	25,088
Instant Food	1,122,533	288,590
Soy Sauce	467,177	56,378
Others	891,055	14,088
Subtotal	5,910,789	384,144
Total	6,294,933	

## 3. Sales Region

Domestic market: The sales channels are all over Taiwan.

Foreign markets: The products are distributed on all five continents, but mainly in Southeast Asia, Europe and the United States.

## 4. Future market overview

“Food” is a necessity of people's livelihood. Although there are differences in different categories and different seasons, the market demand will still be more stable than other non-food items.

Taiwan's declining birthrate and aging society has caused changes in the family structure, and double-paying families are common. Coupled with the rise of consumer health awareness and other factors, products with the attributes of being natural, local, fresh, organic, healthy, nutritious and delicious, convenient and fast are future product development trends. After integration and refinement, the company's instant noodles, dim sum noodles, soy sauce, prepared fast food, instant soups, red wines and other series of products are still very marketable in the future. Products such as new-style condiments, instant noodles with a variety of tastes, and new products developed to meet the needs of Chinese New Year dishes and gift-giving can better meet consumers' needs.

## 5. Competitive Niches

The company has been established for 61 years, and its brand awareness has been deeply rooted in the country. Domestically, it has a stable financial status and an excellent domestic and foreign management team and the advantage of leading the market in fermentation equipment and production technology, as well as competitive niches such as business offices and logistics distribution systems all over Taiwan. No matter in the city, countryside or deep mountain, every family can in a short time enjoy all kinds of high-quality, safe, convenient and delicious food carefully prepared by Ve Wong with professional and social responsibility. In the future, when cross-border online transaction regulations become more mature, our high-quality products can be brought to every corner of the world.



## 6. Favorable and Unfavorable Factors in the Long Term

### Favorable factors:

- (1) The company continues to improve its quality and operating procedures and personnel integration to save expenses and reduce costs to enhance product sales competitiveness and increase the company's overall profit.
- (2) The company actively reform its systems; in addition to the renewal of its production equipment, automation and business rectification, the company is actively involved in other businesses with market development potentials, which will help the company's long-term stable operation and future development.

### Unfavorable Factors:

- (1) The price of raw materials and energy fluctuates rapidly, and the company's control over them is weak. In the event of a long-term sustained and large price increase, as it cannot be passed on to consumers immediately, the company needs to absorb it by itself, increasing the manufacturing costs and eroding the company's overall operating interests.
- (2) The competition in the industry is fierce, and competitors' strong publicity and launch of new products to seize the market have impacted the room for survival of the company's products.

### Response Strategies for unfavorable factors:

- (1) Continue to strengthen research and development or introduce domestic and foreign "differentiated" new products with the market potential to create profits and adjust the sales proportion of high-margin products to maintain a continuous growth of mature and profitable products.
- (2) Strengthen the marketing planning function, make good use of emerging social media, rebuild brand positioning and popularity, and use brand management to indirectly enhance the company's corporate image, shape product attraction, and attract the favor of consumer groups.
- (3) Integrate business, marketing and research and development, adopt self-production, separation of production and sales, and import to launch products under the most favorable conditions to promote business performance and consolidate the market.

## 7. Ve Wong's Market Strategies and Actions

Facing the increasingly severe business environment of the food industry, the company will reposition its products, increase product value, reduce production costs, develop new niche products, expand new channels and marketing models, and actively strengthen channel commercialization activities, to grasp business opportunities and create a better business performance.

With the changes in population structure and lifestyles, the population of eating out continues to grow. The demand for household seasonings has decreased year by year, and the number of packaging types has also decreased, but the diversification increased. Among them, the household market, the main customer of Ve Wong MSG, is declining. On the one hand, in

addition to maintaining sales in the traditional market, in recent years, Ve Wong MSG has actively strengthened its equipment, quality improvement and market expansion of the second and third generation seasonings, and continued to lock in the large-consuming restaurant meal and food processing business channels for deep cultivation and management; it also actively extends its products into household flavor seasonings with different tastes and different specifications. In addition to strengthening the promotion of soy sauce for business use, the company is actively developing non-genetically modified soy sauce on existing channels. It has successively launched products such as “XO Soy Sauce,” “Anka XO Soy Sauce,” “Mushroom Flavor Thick XO Soy Sauce,” “Chinese toon Basil flavor Thick XO Soy Sauce,” and other pure brewing high-quality soy sauce series products, so as to strengthen brand management to win consumer recognition, and increase the overall market share, turnover and profit.

The instant noodle battlefield continues to face soaring production costs and fierce impact from all parties. In order to consolidate and increase the market share of instant noodles, in addition to its continuous quality improvement efforts, Ve Wong has resolutely carried out production line automation, equipment purchases and noodle quality improvement to ensure the market leadership of stewed noodles. In addition, a variety of new products have been launched for the “Big Eater” bowl noodle series to satisfy consumers who like diverse tastes. Furthermore, we will strengthen the commercial display in the stores and continue to promote tasting activities in the stores in order to strive for stable growth in an environment of intense competition.

In order to diversify snacks and cater to consumers' health-conscious needs, products with a less salt recipe have been developed for the Little Prince series and have already been launched.

In addition to consolidating the original leading brand of the risotto series, Ve Wong Conditioned Food Pack further develops its products in the direction of diversified tastes, high added value, and light food for health, and launched the “Sesame Oiled Hericium erinaceus” new year dishes series, hoping to break through the current situation, and promote the current household market of conditioned food bags to the gift market, aiming to create the first brand of normal temperature fast food packs.

In addition to the product categories above, in order to expand the company's overall turnover and profit and operate different channels, Ve Wong selects and introduces a variety of foreign high-quality “red wines” for sale in Taiwan through the recommendation of market experts. They are deeply loved by the target groups and have laid a good foundation for Ve Wong’s wine channel operation.

Facing the severe test of the macro environment, every step is indeed full of arduous challenges. However, with the strengthening of R&D and innovation, active business diligence, and continuous marketing efforts, we hope to serve the public with delicious and healthy products and stride toward the dual goal of creating revenue and increasing the overall profit.





## **(2) Main applications and production process of major products**

### **1. Major Products and Their Main Uses**

#### **(1) MSG**

The common name of MSG is Mono-Sodium Glutamate. MSG is not only a nutrient, because of its delicious taste, it has long become the most popular condiment in food processing and daily meals. Ve Wong MSG has obtained ISO-9001 and ISO22000 certification and is a leading brand both at home and abroad (exported to more than 70 countries in the world). The company has successively worked with Japan Kyowa Hakko Kogyo Co., Ltd. and Japan Ajinomoto Co., Inc. for technical cooperation.

The Ig-Enriched Monosodium Glutamate, A-One Plus MSG and flavor seasonings contain nucleotides. With just a little bit, they can show the flavor of seafood, chicken soup, mushrooms and pork bones to make the food flavor better; suitable for both meats and vegetables.

And the flavor seasoning of "Eat in the right taste" is a new generation of seasoning innovation, which is convenient for cooking and can be done with one spoonful, without the need for additional salt and monosodium glutamate. The product design is based on the principle of simplification of the formula, not only the raw materials are strictly selected, but also no preservatives, sweeteners, and modified starches are added. Whether it is fried, boiled, stir-fried, braised and other dishes, as long as a small spoon, you can lock the natural and flavor of the ingredients and prepare a table full of fresh, sweet and healthy flavors.

#### **(2) Instant noodles**

Whether instant noodles are safe and hygienic is related to the correct use of fat and preservation methods. Therefore, instant noodles must be made with refined edible oil with good stability. The finished product must not be exposed to high temperature or sunlight but must be stored in a cool and dry place to avoid adverse changes. Once opened, it must be eaten as soon as possible. Nutrition experts suggest that people who often eat instant noodles should add eggs, shredded pork and greens together. This will not only enhance the flavor but also give balanced nutrition and fiber. In addition, the well-known Prince Noodles are instant noodle snacks, a favorite of adults and children. The company subsequently launched many delicious and convenient products such as "Little Prince Noodles," "Prince Stewed Noodles," "Classic Eatery" series, "Chiaoshizhai" series, "Ve Wong Dried Noodle Master" and "Big Eater" series, all of which have set off a buying rush.

#### **(3) Instant soups**

Ve Wong Seaweed Soup is a nutritious soup seasoned with natural nourishing laver and bonito shavings. It contains rich amino acids, protein, etc. necessary for the human body and is loved by consumers, office workers and military personnel. It has stable growth. In order to cater to the needs of vegetarians, Ve Wong has also offered the laver soup for them. In order to increase the richness and convenience, we have also introduced ready-to-drink cupped soups of Lver and Tofu, Thai Hot and Sour Bean Noodles, and Grapefruit and Pepper Bean Noodles.

#### (4) Conditioned foods

In addition to the braised beef brisket, mushroom pork stew, curry chicken, red curry chicken, braised pork with tender bamboo shoot, curry pork, curry beef and black pepper pork of Ve Wong's pre-cooked fast foods of Chinese style series which have been deeply loved by consumers, to meet the trend of the new generation, the company has successively launched the vegetarian series -"Vegetable Stew" and "Curry Stewed Mushroom" to provide vegetarians with delicacies. It is actively developing new year dishes such as Sesame Oiled Hericium Erinaceus. They are convenient to store and carry, ready to eat and economical, and suitable for lunch, home leisure, outing, mountaineering, camping, hiking, gifts, worshipping, sailing, domestic and foreign travel and storage during typhoons. They are indeed the most convenient instant delicacy for modern life.

#### (5) Soy sauces

According to the different brewing and processing methods, soy sauce can be divided into pure brewing, non-pure brewing, thick soy sauce, light soy sauce and pot bottom oil. Only by using soybean and wheat as raw materials, coupled with good brewing conditions and equipment and strict quality control, can we produce a good soy sauce with excellent color, smell and taste.

Ve Wong series of soy sauce is not only of high quality, delicious and mellow, but is especially unique in that it is brewed in a closed indoor temperature-controlled ferment tank with the best sanitary management conditions. It is not contaminated with dust or dirt during the manufacturing process so that consumers can enjoy at ease. The well-known brands are Kim Ve Wong and Fuyou Soy Sauce. In addition, the company has successively developed XO Rarity Brand Soy Sauce, Thick XO Soy Sauce Series, Aged Soy Sauce, Brewed Soy Sauce, Zhen Gong Brewed Soy Sauce, Anka XO Soy Sauce, Royal Soy Sauce, Fuyou premium Soy Sauce, Sweet Soy Sauce... etc. which are all the best soy sauces for cooking and dipping to instantly activate your taste buds and are delicious and healthy.

#### (6) Canned beverages and snacks

Ve Wong beverage products mainly include asparagus juice, guava juice, orange juice, mineral water of cupped water; the canned product includes canned peanuts and gluten; the snack includes the eight-treasure porridge. There are various packaging types such as iron cans, PP cups and PET bottles. The packaging container is an indispensable companion when you are thirsty or hungry or when eating.

#### (7) Rice products

Saigon Ve Wong uses high-quality rice from the Jiulong River Plain in Vietnam and the unique water quality in the south for production. There are two types of rice products, pho and kueyteow based on the shredded size. The pho is shredded 4mm wide and made 100% of rice, and the texture tastes soft; the kueyteow is 2.5mm wide with selected local starch added, and the texture is elastic. Both of them are very popular among consumers; when fresh pho and kwayteow are not available, rice products are the best choice.



The pho products currently include Shacha beef flavor, chicken flavor, shrimp and crab flavor, and vegetarian flavor. The kueyteow products have minced pork and vegetarian flavors.

(8) Soup powders

Saigon Ve Wong's soup noodles mainly use the natural unrefined sea salt in Vietnam as raw materials; they are rich in minerals and deeply loved by consumers. They have a special flavor when used for dipping fruits and seafood. They can also be used for cooking and seasoning, and have a good flavor whether fried, boiled, stir fried or braised.

The current products include fresh shrimp flavor, chicken flavor, minced pork flavor and iodized chicken flavor.

(9) Adhesive film for food processing

Summit Packing Industrial Co., Ltd. uses a variety of printing methods, and the products are divided into instant noodle packaging films, high-temperature resistant processing films, cold food films, frozen food films and other special-purpose films according to their use. Mainly used by food processing plants.

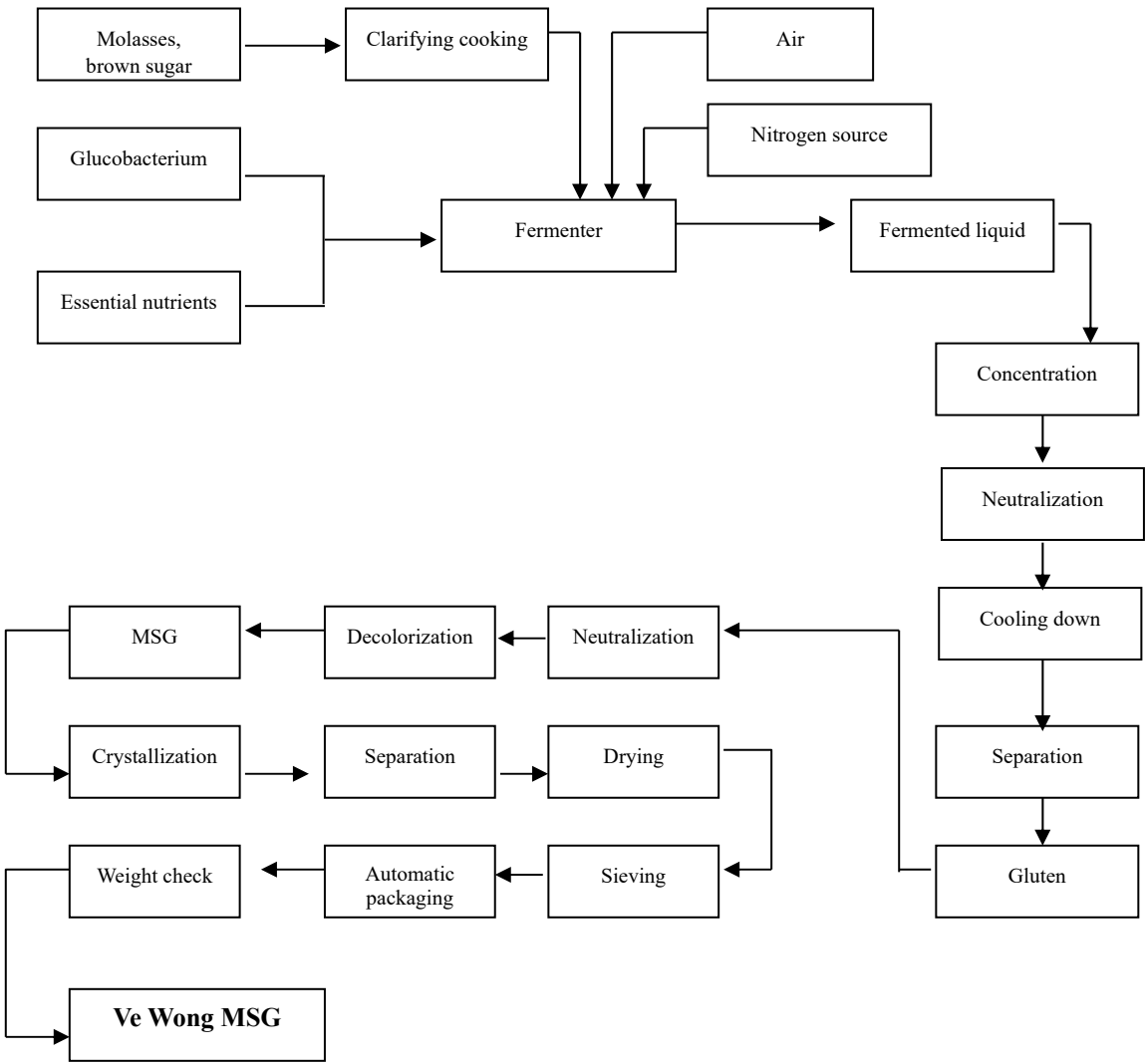
(10) Refined raw materials of agricultural products/drinks

Green TFL Co., Ltd. uses the Total Food Liquefaction (TFL) technology, a brand-new patented food processing technology that can fully utilize ingredients. Even inedible parts can be refined into an edible and delicious state without adding any chemicals and additives. In the production process, the nutrients are protected from being destroyed, and all the natural nutrients of the ingredients are retained. This unique technology is patented by the European Union, Australia, Taiwan, China, Japan and South Korea.

TFL technology can choose whether to break the cell wall or not according to the food's different characteristics and effects. At present, for household products, in addition to whole-bean milk, our main business products include refined soybean puree, refined pumpkin, refined purple sweet potato, refined brown rice...etc. for food processing plants.

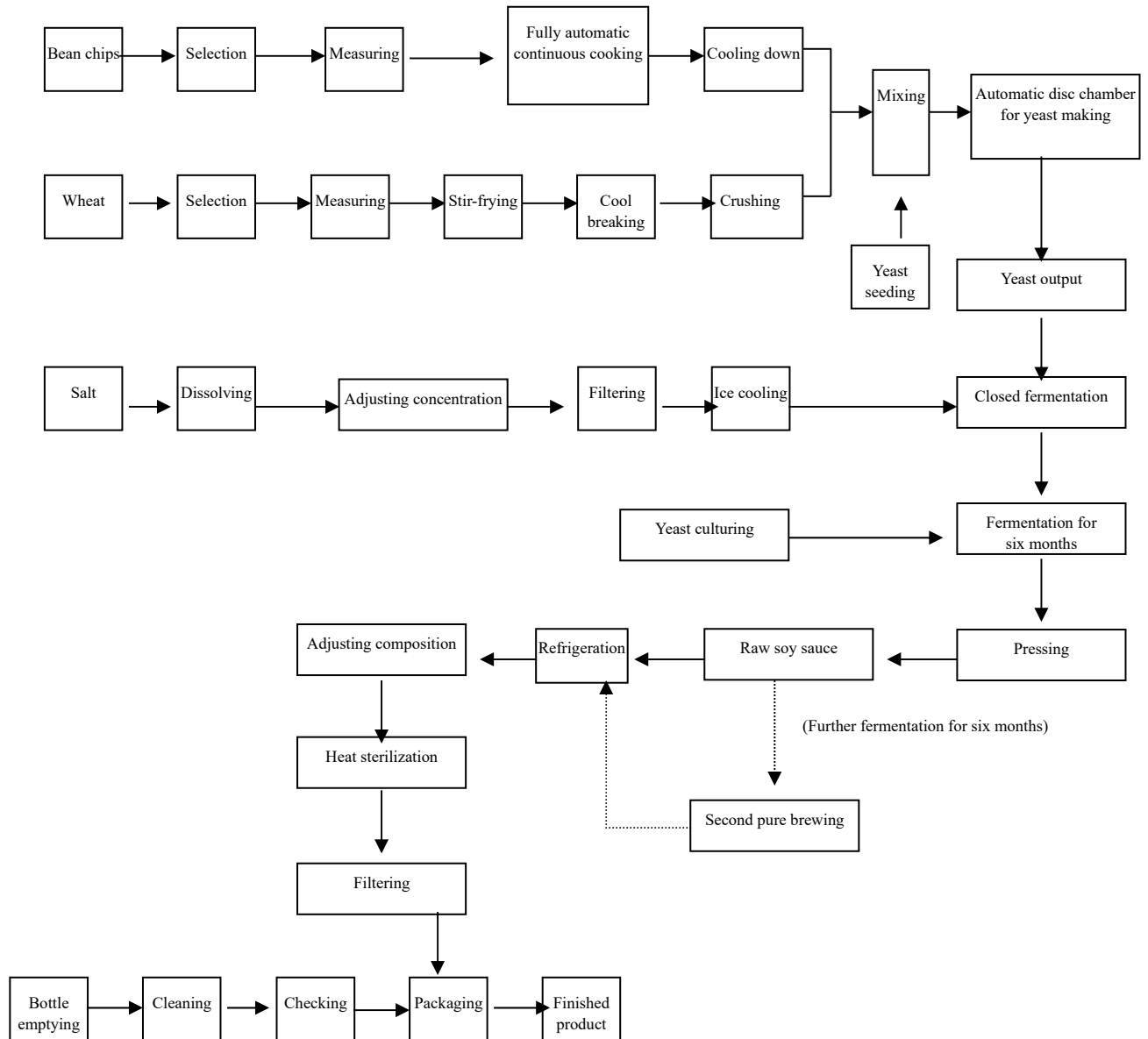
2.Products Manufacturing Process

**Ve Wong MSGManufacturing process**

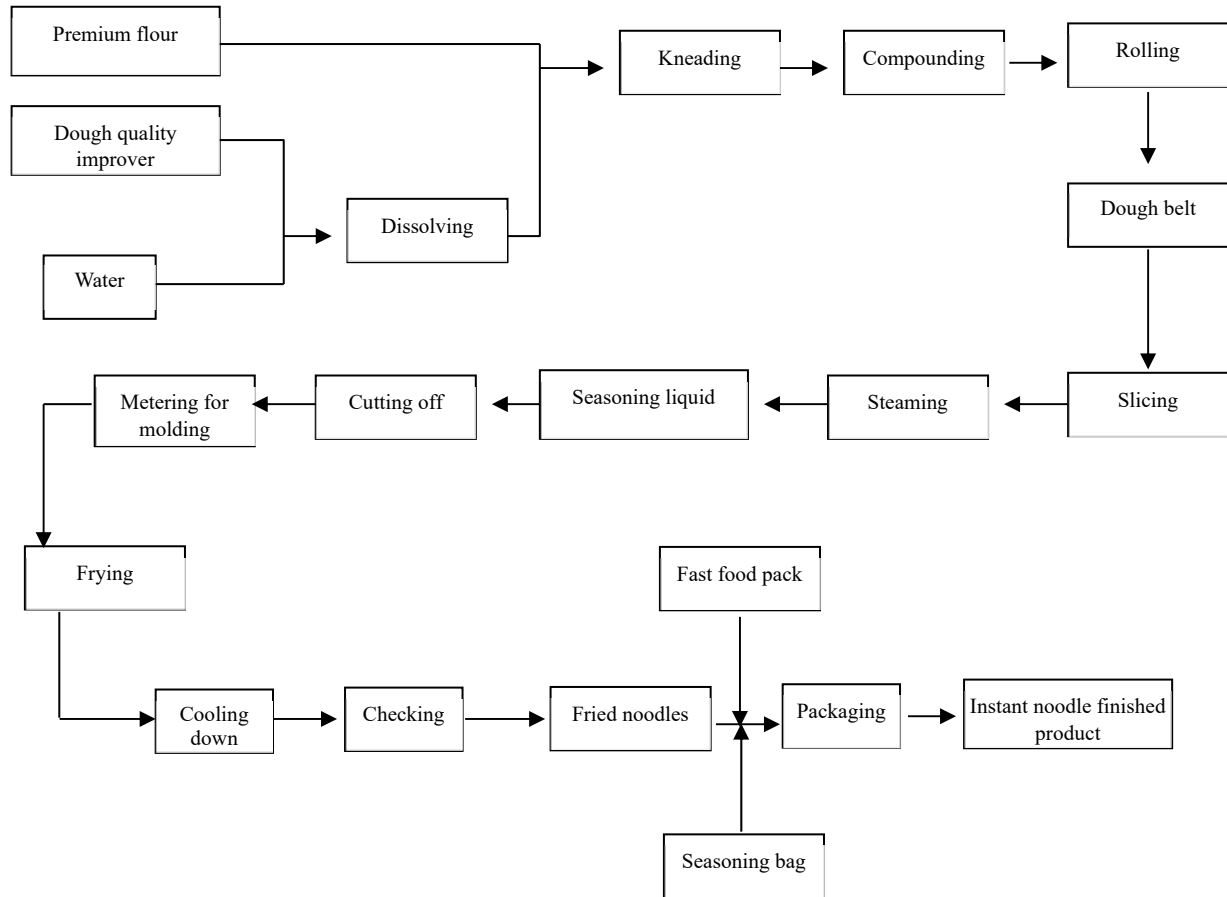




## Ve Wong Soy Sauces Manufacturing process

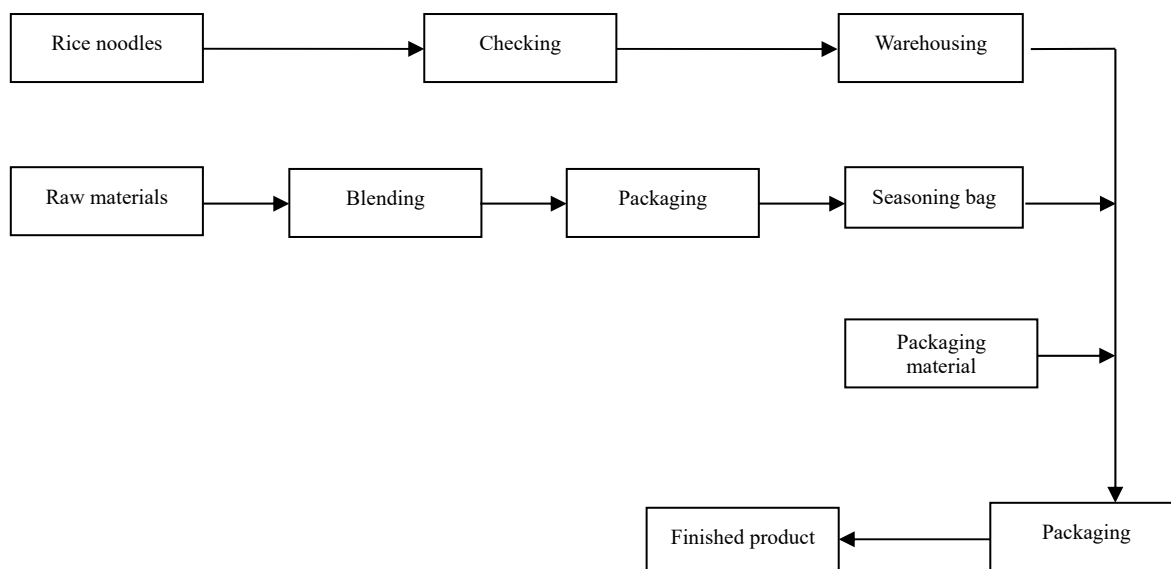


## Ve Wong Instant Noodle Manufacturing process

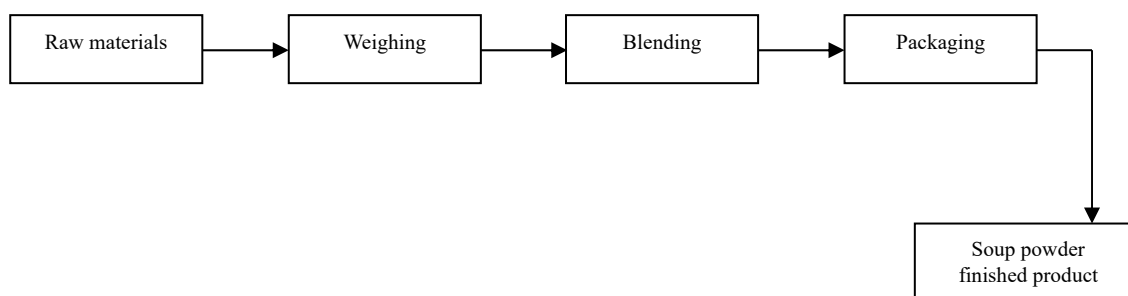




### Saigon Ve Wong Rice Products Manufacturing process



### Saigon Ve Wong's Soup Powder Manufacturing process



### 3. Supply Status of Main Materials

Product Group	Major Raw Materials	Source of Supply	Supply Situation
Condiment	Soy Wheat Potato flour Salt	United States, India, South America United States, Australia Thailand Domestic	Stable
Instant Foods	Flour Palm oil	Domestic Malaysia	Stable
Conditioned foods	Pork Beef Chicken	Domestic Australia, New Zealand Domestic	Stable
Canned foods	Peanut Gluten	Domestic Domestic	Stable
Fruit juice	Orange juice Guava juice Asparagus Dew	United States Domestic Domestic	Stable

4. Major suppliers and customers refer to those commanding 10%-plus share of annual order volume in the Last Two Calendar Years.

1) The major suppliers with more than 10% of the total purchase amount

The major suppliers of the consolidated company in the last two years did not account for more than 10% of the total purchases of the consolidated company.

2) The major customers with more than 10% of the total sales amount

Unit: NT\$ Thousands

Item	2020				2019			
	Name	Amount	Percentage of total net sales[%]	Affiliation with the issuer	Name	Amount	Percentage of total net sales[%]	Affiliation with the issuer
1	AA	750,522	12.42	None	AA	863,723	13.66	None
	Others	5,293,178	87.58		Others	5,459,514	86.34	
	Net sales	6,043,700	100		Net sales	6,323,237	100	

Note 1 : List the name of the customers with more than 10% of the total sales amount, sales amount, and sales ratio in the last two years; however, it can also be identified with I.D. Number if the limitation of disclosure is stated in the signed contract or the counterparty of the transaction is an unrelated individual.

Note 2 : The listed companies or OTC companies shall disclose the financial information that audited or reviewed by a CPA as of the date of publication of the annual report.

5. Production volume and value in the last two years

Unit: NT\$ Thousands

Production Capacity Year Major products	2020			2019		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
MSG	70,980mt	62,662mt	2,634,795	70,980mt	57,912mt	2,783,247
Instant Food	8,944Thousand boxes	7,410Thousand boxes	865,685	8,944Thousand boxes	6,727Thousand boxes	810,550
Soy Sauces	1,920 Thousand dozen	2,244 Thousand dozen	379,916	1,920 Thousand dozen	2,238 Thousand dozen	370,804
Others			707,193			698,120
Total			4,587,589			4,662,721

Note 1. Production capacity refers to the quantity that the company can produce under normal operation using existing production equipment after measuring necessary shutdowns, holidays and other factors.

Note 2. If the production of each product is substitutable, the production capacity may be combined and an explanation shall be given.





## 6. Sales volume and value in the last two years

Unit: NT\$ Thousands

Major products	Year Sales Output	2020				2019			
		Domestic sales		Export sales		Domestic sales		Export sales	
		Q'ty	Amount	Q'ty	Amount	Q'ty	Amount	Q'ty	Amount
MSG		52,984 mt	3,703,723	353 mt	24,596	57,270 mt	3,800,180	568 mt	40,437
Instant Food		6,089 Thousand boxes	1,243,126	1,370 Thousand boxes	270,040	5,477 Thousand boxes	990,636	1,113 Thousand boxes	218,885
Soy Sauces		2,058 Thousand dozen	436,614	143 Thousand dozen	54,736	2,079 Thousand dozen	444,555	139 Thousand dozen	47,578
Others			297,778		13,087		770,141		10,825
Total			5,681,241		362,459		6,005,512		317,725

## III. Employees

April 30, 2021

year		2019	2020	As of April 30, 2021 (Note)
Total number of employees	Technical staff	1120	1141	1124
	Sales staff	549	535	535
	Management staff	281	273	271
	Total	1950	1949	1930
Average age		41.9	42.6	42.9
Average years of service		13.2	13.1	13.4
Academy Ratio(%)	Doctor	0.1%	0.1%	0.1%
	Master	1.7%	2.1%	2.1%
	College	25.2%	25.6%	25.7%
	Senior High School	38.7%	39.4%	39.6%
	Below Senior High School	34.3%	32.8%	32.5%

Note: The data for the current year as of the publication date of the annual report should be filled in.

Note: It is the employee information of the consolidated company.

## **IV. Environmental Protection Expenditure Information**

### **(1) Environmental Protection Policy**

As a member of the earth, Ve Wong grows on the same land as the consumers. In addition to producing high-quality products, it also contributes to environmental protection. Therefore, “environmental prevention and sustainable development” is the company's established environmental protection policy. The company's compliance with environmental protection laws and regulations is implemented in the following five aspects:

1. Implementing pollution source permit management.
2. Promoting the reduction of air pollution emissions.
3. Improving resource recycling and reuse.
4. Promoting the recycling of industrial waste.
5. Strengthening the management of business waste.

### **(2) Management of Air Pollution, Water Pollution, Waste and Other Issues Affecting the Environment**

The company complies with the food manufacturing industry's regulations to formulate operation management procedures for pollution prevention. In addition to establishing the “Environmental Protection Section” under the Fengtian Plant in the organizational structure, it also engages in water pollution treatment and air pollution control. One dedicated person for processing and waste disposal respectively performs related environmental management business.

### **(3) The total amount of losses and sanctions incurred due to environmental pollution in the most recent year as of the publication date of the annual report:**

The company has always attached great importance to environmental issues. As early as 1984, it signed a contract with the Collaborative Engineering Company of Japan to plan the installation of wastewater treatment equipment in the plant currently in smooth operation. In terms of air pollution treatment, the increase production of noodles did not apply to the environmental protection agency immediately for output change. In 2020, the Yunlin County Environmental Protection Agency amerced the Company NT\$100,000. The application was filed in the same year and is still being reviewed by the environmental protection agency.

### **(4) Response Strategies**

1. The part for proposed improvement measures
  - (1) Firmly implement the management of fixed pollution sources, and check, update and file air pollutant emission data.
  - (2) Require construction companies to enter the plant to comply with environmental protection laws and regulations.
  - (3) The process discharged water in the plant is treated in the sewage treatment plant, and the waste is regularly cleaned up to the legal incineration plant for treatment.
2. Estimated environmental expenditure in the next three years:

Due to the recent general enhancement in environmental awareness and the concept of sustainable operation, the company has regarded pollution prevention and environmental work as the responsibility of corporate operations; the estimated cost of equipment improvement in the next three years is NT\$70 million, so it is estimated that the company



will have no major environmental protection treatment expenses in the next three years.

3. Impact after improvement

(1) Impact on net profit: The expenditures and manpower related to environmental pollution equipment improvement account for a small proportion of the company's overall expenditures, so there is no direct impact on the company's profit and loss.

(2) Impact on competitive position: Improvement in corporate environmental image and enhancement in industrial competitiveness.

4. The part with no countermeasures taken: None.

## V. Labor relations

**(1)Employee welfare measures, advanced studies, training, retirement systems and their implementation status, as well as the agreements between labor and management and various employee rights protection measures:**

1. Employee welfare measures, further studies, training and implementation status:

The company has an employee welfare committee, as well as various welfare measures such as club activities, travel subsidies, three-festival gifts, and wedding and funeral subsidies. The company regularly organizes various employee study and training to improve the quality of human capital and work quality. The total number of employee training hours in 2020 was 2,214 hours. Various training programs are employed to strengthen employee skills and enhance the company's competitiveness. The company helps employees plan personal careers so that employees' personal expectations can match the company's needs.

2. Retirement system and implementation status:

In accordance with the Labor Standards Act provisions, the company's retirement system has retirement measures for the company's employees, which belong to definite payment retirement measures. The pension payment standard is based on the number of service years, with 2 base points every full year. However, for the number of service years of more than 15, 1.3 base points will be given for every full year. The maximum total is limited to 45 base points. The service less than half a year will be counted as half a year, and the service more than half a year will be counted as one year. For those who are mentally or physically disabled and forced to retire due to their duties, an additional 20% will be given. The company allocates a monthly pension based on 15% of the total salary and deposits it in a special account at the Trust Department of the Bank of Taiwan. The "Labor Pension Act" came into effect on July 1, 2005, and the measures included are definite allocation retirement measures. Employees may choose to continue to apply the Labor Standards Act's relevant pension provisions or apply the pension system of the Labor Pension Act and retain the number of working years before the Act was enacted. If the employee chooses the old system, then the above-mentioned pension system will be followed. If the new system is chosen, the company will withdraw 6% of the employee's monthly salary and credit it to the "individual laborer's account" under the special pension account of the Labor Insurance Bureau.

3. Status of labor-management agreements and employee rights protection measures:

The company fully implements the labor participation system and protects employees' rights and interests through labor-management meetings, labor union directors' and supervisors' meetings, labor union representative meetings and other regular or irregular meetings, and then discusses the company's development together. In 2020, employee welfare or rights and interests were promoted through specific measures such as salary adjustments; the company will keep this spirit in the future and promote labor-management harmony.

**(2) Losses incurred due to labor disputes in the most recent year and up to the publication date of the annual report, and disclosure of the estimated amount and corresponding measures that may occur at present and in the future:**

There was no major labor dispute of the company in 2020 and as of the publication date of the annual report. However, the company was fined NT\$3,872 by the Ministry of Labor for violation of the labor insurance regulations on June 20, 2020. The company was fined NT\$5,000 by the Ministry of Labor for violation of Labor Pension Regulations on June 29, 2020. The company was fined NT\$20,000 by the Pingtung County Government for violation of Article 24 Paragraph 1 of the Labor Standards Law via its letter referenced Pingfu Labor Zi Zi No.10928936200, for failed to pay the workers wages for extended working hours on August 13, 2020. The company has filed administrative litigation for relief.

**V. Important Contracts:None**



## VI. Financial Information

### I. The Balance Sheet / Income Statement / CPAs' Name and audit opinion for the Last Five Fiscal Years

#### (I) Consolidated Condensed Balance Sheet and Income Statement

##### 1. Consolidated Condensed balance sheet

Unit : NT\$ thousands

Year  Item		Financial information for the last five years(Note 1)					Financial information available up to March 31, 2021 (Note 5)
		2016	2017	2018	2019	2020	
Current assets		3,840,797	4,448,701	4,038,979	4,334,741	4,246,910	-
Long-term investment (Note 2)		383,617	325,788	343,819	364,310	426,364	-
Property, plant and equipment(Note 3)		4,226,783	4,281,580	4,500,767	4,587,730	4,514,381	-
Intangible assets		-	-	-	-	-	-
Other assets		149,349	136,212	141,440	138,245	143,947	-
Total assets		8,600,546	9,192,281	9,025,005	9,425,026	9,331,602	-
Current liabilities	Before distribution	1,670,553	1,996,670	1,595,049	1,735,178	1,557,942	-
	After distribution	1,910,553	2,308,670	1,835,049	1,975,178	Note 4	-
Non-current liabilities		1,647,121	1,586,538	1,550,308	1,474,274	1,461,278	-
Total liabilities	Before distribution	3,317,674	3,583,208	3,145,357	3,209,452	3,019,220	-
	After distribution	3,557,674	3,895,208	3,385,357	3,449,452	Note 4	-
Shareholder’s equity attributable to parent company		4,381,387	4,544,112	4,731,181	4,997,527	5,155,421	-
Capital stock		2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	-
Capital surplus		112,965	112,965	112,965	112,965	205,814	-
Retailed earnings	Before distribution	1,816,095	2,008,425	2,114,009	2,317,751	2,504,319	-
	After distribution	1,576,095	1,696,425	1,874,009	2,077,751	Note 4	-
Other equity		90,791	61,186	142,671	205,275	83,752	-
Treasury stock		(38,464)	(38,464)	(38,464)	(38,464)	(38,464)	-
Non-controlling Interest		901,485	1,064,961	1,148,467	1,218,047	1,156,961	-
Total equities	Before distribution	5,282,872	5,609,073	5,879,648	6,215,574	6,312,382	-
	After distribution	5,042,872	5,297,073	5,639,648	5,975,574	Note 4	-

Note 1. The financial information of the most recent annual periods has been verified by CPAs.

Note 2. Long-term investment includes non-current financial assets measured at fair value through profit and loss, financial assets measured at fair value through other comprehensive gains and losses, financial assets available for sale, financial assets measured at amortized cost, and financial assets measured at cost. Assets, investment in bond instruments without an active market, and investments using the equity method.

Note 3. Real estate, plant and equipment include real estate, plant and equipment, use right assets, investment real estate and prepaid equipment payments.

Note 4. The motion for allocation of cash dividend 2020 had to be resolved by the shareholders' meeting.

Note 5. As of the publication date of the annual report, there is no financial information for the first quarter of 2021 after being reviewed.

## 2. Consolidated Condensed comprehensive income statement

Unit : NT\$ thousands

Item \ Year	Financial information for the last five years(Note 1)					Financial information available up to March 31, 2021 (Note 3)
	2016	2017	2018	2019	2020	
Operating income	6,346,767	6,195,171	6,081,031	6,323,237	6,043,700	-
Gross profit	1,731,718	2,020,256	1,970,005	1,979,955	2,043,922	-
Profit from operations	750,081	1,052,795	976,596	923,530	974,911	-
Non-Operating income and expense	70,882	(13,643)	43,426	30,952	(33,621)	-
Net income before tax	820,963	1,039,152	1,020,022	954,482	941,290	-
Net income of continuing operations	630,234	746,401	704,325	717,479	693,921	-
Loss of discontinued operation	-	-	-	-	-	-
Net income	630,234	746,401	704,325	717,479	693,921	-
Other comprehensive profit and loss (net)	(37,755)	(29,934)	66,965	108,232	(206,686)	-
Total comprehensive profit and loss	592,479	716,467	771,290	825,711	487,235	-
Net income attributable to parent company's shareholders	422,963	442,580	431,907	456,880	429,096	-
Net income attributable to noncontrolling interests	207,271	303,821	272,418	260,599	264,825	-
Total comprehensive profit and loss attributable to parent company's shareholders	398,737	402,725	456,629	506,346	305,045	-
Total comprehensive profit and loss attributable to noncontrolling interests	193,742	313,742	314,661	319,365	182,190	-
Earnings per share(Note 2)	1.78	1.86	1.82	1.92	1.81	-

Note 1. All annual consolidated financial reports are verified by CPAs.

Note 2. Earnings per share calculated based on the weighted average number of shares outstanding in each year.

Note 3. As of the publication date of the annual report, there is no financial information for the first quarter of 2021 after being reviewed.



## (2) Individual Condensed Balance Sheet and Income Statement

### 1. Individual Condensed Balance Sheet

Unit : NT\$ thousands

Item	Year	Financial information for the last five years (Note 1)					Financial information available up to March 31, 2021 (Note 5)
		2016	2017	2018	2019	2020	
Current assets		1,316,882	1,396,524	970,197	1,081,975	1,266,075	-
Long-term investment(Note 2)		4,011,318	4,098,426	4,281,093	4,321,117	4,282,422	-
Property, plant, and equipment(Note 3)		891,302	988,965	1,166,112	1,234,170	1,200,363	-
Intangible assets		-	-	-	-	-	-
Other assets		52,637	58,010	61,047	56,383	60,707	-
Total assets		6,272,139	6,541,925	6,478,449	6,693,645	6,809,567	-
Current liabilities	Before distribution	1,089,535	1,256,726	1,040,618	1,119,828	1,102,872	-
	After distribution	1,329,535	1,568,726	1,280,618	1,359,828	Note4	-
Noncurrent liabilities		801,217	741,087	706,650	576,290	551,274	-
Total liabilities	Before distribution	1,890,752	1,997,813	1,747,268	1,696,118	1,654,146	-
	After distribution	2,130,752	2,309,813	1,987,268	1,936,118	Note4	-
Equity attributable to shareholders of parent company		4,381,387	4,544,112	4,731,181	4,997,527	5,155,421	-
Common stock		2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	-
Capital surplus		112,965	112,965	112,965	112,965	205,814	-
Retained earnings	Before distribution	1,816,095	2,008,425	2,114,009	2,317,751	2,504,319	-
	After distribution	1,576,095	1,696,425	1,874,009	2,077,751	Note4	-
Other equity		90,791	61,186	142,671	205,275	83,752	-
Treasury stocks		(38,464)	(38,464)	(38,464)	(38,464)	(38,464)	-
Non-controlling interests		-	-	-	-	-	-
Total equity	Before distribution	4,381,387	4,544,112	4,731,181	4,997,527	5,155,421	-
	After distribution	4,141,387	4,232,112	4,491,181	4,757,527	Note4	-

Note 1. All annual individual finance reports are verified by CPAs.

Note 2. Long-term investment includes non-current financial assets measured at fair value through profit and loss, financial assets measured at fair value through other comprehensive gains and losses, financial assets available for sale, financial assets measured at amortized cost, and financial assets measured at cost. Assets, investment in bond instruments without an active market, and investments using the equity method.

Note 3. Real estate, plant and equipment include real estate, plant and equipment, use right assets, investment real estate and prepaid equipment payments.

Note 4. The motion for allocation of cash dividend 2020 had to been resolved by the shareholders' meeting.

Note 5. As of the publication date of the annual report, there is no financial information for the first quarter of 2021 after being reviewed.

## 2. Individual comprehensive income statement

Unit : NT\$ thousands

Item \ Year	Financial information for the last five years (Note 1)					Financial information available up to March 31, 2021 (Note 3)
	2016	2017	2018	2019	2020	
Operating Income	2,182,974	2,183,116	2,241,479	2,175,267	2,321,441	-
Gross profit	653,766	663,668	680,273	650,364	703,925	-
Profit from operations	143,160	161,048	157,613	138,507	171,063	-
Non-Operating income and expense	343,572	376,699	428,053	391,550	345,655	-
Net income before tax	486,732	537,747	585,666	530,057	516,718	-
Net income of continuing operations	422,963	442,580	431,907	456,880	429,096	-
Loss of discontinued operation	-	-	-	-	-	-
Net income	422,963	442,580	431,907	456,880	429,096	-
Other comprehensive income (net after tax)	(24,226)	(39,855)	24,722	49,466	(124,051)	-
Total comprehensive income	398,737	402,725	456,629	506,346	305,045	-
Earnings per share (Note 2)	1.78	1.86	1.82	1.92	1.81	-

Note 1. All annual consolidated financial reports are verified by CPAs.

Note 2. Earnings per share calculated based on the weighted average number of shares outstanding in each year.

Note 3. As of the publication date of the annual report, there is no financial information for the first quarter of 2021 after being reviewed.

### (3) The names of CPA and their opinions for the most recent five years.

Year	Accounting Firm	CPAs' Name	Audit opinions
2016	PKF Taiwan	Wen Mingyu \ Hsu Chinghsien	Unqualified opinion
2017	PKF Taiwan	Wen Mingyu \ Hsu Chinghsien	Unqualified opinion
2018	PKF Taiwan	Lin Kuanzhao \ Wen Mingyu	Unqualified opinion
2019	PKF Taiwan	Lin Kuanzhao \ Wen Mingyu	Unqualified opinion
2020	PKF Taiwan	Lin Kuanzhao \ Wen Mingyu	Unqualified opinion





## II. Financial analysis for the most recent five years

### 1.Consolidated financial analysis

Item(Note 3)		Year(Note 1)	Financial analysis for the last five years					March 31, 2021 (Note 2)
			2016	2017	2018	2019	2020	
Financial structure (%)	Liabilities to assets		38.57	38.98	34.85	34.05	32.35	-
	Long-term fund for property, plant and equipment		245.86	258.66	253.50	251.52	265.14	-
Liquidity analysis (%)	Current ratio		229.91	222.80	253.21	249.81	272.59	-
	Quick ratio		152.27	148.76	160.67	153.51	178.50	-
	Interest coverage ratio		75.81	79.16	94.11	67.29	66.74	-
Operation performance analysis	Receivables turnover (times)		12.43	12.04	12.31	12.93	12.76	-
	Average collection days		29.36	30.31	29.65	28.22	28.60	-
	Inventory turnover (times)		3.16	3.07	2.83	2.79	2.59	-
	Payables turnover (times)		12.00	9.17	9.25	10.90	10.31	-
	Average inventory turnover days		115.50	118.89	128.97	130.82	140.92	-
	Property, plant and equipment turnover (times)		2.25	2.21	2.12	2.11	2.01	-
	Total assets turnover (times)		0.74	0.69	0.66	0.68	0.64	-
Profitability	Return on assets (%)		7.54	8.51	7.83	7.90	7.52	-
	Return on equity (%)		12.06	13.70	12.26	11.86	11.07	-
	Pre-tax income to paid-in capital ratio (%)		34.20	43.29	42.50	39.77	39.22	-
	Net income margin (%)		9.93	12.04	11.58	11.34	11.48	-
	EPS (NT\$)		1.78	1.86	1.82	1.92	1.81	-
Cash flow	Cash flow ratio (%)		63.72	41.27	45.24	25.65	69.60	-
	Cash flow adequacy ratio (%)		226.38	181.06	144.50	132.16	143.00	-
	Cash flow reinvestment ratio (%)		8.03	4.81	1.98	-0.46	6.29	-
Leverage	Operating leverage		1.16	1.12	1.13	1.15	1.15	-
	Financial leverage		1.01	1.01	1.01	1.01	1.01	-
Analysis of changes in financial ratio discrepancy over 20% in the most recent two years:								
cash flow								
<p>➤ The increase in the cash flow ratio was mainly due to the decrease in the amount of employee benefit liabilities (actual provision) and the decrease in inventory in 2020, which resulted in an increase in net cash flow from operating activities and a decrease in current liabilities.</p> <p>➤ The increase in cash reinvestment ratio was mainly due to the increase in net cash flow from operating activities and the decrease in gross real estate, plant and equipment.</p>								

Note 1: The above financial information for the year is the financial statement which has been audited by the accountant.

Note 2: As of the publication date of the annual report, there is no financial information for the first quarter of 2021 after being reviewed..

#### 1. Financial structure

(1) Debt ratio = Total liabilities/total assets.

(2) Long term funds to property, plant, and equipment ratio = (Total shareholders' equity + non-current liabilities)/net property, plant, and equipment

#### 2. Solvency

(1) Current ratio = Current assets/current liabilities

(2) Quick ratio = (Current assets - inventory - prepaid expenses)/current liabilities

(3) Times Interest Earned = Net income before tax and interest expense/current interest expense

#### 3. Operating ability

(1) Accounts Receivable (including account receivable and note receivable from operating) turnover = Net sales/average Receivables (including account receivable and note receivable from operating) balance

(2) Average collection period = 365 days/ accounts receivable turnover

- (3) Inventory turnover (times) = Cost of goods sold/average inventory
- (4) Accounts Payable (including Account payable and Note payable from operating) turnover = Cost of goods sold/average accounts payable (including Account payable and Note payable from operating)
- (5) Average inventory turnover days = 365 days/ inventory turnover
- (6) Property, plant, and equipment turnover (times) = Net sales/ average net average property, plant, and equipment
- (7) Total asset turnover = Net sales/average total assets
- 4. Profitability
  - (1) Return on total assets = [net income + interest expense x (1-tax ratio)]/average total assets
  - (2) Return on shareholder's equity = Net income/average total shareholder's equity
  - (3) Profit margin = Net income/ net sales
  - (4) Earnings per Share = (Net income attributable to parent company's shareholders - preferred stock dividend)/ weighted average number of shares issued
- 5. Cash flow
  - (1) Cash flow ratio = Cash flow from operating activities/current liabilities
  - (2) Net cash flow adequacy ratio = Five-year sum of cash from operations / Five-year sum of capital expenditures, inventory additions, and cash dividends
  - (3) Cash reinvestment ratio = (Net cash flow from operating activities - cash dividends)/ (gross property, plant, and equipment + long-term investments + other non-current assets + working capital)
- 6. Leverage
  - (1) Operating leverage = (Net operating income - variable operating cost and expense)/operating income
  - (2) Financial leverage = Operating income/ (operating income - interest expenses)



## 2. Individual financial analysis

Item(Note 3)		Year(Note 1)	Financial analysis for the last five years					Financial information available up to March 31, 2021 (Note 2)
			2016	2017	2018	2019	2020	
Financial structure (%)	Liabilities to assets		30.14	30.53	26.97	25.33	24.29	-
	Long-term fund for property, plant and equipment		667.48	618.17	556.58	694.41	745.20	-
Solvency analysis (%)	Current ratio		120.86	111.12	93.23	96.61	114.79	-
	Quick ratio		77.95	82.74	56.62	60.99	80.99	-
	Interest coverage ratio		73.79	59.26	86.03	67.57	64.32	-
Operation performance analysis	Receivables turnover (times)		7.30	7.26	7.60	7.66	8.52	-
	Average collection days		50.00	50.27	48.02	47.65	42.84	-
	Inventory turnover (times)		3.94	3.94	4.31	3.99	4.29	-
	Payables turnover (times)		6.50	6.55	7.13	7.34	7.81	-
	Average inventory turnover days		92.63	92.63	84.68	91.47	85.08	-
	Property, plant and equipment turnover (times)		3.02	2.67	2.44	2.44	2.96	-
	Total assets turnover (times)		0.35	0.34	0.34	0.33	0.34	-
Profitability	Return on assets (%)		7.04	7.02	6.72	7.03	6.45	-
	Return on equity (%)		9.93	9.91	9.31	9.39	8.45	-
	Pre-tax income to paid-in capital ratio (%)		20.28	22.40	24.40	22.08	21.52	-
	Net income margin (%)		19.37	20.27	19.26	21.00	18.48	-
	EPS (NT\$)		1.78	1.86	1.82	1.92	1.81	-
Cash flow (%)	Cash flow ratio (%)		23.44	30.33	44.69	24.10	54.04	-
	Cash flow adequacy ratio (%)		94.38	88.63	91.97	103.55	128.63	-
	Cash flow reinvestment ratio (%)		0.25	2.25	2.41	0.48	5.65	-
	Operating leverage		1.17	1.29	1.30	1.45	1.03	-
	Financial leverage		1.04	1.06	1.04	1.06	1.05	-

The cause of changes of more than 20% in financial rates over the last two years:

### 1. Solvency

The increase in quick ratio was mainly due to the increase in other financial assets, which resulted in an increase in current assets.

### 2. Operation capacity

The increase in turnover rate of real estate, plant and equipment was mainly due to the increase in net sales and the decrease in average net real estate, plant and equipment.

### 3. Cash flow

- The increase in cash flow ratio was mainly due to the decrease in inventory, employee benefit provision and income tax payment in 2020, which increased the net cash flow of operating activities.
- The increase in net cash flow allowable ratio is mainly due to the increase in net cash flow from operating activities in the last five years.
- The increase in cash reinvestment ratio was mainly due to the increase in net cash flow from operating activities.

### 4. Leverage

The decrease in operating leverage was mainly due to changes in operating costs and expenses, and increased operating profits.

Note 1: The above financial information for the year is the financial statement which has been audited by the accountant.

Note 2: As of the publication date of the annual report, there is no financial information for the first quarter of 2021 after being reviewed..

### 1. Financial structure

(1) Debt ratio = Total liabilities/total assets.

(2) Long term funds to property, plant, and equipment ratio = (Total shareholders' equity + non-current liabilities)/net

property, plant, and equipment

2. Solvency

- (1) Current ratio = Current assets/current liabilities
- (2) Quick ratio = (Current assets - inventory - prepaid expenses)/current liabilities
- (3) Times Interest Earned = Net income before tax and interest expense/current interest expense

3. Operating ability

- (1) Accounts Receivable (including account receivable and note receivable from operating) turnover = Net sales/average Receivables (including account receivable and note receivable from operating) balance
- (2) Average collection period = 365 days/ accounts receivable turnover
- (3) Inventory turnover (times) = Cost of goods sold/average inventory
- (4) Accounts Payable (including Account payable and Note payable from operating) turnover = Cost of goods sold/average accounts payable (including Account payable and Note payable from operating)
- (5) Average inventory turnover days = 365 days/ inventory turnover
- (6) Property, plant, and equipment turnover (times) = Net sales/ average net average property, plant, and equipment
- (7) Total asset turnover = Net sales/average total assets

4. Profitability

- (1) Return on total assets = [net income + interest expense x (1-tax ratio)]/average total assets
- (2) Return on shareholder's equity = Net income/average total shareholder's equity
- (3) Profit margin = Net income/ net sales
- (4) Earnings per Share = (Net income attributable to parent company's shareholders - preferred stock dividend)/ weighted average number of shares issued

5. Cash flow

- (1) Cash flow ratio = Cash flow from operating activities/current liabilities
- (2) Net cash flow adequacy ratio = Five-year sum of cash from operations / Five-year sum of capital expenditures, inventory additions, and cash dividends
- (3) Cash reinvestment ratio = (Net cash flow from operating activities - cash dividends)/ (gross property, plant, and equipment + long-term investments + other non-current assets + working capital)

6. Leverage

- (1) Operating leverage = (Net operating income - variable operating cost and expense)/operating income
- (2) Financial leverage = Operating income/ (operating income - interest expenses)



### III. Audit Committee' Report

#### **VE WONG Corporation** **Audit Committee's Review Report**

The Board of Directors has prepared the 2020 Business Report, Financial Statements and proposal for deficit compensation. The CPA Lin, Kuan-zhao and CPA Wen, Ming-yu, members of the PKF Taiwan, have completed the audit of the financial statements and issued an audit report relating thereto. In addition, the Board of Directors has prepared and submitted to us the Company's 2020 business report and proposal for distribution of earnings. We, the Audit Committee members, have duly examined and determined such business report and proposal for distribution of earnings to be in line with the requirements under the Company Law and relevant laws and regulations. According to Article 14-4 of the Securities and Exchange Act and Article 219 of Company Law, we hereby submit this report.

To the 2021 General Shareholders' Meeting of Ve Wong Corporation,

The Convener of the Audit Committee:

Liao, Chi-Fang

March 23, 2021

#### **IV. Consolidated Financial Statements with Independent Auditors' Report of the most recent year**

### **VE WONG CORPORATION and Subsidiaries Consolidated Financial Statements for the Years Ended December 31, 2020 and 2019 and Independent Auditors' Report**

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

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of VE WONG CORPORATION

### Opinion

We have audited the accompanying consolidated financial statements of VE WONG CORPORATION and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

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

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of VE WONG CORPORATION and its subsidiaries 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. Based on our audits and the reports of other independent accountants, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for VE WONG CORPORATION and its subsidiaries's consolidated financial statements for the year ended December 31, 2020 are stated as follows :

#### Recognize of Sales revenue

The main operating income of VE WONG CORPORATION and its subsidiaries is sales revenue. We consider that whether the recognition time of sales revenue was present fairly, is an area of high concern in the audit.

Refer to Note IV (XVIII) for accounting policies on revenue recognition. Refer to Note V (I) for critical accounting judgments and key sources of estimation uncertainty on revenue recognition.

We performed the following audit procedures:

1. Understand and test the design and implementation effectiveness of the main internal control system for group operating income.

2. Understand and evaluate the rationality of the assumptions and methods for management to recognize sales revenue.
3. The selected transaction conditions are not FOB shipping point export transactions. Obtain the transaction conditions set by each customer for the export transaction, and select the period before and after the end of the reporting period to verify the export transaction vouchers to determine the appropriate deadline.
4. For domestic sales (delivery agent) transactions, send confirmation letter or obtain agent's transaction reconciliation data to determine whether the deadline is appropriate and the amount.
5. Select the period prior to and after the end of the reporting period, to check the various vouchers to ensure that the sales, sales returns, and sales discounts have been properly closed.
6. Reconcile the amount of income in the account with the amount issued by the invoice, and perform tests on major differences between the reconciled items.
7. Perform analytical procedures to find out if there are any abnormalities in the recognition of sales revenue.

### Evaluation Impairment of Goodwill

VE WONG CORPORATION and its subsidiaries regularly assess whether there are indication of impairment of goodwill. When estimating the future recoverable amount, the estimation involves a number of assumptions, including determining the discount rate and future financial forecasts. The high degree of uncertainty has a significant impact on the measurement result of the recoverable amount, which in turn affects the estimation of the amount of goodwill impairment. Therefore, we believe that VE WONG CORPORATION and its subsidiaries's assessment on goodwill impairment are the most important matters this year.

For the accounting policy on impairment, please refer to Note IV (XIII) Impairment of asset; to the major sources of uncertainty in the significant accounting judgments, estimates and assumptions in the assessment of impairment of goodwill, please refer to Note V (III).

We performed the following audit procedures :

1. Understand and test the design and implementation effectiveness of the main internal control system for impairment assessment.
2. Verify whether there are indication that goodwill impairment may occur, impairment testing and whether the accounting treatment is appropriate.
3. Assess the reasonableness of assumptions, future cash flow forecasts and discount rates used in impairment models.

### **Other – Using the reports of other independent accountants**

Among the associates included in the consolidated financial statements of VE WONG CORPORATION and its subsidiaries, Hughes Biotech. Co., Ltd. which used the equity method to invest in 2020 and 2019, had its financial statements not audit by us, but was audited by other accountants. In addition, Koh Kong Sugar Industry Co., Ltd. (KSI) and Koh Kong Plantation Co., Ltd. (KPT) invested in Cambodia which used the equity method, its financial statements are in accordance with Thai Financial Reporting Standard for Non-publicly Accountable entities have not been audited by us but by other accountants. We have performed the necessary review procedures for the conversion of the financial statements of KSI and KPT into preparations in accordance with generally accepted accounting principles in the Republic of China. Therefore, our opinion on the financial statements that the amount and various financial disclosure information listed in the financial statements of the investee companies before the adjustment are based on the audit reports of other accountants. As of December 31, 2020 and 2019, the above-mentioned three companies used the equity method to invest in 92,555 thousand NTD and 34,834 thousand NTD, respectively, accounting for 0.99% and 0.37% of the total consolidated assets. From January 1 to December 31, 2020 and 2019, the comprehensive profit and loss (including the share of the subsidiaries, associates and joint ventures recognized by the equity method) recognized by these investee companies was (32,170) thousand NTD and (26,845) thousand NTD, accounting for 0.53% and 0.42% of net consolidated operating income, respectively.



VE WONG CORPORATION has prepared the parent company only financial statements for the 2020 and 2019, and the audit report with unqualified opinions issued by the accountant is on file for reference.

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

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

In preparing the consolidated financial statements, management is responsible for assessing VE WONG CORPORATION and its subsidiaries'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 VE WONG CORPORATION and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are overseeing VE WONG CORPORATION and its subsidiaries'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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the 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 VE WONG CORPORATION and its subsidiaries'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 VE WONG CORPORATION and its subsidiaries' 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 VE WONG CORPORATION and its subsidiaries 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 VE WONG CORPORATION and its subsidiaries 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 regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Kuan Chao Lin and Ming Yu Wen.

PKF Taiwan  
Republic of China  
March 29, 2021

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

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

As the consolidated financial statements are the responsibility of the management, PKF Taiwan 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.

**VE WONG CORPORATION and Subsidiaries**
**CONSOLIDATED BALANCE SHEETS**
**DECEMBER 31, 2020 AND 2019**
**(In Thousands of New Taiwan Dollars)**

ASSETS	Note	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
<b>CURRENT ASSETS</b>	<b>IV</b>				
Cash and cash equivalents	VI(I)	\$ 1,569,035	17	\$ 1,517,644	16
Financial assets measured at amortized cost -current assets	VI(III)	402,692	4	521,918	5
Notes receivable, net	VI(IV)	112,593	1	172,633	2
Accounts receivable, net	VI(IV)	323,266	4	338,080	4
Current tax assets	VI(XIX)	12,427	-	10696	-
Inventories	VI(V)	1,428,081	16	1,654,997	18
Other financial assets	VI(VII) - VIII	314,781	4	759	-
Prepayments and other current assets	VI(XIII) - VII	84,035	1	118,014	1
Total current assets		<u>4,246,910</u>	<u>47</u>	<u>4,334,741</u>	<u>46</u>
<b>NONCURRENT ASSETS</b>	<b>IV</b>				
Financial assets at fair value through profit or loss	VI(II)	44,895	-	37,676	-
Financial assets at fair value through other comprehensive income	VI(VI)	234,184	3	240,904	3
Financial assets measured at amortized cost -noncurrent assets	VI(III)	36,133	-	30,152	-
Investments accounted for using equity method	VI(VIII)	111,152	1	55,578	1
Property, plant and equipment	VI(IX) - VIII	2,931,866	31	3,057,342	33
Right-of-use assets	VI(X)	86,370	1	69,540	1
Investments properties	VI(XI) - VIII	1,441,223	16	1,445,246	15
Deferred income tax assets	VI(XIX)	41,109	-	33,695	-
Prepayments for equipment	VI(XII)	54,922	-	15,602	-
Refundable deposit		28,745	-	26,681	-
Other noncurrent assets	VI(XIII) - VII	74,093	1	77,869	1
Total noncurrent assets		<u>5,084,692</u>	<u>53</u>	<u>5,090,285</u>	<u>54</u>
<b>TOTAL</b>		<u>\$ 9,331,602</u>	<u>100</u>	<u>\$ 9,425,026</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>					
<b>CURRENT LIABILITIES</b>	<b>IV</b>				
Short-term loans	VI(XIV)	\$ 713,000	8	\$ 793,000	8
Notes payable		49,379	-	43,636	1
Accounts payable		281,330	3	400,920	4
Other payables		263,158	3	288,105	3
Current tax liabilities	VI(XIX)	126,669	2	79,918	1
Lease liabilities-current	VI(XV)	9,251	-	10,136	-
Other current liabilities		115,155	1	119,463	1
Total current liabilities		<u>1,557,942</u>	<u>17</u>	<u>1,735,178</u>	<u>18</u>
<b>NONCURRENT LIABILITIES</b>	<b>IV</b>				
Net defined benefit liability	VI(XVI)	300,998	3	330,820	4
Deferred income tax liabilities-land value increment tax		879,845	9	879,845	9
Deferred income tax liabilities -income tax	VI(XIX)	184,423	2	185,849	2
Lease liabilities-noncurrent	VI(XV)	77,090	1	58,834	1
Long-term deferred income	VI(XVII)	4,500	-	5,000	-
Other		14,422	-	13,926	-
Total noncurrent liabilities		<u>1,461,278</u>	<u>15</u>	<u>1,474,274</u>	<u>16</u>
Total liabilities		<u>3,019,220</u>	<u>32</u>	<u>3,209,452</u>	<u>34</u>
<b>EQUITY</b>	<b>IV - VI(XX)</b>				
Capital stock					
Common shares		2,400,000	26	2,400,000	25
Capital surplus					
From treasury stock transactions		38,447	-	36,153	-
From share of changes in equities of associates		167,367	2	76,812	1
Retained earnings					
Appropriated as legal capital reserve		376,906	4	331,218	4
Appropriated as special capital reserve		1,005,964	11	1,005,964	11
Unappropriated earnings		1,121,449	12	980,569	10
Other equity		83,752	1	205,275	2
Treasury stock	VI(VIII) - VI(XXI)	(38,464)	-	(38,464)	0
Total equity attributable to the owners of the parent company		<u>5,155,421</u>	<u>56</u>	<u>4,997,527</u>	<u>53</u>
Non-controlling interests	IV - VI(XX)	<u>1,156,961</u>	<u>12</u>	<u>1,218,047</u>	<u>13</u>
Total equity		<u>6,312,382</u>	<u>68</u>	<u>6,215,574</u>	<u>66</u>
<b>SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS</b>	<b>IX - XII</b>				
<b>TOTAL</b>		<u>\$ 9,331,602</u>	<u>100</u>	<u>\$ 9,425,026</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.  
(With PKF Taiwan auditors' report dated March 29, 2021)

**VE WONG CORPORATION and Subsidiaries**
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

Item	Note	2020		2019	
		Amount	%	Amount	%
NET REVENUE	IV、VI(XXIV)、VII	\$ 6,043,700	100	\$ 6,323,237	100
OPERATING COSTS	IV、VI(IV)	3,999,778	66	4,343,282	69
GROSS PROFIT		2,043,922	34	1,979,955	31
OPERATING EXPENSES					
Marketing		731,548	12	706,559	11
General and administrative		323,988	6	339,873	5
Research and development		8,492	-	8,859	-
Expected credit loss on trade receivables		4,983	-	1,134	-
Total operating expenses		1,069,011	18	1,056,425	16
INCOME FROM OPERATIONS		974,911	16	923,530	15
NON-OPERATING INCOME AND EXPENSES	IV				
Interest income		19,665	-	39,786	-
Other income	VI(XXV)	10,337	-	11,179	-
Other gains and losses	VI(XXVI)、VII	(19,160)	-	20,156	-
Finance costs	VI(XXVII)	(14,317)	-	(14,397)	-
Share of profit or loss of subsidiaries and associates accounted for using the equity method	VI(VIII)	(27,153)	(1)	(25,772)	-
Impairment loss	VI(IX)、VI(XI)	(2,993)	-	-	-
Total non-operating income		(33,621)	(1)	30,952	-
PROFIT BEFORE INCOME TAX		941,290	15	954,482	15
INCOME TAX EXPENSE	IV、VI(XIX)	(247,369)	(4)	(237,003)	(4)
NET PROFIT FOR THE YEAR		693,921	11	717,479	11
OTHER COMPREHENSIVE INCOME (LOSS)	IV				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans		(2,528)	-	(16,722)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income		(6,720)	-	18,421	-
Income tax relating to items that will not be reclassified subsequently to profit or loss		-	-	-	-
		(9,248)	-	1,699	-
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating the financial statements of foreign operations		(192,609)	(3)	106,489	2
Share of the other comprehensive income (loss) of associates accounted for using the equity method		(4,829)	-	44	-
Income tax relating to items that may be reclassified subsequently to profit or loss		-	-	-	-
		(197,438)	(3)	106,533	2
Other comprehensive income (loss) for the year, net of income tax		(206,686)	(3)	108,232	2
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		\$ 487,235	8	\$ 825,711	13
Net profit attributable to:					
Parent company shareholders		\$ 429,096		\$ 456,880	
Non-controlling interests		264,825		260,599	
Net income		\$ 693,921		\$ 717,479	
Total comprehensive income attributable to:					
Parent company shareholders		\$ 305,045		\$ 506,346	
Non-controlling interests		182,190		319,365	
Total comprehensive income		\$ 487,235		\$ 825,711	
EARNINGS PER SHARE	IV、IV(XXII)				
Basic		\$ 1.81		\$ 1.92	
Diluted		\$ 1.81		\$ 1.92	

The accompanying notes are an integral part of the consolidated financial statements.  
(With PKF Taiwan auditors' report dated March 29, 2021)

VE WONG CORPORATION and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(In Thousands of New Taiwan Dollars)

Item	Equity attributable to the owners of the parent company											
	Capital Surplus			Retained Earnings			Other Equity			Total equity attributed to parent company shareholders	Non-controlling interests	Total Equity
	Ordinary Shares	From treasury stock transactions	From share of changes in equities of associates	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury stock			
BALANCE, JANUARY 1, 2019	\$ 2,400,000	\$ 36,153	\$ 76,812	\$ 288,027	\$ 1,005,964	\$ 820,018	\$ 30,512	\$ 112,159	\$ (38,464)	\$ 4,731,181	\$ 1,148,467	\$ 5,879,648
Appropriation of the 2018 earnings												
Legal reserve	-	-	-	43,191	-	(43,191)	-	-	-	-	-	-
Cash dividends(10%)	-	-	-	-	-	(240,000)	-	-	-	(240,000)	-	(240,000)
Net profit for year ended December 31, 2019	-	-	-	-	-	456,880	-	-	-	456,880	260,599	717,479
Other comprehensive income (loss) for year ended December 31, 2019, net of income tax	-	-	-	-	-	(13,138)	44,183	18,421	-	49,466	58,766	108,232
Total comprehensive income for the year ended December 31, 2019	-	-	-	-	-	443,742	44,183	18,421	-	506,346	319,365	825,711
Decrease in non-controlling equity	-	-	-	-	-	-	-	-	-	-	(249,785)	(249,785)
BALANCE, DECEMBER 31, 2019	2,400,000	36,153	76,812	331,218	1,005,964	980,569	74,695	130,580	(38,464)	4,997,527	1,218,047	6,215,574
Appropriation of the 2019 earnings												
Legal reserve	-	-	-	45,688	-	(45,688)	-	-	-	-	-	-
Cash dividends(10%)	-	-	-	-	-	(240,000)	-	-	-	(240,000)	-	(240,000)
Net profit for year ended December 31, 2020	-	-	-	-	-	429,096	-	-	-	429,096	264,825	693,921
Other comprehensive loss for year ended December 31, 2020, net of income tax	-	-	-	-	-	(2,528)	(114,804)	(6,719)	-	(124,051)	(82,635)	(206,686)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	426,568	(114,804)	(6,719)	-	305,045	182,190	487,235
Changes in equity from investments in associates accounted for using the equity method	-	-	90,555	-	-	-	-	-	-	90,555	-	90,555
Changes in equity from investments in associates accounted for using the equity method	-	2,294	-	-	-	-	-	-	-	2,294	-	2,294
Decrease in non-controlling equity	-	-	-	-	-	-	-	-	-	-	(243,276)	(243,276)
BALANCE, DECEMBER 31, 2020	\$ 2,400,000	\$ 38,447	\$ 167,367	\$ 376,906	\$ 1,005,964	\$ 1,121,449	\$ (40,109)	\$ 123,861	\$ (38,464)	\$ 5,155,421	\$ 1,156,961	\$ 6,312,382

The accompanying notes are an integral part of the consolidated financial statements.  
(With PKF Taiwan auditors' report dated March 29, 2021)

**VE WONG CORPORATION and Subsidiaries**
**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(In Thousands of New Taiwan Dollars)**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES :		
Profit before income tax	\$ 941,290	\$ 954,482
Adjustments for :		
Depreciation expense	147,668	146,048
Amortization expense	14,682	17,112
Expected credit loss on trade receivables	4,983	1,140
Net defined benefit liabilities	(32,350)	(150,520)
(Reversal of allowance) provision for inventory market price decline	(6,684)	5,561
Loss on Inventory scrap	13,296	5,358
Loss on disposal of property, plant and equipment	2,978	953
Non-financial asset impairment loss	2,993	-
Loss on fair value change of financial assets at fair value through profit or loss	(7,219)	(7,375)
Share of profit of associates accounted for using the equity method	27,153	25,772
Finance costs	14,317	14,397
Interest income	(19,665)	(39,786)
Dividend income	(10,337)	(11,179)
Changes in operating assets and liabilities		
Decrease (increase) in notes receivable	60,040	(22,947)
Decrease (increase) in trade receivables	11,476	(21,866)
Decrease (increase) in prepayments and other current assets	29,883	(26,715)
Decrease (increase) in inventories	220,304	(212,394)
Increase (decrease) in notes payable and trade payable	(113,847)	92,733
Increase (decrease) in other payables	(24,810)	7,170
Decrease in liability provision-current	-	(63,665)
Increase (decrease) in deferred income	(500)	5,000
Increase (decrease) in other current liabilities	(4,308)	6,313
Cash generated from operations	1,271,343	725,592
Interest received	23,761	40,029
Dividends and other dividends received	11,280	11,179
Income tax received	10	-
Interest paid	(14,454)	(14,231)
Income tax paid	(207,466)	(317,443)
Net cash generated from operating activities	1,084,474	445,126
CASH FLOWS FROM INVESTING ACTIVITIES :		
Acquisition of financial assets at fair value through other comprehensive income	-	(1,085)
Decrease in financial assets measured at amortized cost	113,245	299,212
Increase in other financial assets	(314,022)	(1)
Acquisition of property, plant and equipment	(32,824)	(100,498)
Interest expense for property, plant and equipment	-	(295)
Disposal of property, plant, and equipment	224	329
Increase in prepaid equipment purchase	(50,682)	(24,690)
Decrease (increase) in refundable deposit	(2,064)	781
Increase in other noncurrent assets	(12,266)	(17,457)
Net cash generated from (used in) investing activities	(298,389)	156,296
CASH FLOWS FROM FINANCING ACTIVITIES :		
Increase (decrease) in short-term borrowings	(80,000)	160,000
Payment of the principal portion of lease liabilities	(14,514)	(13,901)
Increase (decrease) in other noncurrent liabilities	496	(2,033)
Dividends paid	(237,706)	(240,000)
Subsidiary paid cash dividends to non-controlling interests	(243,276)	(249,785)
Net cash used in financing activities	(575,000)	(345,719)
Effect of foreign exchange rate change	(159,694)	77,382
NET INCREASE IN CASH AND CASH EQUIVALENTS	51,391	333,085
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,517,644	1,184,559
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ 1,569,035	\$ 1,517,644

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

(With PKF Taiwan auditors' report dated March 29, 2021)

## VE WONG CORPORATION and Subsidiaries

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

#### I. GENERAL

VE WONG CORPORATION (the "Company"), was formerly known as "China Yeast Industry Co., Ltd.", was incorporated in April, 1959 in accordance with the Company Law and other relevant laws and regulations. It was renamed "VE WONG CORPORATION" in May 1979. The main business of the company is the production and sales of monosodium glutamate, soy sauce, instant noodles, canned food and beverages, as well as residential and building development, leasing and sales, industrial plant development, leasing and sales, investment and construction of public construction, and import of foreign tobacco, alcohol and beverages. The Company's shares have been listed and traded on the Taiwan Stock Exchange since 1963.

For the main operating activities and operating segments information of the Company and its subsidiaries (the consolidated company), please refer to Notes IV and XIV.

#### II. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 25, 2021.

#### III. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

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

On July 29, 2019, the FSC announced the IFRSs approved by the FSC under the Jinguan Zhengshen Zi Decree No. 1080323028, which refers to the IFRSs announced on the "International Financial Reporting Standards (IFRSs) Download Area" on the Securities and Futures Bureau's website IFRSs applicable in 2020.

New standards, interpretations and amendments endorsed by FSC effective since 2020 are as follows :

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 9, IAS 39, and IFRS 7 "Interest Rate Benchmark Reform"	January 1, 2020
Amendments to, IFRS 16-Related Discussions with COVID-19	June 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020

The above-mentioned amendments to IFRS 16 "Related Discussions with COVID-19" can be applied in advance of January 1, 2020. The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the consolidated company's accounting policies.

(II) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022
Amendments to, IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 39 "Interest Rate Benchmark Reform - Phase 2 (next)"	January 1, 2021



(continued)

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 IAS 1 “Classification of Liabilities as Current or Noncurrent	January 1, 2023
Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”	January 1, 2022
Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”	January 1, 2022
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022

As of the date the accompanying consolidated financial statements were authorized for issue, the consolidated company continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the consolidated company completes the evaluation.

#### IV. Summary of Significant Accounting Policies

The summary of the significant accounting policies adopted by the consolidated financial statements is described as follows :

(I) Statement of compliance

The consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

(II) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments which are measured at fair values and net defined benefit liabilities that are determined by deducting the fair value of plan assets from the present value of the defined benefit obligation.

(III) Basis of consolidation

1. Principle for the preparation of consolidated financial statements

Control is achieved when the company is exposed to variable remuneration from the participation of the invests or has rights to such variable remuneration, and has the ability to influence such remuneration through its power over the investee. In particular, the company only controls the investor when the company has the following 3 control elements:

- (1) The power over the investee (that is, the existing right that gives him the current ability to lead relevant activities)
- (2) Risks or rights, from variable remuneration for the participation of the investee, and
- (3) The ability to use its power over the invested to affect the amount of investee compensation

When the company directly or indirectly holds less than a majority of the voting rights or similar rights of the investor, the company considers all relevant facts and circumstances to assess whether it has power over the investee, including:

- (1) Contract agreement with other voting rights holders of the investee
- (2) Rights arising from other contractual agreements
- (3) Voting rights and potential voting rights

When the facts and circumstances show that one or more of the 3 control elements has changed, the company will reassess whether it still controls the investee.

The consolidated financial statement includes the financial statements of the company and the entities (subsidiaries) controlled by the company. The financial statements of the subsidiaries shall be included in the consolidated statements from the date when they obtain control, and until the date when they no longer have control.

The financial statements of the subsidiaries have been appropriately adjusted in material



respects to make their accounting policies consistent with the accounting policies used by the company.

The major transactions, balances, income, and expenses and losses between the various entities of the consolidated company have been completely eliminated at the time of consolidated.

If the consolidated company loses control of a subsidiary, then

- (1) Derecognise assets (including goodwill) and liabilities of subsidiaries
- (2) Derecognise the book amount of any non-controlling interests
- (3) Recognise the fair value of the consideration received, if any
- (4) Recognise any investment retained in the former subsidiary at its fair value
- (5) Recognise any profit or loss as current profit and loss
- (6) Reclassification of the parent company previously recognized in other comprehensive profit and loss items as current profit and loss

## 2. The subsidiaries included in the consolidated financial statements

The preparation subject of consolidated financial statements of 2020 and 2019, including these entities as follows, The company, The World Champion Co., Ltd., Sammi Industrial Co., Ltd., Saigon Ve Wong Co., Ltd., Thai Fermentation Industry Co., Ltd. (including Champion Fermentation Co., Ltd.), Samoan Ve Wong International Ltd., Tai Ve Corporation, Samoa Best Founder Corporation, and Green TFL Co., Ltd.

The detail information of subsidiaries at the end of reporting period was as follows :

Name of subsidiary	Nature of business	Shareholding ratio		Whether to be included in the consolidated establishment	
		12.31.2020	12.31.2019	2020	2019
The World Champion Co., Ltd.	Sales of canned food and beverages, etc.	99.99%	99.99%	Yea	Yea
Sammi Industrial Co., Ltd.	Printing, manufacturing and trading of packaging materials and containers	100.00%	100.00%	Yea	Yea
Saigon Ve Wong Co., Ltd.	Manufacturing and sales of MSG and instant noodles	100.00%	100.00%	Yea	Yea
Thai Fermentation Industry Co., Ltd.	Manufacturing and sales of MSG	48.66%	48.66%	Yea (note1)	Yea (note1)
Champion Fermentation Co., Ltd.	Manufacturing and sales of MSG	48.66%	48.66%	Yea (note2)	Yea (note2)
Samoan Ve Wong International Ltd	General investment	100.00%	100.00%	Yea	Yea
Tai Ve Corporation	Residential and building development, lease and sale	100.00%	100.00%	Yea	Yea
Samoa Best Founder Corporation	General investment	100.00%	100.00%	Yea	Yea
Green TFL Co., Ltd.	Bean processed food manufacturing	70.00%	70.00%	Yea	Yea

Note 1: Thai Fermentation Industry Co., Ltd., whose direct and indirect shareholding percentage does not exceed 50%, are appointed by the Company as its general manager, so it is included in the consolidated entity.

Note 2: Champion Fermentation Co., Ltd., after the reorganization in 2016 and the acquisition of the remaining 51% non-controlling interests by Thai Fermentation Industry Co., Ltd., Champion Fermentation Co., Ltd. became the sub-subsidiary of the Company.

3.The subsidiaries that are not included in the consolidated financial statements:  
Shareholding ratio

Name of investment company	Name of subsidiary	Nature of business	12.31.2020	12.31.2019	Remarks
Thai Fermentation Industry Co., Ltd.	K.S.L.IT Center Co., Ltd.	Technology Information Management	50.00%	50.00%	The total assets are not yet significant and there is no significant operating income
Thai Fermentation Industry Co., Ltd.	TFI Green Biotech Company Limited	Classification of organic fertilizers	50.00%	50.00%	The total assets are not yet significant and there is no significant operating income

4.Subsidiaries with significant non-controlling interests in the consolidated company

The total amount of non-controlling interests of the consolidated company as of December 31, 2020 and 2019 were \$1,156,961 and \$1,218,047, respectively. The information of significant non-controlling interests and subsidiaries are as follows :

Name of subsidiary	Main place of business	non-controlling interests			
		12.31.2020		12.31.2019	
		Amount	Shareholding ratio	Amount	Shareholding ratio
Thai Fermentation Industry Co., Ltd.	Thailand	\$ 1,145,234	51.34%	\$ 1,206,165	51.34%

Aggregate financial information of subsidiaries:  
Balance sheet

	Thai Fermentation Industry Co., Ltd.	
	12.31.2020	12.31.2019
Current assets	\$ 2,177,519	\$ 2,350,302
Noncurrent assets	430,152	492,239
Current liabilities	(289,219)	(412,712)
Noncurrent liabilities	(79,720)	(91,742)
Total net assets	\$ 2,238,732	\$ 2,338,087

Statements of comprehensive income

	Thai Fermentation Industry Co., Ltd.	
	2020	2019
Revenue	\$ 2,703,235	\$ 2,924,632
Profit before income tax	668,495	641,628
Income tax expense	(132,991)	(130,896)
Net income	535,504	510,732
Net profit attributable to non-controlling interests	(282,433)	(263,394)
Net profit for the year	253,071	247,338
Other comprehensive income (loss) for the year, net of income tax	(160,968)	114,472
Total comprehensive income for the year	\$ 374,536	\$ 625,204
Total comprehensive profit and loss attributable to non-controlling interests	\$ 199,798	\$ 322,159
Paid cash dividends to non-controlling interests	\$ 243,276	\$ 249,785

Cash flows

	Thai Fermentation Industry Co., Ltd.	
	2020	2019
Net cash generated from operating activities	\$ 681,745	\$ 533,193
Net cash generated from investing activities	10,436	234,856
(Next)		

(continued)		
Net cash used in financing activities	(494,253 )	(465,764 )
Effect of foreign exchange rate change	(121,554 )	67,299
Net increase in cash and cash equivalents	76,374	369,584
Cash and cash equivalents at the beginning of the year	966,547	596,963
Cash and cash equivalents at the end of the year	<u>\$ 1,042,921</u>	<u>\$ 966,547</u>

5. In the third quarter of 2016, the subsidiary Thai Fermentation Industry Co., Ltd., which is included in the consolidated statement, acquired 200,000 ordinary shares of Champion Fermentation Co., Ltd. at 1,300 Baht per share (due to local laws and regulations in Thailand, out of which 5 shares are the equity is registered under the name of a natural person, and the registered equity of Thai Fermentation Industry Co., Ltd. is 199,995 shares). After the reorganization, Champion Fermentation Co., Ltd. became the sub-subsidiary of the Company, and the Company still has control.

(IV) Classification of assets and liabilities as current and non-current

Current assets are assets held for trading purposes and assets expected to be converted to cash, sold or consumed within 12 months from the end of the reporting period. Current liabilities are obligations incurred for trading purposes and obligations expected to be settled within 12 months from the end of the reporting period. Assets and liabilities that are not classified as current are noncurrent assets and liabilities, respectively.

(V) Foreign currency

Items include in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the company, The World Champion Co., Ltd., Summit Industrial Co., Ltd., Tai Ve Corporation and Green TFL Co., Ltd. is NTD, and the functional currency of Saigon Ve Wong Co., Ltd. is VND, The functional currency of Thai Fermentation Industry Co., Ltd. and Champion Fermentation Co., Ltd. is Baht, and the functional currency of Samoa Ve Wong International Ltd. and Samoa Best Founder Corporation is USD. When preparing consolidated financial statements, the operating results and financial status of each consolidated entity are converted into New Taiwan dollars.

In preparing the consolidated financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations are translated into NT\$ using the exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

(VI) Cash and cash equivalent

Cash and cash equivalent include cash reserves, and current deposit balance, and the Bank deposits of which the principal maturity is under 3 months, and highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of changes in value.

(VII) Inventory

Inventories are recorded at cost and calculated using the weighted average method. When calculating product costs, variable manufacturing expenses are amortized based on actual output, and fixed manufacturing expenses are amortized based on the normal production capacity of production equipment. However, when the actual output is not much different from the normal output, it can also be amortized. According to the actual output; if the actual output is abnormally higher than the normal capacity, it will be allocated according to the actual output.

Inventories are measured at the lower of cost or net realizable value. Net realizable value refers to the estimated selling price, minus the estimated cost to be completed and the estimated cost required to complete the sale. When the comparative cost and the net realizable value are lower, the comparison is made item by item. If the net realizable value of the finished product is expected to be equal to or higher than the cost, the raw materials used for the production of the finished product will not be offset below the cost. When the price of the raw materials drops and the cost of the finished product exceeds the net realizable value, The raw material is reduced to the net realizable value. The amount of inventory reduced from cost to net realizable value is recognized as cost of goods sold, and the net realizable value of inventory is re-measured in each subsequent period. If the previous factors that caused the net realizable value of inventory to be lower than the cost have disappeared, there may be evidence When the net realizable value increases due to changes in economic conditions, the increase in the net realizable value of inventories is reversed within the scope of the original write-off amount and recognized as the decrease in the cost of goods sold for the current year.

(VIII) Investments accounted for using equity method

The consolidated company uses the equity method to account for its investments in associates. Financial statements of associates are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company. In any case, the difference between the end of the reporting period of the financial statements of associates and the Company shall not exceed 3 months. The main business of some associates is the sugar industry or its related industries. Due to industry characteristics (climate and harvest period and other factors), according to local business habits and accounting practices, their financial reporting period is based on the November system (that is, the accounting period is from November 1 of the current year to October 31 of the following year), but the difference from the end of the reporting period of the company's financial statements does not exceed 3 months.

Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the consolidated company's share of the profit or loss and other comprehensive income of the associate. An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. The consolidated company also recognizes the changes in the consolidated company's share of the equity of associates attributable in the consolidated company. When the consolidated company's share of losses of an associate equals or exceeds its interest in that associate, the consolidated company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the consolidated company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

Any excess of the cost of acquisition over the consolidated company's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the consolidated company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the consolidated company subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The consolidated company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the consolidated company's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities.

When the consolidated company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the consolidated financial statements only to the extent of interest in the associate that are not related to the consolidated company.

(IX) Property, plant and equipment

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less accumulated depreciation and any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are depreciated and classified in the appropriate categories of property, plant and equipment when completed and ready for intended use.

For the original cost of some property on January 1, 2012 (the date of conversion to IFRS), the cost was determined based on the application of IFRS No. 1 exemption requirements.

Depreciation is recognized so as to write off the cost of the assets less their residual values over their useful lives, and it is computed using the straight-line method mainly over the following estimated useful lives: buildings - 15 to 55 years; machinery and equipment - 5 to 15 years; and Transportation Equipment 5 to 10 years; Miscellaneous equipment 3 to 8 years; Other equipment 3 to 12 years; Idled Assets 8 to 27 years. When the main components of property, plant and equipment have different service life, they are treated as separate items. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(X) Leases

If a contract transfers control over the use of an identified asset for a period of time in exchange for consideration, the contract is a lease or includes a lease

Lessor

The lessor classifies each lease as an operating lease or a finance lease. A lease that transfers almost all the risks and rewards attached to the ownership of the underlying asset is a financial lease; if a lease does not transfer almost all the risks and rewards attached to the ownership of the underlying asset, it is an operating lease.

If it is an operating lease, the lessor recognizes the lease payments as income on a straight-line basis, but if other systematic basis is more representative of the form of reduced use efficiency of the underlying asset, this basis applies. If it is a financial lease, the lessor shall recognize the financial lease receivables and the unearned financial income of the financial lease on the lease start date, and adopt a systematic and reasonable basis to allocate the financial income to the lease period, so that each period of the lease period has a fixed rate of return.

Lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of the lease. The right-of-use asset is measured at cost, and the lease liability is based on the present value of the lease payment not yet paid on that date.

The right-of-use asset shall be depreciated, and its depreciation period shall be the earlier of the period from the beginning of the lease to the end of the useful life of the right-of-use asset or the expiration of the lease term; However, if the lessee will acquire the ownership of the leased asset at the end of the lease term, or if the cost of the right-of-use asset reflects the exercise of the purchase option, the depreciation period is from the lease start date to the end of the useful life of the underlying asset.

Lease liabilities use the effective interest rate method to calculate interest expenses, so that the interest rate of each period calculated based on the lease liability balance is fixed. Lease payments are used to pay interest and reduce lease liabilities. The interest on lease liabilities is recognized in profit or loss

(XI) Investment properties

If the consolidated company's property is not for sale at the end of the reporting period, nor is it used for the production or provision of goods or services, or for management purposes, it is classified as investment properties.

An investment property is stated initially at its cost and measured subsequently using the cost model. For the original cost of investment properties on January 1, 2012 (the date of conversion to IFRS), the exemption provisions of IFRS No. 1 were selected and the cost was determined. Buildings on investment property are computed using the straight-line method mainly over the



following estimated useful lives of 5 to 27 years. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

#### (XII) Intangible Assets

##### 1. Goodwill

The consolidated company chose to apply the exemption provisions of IFRS 1 for business combinations that occurred before January 1, 2012 (the date of transition to IFRS). Therefore, for the amount of goodwill generated by business combinations before that date, it is presented based on the amount recognized by the generally accepted accounting principles before adopted the IFRS. At the time of initial recognition, it is recognized as an asset at the original cost, and it will not be amortized in the subsequent period. It is measured by cost less accumulated impairment.

##### 2. Other intangible assets

Other separately acquired intangible assets with a limited useful life are presented at cost minus accumulated amortization and accumulated impairment. The amortization amount is calculated on the basis of the 3 year service life based on the straight-line method. The estimated service life and amortization method are reviewed at the end of the reporting period. If there is any change in the estimate, the impact will be postponed and adjusted.

#### (XIII) Impairment of asset

At the end of each reporting period, the consolidated company reviews the carrying amounts of its assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is evaluated based on the present value of estimated future cash flows, discounted at the current market-determined rate, and certain risk assumptions which impact future cash flows.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

Goodwill shall be tested for impairment regularly every year, and the impairment loss shall be recognized in the profit and loss of the current year and shall not be reversed in subsequent periods.

#### (XIV) Financial instruments

Financial assets and financial liabilities are recognized only when the company becomes a party to the contractual terms of financial instruments. At the time of initial recognition, it should be measured at fair value. If it is not a financial asset or financial liability that is measured at fair value through profit or loss, the transaction costs directly attributable to the acquisition or the issuance of the financial asset or financial liability should be added or subtracted. However, accounts receivable that do not contain a significant financial component should be measured as the transaction price when initially recognized.

Financial assets are only delisted when one of the following conditions is met : (1) Invalidation of contractual rights from cash flow of financial assets ; (2) Almost all risks and rewards of transferring ownership of financial assets, or almost all risks and rewards of ownership of the financial assets are neither transferred nor retained, and control of the financial assets is not retained.

For financial products with an active market, the fair value is based on the publicly quoted prices in the active market; for financial products without an active market, the fair value is estimated by the evaluation method.

The recognition and delisting of conventional transaction financial assets are based on the transaction day accounting treatment.

#### 1. Financial assets

Financial assets are based on the business model of managing financial assets and the contractual cash flow characteristics of financial assets. Financial assets held by the Company are classified into measured at amortized cost, at fair value through profit or loss and at fair value through other comprehensive income.

##### Measured at amortized cost

If a financial asset meets the following two conditions at the same time, it will be measured at the amortized cost :

- a. Financial assets are held under a certain business model. The purpose of this model is to hold financial assets to collect contractual cash flows.
- b. The contractual terms of the financial asset generate cash flows on a specific date, and these cash flows are all interest on the payment of the principal and the amount of principal in circulation.

For financial assets measured at amortized cost, their benefits or losses are recognized in profit and loss, but if they are part of a hedging relationship, they are treated as hedging accounting.

Interest income is calculated using the effective interest method.

##### At fair value through other comprehensive income

If a financial asset meets the following two conditions at the same time, it will be measured at fair value through other comprehensive income :

- a. Financial assets are held under a certain business model whose purpose is achieved by collecting contractual cash flows and selling financial assets ; and
- b. The contractual terms of the financial asset generate cash flows on a specific date, and these cash flows are all interest on the payment of the principal and the amount of principal in circulation.

Benefits or losses are recognized in other comprehensive profit and loss, except for derogation benefits or losses and foreign currency exchange gains and losses. When assets are delisted, the accumulated benefits or losses listed in other comprehensive profit and loss are reclassified from equity to profit and loss.

If the investment in a specific equity instrument that should be measured at fair value through profit and loss is not held for trading, nor is it a contingent consideration recognized in a business combination, an irrevocable choice can be made at the time of initial recognition and its subsequent fairness Changes in value are reported in other comprehensive income. In this case, the profit or loss is recognized in other comprehensive profits and losses, but dividends that are not investment cost recovery are included in the profits and losses. When assets are delisted, the accumulated benefits or losses listed in the other comprehensive profit and loss shall not be reclassified to profit and loss.

##### Measured at fair value through profit and loss

Financial assets are all measured at fair value through profit and loss, except when measured at amortized cost or at fair value through other comprehensive profits and losses.

At the time of initial recognition, financial assets can be irrevocably designated as measured at fair value through profit and loss to eliminate or significantly reduce. If not designated, it will be measured by using different basis to measure assets or liabilities or recognizing its benefits and losses. Or the recognition is inconsistent.

The benefit or loss is recognized in the profit and loss, but if it is part of the hedging relationship, it shall be treated as hedging accounting.

#### 2. Financial liabilities

Financial liabilities shall be classified as measured at amortized cost, except for derivatives that do not comply with hedging accounting, designated as measured at fair value through profit and loss, and contingent consideration in a business combination that shall be classified as

measured at fair value through profit or loss. Measured, except for financial liabilities that are not in compliance with delisted transfers or continuous participation in transferring assets, financial guarantee contracts, and commitments to provide loans at lower than market interest rates.

### 3. Impairment

Financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive gains and losses, contract assets and loan commitments under applicable impairment regulations, and financial guarantee contracts to measure impairment based on the expected credit loss model. If the credit risk of a financial instrument has increased significantly since its initial recognition, the allowable loss is measured in the amount of expected credit loss during the duration of each reporting day ; If the credit risk of a financial instrument has not increased significantly since the initial recognition, the 12-month expected credit loss amount will be used to measure the allowable loss on the reporting date. However, the company's impact on transactions within the scope of IFRS 15 For accounts receivable or contract assets that do not contain significant financial components, the simplified method is adopted to measure the allowable loss based on the expected credit loss amount during the duration.

### (XV) Reserve for liabilities

The reserve for liabilities shall be recognized when the consolidated company has a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

### (XVI) Employee benefits

Payments to the defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

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

### (XVII) Government Grants

Government grants are recognized only when it is reasonably certain that the consolidated company will comply with the conditions attached to the government subsidies and will receive such subsidies.

Government grants are recognized in the profit and loss on a systematic basis during the period when the related costs that they intend to compensate are recognized as expenses by the consolidated company. Government grants that are conditional on the acquisition, construction or other means of acquisition of non-current assets of the consolidated company are recognized as deferred income and transferred to profit and loss during the useful life of the relevant assets at a reasonable and systematic basis.

If the government grants are used to compensate for expenses or losses that have occurred, or is for the purpose of providing immediate financial support to the consolidated company and there is no future related costs, it is recognized in the profit and loss during the period when it can be received.

### (XVIII) Revenue Recognition

Revenue is measured by the expected consideration in which the consolidated company has the right to acquire from the product transfer or labor service.

The consolidated company recognizes revenue from contracts with customers by applying the following steps:

- (1) Identify the contract with a customer;
- (2) Identify the performance obligations in the contract;
- (3) Determine the transaction price;



- (4) Allocate the transaction price to the performance obligations in the contract; and
- (5) Recognize revenue when (or as) the entity satisfies its performance obligations.

The consolidated company provides goods in accordance with the contract, recognizes revenue when meeting performance obligations, and usually meets performance obligations when transferring goods. The revenue generated by the provision of labor services in accordance with the contract is recognized, according to the degree of completion of the contract (output method or input method).

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

Before the customer pays the consideration or before the payment can be received from the customer, the contract has been performed by transferring goods or services to the customer, and the performance amount is recognized as a contract asset. However, if there is an unconditional right to the consideration of the contract and it can be collected from the customer only after time has passed, the performance amount shall be recognized as a receivable.

The consideration received from customers prior to the Company having satisfied its performance obligations are accounted for as contract liabilities.

#### (XIX) Non-operating income

##### Dividends

Revenue is recognized when the Company's right to receive the dividends is established, which is generally when stockholders approve the dividend.

##### Interest income

Interest income is recorded using the effective interest method and recognized in profit or loss.

#### (XX) Income tax

The income tax consists of current income tax and deferred income tax. The current income tax and deferred income tax shall be recognized in profit or loss, other than the income tax related to combined entities, and items stated into other comprehensive income or stated into equity directly.

The current income tax includes the projected income tax payable or tax refund receivable based on the current taxable income (loss), and the adjustment of income tax payable or tax refund receivable in the previous years. The amount refers to the best estimates of the expected payables or receivables measured on the basis of the statutory tax rate or tax rate substantially enacted on the reporting date. Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

According to the Income Tax Law, an additional tax on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred 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 tax assets are reassessed.

#### (XXI) Earnings per share

Basic earnings per share is computed by dividing net income by the weighted-average number of ordinary shares outstanding during the current reporting period. The diluted EPS is calculated upon the adjustment of the effect of all potential diluted common stocks based on the income vested in the common stockholders and the number of shares of the weighted average outstanding common stock.

#### (XXII) Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as an expense and liability, 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.

(XXIII) Operating segments information

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

**V. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the consolidated company's accounting policies, management is required to make judgments, estimates and assumptions based on historical experience and other factors that are considered to be relevant about the related information that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future and other key sources of estimating the uncertainty at the reporting date that would have a significant risk for a material adjustment to the carrying amounts of assets or liabilities within the next fiscal year are discussed below.

(I) Revenue recognition

In principle, sales revenue is recognized when the profit-making process is completed. The withdrawal of related returns and discounts is based on historical experience and consideration of different contract conditions to estimate possible sales returns and discounts when the product is sold. The current period is recognized as deductions and refund liabilities of sales revenue (other payables and other current liabilities are accounted for), and the consolidated company regularly reviews the reasonableness of the estimates.

(II) Asset impairment assessment (except goodwill)

In the process of asset impairment assessment, the consolidated company needs to rely on subjective judgments, including identifying cash-generating units and determining the recoverable amount of cash-generating units based on asset usage patterns and industrial characteristics. Any estimates brought about by changes in economic conditions or company strategies Changes may cause significant impairment in the future.

(III) Goodwill impairment assessment

The assessment process of goodwill impairment relies on the subjective judgment of the consolidated company, including identifying the cash-generating unit, allocating assets and liabilities to the relevant cash-generating unit, allocating goodwill to the relevant cash-generating unit, and determining the recoverable amount of the relevant cash-generating unit.

(IV) Income tax

The uncertainty of income tax lies in the interpretation of complex tax regulations, the amount of taxable income generated in the future, the difference between the actual results and the assumptions made, or the changes in these assumptions in the future, which may lead to the recorded income Income tax benefits and expenses will be adjusted in the future.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deferred tax assets can be utilized. Assessment of the realization of the deferred tax assets requires subjective judgment and estimate, including the future revenue growth and profitability, tax holidays, the amount of tax credits can be utilized and feasible tax planning strategies. Any changes in the global economic environment, the industry trends and relevant laws and regulations could result in significant adjustments to the deferred tax assets.

As of December 31, 2020 and 2019, the carrying amount of deferred income tax assets was \$41,109 and \$33,695, respectively.

(V) Net defined benefit liability

When calculating and determining the present value of employee benefit obligations, the consolidated company must use judgments and estimates to determine the relevant actuarial assumptions at the end of the financial reporting period, including the discount rate and the expected rate of return of the planned assets. Any change in actuarial assumptions may significantly affect the amount of the consolidated company's determined benefit obligations.

As of December 31, 2020 and 2019, the carrying amount of Net defined benefit liability was \$300,998 and \$ 330,820, respectively.

(VI) Estimated impairment of financial assets

The consolidated company adopts IFRS 9 to recognize the allowable loss of accounts receivable (including notes receivable and accounts receivable) based on the expected credit loss during the duration. The expected credit loss during the duration is based on historical experience and individual considerations. The financial status of customers and their industries and forward-looking information will be estimated and adjusted. If the expected cash received in the future is different from the original estimate, the difference will affect the book value of the receivables and allowance for losses in the year when the estimate is changed.

The consolidated company holds financial assets measured at fair value through profit and loss and financial assets measured at fair value through other comprehensive gains and losses. Among them, the fair value measurement of the stocks of unlisted companies without an active market involves multiple assumptions. Including the used evaluation methods, decisions of comparable companies, price-to-earnings ratios and liquidity discounts, etc., subject to subjective judgment and high uncertainty, and the results of their measurement have an impact on financial statements.

As of December 31 2020 and 2019, the book value of notes and accounts receivable was \$435,859 (after deducting allowance for impairment loss of \$8,650) and \$510,713 (after deducting allowance for impairment loss of \$5,312).

In 2020 and 2019, the consolidated company recognized the financial asset evaluation benefits of stocks of unlisted companies with no active market was \$3,140 and \$5,826, respectively.

VI. Description of significant accounting items

(I) Cash and cash equivalent

	As at December 31,	
	2020	2019
Cash	\$ 1,529	\$ 2,087
Checking deposits	42,455	28,126
Demand deposits	158,271	199,612
Foreign currency deposits	1,089,969	751,813
Fixed deposit no more than 3 months	276,811	536,006
Total	<u>\$ 1,569,035</u>	<u>\$ 1,517,644</u>

1.The consolidated company did not pledge any cash and cash equivalents as collateral.

2.The market rate intervals of fixed deposit at the end of the reporting period were as follows :

	As at December 31,	
	2020	2019
Fixed deposit no more than 3 months	0.40%-1.50%	1.40%-1.50%

(II) Financial assets at fair value through profit or loss-noncurrent

	As at December 31,	
	2020	2019
Mutual funds	\$ 37,676	\$ 30,301
Unlisted stocks	-	-
Subtotal	37,676	30,301
Valuation adjustment	7,219	7,375
Total	<u>\$ 44,895</u>	<u>\$ 37,676</u>

(III) Financial assets measured at amortized cost -current assets

	As at December 31,	
	2020	2019
<u>Current assets</u>		
Fixed deposit -more than 3 months within 1 year	\$ 375,928	\$ 492,218
Mutual funds- more than 3 months within 1 year	26,764	29,700
Subtotal of current assets	402,692	521,918
<u>Noncurrent assets</u>		
Government Bonds- more than 1 year	9,553	10,352
Mutual funds-- more than 1 year	26,580	19,800
Subtotal of noncurrent assets	36,133	30,152
Total	\$ 438,825	\$ 522,070

	As at December 31,	
	2020	2019
<u>Market rate</u>		
Fixed deposit -more than 3 months within 1 year	0.39%-6.2%	1.07%-6.2%
Mutual funds- more than 3 months within 1 year	0.60%-4.0%	6.0%
Government Bonds- more than 1 year	4.5%	4.5%
Mutual funds-- more than 1 year	6.1%	6.1%

(IV) Notes and accounts receivable, net

	As at December 31,	
	2020	2019
<u>Notes receivable</u>	\$ 112,593	\$ 172,633
<u>Accounts receivable</u>	\$ 331,916	\$ 343,392
Less: allowance for impairment loss	(8,650)	(5,312)
Net accounts receivable	\$ 323,266	\$ 338,080

The consolidated company's average credit period for account receivables arising from the sale of goods is 90 days, and notes and accounts receivable are non-interest-bearing.

The consolidated company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated by reference to past default experiences of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of the current direction of economic conditions at the reporting date. As of December 31, 2020 and 2019, the analysis of the consolidated company's expected credit losses on the notes and accounts receivable is as follows:

The ageing analysis of unimpaired receivables is as follows :

	As at December 31,	
	2020	2019
Undue	\$ 221,958	\$ 288,548
Overdue within 30 days	837	2,131
Overdue for 31~60 days	54	241
Overdue over 61 days	7	4,038
Total	\$ 222,856	\$ 294,958

The analysis of the consolidated company's expected credit losses on the notes and accounts receivable is as follows:

As at December 31, 2020			
	Book value	Rate of expected credit losses throughout the duration	Allowance for expected credit losses throughout the duration
Undue	\$ 214,894	1.00%	\$ 2,149
Overdue within 90 days	285	10.00%	29
Overdue for 91~180 days	3	50.00%	1
Overdue over 181 days	6,471	100.00%	6,471
Total	<u>\$ 221,653</u>		<u>\$ 8,650</u>

As at December 31, 2019			
	Book value	Rate of expected credit losses throughout the duration	Allowance for expected credit losses throughout the duration
Undue	\$ 215,114	1.00%	\$ 2,152
Overdue within 90 days	3,016	10.00%	302
Overdue for 91~180 days	155	50.00%	76
Overdue over 181 days	2,782	100.00%	2,782
Total	<u>\$ 221,067</u>		<u>\$ 5,312</u>

The statement of changes in the impairment loss allowance for the notes and accounts receivable of the consolidated company is as follows:

For the years ended December 31,			
	2020	2019	
Beginning balance	\$ 5,312	\$ 4,061	
Recognized impairment loss (reversal)	3,623	1,143	
Effect of foreign exchange rate change	(285)	108	
Ending balance	<u>\$ 8,650</u>	<u>\$ 5,312</u>	

Regardless of other credit enhancements, the notes receivable that best represent the consolidated company's credit risk exposures as of December 31, 2020 and 2019 was \$112,593 and \$172,633, respectively; the most representative of the consolidated company the maximum amount of credit risk exposure of accounts receivable as of December 31, 2020 and 2019 were \$323,266 and \$338,080, respectively.

(V) Inventory

As at December 31,		
	2020	2019
Raw materials	\$ 343,544	\$ 459,124
Supplies	58,413	72,614
Work in progress	607,466	702,670
Finished goods	382,342	322,600
Goods in transit	41,653	110,010
Total	1,433,418	1,667,018
Less: Allowance to reduce inventory to market	(5,337)	(12,021)
Net	<u>\$ 1,428,081</u>	<u>\$ 1,654,997</u>

The cost of inventories recognized as expense for the year :

	For the years ended December 31,	
	2020	2019
Cost of goods sold	\$ 3,963,679	\$ 4,304,152
Loss on discarding of inventory	13,296	5,358
Reversal of allowance for inventory		
market price decline	(6,684 )	5,561 )
Income from sale of scraps	(3,812 )	(4,203 )
Subtotal	2,800	6,716
Rental cost	33,299	32,414
Total	\$ 3,999,778	\$ 4,343,282

The reversal of net realizable value and the decrease of the cost of goods sold were recognized due to the disposal of certain inventories, which were previously provided with an allowance for the price decline.

(VI) Financial assets at fair value through other comprehensive income-noncurrent

	As at December 31,	
	2020	2019
Listed stocks	\$ 100,543	\$ 100,543
Unlisted stocks	49,026	49,026
Subtotal	149,569	149,569
Valuation adjustment	84,615	91,335
Total	\$ 234,184	\$ 240,904

(VII) Other financial assets-noncurrent

	As at December 31,	
	2020	2019
Bank- special account for repatriation of overseas funds (Note)	\$ 300,560	\$ -
Bank-restricted	11,367	759
Stimulus voucher	2,854	-
Total	\$ 314,781	\$ 759

Note : It is a special foreign exchange deposit account of the overseas fund repatriation management and taxation regulations applicable to the consolidated company's allocation of overseas dividend income, which is dedicated to investment planning expenditures.

(VIII) Investments accounted for using equity method

Name	Number of thousand shares	Book value	Percentage held
<u>As at December 31, 2020</u>			
<u>Investments in associates</u>			
PT Ve Wong Budi Indonesia	64	-	49.00
Koh Kong Plantation Co., Ltd.	-	9,048	20.00
Koh Kong Sugar Industry Co., Ltd.	-	69,319	11.98
K.S.L. IT Center Co., Ltd.	5	4,487	50.00
TFI Green Biotech Company Limited	50	14,110	50.00
Hughes Biotech. Co., Ltd.	1,125	14,188	34.62
Total		\$ 111,152	
(next)			



(continued)

As at December 31, 2019

Investments in associates

PT Ve Wong Budi Indonesia	64	\$	-	49.00
Koh Kong Plantation Co., Ltd.	-		13,811	20.00
Koh Kong Sugar Industry Co., Ltd.	-		4,253	20.00
K.S.L. IT Center Co., Ltd.	5		4,813	50.00
TFI Green Biotech Company Limited	50		15,931	50.00
Hughes Biotech. Co., Ltd.	1,125		16,770	34.62
Total		\$	55,578	

1. Disclosure matters and related instructions of PT Ve Wong Budi Indonesia :

- (1) In the second half of 2006, the Company was no longer able to participate in and control or understand the operations of PT Ve Wong Budi Indonesia, and the Company has indeed lost control of PT Ve Wong Budi Indonesia.
  - (2) The Company invested in PT Ve Wong Budi Indonesia may suffer losses or damages, and whether it is likely to incur contingent liabilities, after consulting with legal experts to issue an opinion that: the company's obligations are limited to the amount of capital contributed and not exceeding the shareholders' assets.
  - (3) The book balance of investment in PT Ve Wong Budi Indonesia, capital loans and advances to PT Ve Wong Budi Indonesia has all been reduced to zero in 2006.
  - (4) PT Ve Wong Budi Indonesia was approved by the local court to conduct statutory liquidation procedures, and the Indonesian shareholders handled the liquidation matters in August 2015.
2. In addition to the above items, the consolidated company uses equity method of investment and its share of profits and losses and other comprehensive profits and losses, including Koh Kong Plantation Co., Ltd., Koh Kong Sugar Industry Co., Ltd. and Hughes Biotech. Co., Ltd., is based on the financial statements of the investee company audited by independent Auditors' report, to calculate, recognize and disclose various financial information.
3. The World Champion Co., Ltd., a subsidiary included in the consolidated financial statements, holds the Company's stocks, because the Company follows IAS 32 「Financial Instruments: Presentation」 and treats them as treasury stocks. On December 31, 2020 and 2019, the above transactions were reclassified and offset, and were classified as treasury stocks under the owner's equity, and the amount was both \$38,464. For the relevant details of treasury stocks, please refer to Note VI (XXI) of treasury stocks in the consolidated financial statements. In addition, in accordance with the relevant accounting treatment instructions of IAS 32 "Financial Instruments: Presentation", the Company shall pay \$2,294 in cash dividends to The World Champion Co., Ltd. in 2020, and use the equity method to offset the cash dividends based on the shareholding ratio. The profit and loss share of The World Champion Co., Ltd., and the adjustment of the "capital surplus-treasury stock transaction" amounted to \$2,294.
4. In order to comply with Cambodian laws and regulations, the company adjusted the investment organization of Cambodia's investment in the equity method, and established a subsidiary company "Best Founder Corporation" in Samoa with 100% of the company's shares to replace the company's original investment in Cambodia. "Koh Kong Plantation Co., Ltd." investment company.

Koh Kong Sugar Industry Co., Ltd. and Koh Kong Plantation Co., Ltd. invested by the consolidated company, intends to increase capital in 2018. The company passed a resolution of the board of directors on April 11, 2018. Approved, not participating in the capital increase. The above-mentioned associate Koh Kong Sugar Industry Co., Ltd. and Koh Kong Plantation Co., Ltd., based on the audit report of the accountant: these investee companies have ceased business on October 31, 2018, and the management of the investee company was closed in February 2019, and publicly announced plans to close business for 3 years.

The above-mentioned associate Koh Kong Sugar Industry Co., Ltd. has increased its capital in June 2020. The Company did not subscribe for new shares, according to the shareholding ratio, which reduced the shareholding ratio to 11.98%. However, the Company's assessment results still show that Koh Kong Sugar Industry Co., Ltd. still has significant influence (the power to participate in the financial and operational policy decisions of the investee has not changed), so

its investment is still treated by the equity method. In 2020, the Company did not subscribe for new shares based on the shareholding ratio, which caused the shareholding ratio to change, and consequently the net value of its investment equity changed. According to the financial statements checked by the accountant, the capital reserve was calculated and adjusted to increase by \$90,555.

In addition, the above-mentioned associates company Koh Kong Plantation Co., Ltd., as of December 31, 2020, has processed a capital reduction to make up for its losses. After the capital reduction, the consolidated company still holds 20.00% of its investment and still has significant influence.

The financial information on the consolidated company's significant Associate is summarized as follows :

	As at December 31,	
	2020	2019
Current assets	\$ 29,293	\$ 62,347
Noncurrent assets	\$ 1,439,771	\$ 1,737,464
Current liabilities	\$ 814,971	\$ 1,594,228
Noncurrent liabilities	\$ 14,499	\$ 92,260
Net assets	\$ 639,594	\$ 113,323
The consolidated company's rights	\$ 92,555	\$ 34,834

	For the years ended December 31,	
	2020	2019
Revenue	\$ 227	\$ 23,889
Net Loss	\$ (151,986)	\$ (129,766)
Total comprehensive incomre	\$ (196,606)	\$ (130,784)
Total profit and loss attributable to the consolidated company	\$ (27,341)	\$ (26,889)
Total other comprehensive profit and loss attributable to the consolidated company	\$ (4,829)	\$ 44
Total comprehensive profit and loss attributable to the consolidated company	\$ (32,170)	\$ (26,845)

(IX) Property, plant and equipment

The movement of property, plant and equipment for the years ended December 31, 2020 and 2019 were as follows :

	Land	Buildings	Machinery and equipment	Transportation Equipment	Miscellaneous equipment	Other equipment	Idled Assets	Construction in Progress	Total
<u>Cost</u>									
Balance at January 1, 2019	\$ 1,591,455	\$ 828,879	\$ 3,059,802	\$ 211,918	\$ 60,588	\$ 45,478	\$ 707,602	\$ 184,377	\$ 6,690,099
Additions	-	10,088	39,238	7,118	2,867	14,198	-	27,284	100,793
Disposals	-	(15,356)	(46,809)	(3,022)	(3,331)	(21,943)	-	-	(90,461)
Transferred	494	218,112	132,364	1,883	(188)	542	(3,925)	(211,284)	137,998
Effect of foreign exchange rate change	8,997	15,626	95,999	4,297	983	129	-	12	126,043
Balance at December 31, 2019	1,600,946	1,057,349	3,280,594	222,194	60,919	38,404	703,677	389	6,964,472

(next)



(continued)

Additions	-	-	24,551	2,804	628	4,688	-	153	32,824
Disposals	-	(860)	(110,293)	(657)	(807)	(1,944)	-	-	(114,561)
Transferred	-	-	11,885	-	-	-	-	(523)	11,362
Effect of foreign exchange rate change	(10,458)	(29,519)	(135,503)	(6,651)	(1,552)	(176)	-	(19)	(183,878)
Balance at December 31, 2020	<u>\$ 1,590,488</u>	<u>\$ 1,026,970</u>	<u>\$ 3,071,234</u>	<u>\$ 217,690</u>	<u>\$ 59,188</u>	<u>\$ 40,972</u>	<u>\$ 703,677</u>	<u>\$ -</u>	<u>\$ 6,710,219</u>

Accumulated depreciation

Balance at January 1, 2019	\$ -	\$ 672,950	\$ 2,753,435	\$ 155,339	\$ 57,097	\$ 40,732	\$ 19,343	\$ -	\$ 3,698,896
Depreciation	-	26,923	84,939	16,451	1,123	2,339	-	-	131,775
Disposals	-	(15,050)	(45,851)	(3,123)	(3,224)	(21,931)	-	-	(89,179)
Transferred	-	188	3,817	-	(188)	-	(3,817)	-	-
Effect of foreign exchange rate change	-	12,323	88,310	3,649	963	84	-	-	105,329
Balance at December 31, 2019	-	697,334	2,884,650	172,316	55,771	21,224	15,526	-	3,846,821
Depreciation	-	36,372	77,538	16,139	1,233	3,632	-	-	134,914
Disposals	-	(847)	(107,385)	(632)	(767)	(1,728)	-	-	(111,359)
Effect of foreign exchange rate change	-	(25,187)	(126,610)	(5,712)	(1,537)	(127)	-	-	(159,173)
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 707,672</u>	<u>\$ 2,728,193</u>	<u>\$ 182,111</u>	<u>\$ 54,700</u>	<u>\$ 23,001</u>	<u>\$ 15,526</u>	<u>\$ -</u>	<u>\$ 3,711,203</u>

Accumulated impairment

Balance at January 1, 2019	\$ 53,045	\$ -	\$ 12	\$ -	\$ 5	\$ -	\$ 7,247	\$ -	\$ 60,309
Transferred	-	-	109	-	-	-	(109)	-	-
Balance at December 31, 2019	53,045	-	121	-	5	-	7,138	-	60,309
Add (less)	(7,349)	14,190	(7)	-	7	-	-	-	6,841
Balance at December 31, 2020	<u>\$ 45,696</u>	<u>\$ 14,190</u>	<u>\$ 114</u>	<u>\$ -</u>	<u>\$ 12</u>	<u>\$ -</u>	<u>\$ 7,138</u>	<u>\$ -</u>	<u>\$ 67,150</u>

Book value

December 31, 2019	<u>\$ 1,547,901</u>	<u>\$ 360,015</u>	<u>\$ 395,823</u>	<u>\$ 49,878</u>	<u>\$ 5,143</u>	<u>\$ 17,180</u>	<u>\$ 681,013</u>	<u>\$ 389</u>	<u>\$ 3,057,342</u>
December 31, 2020	<u>\$ 1,544,792</u>	<u>\$ 305,108</u>	<u>\$ 342,927</u>	<u>\$ 35,579</u>	<u>\$ 4,476</u>	<u>\$ 17,971</u>	<u>\$ 681,013</u>	<u>\$ -</u>	<u>\$ 2,931,866</u>

1.The property and plant proved mortgage conditions, please refer to note VIII.

2.The amount of interest capitalization of the Construction in Progress in 2019 is \$295.

3.As of December 31, 2019, some of the consolidated company's Property, plant and equipment are based on the real estate valuation report issued by an external independent professional appraisal agency and the consolidated company's evaluation. The recoverable amount (net fair value) is less

than the book value \$60,309, and the accumulative impairment has been listed as \$60,309. Based on the real estate appraisal report issued by an external independent professional appraisal agency (price date: December 31, 2020) and the consolidated company's evaluation in 2020, the consolidated company resumed part of the Property, plant and equipment at the beginning of the period and listed the impairment loss of \$60,309 at the beginning of the period, and incurred impairment losses decreased by \$7,349. In 2020, the total loss of impairment of some Property, plant and equipment was \$14,190, and the net amount of impairment loss in 2020 increased by \$6,841. Therefore, the impairment loss was recognized \$6,841 in 2020. As of December 31, 2020, the recoverable amount (net fair value) of some of the consolidated company's Property, plant and equipment was less than the book value of \$67,150, and the accumulated impairment after deduction was \$67,150.

4. According to the real estate appraisal report issued by an external independent professional appraisal agency and the consolidated company's evaluation, as of December 31, 2020, the total fair value of the above-mentioned Property, plant and equipment was \$6,116,343 (including the fair value belongs to the second level was \$5,680,035 and the fair value belongs the the third level was 436,308).
5. Regarding the evaluation method of the fair value of Property, plant and equipment, the land in 2020 was mainly estimated by the comparison method and the income method or the land development analysis method (using each weight 30%~70%), and the building was estimated by the cost method and the income method or the comparison method (50% of each weight), the important assumption is the income capitalization rate (1.88%-4.77%) and the direct capitalization method of the income method (1.36%-3.74%).

(X) Right-of-use assets

The movement of right-of-use assets for the years ended December 31, 2020 and 2019 were as follows :

	Land	Bulidings	Transportation Equipment	Total of cost	Accumulated depreciation	Net
Balance at						
January 1, 2019	\$ 57,034	\$ 13,348	\$ 11,450	\$ 81,832	\$ -	\$ 81,832
Additions	-	1,039	-	1,039	-	1,039
Depreciation	-	-	-	-	(12,924 )	(12,924 )
Effect of foreign exchange rate change	(1,283 )	65	711	(507 )	100	(407 )
December 31, 2019	55,751	14,452	12,161	82,364	(12,824 )	69,540
Additions	25,325	3,233	3,327	31,885	-	31,885
Depreciation	-	-	-	-	(11,374 )	(11,374 )
Effect of foreign exchange rate change	(3,382 )	(75 )	(894 )	(4,351 )	670	(3,681 )
December 31, 2020	\$ 77,694	\$ 17,610	\$ 14,594	\$ 109,898	\$ (23,528 )	\$ 86,370

The depreciation expenses of the right-of-use assets of the consolidated company in 2020 and 2019 were \$11,374 and \$12,924, respectively.

(XI) Investments properties

The movement of investments properties for the years ended December 31, 2020 and 2019 were as follows :

	Land	Buildings	Other	Total of cost	Accumulated depreciation	Accumulated impairment	Net
Balance at January 1, 2019	\$ 1,464,861	\$ 72,044	\$ 64	\$ 1,536,969	\$ 57,176	\$ 38,830	\$ 1,440,963
Depreciation	-	-	-	-	1,349	-	(1,349)
Effect of foreign exchange rate change	5,474	615	-	6,089	457	-	5,632
December 31, 2019	1,470,335	72,659	64	1,543,058	58,982	38,830	1,445,246
Depreciation	-	-	-	-	1,380	-	(1,380)
Reversal on impairment loss	-	-	-	-	-	(3,848)	3,848
Effect of foreign exchange rate change	(6,343)	(713)	-	(7,056)	(565)	-	(6,491)
December 31, 2020	\$ 1,463,992	\$ 71,946	\$ 64	\$ 1,536,002	\$ 59,797	\$ 34,982	\$ 1,441,223

1. The cost model is adopted for the measurement after the recognition of the investments properties.
2. As of December 31, 2019, some of the consolidated company's investments properties were based on the evaluation of the real estate appraisal report issued by an external independent professional appraisal agency. The recoverable amount (net fair value) was less than the book value of \$38,830. The cumulative impairment is \$38,830. Based on the real estate appraisal report issued by an external independent professional appraisal agency (price date: December 31, 2020) and the consolidated company's evaluation, the above-mentioned Investments properties incurred impairment losses decreased by \$3,848, the consolidated company therefore recognized \$3,848 in reversal on impairment loss in 2020. As of December 31, 2020, the recoverable amount (net fair value) of some of the consolidated company's investments properties was less than the book value of \$34,982, and the accumulated impairment after deduction was \$34,982.
3. The rental income from investments properties in 2020 and 2019 was \$56,128 and \$53,773, direct operating expenses incurred was \$33,299 and \$32,414, respectively.
4. According to the real estate appraisal report issued by an external independent professional appraisal agency and the consolidated company's evaluation, the total fair value of the investments properties as of December 31, 2019 was \$3,871,460; in 2020 was based on the external independent professional appraisal. According to the real estate valuation report issued by the institution, the fair value of the above-mentioned investments properties as of December 31, 2020 totaled \$3,919,528 (the fair value belongs to the second level).
5. Regarding the evaluation method of the fair value of investments properties, the land in the year of 2020 was mainly estimated by the comparison method and the income method or the land development analysis method (using each weight 30%~70%), and the building was estimated by the cost method and the income method or the comparison method (50% of each weight); in the year of 2019, it was mainly (1) the comparative method. (2) The direct capitalization method of the income method and the consideration of construction costs, its important assumptions was as follows :

	As at December 31,	
	2020	2019
Income capitalization rate	1.235%-3.28%	0.96%-4.46%
Comprehensive rate of capital interest in land development analysis method	1.41%-3.74%	-

6. For the assets of the consolidated company pledged as collateral, please refer to note VIII.

(XII) Prepayments for equipment

	For the years ended December 31,	
	2020	2019
Prepayment for equipment and other equipment	\$ 54,922	\$ 15,602

(XIII) Prepayments and other assets

	As at December 31,	
	2020	2019
Prepayments to suppliers	\$ 3,195	\$ 3,417
Prepaid expenses	34,607	29,806
Other receivables	334,358	326,875
Less: allowance for impairment loss		
-other receivables	(310,096)	(310,096)
Overdue receivables	6,563	5,203
Less: allowance for impairment loss		
-overdue receivables	(6,563)	(5,203)
Goodwill	48,196	48,196
Other intangible assets	6,104	11,608
Miscellaneous	32,624	37,893
Other	9,140	48,184
Total	<u>\$ 158,128</u>	<u>\$ 195,883</u>
Current items	\$ 84,035	\$ 118,014
Noncurrent items	74,093	77,869
Total	<u>\$ 158,128</u>	<u>\$ 195,883</u>

Other receivables and overdue collections belong to the part of the receivables over one year, and all allowances for losses have been provided.

The statement of changes in the loss allowance is as follows:

	For the years ended December 31,	
	2020	2019
Beginning balance	\$ 315,299	\$ 315,302
Recognized impairment loss		
(reversal)	1,360	(3 )
Ending balance	<u>\$ 316,659</u>	<u>\$ 315,299</u>

The goodwill of the consolidated company was generated by the acquisition of 35% equity of Saigon Ve Wong Co., Ltd. in 2007. The consolidated company adopted value in use as the recoverable amount of the goodwill. The discount rates adopted on December 31, 2020 and 2019 were 2.0% and 3.25%, respectively.

(XIV) Short-term loans

	As at December 31,	
	2020	2019
Secured loans	\$ 430,000	\$ 470,000
Unsecured loans	283,000	323,000
Total	<u>\$ 713,000</u>	<u>\$ 793,000</u>
Range of interest rates	<u>0.975%-1.350%</u>	<u>1.000%-1.444%</u>

For the assets of the consolidated company pledged as collateral, please refer to note VIII.

(XV) Lease liabilities

The analysis of the consolidated company's lease liabilities is as follows:

	Minimum rent payment of future	Interest expense	Present value of minimum rent payment
As at December 31, 2020			
Not later than 1 year	\$ 12,412	\$ 3,161	\$ 9,251
Later than 1 year and not later than 5 years	27,280	10,939	16,341
Later than 6 year	80,911	20,162	60,749
Total	<u>\$ 120,603</u>	<u>\$ 34,262</u>	<u>\$ 86,341</u>
Lease liabilities-current	<u>\$ 12,412</u>		<u>\$ 9,251</u>
Lease liabilities-noncurrent	<u>\$ 108,191</u>		<u>\$ 77,090</u>

(next)

(continued)

As at December 31, 2019

Not later than 1 year	\$	12,619	\$	2,483	\$	10,136
Later than 1 year and not later than 5 years		21,971		8,079		13,892
Later than 6 year		61,078		16,136		44,942
Total	\$	<u>95,668</u>	\$	<u>26,698</u>	\$	<u>68,970</u>
Lease liabilities-current	\$	<u>12,619</u>			\$	<u>10,136</u>
Lease liabilities-noncurrent	\$	<u>83,049</u>			\$	<u>58,834</u>

The interest expense of the recognized lease liability in 2020 and 2019 was \$2,982 and \$2,863, respectively.

The amount of cash outflow for leases recognized in 2020 and 2019 was \$14,514 and \$13,901, respectively.

#### (XVI) RETIREMENT BENEFIT PLANS

##### 1. Defined benefit plans

Those who have served the Company for more than 15 years and have reached the age of 55, or those who have served the Company for more than 25 years, or those who have worked for more than 10 years and have reached the age of 60 may apply for retirement. The pension payment is based on their years of service. And the average salary for the 6 months before the approved retirement is calculated. 2 bases will be given for every full year. After 15 years of working experience, 1.3 bases will be given for every full year. The maximum total is limited to 45 bases. Those who have completed half a year are calculated as half a year, and those who have completed half a year are calculated as 1 year. However, if the person is ordered to retire due to the loss of mind or body due to the performance of his duties, he may be ordered to retire based on the above-the mentioned base number, plus 20%. For those who originally enjoyed retirement compensation, an additional 2.6 base compensation will be issued upon retirement (not included in the maximum 45 bases of the retirement pension). For those who choose to apply the Labor Pension Act, the Company will allocate monthly pensions to individual labor accounts, and the old age of the applicable Labor Standards Act will be retained, but when calculating the pension base, the age of the applicable labor pension act will not be calculated.

The Company and Summit Industrial Co., Ltd.'s retirement policy is applicable to full-time employees who are formally hired. Retirement benefits are provided at 15% and 2% of the salary paid each month by adopting the part of the definite payment retirement method. The World Champion Co., Ltd. has no employees who are eligible for the old pension system. Saigon Ve Wong Co., Ltd.'s employees' seniority that existed before January 1, 2009 is subject to the "Labor Law" of Vietnam, and the company should pay retirement subsidies to employees who leave the company. Thai Fermentation Industry Co., Ltd. adopted an employee benefit plan in 2011, which is a definite payment retirement method. This is a definite payment method for retirement. As a result of actuarial calculations, the company's pension-related information is disclosed as follows :

##### (1) Actuarial assumptions for defined benefit plans :

<u>The Company and Summit Industrial Co., Ltd.</u>	As of December 31,	
	2020	2019
Discount rate	0.30%	0.65%-0.70%
Expected rate of salary increase	2.00%	2.00%
<u>Saigon Ve Wong Co., Ltd.</u>	As of December 31,	
	2020	2019
Discount rate	2.00%	3.25%
Expected rate of salary increase	5.00%	10.00%
<u>Thai Fermentation Industry Co., Ltd.</u>	As of December 31,	
	2020	2019
Discount rate	2.47~2.55%	2.47~2.55%
Expected rate of salary increase	5.00%	5.00%

(2) Determine the expenses recognized in the defined benefit plans :

	For the years ended December 31,	
	2020	2019
Current service cost	\$ 6,692	\$ 7,370
Past service cost	-	7,057
Net interest expense	3,302	4,610
Recognized in profit or loss	<u>\$ 9,994</u>	<u>\$ 19,037</u>

(3) Recognized in other comprehensive income :

	For the years ended December 31,	
	2020	2019
Remeasurement of net defined benefit liabilities	<u>\$ (2,528)</u>	<u>\$ (16,722)</u>

(4) The adjustments to present value of defined benefit obligation and fair value of plan assets are as follows :

Item	As of December 31,	
	2020	2019
Present value of defined benefit obligation	\$ 711,356	\$ 719,305
Fair value of plan assets	(410,358)	(388,485)
Net defined benefit liabilities	<u>\$ 300,998</u>	<u>\$ 330,820</u>

(5) The changes in the present value of defined benefit obligation are as follows :

	For the years ended December 31,	
	2020	2019
Balance at January 1	\$ 719,305	\$ 705,353
Current service cost	6,692	7,370
Past service cost	-	7,057
Net interest expense	5,929	6,496
Benefits paid	(28,830 )	(36,661 )
Actuarial loss - experience adjustments	652	13,985
Actuarial loss - changes in demographic assumptions	153	(45 )
Actuarial loss - changes in financial assumptions	7,455	15,750
Balance at December 31	<u>\$ 711,356</u>	<u>\$ 719,305</u>

(6) The changes in the fair value of plan assets are as follows : :

	For the years ended December 31,	
	2020	2019
Balance at January 1	\$ 388,485	\$ 237,151
Contribution by employer	27,062	173,960
Benefits paid	(20,264 )	(33,677 )
Return on plan assets	15,075	11,051
Balance at December 31	<u>\$ 410,358</u>	<u>\$ 388,485</u>

(7) Sensitivity analysis

The sensitivity analysis of the consolidated company's defined benefit obligation is based on the discount rate and salary adjustment rate of actuarial assumptions. The discount rate and salary adjustment rate are calculated by adding or subtracting 0.25% before other actuarial assumptions remain unchanged :

a. Sensitivity analysis of discount rate :

	Discount rate			
	As of December 31,			
	2020		2019	
	0.375%	2.225%	1.25%	0.75%
Calculated based on simulation \$ assumptions	688,697	\$ 712,397	\$ 706,994	\$ 732,002
Calculate according to the original hypothesis	700,371	700,371	719,305	719,305
Determine the loss of benefit obligation (benefits)	(11,674 )	12,026	(12,311 )	12,697
Determine the percentage change in benefit obligations	(1.67% )	1.71%	(1.71% )	1.77%

b. Sensitivity analysis of salary adjustment rate :

	Salary adjustment rate			
	As of December 31,			
	2020		2019	
	2.50%	1.50%	2.25%	1.75%
Calculated based on simulation \$ assumptions	712,161	\$ 688,864	\$ 731,787	\$ 707,137
Calculate according to the original hypothesis	700,371	700,371	719,305	719,305
Determine the loss of benefit obligation (benefits)	11,790	(11,507 )	12,482	(12,168 )
Determine the percentage change in benefit obligations	1.68%	(1.64% )	1.74%	(1.69% )

(8) Expected future benefit payments are as follow

	As of December 31,	
	2020	2019
Expected to pay benefits in the next 1 year	\$ 45,490	\$ 43,849
Expected to pay benefits in the next 2~5 years	256,265	190,672
Expected to pay benefits more than 6 years	467,948	524,426
Total	<u>\$ 769,703</u>	<u>\$ 758,947</u>

(9) The consolidated company expected contributions to the plan for the next year and the average duration of the defined benefit obligation are as follows :

	As of December 31,	
	2020	2019
The expected contributions to the plan for the next year	<u>\$ 27,678</u>	<u>\$ 28,353</u>
The average duration of the defined benefit obligation	<u>7years</u>	<u>7-8years</u>

2. Defined contribution plans

The employees of the Company, The World Champion Co., Ltd. and Summit Industrial Co., Ltd., may choose to continue to apply the relevant pension regulations of the "Labor Standards Act", or apply the pension system of the regulations and retain the working years before the regulations are applied. According to the regulations, the employer's monthly labor pension contribution rate shall not be lower than 6% of the employee's monthly salary. In 2020 and 2019, the consolidated company's pension contributions in accordance with the Labor Pension Act were \$14,623 and \$13,823, respectively.



(XVII) Long-term deferred income

The Company's subsidiary Summi Industrial Co., Ltd. received a government grant related to equipment grant amount to \$5,000 at the end of 2019. This grant accounts for long-term deferred income and is transferred gradually within the useful life of the relevant assets. As of December 31, 2020 and 2019, the balance of long-term deferred income was \$4,500 and \$5,000, respectively.

(XVIII) Operating lease

The consolidated company leased investments properties in 2020 and 2019. Since almost all the risks and rewards attached to the ownership of the underlying assets have not been transferred, these lease contracts are classified as operating leases. Please refer to note VI (XI) Investments properties.

The analysis of the maturity of lease receivable on December 31, 2020 and 2019 is as follows :

	As of December 31,	
	2020	2019
Under 1 year	\$ 55,074	\$ 53,898
More than 1 year but not more than 5 years	194,280	191,146
More than 5 years	63,995	110,564
Total	<u>\$ 313,349</u>	<u>\$ 355,608</u>

(XIX) INCOME TAX

1. Income tax expense consisted of the following :

	For the years ended December 31,	
	2020	2019
Current tax expense recognized in the current year	\$ 228,365	\$ 217,275
Income tax adjustments on prior years	(967 )	7,124
Separate taxation of dividend income	28,811	10,301
Deferred income tax expense (benefit)		
The origination and reversal of temporary differences	(8,840 )	2,303
Income tax expense recognized in profit or loss	<u>\$ 247,369</u>	<u>\$ 237,003</u>

Income tax expense recognized in other comprehensive income

	For the years ended December 31,	
	2020	2019
Deferred income tax expense		
Related to remeasurement of defined benefit obligation	\$ -	\$ -
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	-
Share of the other comprehensive income (loss) for using the equity method	-	-
Exchange differences on translating the financial statements of foreign operations	-	-
Total income tax recognized in other comprehensive income	<u>\$ -</u>	<u>\$ -</u>



A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

	For the years ended December 31,	
	2020	2019
Income before tax	\$ 941,290	\$ 954,482
Income tax expense at the statutory rate	\$ 267,021	\$ 265,720
Permanent difference	(55,884 )	(28,098 )
Temporary difference	10,066	(24,330 )
Income tax on unappropriated earnings	7,162	3,983
Income tax adjustments on prior years	(967 )	7,124
Separate taxation of dividend income	28,811	10,301
The origination and reversal of temporary differences	(8,840 )	2,303
Income tax expense recognized in profit or loss	\$ 247,369	\$ 237,003

A reconciliation of current tax assets and liabilities and income tax expense recognized in profit or loss was as follows:

	2020	2019
Current tax expense recognized in the current year	\$ 228,365	\$ 217,275
Add : Current tax liabilities at beginning of year	79,918	152,642
Income tax adjustments on prior years	-	7,124
Separate taxation of dividend income	28,811	10,301
Effect of foreign exchange rate change	(3,733	(667
less : Paid	(206,692 )	(306,757 )
Current tax liabilities at end of year	\$ 126,669	\$ 79,918
	2020	2019
Current tax assets at beginning of year	\$ 10,696	\$ 10
Add : Provisional and withholding tax	774	10,686
Current income tax adjustment in previous years	967	-
Less : Received	(10)	-
Current tax assets at end of year	\$ 12,427	\$ 10,696

2. The movements of deferred tax assets and deferred tax liabilities were as follows :

2020						
	Balance at January 1	Recognized in profit or (loss)	Recognized in other comprehensive income	Recognized in equity	Exchange difference	Ending balance
Temporary difference						
Unrealized inventory loss	\$ 382	\$ 240	\$ -	\$ -	\$ -	\$ 622
Unrealized exchange loss	1,432	5,179	-	-	-	6,611
Allowance for impairment loss	482	259	-	-	-	741
Unrealized employee benefit liabilities	21,150	(318)	-	-	-	20,832
Impairment loss on nonfinancial assets	894	-	-	-	-	894
Others	(176,494)	3,480	-	-	-	(173,014)
Deferred tax expense		<u>\$ 8,840</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Deferred tax assets (liabilities), net	<u>\$ (152,154)</u>					<u>\$ (143,314)</u>
Information expressed on the balance sheet						
Deferred tax assets	<u>\$ 33,695</u>					<u>\$ 41,109</u>
Deferred tax liabilities	<u>\$ 185,849</u>					<u>\$ 184,423</u>
2019						
	Balance at January 1	Recognized in profit or (loss)	Recognized in other comprehensive income	Recognized in equity	Exchange difference	Ending balance
Temporary difference						
Unrealized inventory loss	\$ 398	\$ (16)	\$ -	\$ -	\$ -	\$ 382
Unrealized exchange loss	452	980	-	-	-	1,432
Allowance for impairment loss	829	(347)	-	-	-	482
Unrealized employee benefit liabilities	27,398	(6,248)	-	-	-	21,150
Impairment loss on nonfinancial assets	894	-	-	-	-	894
Others	(179,822)	3,328	-	-	-	(176,494)
Deferred tax expense		<u>\$ (2,303)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Deferred tax assets (liabilities), net	<u>\$ (149,851)</u>					<u>\$ (152,154)</u>
Information expressed on the balance sheet						
Deferred tax assets	<u>\$ 36,451</u>					<u>\$ 33,695</u>
Deferred tax liabilities	<u>\$ 186,302</u>					<u>\$ 185,849</u>

3. Unrecognized deferred income tax assets and Deferred income tax liabilities

(1) Unrecognized deferred income tax assets

The consolidated company is not likely to have taxable income that can be realized or will return in the foreseeable future, and the unrecognized deferred income tax assets are as follows :

Deferred Income tax expense recognized in profit or loss	As of December 31,	
	2020	2019
Unrecognized deferred income tax assets :		
Loss deduction	\$ 1,256	\$ 2,602
Temporary difference	177,961	178,548
Total	<u>\$ 179,217</u>	<u>\$ 181,150</u>

(2) Unrecognized deferred income tax assets and liabilities related to investment subsidiaries and related companies

For foreign subsidiaries and foreign affiliates, the consolidated company did not recognize related deferred income tax assets/or deferred income tax liabilities due to the conversion differences in the financial statements of foreign operating institutions. Most of the consolidated company's investments are long-term in nature and will not be dealt with in the foreseeable future. The differences will not reverse in the foreseeable future, or the differences will not be realized in the foreseeable future.

Deferred Income tax expense recognized in other comprehensive income	As of December 31,	
	2020	2019
Unrecognized deferred income tax assets (liabilities) :		
Recognized in equity	\$ 8,022	\$ (14,939 )

4. The information on unused taxable losses of individuals within the group is as follows:

Year of occurrence	Amount of loss	Unused balance		Last deductible year
		2020	2019	
2014	\$ 61,270	\$ -	\$ 4,176	2024
2016	4,246	1,180	4,246	2026
2017	4,026	4,027	4,027	2027
2018	146	146	146	2028
2019	414	414	414	2029
2020	514	514	-	2030
		\$ 6,281	\$ 13,009	

5. Income tax assessments

The Company, The World Champion Co., Ltd., Summit Industrial Co., Ltd. and Tai Ve Corporation's income tax returns have been examined by the tax authority were as follows :

	Examined year
VE WONG CORPORATION	2018
Tai Ve Corporation	2019
The World Champion Co., Ltd.	2019
Summit Industrial Co., Ltd.	2018

(XX) Equity

1. Capital stock

The total authorized capital of the Company were \$2,400,000, separately at NTD10 par value with 240,000 thousand shares separately issued. The total authorized capital stated above was common share. As of December 1, 2020 and 2019, the shares issued were \$2,400,000 and 240,000 thousand shares based on the same denomination.

The balance of the Company's capital stock is as follows :

Items	Amount
Original subscription and cash capital increase	\$ 537,762
Capitalization of retained earnings	1,251,626
Capitalization of capital surplus	563,439
Capitalization of special capital reserve	47,173
Total	\$ 2,400,000

## 2. Capital surplus

Pursuant to the Company Act, the capital surplus may be used to offset a deficit; the capital surplus generated from donations and the excess of the issuance price over the par value of capital stock may not be used for any purpose, except may be appropriate capital in accordance with the resolution of the shareholders meeting.

The capital reserve generated by the premium of the issued share capital shall not exceed the limit prescribed by relevant laws and regulations. The capital reserve can also be distributed in cash.

The balance of the Company's capital surplus is as follows :

Items	As of December 31,	
	2020	2019
Treasury stock trading	\$ 38,447	\$ 36,153
Changes in the net equity of the associates are recognized in accordance with the equity method	167,367	76,812
Total	\$ 205,814	\$ 112,965

## 3. Legal capital reserve

Pursuant to the Company Act, the legal capital reserve shall be allocated until the total paid-in capital of the company. The legal capital reserve can be used to make up for losses; when the company has no losses, it can be approved by the shareholders meeting to issue new shares or cash with the legal capital reserve, but only if the reserve exceeds 25% of the paid-in capital.

According to the Ministry of Economic Affairs Letter No. 10802432410 dated January 9, 2020, when a company makes a statutory surplus reserve in accordance with Article 237 of the Company Law, it shall be handled by the company on the basis of "net profit after tax for the current period" Starting from the distribution of surplus in the financial statements for the year 2019, the statutory surplus reserve shall be set out as the basis for the statutory surplus reserve, but the company can extend it to 2020 after the current period's net profit after tax plus the amount of items other than the current period's net profit after tax included in the current year's undistributed surplus. The distribution of surpluses in the annual financial statements is applicable. There is no need to retrospectively adjust the statutory surplus reserve provided by the company in the past year. The Company began to apply the surplus distribution in the 2020 financial statements.

## 4. Special capital reserve

According to the regulations of the FSC, the listed company shall make a special surplus reserve for the net deduction of shareholders' equity in the account. When the deduction amount of shareholder's equity subsequently decreases, the special capital reserve may be transferred back to unappropriated earnings.

When first applying the IFRS approved by the FSC, the Company chose to adopt the exemption in IFRS 1 "First-time Adoption of International Financial Reporting Standards". The unrealized revaluation increment under the shareholder's equity was stated following the rule of using the fair value on the conversion date as the recognized cost to increase retained earnings. Pursuant to the regulations of Gin-Guan-Zheng-Fa-Zi No.1010012865 issued on April 6, 2012, a same amount of special reserves should be stated. When relative assets were used, disposed or reclassified, the original rate to state the special reserves could be used to reverse the allocation of earnings.

## 5. Distribution of earnings

According to the articles of association of the Company: If the Company makes a profit during the year, 2% shall be allocated for employee remuneration and 5% or less for directors and supervisors' remuneration. However, if the Company still has accumulated losses, the amount shall be reserved in advance.

The Company's industrial environment is changeable, and the life cycle of the Company is in a stable growth stage. Considering the company's future capital needs and long-term financial planning, and meeting shareholders' demand for cash inflows, if the Company has a surplus after its annual accounts, it will not be paid in accordance with the law. In addition to income tax for profit-making businesses and making up of losses in previous years, 10% of the statutory surplus reserve and special surplus reserve required by the Securities Exchange Law should be allocated first. If there is a surplus, it may be based on the actual profit and capital situation of

the current year. After the resolution of the board of directors is passed, it is reported to the shareholders meeting to resolve the distribution of shareholder dividends.

At 2020, the Company's estimated total amount of employee compensation and directors and supervisors' compensation is \$27,196. According to the Company's management, distribution plan, the amount of pre-tax net profit for the year before the deduction of employee compensation and directors and supervisors' compensation is estimated at a rate and recognized. It is the cost of the current year. However, if there is a discrepancy between the actual allotment amount and the estimated amount in the subsequent resolutions of the shareholders' meeting, it will be listed as the profit and loss of the year of the shareholders' meeting.

On June 23, 2020 and June 26, 2019, the Company passed the resolutions of the regular shareholders' meeting on the income distribution in 2019 and 2018, and the dividends per share and employee remuneration, directors and supervisors remuneration are as follows :

	2019	2018
Dividend per share (NTD)		
Cash	\$ 1	\$ 1
employee remuneration -Cash	\$ 11,159	\$ 12,330
Directors and supervisors remuneration	16,739	18,495
Total	\$ 27,898	\$ 30,825

There is no difference between the above-mentioned surplus distribution and the resolution of the company's board of directors.

The board of directors of the Company resolved on March 25, 2021 to pass the 2020 surplus distribution proposal as follows :

	Earnings distribution 2020	Dividend per share (NTD) 2020
legal capital reserve	\$ 42,657	
Cash dividend	264,000	\$ 1.1
Total	\$ 306,657	

The appropriation of earnings for 2020 is subject to the resolution of the stockholders in the stockholders' meeting.

Regarding the approval of the board of directors and the resolution of the shareholders meeting for the distribution of earnings, please go to the "Market Observation Post System" of the Taiwan Stock Exchange for inquiries.

The above-mentioned information on employee compensation and directors and supervisors' compensation can be inquired from the "Market Observation Post System" of the Taiwan Stock Exchange.

#### 6. Dividend policy

The Company's industrial environment is changeable, and the life cycle of the Company is at a stage of steady growth. Considering the Company's future capital needs and long-term financial planning, and meeting shareholders' demand for cash inflows, the Company's dividend policy comprehensively considers capital reserves and retention factors such as surplus, financial structure, capital budget and operating conditions determine the most appropriate method of distribution.

#### 7. Other equity

The relevant exchange difference arising from the conversion of the net assets of the foreign operating organization from its functional currency into New Taiwan dollars is directly recognized as other comprehensive income and accumulated in the exchange differences on translating the financial statements of foreign operations under other equity items. For financial assets measured at fair value through other comprehensive gains and losses, changes in fair value are directly recognized as other comprehensive gains and losses, and accumulated under other equity items that are unrealized appraisal gains and losses for financial assets measured at fair value through other comprehensive gains and losses. It shall not be reclassified to profit or loss in subsequent periods. The actuarial gains and losses on the determined benefit plan are recognized under other comprehensive gains and losses, and immediately recognized as retained earnings, and cannot be reclassified to profit or loss in subsequent periods.

#### 8. Non-controlling interests

Changes in non-controlling interests are as follows :

	For the years ended December 31,	
	2020	2019
Balance, January 1,	\$ 1,218,047	\$ 1,148,467
Attributable to non-controlling interests :		
Net income	264,825	260,599
Exchange differences on translating the financial statements of foreign operations	(82,635 )	58,766
Decrease in non-controlling equity (Note)	(243,276 )	(249,785 )
Balance, December 31,	\$ 1,156,961	\$ 1,218,047

Note : It is the amount of dividends to non-controlling interests paid by the consolidated subsidiary.

#### (XXI) Treasury stocks

Cause	Subsidiary name	Number of shares as of January 1	Net Increase (Decrease)	Number of shares as of December 31
<u>12.31.2020</u>				
The list of stocks of the Company held by the subsidiaries	The World Champion Co., Ltd.	2,293,865	-	2,293,865
<u>12.31.2019</u>				
The list of stocks of the Company held by the subsidiaries	The World Champion Co., Ltd.	2,293,865	-	2,293,865

The Company's subsidiary, The World Champion Co., Ltd., holds shares of the company, with a cost of NTD\$16.86 per share, the market price of each share on December 31, 2020 and 2019 was NTD\$36.60 and NTD\$27.05, respectively.

#### (XXII) EARNINGS PER SHARE

The earnings per share and the weighted average number of ordinary shares used to calculate the earnings per share are as follows :

	2020	2019
Profit attributable to ordinary shareholders	\$ 429,096	\$ 456,880
Effect of potentially dilutive ordinary shares :		
Employees' compensation	-	-
Earnings used to calculate diluted earnings per share	\$ 429,096	\$ 456,880
<u>Thousand shares</u>		
	2020	2019
The weighted average number of ordinary shares used to calculate basic earnings per share	237,706	237,706
Effect of potentially dilutive ordinary shares :		
Employees' compensation	-	-
The weighted average number of ordinary shares used to calculate the diluted earnings per share	237,706	237,706

The company has the option to settle compensation paid to employees in cash or stock. During the computation of diluted earnings per share, the company assumed the entire amount of the compensation or bonuses would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding, if the effect is dilutive. The Company's authorized capital has been issued in full, and employee compensation has been paid in cash. Therefore, the basic earnings per share and the diluted earnings per share are the same.

(XXIII) Employee benefits, depreciation and amortization expense

	Belonging to operating costs	Belonging to operating expenses	Total
<u>2020</u>			
Employee benefit expenses			
Wages and salaries (Note b)	\$ 372,282	\$ 427,719	\$ 800,001
Labor/health insurance expense	27,344	24,493	51,837
Pension expense (Note a)	13,360	11,257	24,617
Director's remuneration	-	25,607	25,607
Total	<u>\$ 412,986</u>	<u>\$ 489,076</u>	<u>\$ 902,062</u>
Depreciation expense	<u>\$ 110,198</u>	<u>\$ 37,470</u>	<u>\$ 147,668</u>
Amortization expense	<u>\$ 8,294</u>	<u>\$ 6,388</u>	<u>\$ 14,682</u>
<u>2019</u>			
Employee benefit expenses			
Wages and salaries (Note b)	\$ 358,916	\$ 418,896	\$ 777,812
Labor/health insurance expense	26,464	24,531	50,995
Pension expense (Note a)	22,638	10,222	32,860
Director's remuneration	-	26,175	26,175
Total	<u>\$ 408,018</u>	<u>\$ 479,824</u>	<u>\$ 887,842</u>
Depreciation expense	<u>\$ 121,063</u>	<u>\$ 24,985</u>	<u>\$ 146,048</u>
Amortization expense	<u>\$ 9,244</u>	<u>\$ 7,868</u>	<u>\$ 17,112</u>

Note a : please refer to note VI (XVI).

Note b : please refer to note VI (XX).

- 1.As of December 31, 2020 and 2019, the number of employees of the consolidated company was 1,972 and 1,978, respectively. The number of directors who are not part-time employees are 13 and 14 respectively.
- 2.The average employee benefit expenses in 2020 and 2019 were \$447 and \$439, respectively.
- 3.The average salary costs in 2020 and 2019 were \$408 and \$396, respectively, and the average increase in salary for employees in the two years was 3.03% and 24.92%, respectively.

(XXIV) Operating revenue

The analysis of the consolidated company's operating revenue is as follows:

	For the years ended December 31,	
	2020	2019
Sales revenue	\$ 5,988,202	\$ 6,269,464
Rental income	55,498	53,773
Total	<u>\$ 6,043,700</u>	<u>\$ 6,323,237</u>

The consolidated company's merchandise sales revenue is generated by the transfer of merchandise to customers at a certain point in time; rental income is generated by the gradual transfer of labor services to customers over time.



(XXV) Other income

	For the years ended December 31,	
	2020	2019
Dividend income		
From financial assets at fair value through other comprehensive income	\$ 10,337	\$ 11,179

(XXVI) Other gains and losses

	For the years ended December 31,	
	2020	2019
Net foreign currency exchange gains (losses)	\$ (33,507)	\$ 3,276
Loss on disposal of property, plant and equipment	(2,978)	(953)
Others	10,106	10,458
Fair value changes of financial assets mandatorily classified as at FVTP	7,219	7,375
Net	\$ (19,160)	\$ 20,156

(XXVII) Finance costs

	For the years ended December 31,	
	2020	2019
Interest on bank loans	\$ 11,219	\$ 11,418
Interest on leases liabilities	2,982	2,863
Interest on deposit	116	116
Total	\$ 14,317	\$ 14,397

(XXVI) Financial instruments

1. Types of financial instruments

	As at December 31,	
	2020	2019
<u>Financial assets</u>		
Measured at amortized cost		
Cash and cash equivalents	\$ 1,569,035	\$ 1,517,644
Notes and accounts receivable	435,859	510,713
Other financial assets	314,781	759
Financial assets measured at amortized cost	438,825	552,070
Refundable deposit	28,745	26,681
Subtotal	2,787,245	2,607,867
Measured at fair value		
Financial assets at fair value through profit or loss	44,895	37,676
Financial assets at fair value through other comprehensive income	234,184	240,904
Total	\$ 3,066,324	\$ 2,886,447
<u>Financial liabilities</u>		
Measured at amortized cost		
Short-term loans	\$ 713,000	\$ 793,000
Notes and accounts payable	330,709	444,556
Other payables	263,158	288,105
Lease liabilities	86,341	68,970
Total	\$ 1,393,208	\$ 1,594,631



## 2. Financial risk management objectives

The consolidated company's financial risk management objective is to manage exchange rate risk, interest rate risk, credit risk and liquidity risk related to operating activities. In order to reduce related financial risks, the consolidated company is committed to identifying, evaluating and avoiding market uncertainties in order to reduce the potential adverse effects of market changes on the consolidated company's financial performance.

The consolidated company does not trade financial instruments for speculative purposes. The consolidated company has established appropriate policies, procedures and internal controls for the above financial risk management in accordance with relevant regulations. Important financial activities must be reviewed by the board of directors in accordance with relevant regulations and internal control systems. During the execution period of financial management activities, the consolidated company must actually follow the relevant regulations of financial risk management.

## 3. Market risk

The main market risks that the consolidated company's operating activities impose on the consolidated company are foreign currency exchange rate changes and interest rate changes. In addition, the consolidated company uses its own funds and bank borrowings to flexibly adjust to meet operational needs. Because most of the consolidated company's floating interest rate net assets mature within one year, and the current market interest rates are already low, it is expected that there will be no significant interest rate changes risk, so does not use derivative financial instruments to manage interest rate risk.

### (1) Foreign currency risk

Some of the consolidated company's operating activities and net investments in foreign operating institutions mainly trade in foreign currencies, so foreign currency exchange rate risks arise. In order to avoid a decrease in the value of foreign currency assets and fluctuations in future cash flows due to exchange rate changes, the consolidated company uses short-term loans to avoid exchange rate risks. The use of such financial instruments can help the consolidated company reduce but still cannot completely exclude the impact of foreign currency exchange rate changes.

The net investment of foreign operating institutions is a strategic investment, so the consolidated company does not hedge against it.

Sensitivity analysis of foreign currency exchange rate risk is mainly calculated based on foreign currency monetary items at the end of the financial reporting period. When NTD strengthens / weakened against the USD by 1%, the profit for the years ended December 31, 2020 and 2019 decreases/increases by \$17,444 and \$12,369, respectively.

### (2) Interest rate risk

Interest rate risk refers to the risk of changes in the fair value of financial instruments and changes in cash flow due to changes in market interest rates. The consolidated company's interest rate risk includes the above two.

The sensitivity analysis of interest rate risk is determined by the risk of non-derivative financial instrument interest rate risk at the end of the financial reporting period. If Interest rate increases / decreases by 1%, the profit for the years ended December 31, 2020 and 2019 decreases/increases by \$6,763 and \$8,888, respectively.

### (3) Other price risks

The listed and unlisted equity securities and fund investments held by the consolidated company, the prices of these equity securities and fund investments will be affected by the uncertainty of the future value of the investment targets.

All of the consolidated company's major equity instrument investments must be approved by the consolidated company's board of directors.

The fund investment held by the consolidated company is measured at fair value through profit or loss; listed equity securities are measured at fair value through other comprehensive gains or losses; and unlisted equity securities are measured at fair

value through profit or loss and other comprehensive income, respectively.

The price risk of the consolidated company's equity instruments and fund investments mainly comes from investments classified as fair value through profit or loss and fair value through other comprehensive income.

The sensitivity analysis of equity instruments and fund price risks is based on the change in fair value at the end of the financial reporting period. If the price of equity instruments and fund investment rise/fall 1%, the profit for the years ended December 31, 2020 and 2019 increases / decreases by \$2,791 and \$2,786, respectively.

#### 4. Credit risk management

Credit risk refers to the risk of the consolidated company's financial losses caused by the counterparty's default. The consolidated company's policy is to try to trade with reputable objects to reduce the risk of financial loss. In addition to pre-transaction credit investigations, the consolidated company also continuously monitors credit risk insurance and counterparty credit status during the transaction process, and continues to diversify customer sources and expand overseas markets to reduce customer concentration.

The consolidated company had no credit risk concentrated on a single customer in 2020 and 2019, so the credit risk is indeed limited.

#### 5. Liquidity risk

The consolidated company's goal of managing liquidity risk is to maintain cash and cash equivalents, highly liquid securities, and sufficient bank financing lines ensure that the consolidated company has sufficient financial flexibility.

In addition to lease liabilities based on discounted, the table below summarizes the maturity profile of the consolidated company's financial liabilities based on undiscounted contractual payments with carrying amounts that approximated contractual cash flows:

As at December 31, 2020					
	Within 6 months	7~12 months	1~2 years	2~5 years	Total
Non-derivative financial liabilities					
Short-term loans	\$ 513,000	\$ 200,000	\$ -	\$ -	\$ 713,000
Notes and accounts payable	330,709	-	-	-	330,709
Other payables	235,962	27,196	-	-	263,158
Lease liabilities	5,370	3,881	16,341	60,749	86,341
Total	<u>\$ 1,085,041</u>	<u>\$ 31,077</u>	<u>\$ 16,341</u>	<u>\$ 60,749</u>	<u>\$ 1,393,208</u>
As at December 31, 2019					
	Within 6 months	7~12 months	1~2 years	2~5 years	Total
Non-derivative financial liabilities					
Short-term loans	\$ 793,000	\$ -	\$ -	\$ -	\$ 793,000
Notes and accounts payable	444,556	-	-	-	444,556
Other payables	260,207	27,898	-	-	288,105
Lease liabilities	4,882	5,254	13,892	44,942	68,970
Total	<u>\$ 1,502,645</u>	<u>\$ 33,152</u>	<u>\$ 13,892</u>	<u>\$ 44,942</u>	<u>\$ 1,594,631</u>

#### 6. Foreign currency assets and liabilities with significant exchange rate fluctuations

The consolidated company's business involves a variety of non-functional currencies, so it is affected by exchange rate fluctuations, and there are large exchange rate fluctuations. Information about foreign currency assets and liabilities is as follows :

	<u>currency</u>	<u>Foreign Currency (thousand)</u>	<u>Exchange Rate</u>	<u>NTD (thousand)</u>
<u>Monetary items :</u>				
<u>As at December 31, 2020</u>				
Financial Assets				
Cash and cash equivalents	USD	4,690	28.05	\$ 131,547
Cash and cash equivalents	BATH	1,130,047	0.9229	1,042,921
Cash and cash equivalents	VND	156,356,772	0.0012342	192,976
Notes and accounts receivable	USD	448	28.05	12,572
Notes and accounts receivable	BATH	54,473	0.9229	50,273
Other financial assets	USD	11,715	28.05	328,610
Financial Liabilities				
Notes and accounts payable	BATH	15,714	0.9229	14,502

As at December 31, 2019

Financial Assets				
Cash and cash equivalents	USD	8,796	29.95	\$ 263,455
Cash and cash equivalents	BATH	976,311	0.99	966,547
Cash and cash equivalents	VND	45,209,171	0.0012951	58,550
Notes and accounts receivable	USD	399	29.95	11,942
Notes and accounts receivable	EUR	22	33.64	737
Notes and accounts receivable	BATH	3,602	0.99	3,031
Financial Liabilities				
Notes and accounts payable	BATH	68,022	0.99	67,342

Due to the various types of individual functional currencies of the consolidated company, it is impossible to disclose information on the exchange gains and losses of monetary financial assets and financial liabilities according to the foreign currencies that have a significant impact. The foreign currency exchange gains and losses of the consolidated company in 2020 and 2019 were losses of \$33,507 and gains of \$3,276, respectively.

	<u>currency</u>	<u>Foreign Currency (thousand)</u>	<u>Exchange Rate</u>	<u>NTD (thousand)</u>
<u>Non-Monetary items :</u>				
<u>As at December 31, 2020</u>				
Investments accounted for using equity method	USD	2,794	28.05	\$ 78,366
Investments accounted for using equity method	THB	21,831	0.9229	20,148
<u>As at December 31, 2019</u>				
Investments accounted for using equity method	USD	603	29.95	\$ 18,064
Investments accounted for using equity method	THB	20,953	0.99	20,744

## 7. Fair value of financial instruments

### (1) Fair valuation techniques for instruments measured at fair value

#### A. Measure the fair value of financial instruments based on amortized cost

The consolidated company's key management believes that the consolidated company's financial assets and financial liabilities measured at amortized costs are close to their fair values in the accompanying parent company only financial statements.

#### B. Fair valuation techniques for instruments measured at fair value

The fair value of financial assets and financial liabilities is determined by the following methods:

- The fair value of financial assets and financial liabilities with standard terms and conditions that are traded in an active market is determined with reference to market quotes.
- The fair value of stocks that are not publicly quoted is determined according to market methods analysis and multiple methods (a kind of market methods), and based on recognizing pricing models.

### (2) The fair value recognized in the parent company only balance sheets.

The following table of the consolidated company provides analysis information of financial instruments measured by fair value after initial recognition, and reveals the analysis information by dividing the fair value into the following three levels according to the degree of observability :

Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 : Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (e.g. price) or indirectly (e.g. derived from price) from the active markets.

Level 3 : Level 3 inputs are inputs that measure fair value to the extent that relevant observable inputs are not available in the market.

### (3) Financial assets measured at fair value on a repeatability basis

The consolidated company's financial assets measured at fair value on a repeatability basis, and their fair value levels are as follows :

As at December 31, 2020	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at FVTPL				
Mutual funds	\$ -	\$ 44,895	\$ -	\$ 44,895
Unlisted shares	-	-	-	-
Financial assets at FVTOCI				
Listed shares	175,107	-	-	175,107
Unlisted shares	-	-	59,078	59,078
As at December 31, 2019				
Financial assets				
Financial assets at FVTPL				
Mutual funds	\$ -	\$ 37,676	\$ -	\$ 37,676
Unlisted shares	-	-	-	-
Financial assets at FVTOCI				
Listed shares	184,966	-	-	184,966
Unlisted shares	-	-	55,938	55,938

(4) Reconciliation of Level 3 fair value measurements of financial instruments

The consolidated company's financial assets measured at the 3 level of fair value are mainly financial assets at fair value through other comprehensive income. The reconciliation from January 1 to December 31, 2020 and 2019 is as follows :

	2020	2019
Balance at January 1	\$ 55,938	\$ 50,112
Recognized in other comprehensive income	3,140	5,826
Balance at December 31	<u>\$ 59,078</u>	<u>\$ 55,938</u>

(5) In 2020 and 2019, the consolidated company does not have a transfer fair value measurement of financial instruments between level 1 and level 2.

(XXIX) Capital management

The consolidated company's capital management goal is to be able to maintain the best capital structure before continuing to operate and grow, so as to provide shareholders with sufficient remuneration. The consolidated company's capital structure management strategy is based on factors such as the scale of the consolidated company's business, the future growth of the industry, product development blueprints and changes in the external environment to plan the required production capacity and what is needed to achieve this capacity plant equipment and corresponding capital expenditure; According to the characteristics of the industry, calculate the required working capital and cash, and estimate the possible product profit, operating profit rate and cash flow, consider the industry's business cycle fluctuations and product life cycle and other risk factors to determine the most appropriate capital for the consolidated company structure.

As the years ended December 31, 2020 and 2019, the consolidated company's rate of liabilities is as follows :

	As at December 31,	
	2020	2019
Total liabilities	\$ 3,019,220	\$ 3,209,452
Total assets	\$ 9,331,602	\$ 9,425,026
Rate of liabilities	32%	34%

The ratio on December 31, 2020 was lower than the ratio on December 31, 2019, which was mainly due to the decrease in short-term loans and accounts payable.

(XXVIII) Cash flow information

Reconciliation of liabilities arising from financing activities :

	Short-term loans
Balance at January 1, 2019	\$ 633,000
Financing Cash Flow :	
Increase Short-term loans	2,500,000
Repayment of short-term loans	(2,340,000 )
Balance at December 31, 2019	793,000
Financing Cash Flow :	
Increase short-term loans	2,260,000
Repayment of short-term loans	(2,340,000 )
Balance at December 31 , 2020	<u>\$ 713,000</u>

## VII. Related Party Transactions

### (I) Name of related parties and relationship with the related parties

Name of related party	Relationship with the consolidated company
Best Founder Corporation	Subsidiaries of the Company for using the equity method
PT Ve Wong Budi Indonesia	Associates of the Company for using the equity method
Koh Kong Sugar Industry Co., Ltd.	Associates of the Company for using the equity method
Koh Kong Plantation Co., Ltd.	Associates of Best Founder Corporation for using the equity method
Whole Green Trading Co., Ltd.	Corporate director of the Company
K.S.L. IT Center Co., Ltd.	Consolidated Subsidiary-A 50%-owned subsidiary of Thai Fermentation Industry Co., Ltd.
TFI Green Biotech Company Limited	Consolidated Subsidiary-A 50%-owned subsidiary of Thai Fermentation Industry Co., Ltd.

### (II) Significant transactions with related parties

The transaction amount and balance between the Company and its subsidiaries have been eliminated when preparing the consolidated financial statements and have not been disclosed in this note. The details of the transactions between the Company and its subsidiaries and other related parties are disclosed as follows :

#### 1. Sales

(1) The transaction amount is less than \$100,000 :

Name of related party	For the years ended December 31,	
	2020	2019
TFI Green Biotech Company Limited	\$ 3	\$ 3
Whole Green Trading Co., Ltd.	34,040	13,465
Total	\$ 34,043	\$ 13,468

Purchase price : In principle, the market price is determined by both parties.

Payment terms : Whole Green Trading Co., Ltd. pays by T/T.

(2) The transaction amount is more than \$100,000 : none.

#### 2. Purchases : none

3. As the years ended December 31, 2020 and 2019, the Company's financing provided for related party is as follows :

Name of related party	Items	As at December 31,	
		2020	2019
PT Ve Wong Budi Indonesia	Overdue receivables	\$ 139,293	\$ 139,293
	Less: allowance for impairment loss	(139,293)	(139,293)
	Net	\$ -	\$ -

4. As the years ended December 31, 2020 and 2019, the Company's endorsements and guarantees providing for related party is as follows :

Name of related party	As at December 31,	
	2020	2019
Koh Kong Plantation Co., Ltd.	\$ 134,640	\$ 143,760
Koh Kong Sugar Industry Co., Ltd.	230,010	245,590
Total	\$ 364,650	\$ 389,350

#### 5. Significant financial assets and liabilities with related parties

Name of related party	Items	For the years ended December 31,	
		2020	2019
PT Ve Wong Budi Indonesia	Overdue receivables	\$ 170,803	\$ 170,803
PT Ve Wong Budi Indonesia	Less: allowance for impairment loss	(170,803 )	(170,803 )
	Net	\$ -	\$ -

#### 6. Others

Name of related party	Items	For the years ended December 31,	
		2020	2019
K.S.L.IT Center Co., Ltd.	Other loss	\$ 2,279	\$ 2,141
TFI Green Biotech Company Limited	Rental income	\$ 254	\$ 286

(Price as agreed in the contract)

#### 7. Compensation of key management personnel

Remuneration to key management personnel of the consolidated company includes the following:

	For the years ended December 31,	
	2020	2019
Short-term employee benefits(note)	\$ 28,515	\$ 29,042

Note : Short-term employee benefits include salary, bonus and employee compensation, etc.

The remuneration of directors and key management personnel is determined by the remuneration committee.

#### VIII. Pledged Assets

The following assets have been provided as collateral for borrowings and performance guarantees :

Pledged assets	Detail	As at December 31,	
		2020	2019
Property, plant and equipment	Land and building	\$ 1,771,010	\$ 1,792,303
Investments properties	Land and building	1,224,165	1,224,121
Financial assets measured at amortized cost	Government bonds, etc.	9,553	10,352
Other financial assets	Provision account	-	759
Total		\$ 3,004,728	\$ 3,027,535

#### IX. Significant Contingent Liabilities and Unrecognized Commitments

As the years ended December 31, 2020 and 2019, the consolidated company contingent liabilities and unrecognized commitments is as follows :

1. The unused letters of credit amount to USD\$42,000 and USD\$29,000, respectively.
2. Endorsements and guarantees providing to others was \$364,650 and \$389,350, respectively.
3. The deposit guarantee note of the letter of credit and the purchase was \$213,000 and 235,000, respectively ; The deposit guarantee notes received was \$52,781 and \$76,184, respectively.

#### X. Significant Disaster Loss: None

#### XI. Significant Subsequent Events: None



## XII. Others

- (I) Regarding issues such as "off-book earnings" that were questioned, the Company adjusted the number of shares and shareholding ratios of Thai Fermentation Industry Co., Ltd. at the end of the 1991, and adjusted the equity of Thai Fermentation Industry Co., Ltd. at the end of the 1991 to increase the accumulated surplus, and investment income, but as to whether there is an off-book surplus after the 1991, 33 shareholders have jointly petitioned the court to select an inspector for investigation and the prosecutor will also investigate it. The inspector selected by the Taiwan Taipei District Court submitted a supplementary report to the court on June 18, 2003, and the court has not issued any ruling instructions.
- (II) As of December 31, 2020, Ting Hsin Oil Co., Ltd. sued and requested the Company to pay \$2,144 for the goods. The case is being heard by the Taiwan Taipei District Court. The Company filed a counterclaim during the trial procedure and requested Ting Hsin Oil Co., Ltd. The Company caused damages of \$9,420 due to problematic lard. After the case was heard by the Taiwan Taipei District Court, this lawsuit ruled that the Company lost the lawsuit, and the counterclaim was rejected with an illegal requirement. The Company was dissatisfied and filed a second-instance appeal and a counter-accusation respectively. After the Taiwan High Court heard the case, it found that the counter-accusation had reason to rule to abolish the original ruling and remanded it to the original trial. The Taiwan Taipei District Court of the original trial is in the process of hearing with Appeal Gengyi Yi Zih No. 1. in 2019 As for the appeal of the request for payment, the Company was ruled to lose the lawsuit. The Company filed a third-instance appeal against the request for payment. The Supreme Court partially abandoned it with Taishang Zi No. 1172 in 2020 and sent it back to the High Court of Taiwan, which was then approved by both parties. The parties agreed to stop the litigation and wait for the decision of the Taipei District Court with Appeal Gengyi Yi Zih No. 1. in 2019.
- (III) The Company's Taoyuan business office in 2020 Mr. Xu, a salesperson involved in the embezzlement of about 1.26 million, and the Company filed a criminal complaint with the Taiwan Taoyuan District Prosecutors Office for business embezzlement. As of the date of the inspection report, the case is still under trial. The Company has set aside a 100% allowance for losses, which has no significant impact on the Company's 2020 financial statements

The above litigation cases are still to be judged by the judiciary. The relevant results will depend on the judgment of the court. The above will only be disclosed in accordance with the principle of publicity.

## XIII. Additional Disclosures

- (I) Information on Significant Transactions :
  - 1. Financing provided to others for the year ended December 31, 2020: Please refer to Table I.
  - 2. Endorsements/Guarantees Providing for the year ended December 31, 2020 : Please refer to Table II.
  - 3. Marketable securities held (excluding the equity held by invested subsidiaries, associates enterprises and joint ventures) for the year ended December 31, 2020 : Please refer to Table III.
  - 4. Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital for the year ended December 31, 2020 : None.
  - 5. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital for the year ended December 31, 2020 : None.
  - 6. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital for the year ended December 31, 2020 : None.
  - 7. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capita for the year ended December 31, 2020 : Please refer to Table V.
  - 8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capita for the year ended December 31, 2020 : Please refer to Table IV.
  - 9. Trading in derivative instruments for the year ended December 31, 2020 : None.
  - 10. Business relations and important transactions and amounts between parent and subsidiary companies and between subsidiaries : Please refer to Table V.
- (II) Information on Investees :
  - 1. Information on investees (excluding investments in mainland chian) for the year ended December 31, 2020 : Please refer to Table VI.



2.Information about invested business :

- (1)Financing provided to others in 2020 : Please refer to Table I.
- (2)Endorsements/Guarantees Providing in 2020 : Please refer to Table II.
- (3)Marketable securities held (excluding the equity held by invested subsidiaries, associates enterprises and joint ventures) for the year ended December 31, 2020: Please see TABLE III attached.
- (4)The amount of the accumulated purchase or sale of the same securities is over NT\$300 million or 20% of the paid-in capital for the year ended December 31, 2020: None.
- (5)Purchase amount of real property that exceeds NTD300 million or 20% of the paid-in capital for the year ended December 31, 2020: None.
- (6) Amount for the disposal of real property exceeds NTD300 million or 20% of the paid-in capital for the year ended December 31, 2020: None.
- (7) Amount of the purchase from and the sale to related parties exceeds NTD100 million or 20% of the paid-in capital for the year ended December 31, 2020: None.
- (8) Amount receivable from related parties exceeds NTD100 million or 20% of the paid-in capital for the year ended December 31, 2020: None.
- (9)Engaging in derivative transactions for the year ended December 31, 2020: None.

(III) Information about the investment in China: None.

(IV) Major Shareholders Information: Please refer to Table VII.

XIV.Operating Segments Information

(I) Operating segments revenue and operating results

The revenue and operating results of the continuing operations in the consolidated financial statement are analyzed according to the reportable segments as follows :

	Operating segments revenue		Operating segments profit and loss	
	For the years ended December 31,		For the years ended December 31,	
	2020	2019	2020	2019
Condiment business	\$ 4,755,388	\$ 5,036,686	\$ 811,083	\$ 809,156
Fast food business	1,513,166	1,365,963	173,133	126,034
Other	459,613	389,892	965	(217)
Total continuing business units	6,728,167	6,792,541	985,181	934,973
Less: income or profit and loss between operating segments	(684,467)	(469,304)	-	-
Revenue or profit and loss of operating segments and external customers	\$ 6,043,700	\$ 6,323,237	985,181	934,973
Other operating expenses			(10,270)	(11,443)
Income from operations			974,911	923,530
Interest income			19,665	39,786
Other income			10,337	11,179
Other gains and losses			(19,160)	20,156
Finance costs			(14,317)	(14,397)
Share of profit or loss of subsidiaries and associates accounted for using the equity method			(27,153)	(25,772)
Impairment loss			(2,993)	-
Profit before income tax			\$ 941,290	\$ 954,482

Segments profits refer to the profits earned by each segments, excluding other income, other interests and losses, financial costs, the share of profits and losses of affiliated companies and joint ventures that use the equity method, and the return of derogation losses. This measurement amount is provided to the chief operating decision maker to allocate resources to the department and evaluate its performance.

(II) Operating segments assets

		As at December 31,	
		2020	2019
Operating segments assets :			
Condiment business	\$	-	\$ -
Fast food business		-	-
Other		-	-

Note: The consolidated company discloses the measured amount of the assets of the reportable segments in accordance with the regulations, but because the measured amount of the assets of the consolidated company is not provided by the operating decision maker, there is no need to disclose the measured amount of the assets.

(III) Product type and labor service type

		For the years ended December 31,	
		2020	2019
Food manufacturing sales revenue	\$	5,732,835	\$ 6,168,949
Packaging materials and other manufacturing and processing income		121,975	100,515
Other		188,890	53,773
Total	\$	6,043,700	\$ 6,323,237

(IV) By region

		For the years ended December 31,	
		2020	2019
Taiwan	\$	2,513,930	\$ 2,342,359
Thailand		2,225,925	2,626,313
Vietnam		1,303,845	1,354,565
Total	\$	6,043,700	\$ 6,323,237

(V) Important customer information

There was no situation in which revenue from a single customer accounted for more than 10% of the net operating income of the consolidated income statement in 2020 and 2019.

**TABLE I****VE WONG CORPORATION**
**FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)**

No	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrow (note1 and note2)	Aggregate Financing Limits(note1 and note2)	Remarks
													Item	Value			
0	VE WONG CORPORATION	PT Ve Wong Budi Indonesia	Other noncurrent assets-other	Y	\$ 139,293	(USD\$4.28 MILLION) \$ 139,293	\$139,293	-	Plant and operation needs	-	-	\$ 139,293	12,000 shares of PT Ve Wong Budi Indonesia	-	\$ 340,478	\$ 1,361,913	
1	Thai Fermentation Industry Co., Ltd.	Visawaphah Transportation Co., Ltd.	other current assets	N	5,709	5,322	305	7%	Company that needs short-term financing	-	Operating capital	-	-	-	223,873	1,119,366	Note3
2	Tai Ve Corporation	VE WONG CORPORATION	Other receivables-related parties	Y	100,000	100,000	-	1.05%	Company that needs short-term financing	-	Operating capital	-	-	-	140,501	812,830	Note3 Note4
Total						\$ 224,615											

Note1 : According to the operating procedures of the company's capital loan to others, the company's capital loan to a single enterprise shall not exceed 5% of the company's total assets, and the company's capital loan to others shall not exceed 20% of the company's total assets. For subsidiaries of the company, where short-term financing is necessary due to operating turnover, the cumulative balance of financing must not exceed 40% of the company's net worth.

Note2: According to the operating procedures of domestic reinvestment companies for loan to others, the total amount of funds loaned to others shall not exceed 20% of the total assets of the company, and the financing amount for a single enterprise shall not exceed 5% of the total assets of the company. However, if the company's parent company, subsidiaries, and all subsidiaries of the parent company are necessary for short-term financing due to operating turnover, the cumulative balance of the financing amount shall not exceed 40% of the company's net worth.

According to the operating procedures of overseas reinvestment company T Thai Fermentation Industry Co., Ltd., the total amount of funds loaned to others shall not exceed 50% of the company's net worth, and the amount of financing for a single enterprise shall not exceed 10% of the company's net worth.

Note3 : The ending balance of Tai Ve Corporation's fund loan to others was the fund loan and quota approved by the board of directors

Note4 : Consolidated statement has been written off.

**TABLE II****VE WONG CORPORATION**
**ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)**

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note2) (Note3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Remarks
		Name	Relationship											
0	Ve Wong Corporation	Summit Industrial Co., Ltd.	The Corporation owns directly over 50% ownership of the investee company.	\$1,361,913	\$ 50,000	\$ 50,000 (USD\$4.8 MILLION)	\$ 33,000	\$ -	1%	\$ 2,042,870	Y	-	-	Note6
0	Ve Wong Corporation	Koh Kong Plantation Co., Ltd.	Shareholder of the investee provides endorsements/guarantees to the company in proportion to their shareholding percentages (Note4)	1,361,913	145,296	134,640 (USD\$8.2 MILLION)	-	-	3%	2,042,870	-	-	-	
0	Ve Wong Corporation	Koh Kong Sugar Industry Co., Ltd.	Shareholder of the investee provides endorsements/guarantees to the company in proportion to their shareholding percentages (Note4) (Note5)	1,361,913	248,214	230,010	-	-	4%	2,042,870	-	-	-	
1	Tai Ve Corporation	Ve Wong Corporation	The company direct and indirect owns over 50% ownership of the investee company	\$2,810,023	\$1,670,400	\$1,650,400	\$300,000	\$1,924,593	81%	\$2,810,023	-	Y	-	
2	Tai Ve Corporation	The World Champion Co., Ltd.	A subsidiary jointly owned over 90% by the Company	562,005	144,100	144,100	-	332,755	7%	843,007	-	-	-	Note6
		Total				\$ 2,209,150				\$ 9,781,640				

Note1 : According to The company's endorsement and guarantee measures, the amount of endorsement, guarantee for a single company shall not exceed 20% of The company's total assets.

Note2 : According to The company's endorsement and guarantee measures, the amount of endorsement and guarantee shall not exceed 30% of The company's total assets.

Note3 : According to the regulations of the domestic reinvestment company's endorsement, guarantee, the amount of the endorsement, guarantee shall not exceed 30% of the company's total assets, the parent company that holds 100% of the direct and indirect voting shares of the reinvestment company shall not exceed the total assets of the reinvestment company.

Note4 : In order to comply with Cambodian laws and regulations, The company has adjusted the investment organization of Cambodia's investments under the equity method. Please refer to Note VI (VIII). The company's investment in Koh Kong Plantation Co., Ltd. was adjusted from direct investment to a company that holds 100% of the voting shares (ie Samoa Best Founder Corporation) due to the adjustment of the investment organization.

Note5 : The Company's endorsement, guarantee to Koh Kong Sugar Industry Co., Ltd. (KSI) is an endorsement, guarantee to the invested company by all the capitalist shareholders based on their shareholding ratio due to the joint investment relationship. KSI handled the capital increase in June 2020. The Company did not subscribe for new shares based on the shareholding ratio, resulting in a decrease in the shareholding ratio. The endorsement, guarantee balance at the end of 2020 was the endorsement, guarantee balance, based on the original shareholding ratio. As of December 31, 2020, KSI has not made any relevant borrowings. The Company will contact the investee company to adjust the endorsement, guarantee limit based on the current shareholding ratio in due course.

Note6 : Consolidated statement has been written off.

**TABLE III-1**

**VE WONG CORPORATION**

**MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES)  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)**

Company Name	Type and Name of Marketable Securities	Relationship with the security issuer	Ledger account	Yearend				Remarks
				Number of thousand shares (Number of thousand unit)	Book value	Percentage held	Fair value	
VE WONG CORPORATION	<u>Mutual funds</u>							
	HSBC Taiwan Electronics Fund	-	Financial assets measured at fair values through profit or loss- non-current	357	\$ 20,295		\$ 20,295	
	Prudentail Financial New Century Fund	-	"	2,000	24,600		24,600	
	Total				\$ 44,895		\$ 44,895	
	<u>Listed stocks</u>							
	CATHAY FINANCIAL HOLDING CO., LTD.	-	Financial assets measured at fair values through other comprehensive profit or loss- non-current	887	\$ 37,469	0.007%	\$ 37,469	
	Cathay Financial Holding Co., Ltd. Preferred Stock A	-	"	45	2,807	-	2,807	
	Taishin Financial Holding Co., Ltd.	-	"	2,250	29,806	0.020%	29,806	
	Taishin Financial Holding Co., Ltd. Class E Preferred Shares II	-	"	43	2,233	-	2,233	
	Vedan International (Holdings) Co.,Ltd.	-	"	1,992	5,415	0.131%	5,415	
	Total				\$ 77,730		\$ 77,730	
	<u>Unlisted stocks</u>							
	Li Shih venture capital Co.,Ltd.	-	Financial assets measured at fair values through other comprehensive profit or loss- non-current	677	\$ 9,752	5.68%	\$ 9,752	
	Tai Fu International (Holdings) Co., Ltd.	-	"	1,500	13,937	4.32%	13,937	
	Jhong Sin investment Co.,Ltd.	-	"	1,043	35,389	0.33%	35,389	
	Total				\$ 59,078		\$ 59,078	
	<u>Unlisted stocks</u>							
	Wei Da Dian Ltd.	-	Financial assets measured at fair values through profit or loss- non-current	2	\$ -	0.18%	\$ -	
	Jhong Hua trade development Co., Ltd.	-	"	31	-	0.05%	-	
	Total				\$ -		\$ -	
	Fixed deposit -more than 3 months	-	Financial assets measured at amortized cost -current assets		\$ 28,050		\$ 28,050	

**TABLE III-2****VE WONG CORPORATION****Information about invested business:****MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES)****FOR THE YEAR ENDED DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Company Name	Type and Name of Marketable Securities	Relationship with the security issuer	Ledger account	Yearend				Remarks
				Number of thousand shares (Number of thousand unit)	Book value	Percentage held	Fair value	
The World Champion Co., Ltd.	Listed stocks							
	Taishin Financial Holding Co., Ltd.	-	Financial assets measured at fair values through other comprehensive profit or loss-non-current	6,837	\$ 90,589	0.06%	\$ 90,589	Note
	Taishin Financial Holding Co., Ltd. Class E Preferred Shares II	-	"	132	6,788	-	6,788	
	VE WONG CORPORATION	The company	"	2,294	83,955	0.96%	83,955	
				Total	\$ 181,332		\$ 181,332	
	Unlisted stocks							
	Jhong Hua trade development Co., Ltd.	-	Financial assets measured at fair values through profit or loss-non-current	11	\$ -	0.02%	\$ -	
Tai Ve Corporation	Fixed deposit -more than 3 months	-	Financial assets measured at amortized cost -current assets		\$ 18,000		\$ 18,000	
Saigon Ve Wong Co., Ltd.	Fixed deposit -more than 3 months	-	Financial assets measured at amortized cost -current assets		\$ 99,106		\$ 99,106	
Thai Fermentation Industry Co., Ltd.	Fixed deposit -more than 3 months	-	Financial assets measured at amortized cost -current assets		\$ 138,435		\$ 138,435	
	Mutual funds	-	Financial assets measured at amortized cost -current assets		26,764		26,764	
				Total	\$ 165,199		\$ 165,199	
Thai Fermentation Industry Co., Ltd.	Mutual funds	-	Financial assets measured at amortized cost -noncurrent assets	-	\$ 36,133	-	\$ 36,133	
Champion Fermentation Co., Ltd.	Fixed deposit -more than 3 months	-	Financial assets measured at amortized cost -current assets		\$ 92,336	-	\$ 92,336	

Note : Consolidated statement has been written off.

**TABLE IV****VE WONG CORPORATION**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Year	Allowance for Impairment Loss	Remarks
					Amount	Actions Taken			
VE WONG CORPORATION	PT Ve Wong Budi Indonesia	Associated Companies	Other non-current assets - other receivables (Include Interest receivable \$165,798 and Advance payment \$5,005) \$ 310,096	-	-	-	Note	\$ 310,096	

Note : Please refer to Note IV (VIII) " PT Ve Wong Budi Indonesia Disclosures and Related Explanations" under the investment using the equity method.

**TABLE V****VE WONG CORPORATION**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)**

No	Company Name	Related Party	Relationship	Transaction Details			
				Item	Amount	Transaction terms	Percentage of combined total revenue or total assets (Note1)
0	Ve Wong Corporation	Summit Industrial Co., Ltd.	Parent company to subsidiary	Purchases (Note3)	\$ 132,678	-	2%
1	Tai Ve Corporation	Ve Wong Corporation	Subsidiary to parent company	Guarantee (Note3)	1,650,400	-	-
1	Tai Ve Corporation	The World Champion Co., Ltd.	Subsidiary to parent company	Guarantee (Note3)	144,100	-	-

Note1 : The calculation of the ratio of the transaction amount of the consolidated total revenue or total assets. If it is an asset-liability account, it is calculated as the ending balance of the consolidated total assets; if it is a profit and loss account, it is calculated as the cumulative amount in the period as a percentage of the consolidated total revenue.

Note2 : Important transactions are those with a purchase amount of NT\$100 million or more than 20% of the parent company's paid-in capital.

Note3 : Consolidated statement has been written off.



**TABLE VI-1****VE WONG CORPORATION**
**INFORMATION ON INVESTEEES (EXCLUDING INVESTMENTS IN MAINLAND CHINA)  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profits (Loss)	Remarks
				December 31, 2020	December 31, 2019	Thousand shares	%	Carrying Amount			
VE WONG CORPORATION	The World Champion Co., Ltd.	6F., No. 79, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei	Manufacturing and sales of MSG, cans and beverages	\$ 138,443	\$ 138,443	15,999	99.99%	\$ 551,943	\$ 10,339	\$ 7,892	Note1
	Summit Industrial Co., Ltd.	6F., No. 79, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei	Manufacturing and trading of packaging materials and containers printing MSG, instant noodles	89,843	89,843	9,505	95.05%	102,401	8,289	7,522	Note1
	Saigon Ve Wong Co., Ltd.	1707 Highway 1A An Phu Dong Ward District 12, Ho Chi Minh City, Vietnam		475,328	475,328	-	100.00 %	627,218	95,244	95,244	Note1
	Thai Fermentation Industry Co., Ltd.	20 <sup>th</sup> Fl.KSL Tower, 503, Sriyudhya Rd., Bangkok, Thailand	Manufacturing and sales of MSG	233,090	233,090	204	48.66%	1,069,133	535,504	253,071	Note1
	Ve Wong International Ltd.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	General Investment Company	1,741	1,741	50	100.00 %	6,690	(87 )	(87 )	Note1
	Tai Ve Corporation	6F., No. 79, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei	Residential, building, industrial plant development, lease and sale, real estate sales, lease, etc.	987,678	987,678	82,323	79.93%	1,624,621	7,242	5,890	Note1
	Best Founder Corporation.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	General Investment Company	169,198	169,198	5,328	100.00 %	9,904	(4,154 )	(4,154 )	Note2
	Green TFL Co., Ltd.	8F., No. 79, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei	Bean processed food manufacturing	26,000	26,000	2,600	65.00%	25,302	(514 )	(334 )	
	Koh Kong Sugar Industry Co., Ltd.	No.205-207-209 Mao Tong Boulevard. Toul Svay Prey I, Khan Chamkarmon, Phnom Penh, Kingdom of Cambodia	Production, processing and sales of cane sugar	226,231	226,231	-	11.98%	69,319	(124,039 )	(20,661 )	Note3
	Hughes Biotech. Co., Ltd.	12F.-2, No. 420, Sec. 1, Keelung Rd., Xinyi Dist., Taipei	Biotechnology Service Industry	20,250	20,250	1,125	34.62%	14,188	(7,458 )	(2,582 )	
	PT Ve Wong Budi Indonesia	Wisma Budi, Lt. 7 Suite 701, J1. H.R. Rasuna Said, Kav C-6 Jakarta, Indonesia	Manufacturing and sales of MSG	180,811	180,811	64	49.00%	-	-	-	Note4
Total								\$ 4,100,719		\$ 341,801	

Note1 : Consolidated statement has been written off.

Note2 : In order to comply with Cambodian laws and regulations, the company has made adjustments to the investment organization of Cambodia's investments under the equity method. Please refer to Note VI (VIII) for the explanation.

Note3 : Associated company Koh Kong Sugar Industry Co., Ltd. ceased operations on October 31, 2018. In addition, the capital increase was processed on June 2020. The company's assessment results are still influential. Please refer to Note VI (VIII).

Note4 : Please refer to Note VI (VIII) " PT Ve Wong Budi Indonesia Disclosures and Related Explanations" under the investment using the equity method.

**TABLE VI-2****VE WONG CORPORATION**
**INFORMATION ON INVESTEEES (EXCLUDING INVESTMENTS IN MAINLAND CHINA)  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profits (Loss)	Remarks
				December 31, 2020	December 31, 2019	Thousand shares	%	Carrying Amount			
The World Champion Co., Ltd.	Tai Ve Corporation	6F., No. 79, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei	Residential, building, industrial plant development, lease and sale, real estate sales, lease, etc. Manufacturing and trading of packaging materials and containers printing Bean processed food manufacturing	\$ 397,959	\$ 397,959	20,666	20.07%	\$ 407,758	\$ 7,242	\$ 1,455	Note 1
	Summit Industrial Co., Ltd.	6F., No. 79, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei		4,950	4,950	495	4.95%	5,369	8,289	410	Note 1
	Green TFL Co., Ltd.	8F., No. 79, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei		2,000	2,000	200	5.00%	1,946	(514)	(26)	Note 1
	Total			\$ 404,909	\$ 404,909			\$ 415,073	\$ 15,017	\$ 1,839	
Thai Fermentation Industry Co., Ltd.	K.S.L. IT Center Co., Ltd.	Thailand	Technology Information Management Classification of organic fertilizers Manufacturing and sales of MSG	\$ 486	\$ 486	0.5	50.00%	\$ 4,487	\$ 2	\$ 1	Note 1 Note 4
	TFI Green Biotech Company Limited..	Thailand		4,576	4,576	50	50.00%	14,110	372	186	
	Champion Fermentation Co.,Ltd.	Thailand		236,289	236,289	199,995	99.99%	256,738	12,008	8,592	
	Total			\$ 241,351	\$ 241,351			\$ 275,335	\$ 12,382	\$ 8,779	
Best Founder Corporation	Koh Kong Plantation Co., Ltd.	No.205-207-209 Mao Tong Boulevard. Toul Svay Prey I, Khan Chamkarmon, Phnom Penh, Kingdom of Cambodia	Land development and sugarcane planting								Note 2 Note 3
				\$ 82,580	\$ 165,160	-	20.00%	\$ 9,048	(20,488)	(4,098)	

Note 1 : Consolidated statement has been written off.

Note 2 : In order to comply with Cambodian laws and regulations, the company has made adjustments to the investment organization of Cambodia's investments under the equity method.

Please refer to Note VI (VIII) for the explanation.

Note 3 : Associated company Koh Kong Plantation Co., Ltd. has ceased business on October 31, 2018. In addition, as of June 30, 2020, it has processed capital reductions to make up for losses. The combined company still has significant influence. Please refer to Note VI (VIII) Description.

Note 4 : For organizational reorganization in the third quarter of 2016, please refer to Note IV (III) for the explanation.

**TABLE VII****VE WONG CORPORATION****Major Shareholders Information**

Major Shareholders	Shareholding	
	Number of Shares Held	Number of Shares Held
HAO SHINE TRADING CO., LTD.	23,609,447	9.83 %
Quanwei Investment Co., Ltd.	23,424,026	9.76 %
OVERSEAS BROS. CO., LTD.	22,784,966	9.49 %
VEDAN ENTERPRISE CORP.	14,537,628	6.05 %

**V. Standalone Financial Statements with Independent Auditors'  
Report for the most recent year**

**VE WONG CORPORATION**  
**Parent Company Only Financial Statements for the Years**  
**Ended December 31, 2020 and 2019 and**  
**Independent Auditors' Report**

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

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors and Shareholders of VE WONG CORPORATION

### **Opinion**

We have audited the accompanying parent company only financial statements of VE WONG CORPORATION (the "Company"), which comprise the parent company only balance sheets as of December 31, 2020 and 2019, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent accountants, the accompanying parent company only financial statements present fairly, in all material respects, the accompanying parent company only financial position of the Company as of December 31, 2020 and 2019, and its parent company only financial performance and its parent company only 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 auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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 of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other independent accountants, 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 for the year ended December 31, 2020. 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, and we do not provide a separate opinion on these matters.

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

#### Recognize of Sales revenue

The main operating income of the Company is sales revenue. We consider that whether the recognition time of sales revenue was present fairly, is an area of high concern in the audit.

Refer to Note IV (XV) for accounting policies on revenue recognition. Refer to Note V (I) for critical accounting judgments and key sources of estimation uncertainty on revenue recognition.

We performed the following audit procedures :

1. Understand and test the design and implementation effectiveness of the main internal control system for operating income.

2. Understand and evaluate the rationality of the assumptions and methods for management to recognize sales revenue.
3. The selected transaction conditions are not FOB Taiwan's export transactions. Obtain the transaction conditions set by each customer for the export transaction, and select the period before and after the end of the reporting period to verify the export transaction vouchers to determine the appropriate deadline.
4. For domestic sales (delivery agent) transactions, send confirmation letter or obtain agent's transaction reconciliation data to determine whether the deadline is appropriate and the amount.
5. Select the period prior to and after the end of the reporting period, to check the various vouchers to ensure that the sales, sales returns, and sales discounts have been properly closed.
6. Reconcile the amount of income in the account with the amount issued by the invoice, and perform tests on major differences between the reconciled items.
7. Perform analytical procedures to find out if there are any abnormalities in the recognition of sales revenue.

#### Whether the ending balance of Investments accounted for using equity method is fair

We believe that Investments accounted for using the equity method as an important and main asset of the company. Therefore, it will adopt Investments accounted for using the equity method ending balance and Share of profit or loss of subsidiaries and associates accounted for using the equity method as a key audit matters.

Refer to Note IV(VII) for accounting policies on investments accounted for using the equity method. Refer to Note V(IV) for critical accounting judgments and key sources of estimation uncertainty of investments accounted for using the equity method.

We performed the following audit procedures :

1. Understand and test the design and implementation effectiveness of the main internal control system of the investment cycle.
2. Understand and evaluate the management methods and procedures for managing investment, as well as the assumptions and methods for recognizing related investment gains and losses and other comprehensive gains and losses.
3. Obtain or prepare a detailed list of investment changes, and check with the general ledger and subsidiary ledgers.
4. Verify whether the accounting treatment of changes in equity is appropriate.
5. Verify whether the subsidiary or Associates adopts the same accounting policies as the company for similar transactions and events under similar circumstances, and if there are differences, whether it has been adjusted.
6. When verify subsidiaries and using the equity method to recognize the share of profit and loss, understand the impact of major financial statements of major subsidiaries on the company's financial statements, and determine the impact of Associates on the fair expression of the company's financial reports in accordance with the Statements of Auditing Standards No. 51. If it is significant, it should be verify whether the financial report of the Associates has been processed in accordance with the " Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants " and the Statements of Auditing Standards.
7. Verify whether the unrealized gains and losses between Associates have been eliminated.
8. Verify whether the Associates' financial report date should be the same as that of the company. If there is a difference, whether to adjust the impact of major transactions or events that occurred between the Associates' financial report date and the company's financial report date; And check whether the difference between the end of the reporting period between the Associates and the company is less than three months.
9. Verify whether there are any signs that the equity method of investment may be impaired, impairment testing and accounting treatment are appropriate.

## Evaluation Impairment of Investments accounted for using the equity method and Goodwill

The Company adopts the equity method of investment. When estimating the future recoverable amount, the estimation involves a number of assumptions, including determining the discount rate and adopting the prepared financial forecast for the next five years. It is prone to subjective judgment and highly advanced Uncertainty, resulting in a significant impact on the measurement of the recoverable amount, which in turn affects the estimation of the amount of goodwill impairment. Therefore, we believe that the Company assessment of the equity method of investment and goodwill impairment is the most important matters this year.

For the accounting policy on impairment, please refer to Note IV (XII) Impairment; to the major sources of uncertainty in the significant accounting judgments, estimates and assumptions in the assessment of impairment of goodwill, please refer to Note V (III).

We performed the following audit procedures:

1. Understand and test the design and implementation effectiveness of the main internal control system for impairment assessment.
2. Verify whether there are any indication that the equity method of investment may be impaired, impairment testing and accounting treatment are appropriate.
3. Verify whether there are indication that goodwill impairment may occur, impairment testing and whether the accounting treatment is appropriate.
4. Assess the reasonableness of assumptions, future cash flow forecasts and discount rates used in impairment models.

### **Other – Using the reports of other independent accountants**

Among the associates included in the financial statements of the Company, Hughes Biotech. Co., Ltd. which used the equity method to invest in 2020 and 2019, had its financial statements not audit by us, but was audited by other accountants. In addition, Koh Kong Sugar Industry Co., Ltd. (KSI) invested in Cambodia and Koh Kong Plantation Co., Ltd. (KPT) invested by the Best Founder Coporation which used the equity method, its financial statements are in accordance with Thai Financial Reporting Standard for Non-publicly Accountable entities have not been audited by us but by other accountants. We have performed the necessary review procedures for the conversion of the financial statements of KSI and KPT into preparations in accordance with generally accepted accounting principles in the Republic of China. Therefore, our opinion on the financial statements that the amount and various financial disclosure information listed in the financial statements of the investee companies before the adjustment are based on the audit reports of other accountants. As of December 31, 2020 and 2019, the above-mentioned three companies used the equity method to invest in 92,555 thousand NTD and 34,834 thousand NTD, respectively, accounting for 1.36% and 0.52% of the total assets. From January 1st to December 31st, 2020 and 2019, the comprehensive profit and loss (including the share of the subsidiaries, associates and joint ventures recognized by the equity method) recognized by these investee companies was (32,170) thousand NTD and (26,845) thousand NTD, accounting for 1.39% and 1.23% of net operating income, respectively.

### **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 members of the Audit Committee) are 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the 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 group audit. We remain solely responsible for our audit opinion.



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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonable be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Kuan Chao Lin and Ming Yu Wen.

PKF Taiwan  
Republic of China  
March 29, 2021

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

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

As the parent company only financial statements are the responsibility of the management, PKF Taiwan 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.

**VE WONG CORPORATION**
**PARENT COMPANY ONLY BALANCE SHEETS**
**DECEMBER 31, 2020 AND 2019**
**(In Thousands of New Taiwan Dollars)**

ASSETS	Note	Decebmmer 31, 2020		Decebmmer 31, 2019	
		Amount	%	Amount	%
<b>CURRENT ASSETS</b>	<b>IV</b>				
Cash and cash equivalents	VI(I)	\$ 246,424	3	\$ 369,948	6
Financial assets measured at amortized cost -current assets	VI(II)	28,050	1	-	-
Notes receivable, net	VI(III)	83,542	1	83,127	1
Notes receivable-related parties	VI(III) 、 VII	1	-	-	-
Accounts receivable, net	VI(III)	183,046	3	193,293	3
Accounts receivable-related parties	VI(III) 、 VII	855	-	798	-
Other receivables- related parties	VII	11,961	-	12,323	-
Current tax assets	VI(XVII )	12,195	-	10461	-
Inventories	VI(IV)	363,495	5	390,530	6
Other financial assets	VI(VII) 、 VIII	314,781	5	759	-
Prepayments and other current assets	VI(XII) 、 VII	21,725	-	20,736	-
Total current assets		<u>1,266,075</u>	<u>18</u>	<u>1,081,975</u>	<u>16</u>
<b>NONCURRENT ASSETS</b>	<b>IV</b>				
Financial assets at fair value through profit or loss	VI(V)	44,895	1	37,676	1
Financial assets at fair value through other comprehensive income	VI(VI)	136,808	2	136,814	2
Investments accounted for using equity method	VI(VIII)	4,100,719	60	4,146,627	62
Property, plant and equipment	VI(IX) 、 VIII	765,786	11	802,669	12
Right-of-use assets	VI(X)	35,402	1	43,856	1
Investments properties	VI(XI) 、 VIII	364,672	5	384,079	6
Deferred income tax assets	VI(XVII)	30,375	1	25,003	-
Prepayments form equipment		34,503	1	3,566	-
Refundable deposit		25,307	-	25,372	-
Other noncurrent assets	VI(XII) 、 VII	5,025	-	6,008	-
Total noncurrent assets		<u>5,543,492</u>	<u>82</u>	<u>5,611,670</u>	<u>84</u>
<b>TOTAL</b>		<u>\$ 6,809,567</u>	<u>100</u>	<u>\$ 6,693,645</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>					
<b>CURRENT LIABILITIES</b>	<b>IV</b>				
Short-term loans	VI(XIII) 、 VII	\$ 680,000	10	\$ 750,000	11
Notes payable		9,432	-	9,655	-
Accounts payable		158,251	2	150,232	2
Accounts payable-related parties	VII	47,676	1	38,553	1
Other payables	VII	148,941	2	152,442	3
Current tax liabilities	VI(XVII)	38,755	1	-	-
Lease liabilities-current	VI(XIII)	11,757	-	12,090	-
Other current liabilities		8,060	-	6,856	-
Total current liabilities		<u>1,102,872</u>	<u>16</u>	<u>1,119,828</u>	<u>17</u>
<b>NONCURRENT LIABILITIES</b>	<b>IV</b>				
Net defined benefit liability	VI(XV)	202,110	3	218,146	3
Deferred income tax liabilities-land value increment tax		139,094	2	139,094	2
Deferred income tax liabilities -income tax	VI(XVII)	183,747	3	185,185	3
Lease liabilities-noncurrent	VI(XIV)	22,277	-	30,301	-
Other		4,046	-	3,564	-
Total noncurrent liabilities		<u>551,274</u>	<u>8</u>	<u>576,290</u>	<u>8</u>
Total liabilities		<u>1,654,146</u>	<u>24</u>	<u>1,696,118</u>	<u>25</u>
<b>EQUITY</b>	<b>IV 、 VI(XVIII)</b>				
Capital stock					
Common shares		2,400,000	36	2,400,000	36
Capital surplus					
From treasury stock transactions		38,447	1	36,153	1
From share of changes in equities of associates		167,367	2	76,812	1
Retained earnings					
Appropriated as legal capital reserve		376,906	6	331,218	5
Appropriated as special capital reserve		1,005,964	15	1,005,964	15
Unappropriated earnings		1,121,449	16	980,569	15
Other equity		83,752	1	205,275	3
Treasury stock	VI(VIII) 、 VI(XIX)	(38,464)	(1)	(38,464)	(1)
Total equity		<u>5,155,421</u>	<u>76</u>	<u>4,997,527</u>	<u>75</u>
<b>SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS</b>	<b>IX 、 XII</b>				
<b>TOTAL</b>		<u>\$ 6,809,567</u>	<u>100</u>	<u>\$ 6,693,645</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements.  
(With PKF Taiwan auditors' report dated March 29, 2021)

VE WONG CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Item	Note	2020		2019	
		Amount	%	Amount	%
NET REVENUE	IV、VI(XXII)、VII	\$ 2,321,441	100	\$ 2,175,267	100
OPERATING COSTS	IV、VI(IV)、VII	1,617,516	70	1,524,903	70
GROSS PROFIT		703,925	30	650,364	30
OPERATING EXPENSES					
Marketing		417,046	18	396,192	19
General and administrative		106,113	5	106,760	5
Research and development		8,492	-	8,841	-
Expected credit loss on trade receivables		1,211	-	64	-
Total operating expenses		532,862	23	511,857	24
INCOME FROM OPERATIONS		171,063	7	138,507	6
NON-OPERATING INCOME AND EXPENSES	IV				
Interest income		1,683		2,916	-
Other income	VI(XXIII)	6,307	-	5,535	-
Other gains and losses	VI(XXIV)	7,017	-	42,216	2
Finance costs	VI(XXV)	(8,160)	-	(7,962)	-
Share of profit or loss of subsidiaries and associates accounted for using the equity method	VI(VIII)	341,801	15	348,845	16
Impairment loss	VI(IX)、VI(XI)	(2,993)	-	-	-
Total non-operating income		345,655	15	391,550	18
PROFIT BEFORE INCOME TAX		516,718	22	530,057	24
INCOME TAX EXPENSE	IV、VI(XVII)	(87,622)	(4)	(73,177)	(3)
NET PROFIT FOR THE YEAR		429,096	18	456,880	21
OTHER COMPREHENSIVE INCOME (LOSS)	IV				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans		(6,106)	-	(8,870)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income		(6)	-	6,362	-
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method		(3,135)	-	7,791	-
Income tax relating to items that will not be reclassified subsequently to profit or loss		-	-	-	-
		(9,247)	-	5,283	-
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating the financial statements of foreign operations		(114,804)	(5)	44,183	2
Income tax relating to items that may be reclassified subsequently to profit or loss		-	-	-	-
		(114,804)	(5)	44,183	2
Other comprehensive income (loss) for the year, net of income tax		(124,051)	(5)	49,466	2
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		\$ 305,045	13	\$ 506,346	23
EARNINGS PER SHARE	IV、IV(XX)				
Basic		\$ 1.81		\$ 1.92	
Diluted		\$ 1.81		\$ 1.92	

The accompanying notes are an integral part of the parent company only financial statements.  
(With PKF Taiwan auditors' report dated March 29, 2021)

VE WONG CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

Item	Ordinary Shares	Capital Surplus		Retained Earnings			Other Equity		Treasury stock	Total Equity
		From treasury stock transactions	From share of changes in equities of associates	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE, JANUARY 1, 2019	\$ 2,400,000	\$ 36,153	\$ 76,812	\$ 288,027	\$ 1,005,964	\$ 820,018	\$ 30,512	\$ 112,159	\$ (38,464)	\$ 4,731,181
Appropriation of the 2018 earnings										
Legal reserve	-	-	-	43,191	-	(43,191)	-	-	-	-
Cash dividends(10%)	-	-	-	-	-	(240,000)	-	-	-	(240,000)
Net profit for year ended December 31, 2019	-	-	-	-	-	456,880	-	-	-	456,880
Other comprehensive income (loss) for year ended December 31, 2019, net of income tax	-	-	-	-	-	(13,138)	44,183	18,421	-	49,466
Total comprehensive income for the year ended December 31, 2019	-	-	-	-	-	443,742	44,183	18,421	-	506,346
BALANCE, DECEMBER 31, 2019	2,400,000	36,153	76,812	331,218	1,005,964	980,569	74,695	130,580	(38,464)	4,997,527
Appropriation of the 2019 earnings										
Legal reserve	-	-	-	45,688	-	(45,688)	-	-	-	-
Cash dividends(10%)	-	-	-	-	-	(240,000)	-	-	-	(240,000)
Net profit for year ended December 31, 2020	-	-	-	-	-	429,096	-	-	-	429,096
Other comprehensive loss for year ended December 31, 2020, net of income tax	-	-	-	-	-	(2,528)	(114,804)	(6,719)	-	(124,051)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	426,568	(114,804)	(6,719)	-	305,045
Changes in equity from investments in associates accounted for using the equity method	-	-	90,555	-	-	-	-	-	-	90,555
Changes in equity from investments in associates accounted for using the equity method	-	2,294	-	-	-	-	-	-	-	2,294
BALANCE, DECEMBER 31, 2020	\$ 2,400,000	\$ 38,447	\$ 167,367	\$ 376,906	\$ 1,005,964	\$ 1,121,449	\$ (40,109)	\$ 123,861	\$ (38,464)	\$ 5,155,421

The accompanying notes are an integral part of the parent company only financial statements.  
(With PKF Taiwan auditors' report dated March 29, 2021)

# VE WONG CORPORATION

## PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES :		
Profit before income tax	\$ 516,718	\$ 530,057
Adjustments for :		
Depreciation expense	82,983	62,620
Amortization expense	6,310	7,529
Expected credit loss on trade receivables	1,211	64
(Reversal of allowance) provision for inventory market price decline	1,196	(76)
Loss on inventories scrap	4,458	5,266
Loss on disposal of property, plant and equipment	3,039	1,250
Non-financial asset impairment loss	2,993	-
Share of profit of subsidiaries and associates accounted for using the equity method	(341,801)	(348,845)
Finance costs	8,160	7,962
Dividend income	(6,307)	(5,535)
Interest income	(1,683)	(2,916)
Gain on fair value change of financial assets at fair value through profit or loss	(7,219)	(7,375)
Changes in operating assets and liabilities		
Decrease (increase) in notes receivable	(416)	18,193
Decrease (increase) in trade receivables	10,339	(5,160)
Decrease (increase) in other receivables	362	(4,999)
Decrease (increase) in prepayments and other current assets	(928)	325
Decrease (increase) in inventories	21,381	(23,689)
Decrease (increase) in other noncurrent assets	(2,196)	3
Increase (decrease) in notes payable and trade payable	16,919	(18,404)
Decrease in other payables	(3,359)	(4,532)
Increase in other current liabilities	1,204	1,711
Net defined benefit liabilities	(22,142)	(167,076)
Cash generated from operations	291,222	46,373
Dividends received from subsidiaries	362,619	375,617
Other dividends received	6,307	5,535
Interest received	1,622	2,951
Interest paid	(8,302)	(7,796)
Income tax paid	(57,411)	(152,735)
Net cash generated from operating activities	596,057	269,945
CASH FLOWS FROM INVESTING ACTIVITIES :		
Increase in financial assets measured at amortized cost	(28,050)	-
Acquisition of financial assets at fair value through other comprehensive income	-	(1,085)
Increase in other financial assets	(314,022)	(1)
Acquisition of property, plant and equipment	(15,115)	(56,352)
Interest expense for property, plant and equipment	-	(295)
Increase in prepaid equipment purchase	(34,381)	(17,257)
Decrease in refundable deposit	65	79
Increase in other noncurrent assets	(4,491)	(6,110)
Net cash used in investing activities	(395,994)	(81,021)
CASH FLOWS FROM FINANCING ACTIVITIES :		
Increase (decrease) in short-term borrowings	(70,000)	160,000
Payment of the principal portion of lease liabilities	(14,069)	(15,633)
Increase (decrease) in other noncurrent liabilities	482	(2,013)
Dividends paid	(240,000)	(240,000)
Net cash used in financing activities	(323,587)	(97,646)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(123,524)	91,278
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	369,948	278,670
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ 246,424	\$ 369,948

The accompanying notes are an integral part of the parent company only financial statements.  
(With PKF Taiwan auditors' report dated March 29, 2021)

## VE WONG CORPORATION

### NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

#### I. GENERAL

VE WONG CORPORATION (the "Company"), was formerly known as "China Yeast Industry Co., Ltd.", was incorporated in April, 1959 in accordance with the Company Law and other relevant laws and regulations. It was renamed "VE WONG CORPORATION" in May 1979. The Company's shares have been listed and traded on the Taiwan Stock Exchange since 1963.

The main business of the company is the production and sales of monosodium glutamate, soy sauce, instant noodles, canned food and beverages, as well as residential and building development, leasing and sales, industrial plant development, leasing and sales, investment and construction of public construction, and import of foreign tobacco, alcohol and beverages.

#### II. THE AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying parent company only financial statements were approved and authorized for issue by the Board of Directors on March 25, 2021.

#### III. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

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

On July 29, 2019, the FSC announced the IFRSs approved by the FSC under the Jinguan Zhengshen Zi Decree No. 1080323028, which refers to the IFRSs announced on the "International Financial Reporting Standards (IFRSs) Download Area" on the Securities and Futures Bureau's website IFRSs applicable in 2020.

New standards, interpretations and amendments endorsed by FSC effective since 2020 are as follows :

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"	January 1, 2020
Amendments to, IFRS 16-Related Discussions with COVID-19	June 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020

The above-mentioned amendments to IFRS 16 "Related Discussions with COVID-19" can be applied in advance of January 1, 2020. The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the Company's accounting policies.

(II) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022
Amendments to, IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 39 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021
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" (next)	January 1, 2023

(continued)

Amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent	January 1, 2023
Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”	January 1, 2022
Amendments to IAS 37 “Onerous Contracts–Cost of Fulfilling a Contract”	January 1, 2022
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022

As of the date the accompanying parent company only financial statements were authorized for issue, the Company continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Company completes the evaluation.

#### **IV. Summary of Significant Accounting Policies**

The summary of the significant accounting policies adopted by the parent company only financial statements is described as follows:

**(I) Statement of compliance**

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

**(II) Basis of Preparation**

The financial statements have been prepared on the historical cost basis, except for financial instruments which are measured at fair values and net defined benefit liabilities that are determined by deducting the fair value of plan assets from the present value of the defined benefit obligation.

When preparing these parent company only financial statements, the Company used the equity method to account for its investment in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in these parent company only financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatment between parent company only basis and consolidated basis were made to the investments accounted for by the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in these parent company only financial statements.

**(III) Classification of assets and liabilities as current and non-current**

Current assets are assets held for trading purposes and assets expected to be converted to cash, sold or consumed within 12 months from the end of the reporting period. Current liabilities are obligations incurred for trading purposes and obligations expected to be settled within 12 months from the end of the reporting period. Assets and liabilities that are not classified as current are noncurrent assets and liabilities, respectively.

**(IV) Foreign currency**

Items include in the 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.

In preparing the parent company only financial statements, transactions in currencies other than the entity’s functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are



included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated

For the purposes of presenting parent company only financial statements, the assets and liabilities of the Company's foreign operations are translated into NT\$ using the exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

(V)Cash and cash equivalent

Cash and cash equivalent include cash reserves, and current deposit balance, and the Bank deposits of which the principal maturity is under 3 months, and highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of changes in value.

(VI)Inventory

Inventories are recorded at cost and calculated using the weighted average method. When calculating product costs, variable manufacturing expenses are amortized based on actual output, and fixed manufacturing expenses are amortized based on the normal production capacity of production equipment. However, when the actual output is not much different from the normal output, it can also be amortized. According to the actual output; if the actual output is abnormally higher than the normal capacity, it will be allocated according to the actual output.

Inventories are measured at the lower of cost or net realizable value. Net realizable value refers to the estimated selling price, minus the estimated cost to be completed and the estimated cost required to complete the sale. When the comparative cost and the net realizable value are lower, the comparison is made item by item. If the net realizable value of the finished product is expected to be equal to or higher than the cost, the raw materials used for the production of the finished product will not be offset below the cost. When the price of the raw materials drops and the cost of the finished product exceeds the net realizable value, The raw material is reduced to the net realizable value. The amount of inventory reduced from cost to net realizable value is recognized as cost of goods sold, and the net realizable value of inventory is re-measured in each subsequent period. If the previous factors that caused the net realizable value of inventory to be lower than the cost have disappeared, there may be evidence When the net realizable value increases due to changes in economic conditions, the increase in the net realizable value of inventories is reversed within the scope of the original write-off amount and recognized as the decrease in the cost of goods sold for the current year.

(VII)Investments accounted for using equity method

Investments accounted for using the equity method include investments in subsidiaries and associates. Financial statements of subsidiaries and associates are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company. In any case, the difference between the end of the reporting period of the financial statements of subsidiaries and associates and the Company shall not exceed 3 months.

1.Investment in subsidiaries

Subsidiaries are the entities controlled by the Company.

Under the equity method, investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of the equity of subsidiaries attributable to the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.



Profits and losses resulting from downstream transactions are eliminated in full in the financial statements. Profits and losses transactions from upstream and transactions between subsidiaries are recognized in the financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

## 2. Investment in associates

The Company uses the equity method to account for its investments in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture.

Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of the equity of associates attributable to the Company. When the Company's share of losses of an associate equals or exceeds its interest in that associate, the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

Any excess of the cost of acquisition over, the Company's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Company's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investor had directly disposed of the related assets or liabilities.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the financial statements only to the extent of interest in the associate that are not related to the Company.

## (VIII) Property, plant and equipment

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are depreciated and classified in the appropriate categories of property, plant and equipment when completed and ready for intended use.

Depreciation is recognized so as to write off the cost of the assets less their residual values over their useful lives, and it is computed using the straight-line method mainly over the following estimated useful lives: buildings - 15 to 55 years; machinery and equipment - 5 to 15 years; and Transportation Equipment 5 to 10 years; Miscellaneous equipment 3 to 8 years; Other equipment 3 to 12 years; 及 Idled Assets 8 to 20 years;. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

## (IX) Leases

If a contract transfers control over the use of an identified asset for a period of time in exchange for consideration, the contract is a lease or includes a lease.

#### Lessor

The lessor classifies each lease as an operating lease or a finance lease. A lease that transfers almost all the risks and rewards attached to the ownership of the underlying asset is a financial lease; if a lease does not transfer almost all the risks and rewards attached to the ownership of the underlying asset, it is an operating lease.

If it is an operating lease, the lessor recognizes the lease payments as income on a straight-line basis, but if other systematic basis is more representative of the form of reduced use efficiency of the underlying asset, this basis applies. If it is a financial lease, the lessor shall recognize the financial lease receivables and the unearned financial income of the financial lease on the lease start date, and adopt a systematic and reasonable basis to allocate the financial income to the lease period, so that each period of the lease period has a fixed rate of return.

#### Lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of the lease. The right-of-use asset is measured at cost, and the lease liability is based on the present value of the lease payment not yet paid on that date.

The right-of-use asset shall be depreciated, and its depreciation period shall be the earlier of the period from the beginning of the lease to the end of the useful life of the right-of-use asset or the expiration of the lease term; However, if the lessee will acquire the ownership of the leased asset at the end of the lease term, or if the cost of the right-of-use asset reflects the exercise of the purchase option, the depreciation period is from the lease start date to the end of the useful life of the underlying asset.

Lease liabilities use the effective interest rate method to calculate interest expenses, so that the interest rate of each period calculated based on the lease liability balance is fixed. Lease payments are used to pay interest and reduce lease liabilities. The interest on lease liabilities is recognized in profit or loss.

#### (X)Investment properties

If the company's property is not for sale at the end of the reporting period, nor is it used for the production or provision of goods or services, or for management purposes, it is classified as investment properties.

An investment property is stated initially at its cost and measured subsequently using the cost model. Buildings on investment property are computed using the straight-line method mainly over the following estimated useful lives of 20 years. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

#### (XI)Intangible Assets

##### 1.Goodwill

The Company chose to apply the exemption provisions of IFRS 1 for business combinations that occurred before January 1, 2012 (the date of transition to IFRS). Therefore, for the amount of goodwill generated by business combinations before that date, it is presented based on the amount recognized by the generally accepted accounting principles before adopted the IFRS. At the time of initial recognition, it is recognized as an asset at the original cost, and it will not be amortized in the subsequent period. It is measured by cost minus accumulated impairment.

##### 2.Other intangible assets

Other separately acquired intangible assets with a limited useful life are presented at cost minus accumulated amortization and accumulated impairment. The amortization amount is calculated on the basis of the 3 year service life based on the straight-line method. The estimated service life and amortization method are reviewed at the end of the reporting period. If there is any change in the estimate, the impact will be postponed and adjusted.

#### (XII)Impairment of asset

At the end of each reporting period, the Corporation reviews the carrying amounts of its assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an

individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is evaluated based on the present value of estimated future cash flows, discounted at the current market-determined rate, and certain risk assumptions which impact future cash flows.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

### (XIII) Financial instruments

Financial assets and financial liabilities are recognized only when the company becomes a party to the contractual terms of financial instruments. At the time of initial recognition, it should be measured at fair value. If it is not a financial asset or financial liability that is measured at fair value through profit or loss, the transaction costs directly attributable to the acquisition or the issuance of the financial asset or financial liability should be added or subtracted. However, accounts receivable that do not contain a significant financial component should be measured as the transaction price when initially recognized.

Financial assets are only delisted when one of the following conditions is met: (1) Invalidation of contractual rights from cash flow of financial assets; (2) Almost all risks and rewards of transferring ownership of financial assets, or almost all risks and rewards of ownership of the financial assets are neither transferred nor retained, and control of the financial assets is not retained.

For financial products with an active market, the fair value is based on the publicly quoted prices in the active market; for financial products without an active market, the fair value is estimated by the evaluation method.

The recognition and delisting of conventional transaction financial assets are based on the transaction day accounting treatment.

#### 1. Financial assets

Financial assets are based on the business model of managing financial assets and the contractual cash flow characteristics of financial assets. Financial assets held by the Company are classified into measured at amortized cost, at fair value through profit or loss and at fair value through other comprehensive income.

##### Measured at amortized cost

If a financial asset meets the following two conditions at the same time, it will be measured at the amortized cost. :

- a. Financial assets are held under a certain business model. The purpose of this model is to hold financial assets to collect contractual cash flows.
- b. The contractual terms of the financial asset generate cash flows on a specific date, and these cash flows are all interest on the payment of the principal and the amount of principal in circulation.

For financial assets measured at amortized cost, their benefits or losses are recognized in profit and loss, but if they are part of a hedging relationship, they are treated as hedging accounting.

Interest income is calculated using the effective interest method.

##### At fair value through other comprehensive income

If a financial asset meets the following two conditions at the same time, it will be measured at fair value through other comprehensive income:

- a. Financial assets are held under a certain business model whose purpose is achieved by collecting contractual cash flows and selling financial assets; and
- b. The contractual terms of the financial asset generate cash flows on a specific date, and these cash flows are all interest on the payment of the principal and the amount of principal in circulation.

Benefits or losses are recognized in other comprehensive profit and loss, except for derogation benefits or losses and foreign currency exchange gains and losses. When assets are delisted, the accumulated benefits or losses listed in other comprehensive profit and loss are reclassified from equity to profit and loss.

If the investment in a specific equity instrument that should be measured at fair value through profit and loss is not held for trading, nor is it a contingent consideration recognized in a business combination, an irrevocable choice can be made at the time of initial recognition and its subsequent fairness. Changes in value are reported in other comprehensive income. In this case, the profit or loss is recognized in other comprehensive profits and losses, but dividends that are not investment cost recovery are included in the profits and losses. When assets are delisted, the accumulated benefits or losses listed in the other comprehensive profit and loss shall not be reclassified to profit and loss.

#### Measured at fair value through profit and loss

Financial assets are all measured at fair value through profit and loss, except when measured at amortized cost or at fair value through other comprehensive profits and losses.

At the time of initial recognition, financial assets can be irrevocably designated as measured at fair value through profit and loss to eliminate or significantly reduce. If not designated, it will be measured by using different basis to measure assets or liabilities or recognizing its benefits and losses. Or the recognition is inconsistent.

The benefit or loss is recognized in the profit and loss, but if it is part of the hedging relationship, it shall be treated as hedging accounting.

## 2. Financial liabilities

Financial liabilities shall be classified as measured at amortized cost, except for derivatives that do not comply with hedging accounting, designated as measured at fair value through profit and loss, and contingent consideration in a business combination that shall be classified as measured at fair value through profit or loss. Measured, except for financial liabilities that are not in compliance with delisted transfers or continuous participation in transferring assets, financial guarantee contracts, and commitments to provide loans at lower than market interest rates.

## 3. Impairment

Financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive gains and losses, contract assets and loan commitments under applicable impairment regulations, and financial guarantee contracts to measure impairment based on the expected credit loss model. If the credit risk of a financial instrument has increased significantly since its initial recognition, the allowable loss is measured in the amount of expected credit loss during the duration of each reporting day; If the credit risk of a financial instrument has not increased significantly since the initial recognition, the 12-month expected credit loss amount will be used to measure the allowable loss on the reporting date. However, the company's impact on transactions within the scope of IFRS 15 For accounts receivable or contract assets that do not contain significant financial components, the simplified method is adopted to measure the allowable loss based on the expected credit loss amount during the duration.

## (XIV) Reserve for liabilities

The reserve for liabilities shall be recognized when the Company has a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

## (XV) Revenue Recognition

Revenue is measured by the expected consideration in which the Company has the right to acquire from the product transfer or labor service.

The Company recognizes revenue from contracts with customers by applying the following steps:

- (1) Identify the contract with a customer;
- (2) Identify the performance obligations in the contract;
- (3) Determine the transaction price;
- (4) Allocate the transaction price to the performance obligations in the contract; and
- (5) Recognize revenue when (or as) the entity satisfies its performance obligations

The company provides goods in accordance with the contract, recognizes revenue when meeting performance obligations, and usually meets performance obligations when transferring goods. The revenue generated by the provision of labor services in accordance with the contract is recognized, according to the degree of completion of the contract (output method or input method).

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

Before the customer pays the consideration or before the payment can be received from the customer, the contract has been performed by transferring goods or services to the customer, and the performance amount is recognized as a contract asset. However, if there is an unconditional right to the consideration of the contract and it can be collected from the customer only after time has passed, the performance amount shall be recognized as a receivable.

The consideration received from customers prior to the Company having satisfied its performance obligations are accounted for as contract liabilities.

(XVI) Non-operating income

Dividends

Revenue is recognized when the Company's right to receive the dividends is established, which is generally when stockholders approve the dividend.

Interest income

Interest income is recorded using the effective interest method and recognized in profit or loss.

(XVII) Employee benefits

Payments to the defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

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

(XVIII) Income tax

The income tax consists of current income tax and deferred income tax. The current income tax and deferred income tax shall be recognized in profit or loss, other than the income tax related to combined entities, and items stated into other comprehensive income or stated into equity directly.

The current income tax includes the projected income tax payable or tax refund receivable based on the current taxable income (loss), and the adjustment of income tax payable or tax refund receivable in the previous years. The amount refers to the best estimates of the expected payables or receivables measured on the basis of the statutory tax rate or tax rate substantially enacted on the reporting date. Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.



According to the Income Tax Law, an additional tax on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred 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 tax assets are reassessed.

**(XIX) Earnings per share**

Basic earnings per share is computed by dividing net income by the weighted-average number of ordinary shares outstanding during the current reporting period. The diluted EPS is calculated upon the adjustment of the effect of all potential diluted common stocks based on the income vested in the common stockholders and the number of shares of the weighted average outstanding common stock.

**(XX) Employees' compensation and directors' and supervisors' remuneration**

Employees' compensation and directors' and supervisors' remuneration are recognized as an expense and liability, 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.

**(XXI) Operating segments information**

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

**V. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions based on historical experience and other factors that are considered to be relevant about the related information that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future and other key sources of estimating the uncertainty at the reporting date that would have a significant risk for a material adjustment to the carrying amounts of assets or liabilities within the next fiscal year are discussed below.

**(I) Revenue recognition**

In principle, sales revenue is recognized when the profit-making process is completed. The withdrawal of related returns and discounts is based on historical experience and consideration of different contract conditions to estimate possible sales returns and discounts when the product is sold. The current period is recognized as deductions and refund liabilities of sales revenue (other payables and other current liabilities are accounted for), and the Company regularly reviews the reasonableness of the estimates.

**(II) Asset impairment assessment (except goodwill)**

In the process of asset impairment assessment, the Company needs to rely on subjective judgments, including identifying cash-generating units and determining the recoverable amount of cash-generating units based on asset usage patterns and industrial characteristics. Any estimates brought about by changes in economic conditions or company strategies Changes may cause significant impairment in the future.

(III) Goodwill impairment assessment

The assessment process of goodwill impairment relies on the subjective judgment of the Company, including identifying the cash-generating unit, allocating assets and liabilities to the relevant cash-generating unit, allocating goodwill to the relevant cash-generating unit, and determining the recoverable amount of the relevant cash-generating unit.

(IV) Investment impairment assessment using the equity method

When there are signs of impairment that an investment using the equity method may have been impaired and the carrying amount may not be recovered, the company immediately assesses the impairment of the investment. The management of the Company evaluates impairment based on the future cash flow forecast of the invested company, including the sales growth rate and capacity utilization rates estimated by the internal management of the invested company. The Company also considers the relevant market and industry profiles to determine the reasonableness of its relevant assumptions.

(V) Income tax

The uncertainty of income tax lies in the interpretation of complex tax regulations, the amount of taxable income generated in the future, the difference between the actual results and the assumptions made, or the changes in these assumptions in the future, which may lead to the recorded income. Income tax benefits and expenses will be adjusted in the future.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deferred tax assets can be utilized. Assessment of the realization of the deferred tax assets requires subjective judgment and estimate, including the future revenue growth and profitability, tax holidays, the amount of tax credits can be utilized and feasible tax planning strategies. Any changes in the global economic environment, the industry trends and relevant laws and regulations could result in significant adjustments to the deferred tax assets.

As of December 31, 2020 and 2019, the carrying amount of deferred income tax assets was \$30,375 and \$25,003, respectively.

(VI) Net defined benefit liability

When calculating and determining the present value of employee benefit obligations, the Company must use judgments and estimates to determine the relevant actuarial assumptions at the end of the financial reporting period, including the discount rate and the expected rate of return of the planned assets. Any change in actuarial assumptions may significantly affect the amount of the Company's determined benefit obligations.

As of December 31, 2020 and 2019, the carrying amount of Net defined benefit liability was \$202,110 and \$ 218,146, respectively.

(VII) Estimated impairment of financial assets

The Company adopts IFRS 9 to recognize the allowable loss of accounts receivable (including notes receivable and accounts receivable) based on the expected credit loss during the duration. The expected credit loss during the duration is based on historical experience and individual considerations. The financial status of customers and their industries and forward-looking information will be estimated and adjusted. If the expected cash received in the future is different from the original estimate, the difference will affect the book value of the receivables and allowance for losses in the year when the estimate is changed.

The Company holds financial assets measured at fair value through profit and loss and financial assets measured at fair value through other comprehensive gains and losses. Among them, the fair value measurement of the stocks of unlisted companies without an active market involves multiple assumptions. Including the used evaluation methods, decisions of comparable companies, price-to-earnings ratios and liquidity discounts, etc., subject to subjective judgment and high uncertainty, and the results of their measurement have an impact on financial statements.

As of December 31 2020 and 2019, the book value of notes and accounts receivable was \$267,444 (after deducting allowance for impairment loss of \$1,843) and \$277,218 (after deducting allowance for impairment loss of \$1,992).

In 2020 and 2019, the Company recognized the financial asset evaluation benefits of stocks of unlisted companies with no active market was \$3,140 and \$5,826, respectively.

## VI. Description of significant accounting items

### (I) Cash and cash equivalent

	As at December 31,	
	2020	2019
Cash	\$ 570	\$ 821
Checking deposits	26,333	13,623
Demand deposits	97,999	101,037
Foreign currency deposits	65,422	164,617
Fixed deposit no more than 3 months	56,100	89,850
Total	<u>\$ 246,424</u>	<u>\$ 369,948</u>

1. The company did not pledge any cash and cash equivalents as collateral.

2. The market rate intervals of fixed deposit at the end of the reporting period were as follows:

	As at December 31,	
	2020	2019
Fixed deposit no more than 3 months	0.4%	2.2%-2.60%

### (II) Financial assets measured at amortized cost -current assets

	As at December 31,	
	2020	2019
Fixed deposit -more than 3 months	<u>\$ 28,050</u>	<u>\$ -</u>
Market rate	0.39%	-

### (III) Notes and accounts receivable, net

	As at December 31,	
	2020	2019
Notes receivable	\$ 83,542	\$ 83,127
Notes receivable - related parties	1	-
Total	<u>\$ 83,543</u>	<u>\$ 83,127</u>
Accounts receivable	\$ 184,889	\$ 195,285
Accounts receivable- related parties	855	798
Less: allowance for impairment loss	(1,843)	(1,992)
Net accounts receivable	<u>\$ 183,901</u>	<u>\$ 194,091</u>

The Company's average credit period for account receivables arising from the sale of goods is 90 days, and notes and accounts receivable are non-interest-bearing.

The Corporation applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated by reference to past default experiences of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of the current direction of economic conditions at the reporting date. As of December 31, 2020 and 2019, the analysis of the Company's expected credit losses on the notes and accounts receivable is as follows:

The ageing analysis of unimpaired receivables is as follows:

	As at December 31,	
	2020	2019
Undue	\$ 85,678	\$ 85,553
Overdue within 30 days	-	-
Overdue for 31~60 days	-	-
Overdue over 61 days	-	-
Total	<u>\$ 85,678</u>	<u>\$ 85,553</u>



The analysis of the Company's expected credit losses on the notes and accounts receivable is as follows:

As at December 31, 2020			
	Book value	Rate of expected credit losses throughout the duration	Allowance for expected credit losses throughout the duration
Undue	\$ 183,541	1.00%	\$ 1,835
Overdue within 90 days	65	10.00%	6
Overdue for 91~180 days	3	50.00%	2
Overdue over 181 days	-	100.00%	-
Total	<u>\$ 183,609</u>		<u>\$ 1,843</u>

As at December 31, 2019			
	Book value	Rate of expected credit losses throughout the duration	Allowance for expected credit losses throughout the duration
Undue	\$ 193,481	1.00%	\$ 1,935
Overdue within 90 days	77	10.00%	8
Overdue for 91~180 days	99	50.00%	49
Overdue over 181 days	-	100.00%	-
Total	<u>\$ 193,657</u>		<u>\$ 1,992</u>

The statement of changes in the impairment loss allowance for the notes and accounts receivable of the Company is as follows:

	For the years ended December 31,	
	2020	2019
Beginning balance	\$ 1,992	\$ 1,925
Recognized impairment loss (reversal)	(149)	67
Ending balance	<u>\$ 1,843</u>	<u>\$ 1,992</u>

Regardless of other credit enhancements, the notes receivable that best represent the Company's credit risk exposures as of December 31, 2020 and 2019 was \$83,543 and \$83,127, respectively; the most representative of the Company the maximum amount of credit risk exposure of accounts receivable as of December 31, 2020 and 2019 were \$183,901 and \$194,091, respectively.

(IV) Inventory

	As at December 31,	
	2020	2019
Raw materials	\$ 82,591	\$ 125,675
Supplies	32,206	34,171
Work in progress	96,302	93,750
Finished goods	154,433	127,294
Goods in transit	1,071	11,552
Total	<u>366,603</u>	<u>392,442</u>
Less: Allowance to reduce inventory to market	<u>(3,108)</u>	<u>(1,912)</u>
Net	<u>\$ 363,495</u>	<u>\$ 390,530</u>

The cost of inventories recognized as expense for the year:

	For the years ended December 31,	
	2020	2019
Cost of goods sold	\$ 1,605,042	\$ 1,522,523
Rental cost	10,281	490
Loss on discarding of inventory	4,458	5,266
Reversal of allowance for inventory market price decline	(1,196 )	(76 )
Income from sale of scraps	(3,461 )	(3,300 )
Net	<u>\$ 1,617,516</u>	<u>\$ 1,524,903</u>

1. The reversal of net realizable value and the decrease of the cost of goods sold were recognized due to the disposal of certain inventories, which were previously provided with an allowance for the price decline.
2. As of the end of 2020 and 2019, the insurance coverage of inventory was \$347,255 and \$297,212, respectively.

(V) Financial assets at fair value through profit or loss-noncurrent

	As at December 31,	
	2020	2019
Mutual funds	\$ 37,676	\$ 30,301
Unlisted stocks	-	-
Subtotal	37,676	30,301
Valuation adjustment	7,219	7,375
Total	<u>\$ 44,895</u>	<u>\$ 37,676</u>

(VI) Financial assets at fair value through other comprehensive income-noncurrent

	As at December 31,	
	2020	2019
Listed stocks	\$ 62,400	\$ 62,400
Unlisted stocks	49,026	49,026
Subtotal	111,426	111,426
Valuation adjustment	25,382	25,388
Total	<u>\$ 136,808</u>	<u>\$ 136,814</u>

(VII) Other financial assets

	As at December 31,	
	2020	2019
Bank- special account for repatriation of overseas funds (Note)	\$ 300,560	\$ -
Bank-restricted	11,367	759
Stimulus voucher	2,854	-
Total	<u>\$ 314,781</u>	<u>\$ 759</u>

Note : It is a special foreign exchange deposit account of the overseas fund repatriation management and taxation regulations applicable to the Company's allocation of overseas dividend income, which is dedicated to investment planning expenditures.

(VIII) Investments accounted for using equity method

Name	Number of thousand shares	Book value	Percentage held
<u>As at December 31, 2020</u>			
<u>Investments in subsidiaries</u>			
The World Champion Co., Ltd.	15,999	\$ 551,943	99.99
Summit Industrial Co., Ltd.	3,802	102,401	95.05
(next)			

(continued)

Saigon Ve Wong Co., Ltd.	-	627,218	100.00
Thai Fermentation Industry Co., Ltd.	204	1,069,133	48.66
Ve Wong International Ltd.	50	6,690	100.00
Tai Ve Corporation	82,323	1,624,621	79.93
Best Founder Corporation	5,328	9,904	100.00
Green TFL Co., Ltd.	2,600	25,302	65.00
Subtotal		<u>4,017,212</u>	
<u>Investments in associates</u>			
Koh Kong Sugar Industry Co., Ltd.	-	69,319	11.98
Hughes Biotech. Co., Ltd.	1,125	14,188	34.62
PT Ve Wong Budi Indonesia	64	-	49.00
Subtotal		<u>83,507</u>	
Total		<u>\$ 4,100,719</u>	

As at December 31, 2019

Investments in subsidiaries

The World Champion Co., Ltd.	15,999	\$ 555,716	99.99
Summit Industrial Co., Ltd.	3,802	95,746	95.05
Saigon Ve Wong Co., Ltd.	-	682,749	100.00
Thai Fermentation Industry Co., Ltd.	204	1,125,011	48.66
Ve Wong International Ltd.	50	7,231	100.00
Tai Ve Corporation	82,323	1,618,732	79.93
Best Founder Corporation	5,328	14,783	100.00
Green TFL Co., Ltd.	2,600	25,636	65.00
Subtotal		<u>4,125,604</u>	
<u>Investments in associates</u>			
Koh Kong Sugar Industry Co., Ltd.	-	4,253	20.00
Hughes Biotech. Co., Ltd.	1,125	16,770	34.62
PT Ve Wong Budi Indonesia	64	-	49.00
Subtotal		<u>21,023</u>	
Total		<u>\$ 4,146,627</u>	

1. Disclosure matters and related instructions of PT Ve Wong Budi Indonesia :

- (1) In the second half of 2006, the Company was no longer able to participate in and control or understand the operations of PT Ve Wong Budi Indonesia, and the Company has indeed lost control of PT Ve Wong Budi Indonesia.
- (2) The Company invested in PT Ve Wong Budi Indonesia may suffer losses or damages, and whether it is likely to incur contingent liabilities, after consulting with legal experts to issue an opinion that: the company's obligations are limited to the amount of capital contributed and not exceeding the shareholders' assets.
- (3) The book balance of investment in PT Ve Wong Budi Indonesia, capital loans and advances to PT Ve Wong Budi Indonesia has all been reduced to zero in 2006.
- (4) PT Ve Wong Budi Indonesia was approved by the local court to conduct statutory liquidation procedures, and the Indonesian shareholders handled the liquidation matters in August 2015.

2. In addition to the above items, the investment using the equity method and its share of profits and losses and other comprehensive profits and losses are listed above, including The World Champion Co., Ltd. Summit Industrial Co., Ltd. Saigon Ve Wong Co., Ltd. Thai Fermentation Industry Co., Ltd. Ve Wong International Ltd., Tai Ve Corporation, Best Founder Corporation, Green TFL Co., Ltd., Koh Kong Sugar Industry Co., Ltd. and Hughes Biotechnology Co., Ltd. Calculate and recognize based on the financial statements audited by independent Auditors' report. For the share of profits and losses of subsidiaries, and associates accounted for using the equity method, please refer to Attached Table VI.

3. The above-mentioned subsidiary The World Champion Co., Ltd., which adopts the equity method, holds the Company's stocks, because the Company follows IAS 32 「Financial Instruments: Presentation」 and treats them as treasury stocks. On December 31, 2020 and 2019, the above

- transactions were reclassified and offset, and were classified as treasury stocks under the owner's equity, and the amount was both \$38,464, for the relevant details of treasury stocks, please refer to Note VI (XIX). In addition, in accordance with the relevant accounting treatment instructions of IAS 32 "Financial Instruments: Presentation", the Company shall pay \$2,294 in cash dividends to The World Champion Co., Ltd. in 2020, and use the equity method to offset the cash dividends based on the shareholding ratio. The profit and loss share of The World Champion Co., Ltd., and the adjustment of the "capital surplus-treasury stock transaction" amounted to \$2,294.
4. In order to implement the professional division of labor, effectively enhance the operating efficiency of assets, and strengthen the overall competitiveness of the Company, the subsidiary Tai Ve Corporation in accordance with Article 185 of the Company Law and Article 27 of the Corporate Mergers and Acquisitions Law, will issue new shares as the acquisition, transfer The consideration of the assets, and set the base date for the transfer of land and buildings as January 6, 2004, the net book value of the transferred land and buildings was \$986,678 (include \$1,985,274 for land and \$68,596 for buildings reducing land value-added tax \$1,067,192), corresponding to the increase of the investment using the equity method.
5. In order to comply with Cambodian laws and regulations, the Company adjusted the investment organization of Cambodia's investment in the equity method, and established a subsidiary company "Best Founder Corporation" in Samoa with 100% of the company's shares to replace the company's original reinvestment in Cambodia. "Koh Kong Plantation Co., Ltd." investment company. The Company and its subsidiary "Samoa Best Founder Corporation" did not increase capital in Cambodia in accordance with the shareholding ratio in 2013, resulting in a decrease in the shareholding ratio (from 30% to 20%). However, the Company and its subsidiary "Samoa Best Founder Corporation" still has a significant influence on Koh Kong Plantation Co., Ltd. In addition, it did not increase the capital of the investment in Cambodia based on the shareholding ratio, which caused the net value of the investment to change. The amount of change was adjusted to increase the capital reserve and adopt the equity method. Total investment of \$76,812.
- Koh Kong Sugar Industry Co., Ltd. invested by the Company and Koh Kong Plantation Co., Ltd. invested by Samoa Best Founder Corporation, a subsidiary, intends to increase capital in 2018. The Company passed a resolution of the board of directors on April 11, 2018. Approved, not participating in the capital increase.
- The above-mentioned associate Koh Kong Sugar Industry Co., Ltd. and Koh Kong Plantation Co., Ltd., based on the audit report of the accountant: these investee companies have ceased business on October 31, 2018, and the management of the investee company was closed in February 2019. Publicly announced plans to close business for 3 years.
- The above-mentioned associate Koh Kong Sugar Industry Co., Ltd. had increased its capital in June 2020. The Company did not subscribe for new shares according to the shareholding ratio, which reduced the shareholding ratio to 11.98%. However, the Company's evaluation Koh Kong Sugar Industry Co., Ltd. It still has significant influence (the power to participate in the financial and operating policy decisions of the investee has not changed), so its investment still adopts the equity method. In 2020, the company did not subscribe for new shares in accordance with the shareholding ratio, which caused the shareholding ratio to change, and consequently the net value of its investment equity changed. According to the financial statements audited by the accountant, the capital reserve was calculated and adjusted to increase by 90,555.
6. In the third quarter of 2016, the Company's subsidiary Thai Fermentation Industry Co., Ltd. acquired 200,000 ordinary shares of Champion Fermentation Co., Ltd. at 1,300 Baht per share (due to restrictions by local laws in Thailand, of which 5 shares are the equity is registered under the name of a natural person, and the registered equity of Thai Fermentation Industry Co., Ltd. is 199,995 shares). After the reorganization, Champion Fermentation Co., Ltd. became the grandson company of the Company, and the Company still has control.
7. In 2020 and 2019, Thai Fermentation Industry Co., Ltd. resolved to distribute cash dividends of \$473,892 (504,000 thousand Baht equivalent) and \$486,571 (504,000 thousand Baht equivalent). The dividends that the Company can receive according to the proportion of shareholding are \$230,616 (245,268 thousand Baht equivalent) and \$236,786 (245,268 thousand Baht equivalent); In 2020 and 2019 years, Saigon Ve Wong Co., Ltd. resolved to distribute cash dividends of \$124,804 (99,200,145 thousand VND equivalent) and \$131,080 (98,430,544 thousand VND equivalent), the dividends that the Company can receive according to the shareholding ratio are \$124,804 (99,200,145 thousand VND equivalent) and \$131,080 (98,430,544 thousand VND

equivalent); In 2019 Summit Industrial Co., Ltd. resolved to distribute cash dividends of \$5,000, and the Company's dividends that can be allocated according to the shareholding ratio was 4,752; In 2020 and 2019 The World Champion Co., Ltd. resolved to distribute cash dividends of \$7,200 and \$3,000, respectively, the dividends that the Company can receive according to the shareholding ratio are \$7,199 and \$2,999, respectively. The above-mentioned surplus distributions are all regarded as investment deductions using the equity method.

8. In the 2020 and 2019, the Company has prepared a partnership Consolidated financial statements with The World Champion Co., Ltd., Summit Industrial Co., Ltd., Tai Ve Corporation, Saigon Ve Wong Co., Ltd., Thai Fermentation Industry Co., Ltd. (including Champion Fermentation Co., Ltd.), Samoa Ve Wong International Ltd., Samoa Best Founder Corporation and Green TFL Co., Ltd.

The financial information of the Company's significant Associate is summarized as follows :

Koh Kong Sugar Industry Co., Ltd. :	As at December 31,	
	2020	2019
CURRENT ASSETS	\$ 3,239	\$ 12,203
NONCURRENT ASSETS	\$ 1,257,202	\$ 1,450,441
CURRENT LIABILITIES	\$ 677,117	\$ 1,436,559
NONCURRENT LIABILITIES	\$ 4,513	\$ 4,819
For the years ended December 31,		
	2020	2019
NET REVENUE	\$ 173	\$ 24,666
GROSS PROFIT	\$ (10,303)	\$ (78,450)
NET LOSS FOR THE YEAR	\$ (124,039)	\$ (81,054)
TOTAL COMPREHENSIVE INCOME	\$ (165,331)	\$ (80,833)

The adjustment from the listed summary financial information to the book amount of the equity of the Associate is listed below :

	As at December 31,	
	2020	2019
Net assets	\$ 578,811	\$ 21,266
Shareholding ratio	\$ 11.98%	\$ 20%
The company's rights	\$ 69,319	\$ 4,253
Book value of investment	\$ 69,319	\$ 4,253

(IX) Property, plant and equipment

The movement of property, plant and equipment for the years ended December 31, 2020 and 2019 were as follows:

	Land	Bulidings	Machinery and equipment	Transportation Equipment	Miscellaneous equipment	Other equipment	Idled Assets	Construction in Progress	Total
<u>Cost</u>									
Balance at January 1, 2019	\$ 636,949	\$ 342,567	\$ 956,030	\$ 114,295	\$ 33,979	\$ 14,661	\$ 21,541	\$ 171,244	\$ 2,291,266
Additions	-	10,089	14,516	3,950	2,435	1,088	-	24,569	56,647
Disposals	-	(15,356)	(32,648)	-	(423)	-	-	-	(48,427)
Transferred	(82,084)	21,220	79,332	-	-	-	(3,925)	(195,813)	(181,270)
Balance at December 31, 2019	554,865	358,520	1,017,230	118,245	35,991	15,749	17,616	-	2,118,216

(next)

(continued)

Additions	-	-	14,403	-	512	200	-	-	15,115
Disposals	-	(860)	(109,660)	(601)	(807)	(1,400)	-	-	(113,328)
Transferred	-	-	3,444	-	-	-	-	-	3,444
Balance at December 31, 2020	<u>\$ 554,865</u>	<u>\$ 357,660</u>	<u>\$ 925,417</u>	<u>\$ 117,644</u>	<u>\$ 35,696</u>	<u>\$ 14,549</u>	<u>\$ 17,616</u>	<u>\$ -</u>	<u>\$ 2,023,447</u>

Accumulated  
depreciation

Balance at January 1, 2019	\$ -	\$ 280,560	\$ 842,041	\$ 74,310	\$ 31,074	\$ 13,537	\$ 17,090	\$ -	\$ 1,258,612
Depreciation	-	11,849	25,238	10,378	775	212	-	-	48,452
Disposals	-	(15,050)	(31,722)	-	(405)	-	-	-	(47,177)
Transferred	-	-	3,817	-	-	-	(3,817)	-	-
Balance at December 31, 2019	-	277,359	839,374	84,688	31,444	13,749	13,273	-	1,259,887
Depreciation	-	13,117	35,053	10,349	978	255	-	-	59,752
Disposals	-	(846)	(106,916)	(576)	(767)	(1,184)	-	-	(110,289)
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 289,630</u>	<u>\$ 767,511</u>	<u>\$ 94,461</u>	<u>\$ 31,655</u>	<u>\$ 12,820</u>	<u>\$ 13,273</u>	<u>\$ -</u>	<u>\$ 1,209,350</u>

Accumulated  
impairment

Balance at January 1, 2019	\$ 51,192	\$ -	\$ 12	\$ -	\$ 5	\$ -	\$ 4,451	\$ -	\$ 55,660
Transferred	-	-	108	-	-	-	(108)	-	-
Balance at December 31, 2019	51,192	-	120	-	5	-	4,343	-	55,660
Add (less) Balance at December 31, 2020	(7,349)	-	(6)	-	6	-	-	-	(7,349)
	<u>\$ 43,843</u>	<u>\$ -</u>	<u>\$ 114</u>	<u>\$ -</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ 4,343</u>	<u>\$ -</u>	<u>\$ 48,311</u>

Book value

December 31, 2019	<u>\$ 503,673</u>	<u>\$ 81,161</u>	<u>\$ 177,736</u>	<u>\$ 33,557</u>	<u>\$ 4,542</u>	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 802,669</u>
December 31, 2020	<u>\$ 511,022</u>	<u>\$ 68,030</u>	<u>\$ 157,792</u>	<u>\$ 23,183</u>	<u>\$ 4,030</u>	<u>\$ 1,729</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 765,786</u>

1. The property and plant proved mortgage conditions, please refer to note VIII.
2. The amount of interest capitalization of the Construction in Progress in 2019 is \$295.
3. As of the end of 2020 and 2019, the insurance coverage of Property, plant and equipment was \$271,347 and \$246,804, respectively.
4. As of December 31, 2019, some of the Company's Property, plant and equipment are based on the real estate valuation report issued by an external independent professional appraisal agency and the Company's evaluation. The recoverable amount (net fair value) is less than the book value \$55,660, and the accumulative impairment has been listed as \$55,660. Based on the real estate appraisal report issued by an external independent professional appraisal agency (price date: December 31, 2020) and the Company's evaluation in 2020, the above-mentioned Property, plant and equipment incurred impairment losses decreased by \$7,349, the Company therefore recognized \$7,349 in reversal on impairment loss in 2020. As of December 31, 2020, the recoverable amount (net fair value) of some of the Company's Property, plant and equipment was less than the book value of \$48,311, and the accumulated impairment after deduction was \$48,311.



5. According to the real estate appraisal report issued by an external independent professional appraisal agency and the company's evaluation, as of December 31, 2020, the total fair value of the above-mentioned Property, plant and equipment was \$808,627 (the fair value belongs to the second level).
6. Regarding the evaluation method of the fair value of Property, plant and equipment, the land in 2020 was mainly estimated by the comparison method and the income method (using each weight 40%~60%), and the building was estimated by the cost method, the important assumption is the income capitalization rate. (3.28%-3.97%)

(X) Right-of-use assets

The movement of right-of-use assets for the years ended December 31, 2020 and 2019 were as follows :

	Cost	Accumulated depreciation	Net
Balance at January 1, 2019	\$ 58,024	\$ -	\$ 58,024
Depreciation	-	14,168	(14,168)
December 31, 2019	58,024	14,168	43,856
Additions	5,712	-	5,712
Disposals	(2,478 )	(2,478 )	-
Depreciation	-	14,166	(14,166)
December 31, 2020	\$ 61,258	\$ 25,856	\$ 35,402

The depreciation expenses of the right-of-use assets of the Company in 2020 and 2019 were \$14,166 and \$14,168, respectively.

(XI) Investments properties

The movement of investments properties for the years ended December 31, 2020 and 2019 were as follows:

	Land	Bulidings	Total of cost	Accumulated depreciation	Accumulated impairment	Net
Balance at January 1, 2019	\$ 144,979	\$ 2,676	\$ 147,655	\$ (2,643 )	\$ (38,830 )	\$ 106,182
Transferred	82,084	195,813	277,897	-	-	277,897
December 31, 2019	227,063	198,489	425,552	(2,643 )	(38,830 )	384,079
Depreciation	-	-	-	(9,065 )	-	(9,065 )
Impairment	-	-	-	-	(10,342 )	(10,342 )
December 31, 2020	\$ 227,063	\$ 198,489	\$ 425,552	\$ (11,708 )	\$ (49,172 )	\$ 364,672

1. The cost model is adopted for the measurement after the recognition of the investments properties.
2. In 2019, the reclassification was transferred to \$277,897, which was the completion of the plant built by the Company in the Dapu Mei Development Zone, Chiayi, and leased to Summit Industrial Co., Ltd., a subsidiary of the Company.
3. As of the end of 2020 and 2019, the insurance coverage of Investments properties was \$196,214 and \$2,667, respectively.
4. As of December 31, 2019, some of the company's investments properties were based on the evaluation results of the real estate appraisal report issued by an external independent professional appraisal agency. The recoverable amount (net fair value) was less than the book value of \$38,830. The cumulative impairment is \$38,830. Based on the real estate appraisal report issued by an external independent professional appraisal agency (price date: December 31, 2020) and the Company's evaluation, part of the investments properties at the beginning of the period and listed the impairment loss of \$38,830, and occur reversal on impairment loss is \$3,848. In

2020, the total loss of impairment of some investments properties was \$14,190, and the net amount of impairment loss in 2020 increased by \$10,342. Therefore, the impairment loss was recognized \$10,342 in 2020. As of December 31, 2020, the recoverable amount (net fair value) of some of the Company's investments properties was less than the book value of \$49,172, and the accumulated impairment after deduction was \$49,172.

5. The rental income from investments properties in 2020 and 2019 was \$5,376 and \$4,644, direct operating expenses incurred was \$10,281 and \$490, respectively.
6. According to the real estate appraisal report issued by an external independent professional appraisal agency and the Company's evaluation, the total fair value of the investments properties as of December 31, 2020 was \$385,180; in 2020 was based on the external independent professional appraisal. According to the real estate valuation report issued by the institution, the fair value of the above-mentioned investments properties as of December 31, 2020 totaled \$367,457 (the fair value belongs to the second level).
7. Regarding the evaluation method of the fair value of investments properties, the land in the year of 2020 was mainly estimated by the comparison method and the income method or the land development analysis method (50% of each weight), and the cost method was used for the building; in the year of 2019, it was mainly (1) the comparative method. (2) The direct capitalization method of the income method and the consideration of construction costs, its important assumptions are as follows:

	As at December 31,	
	2020	2019
Income capitalization rate	3.28%-4.77%	1.72%-4.02%
Comprehensive rate of capital interest in land development analysis method	1.41%	-

8. For the assets of the Company pledged as collateral, please refer to note VIII.

(XII) Prepayments and other assets

	As at December 31,	
	2020	2019
Prepayments to suppliers	\$ 1,890	\$ 1,926
Prepaid expenses	7,388	6,496
Other receivables	11,816	11,766
Overdue receivables	314,696	313,336
Less: allowance for impairment loss		
-overdue receivables	(314,696)	(313,336)
Other intangible assets	3,554	5,373
Other	2,102	1,183
Total	\$ 26,750	\$ 26,744
Current items	\$ 21,725	\$ 20,736
Noncurrent items	5,025	6,008
Total	\$ 26,750	\$ 26,744

Other receivables and collections belong to the part of the receivables over one year, and all allowances for losses have been provided.

The statement of changes in the loss allowance is as follows:

	For the years ended December 31,	
	2020	2019
Beginning balance	\$ 313,336	\$ 313,339
Recognized impairment loss (reversal)	1,360	(3)
Ending balance	\$ 314,696	\$ 313,336



(XIII) Short-term loans

	As at December 31,	
	2020	2019
Secured loans	\$ 430,000	\$ 460,000
Unsecured loans	250,000	290,000
Total	\$ 680,000	\$ 750,000
Range of interest rates	0.975%-1.180%	1.000%-1.200%

For the assets of the Company pledged as collateral, please refer to note VIII.

(XIV) Lease liabilities

The analysis of the Company's lease liabilities is as follows:

	Minimum rent payment of future	Interest expense	Present value of minimum rent payment
As at December 31, 2020			
Not later than 1 year	\$ 12,085	\$ 328	\$ 11,757
Later than 1 year and not later than 5 years	22,569	292	22,277
Later than 6 year	-	-	-
Total	<u>\$ 34,654</u>	<u>\$ 620</u>	<u>\$ 34,034</u>
Lease liabilities-current	<u>\$ 12,085</u>		<u>\$ 11,757</u>
Lease liabilities-noncurrent	<u>\$ 22,569</u>		<u>\$ 22,277</u>
As at December 31, 2019			
Not later than 1 year	\$ 12,512	\$ 422	\$ 12,090
Later than 1 year and not later than 5 years	30,788	487	30,301
Later than 6 year	-	-	-
Total	<u>\$ 43,300</u>	<u>\$ 909</u>	<u>\$ 42,391</u>
Lease liabilities-current	<u>\$ 12,512</u>		<u>\$ 12,090</u>
Lease liabilities-noncurrent	<u>\$ 30,788</u>		<u>\$ 30,301</u>

The interest expense of the recognized lease liability in 2020 and 2019 was \$434 and \$579, respectively.

The amount of cash outflow for leases recognized in 2020 and 2019 was \$14,069 and \$15,633, respectively.

(XV) RETIREMENT BENEFIT PLANS

In accordance with the Labor Standards Act, Factory Law and Labor Pension Act, the Company has a retirement plan for officially hired employees.

1. Defined benefit plans

Those who have served the Company for more than 15 years and have reached the age of 55, or those who have served the Company for more than 25 years, or those who have worked for more than 10 years and have reached the age of 60 may apply for retirement. The pension payment is based on their years of service. And the average salary for the 6 months before the approved retirement is calculated. 2 bases will be given for every full year. After 15 years of working experience, 1.3 bases will be given for every full year. The maximum total is limited to 45 bases. Those who have completed half a year are calculated as half a year, and those who have completed half a year are calculated as 1 year. However, if the person is ordered to retire due to the loss of mind or body due to the performance of his duties, he may be ordered to retire based on the above-the mentioned base number, plus 20%. For those who originally enjoyed retirement compensation, an additional 2.6 base compensation will be issued upon retirement (not included in the maximum 45 bases of the retirement pension). For those who choose to apply the Labor Pension Act, the Company will allocate monthly pensions to individual labor accounts, and the

old age of the applicable Labor Standards Act will be retained, but when calculating the pension base, the age of the applicable labor pension act will not be calculated.

The Company's retirement policy is applicable to full-time employees who are formally hired. Retirement benefits are provided at 15% of the salary paid each month by adopting the part of the definite payment retirement method. As a result of actuarial calculations, the company's pension-related information is disclosed as follows:

(1) Actuarial assumptions for defined benefit plans:

	As of December 31,	
	2020	2019
Discount rate	0.30%	0.70%
Expected rate of salary increase	2.00%	2.00%

(2) Determine the expenses recognized in the defined benefit plans:

	For the years ended December 31,	
	2020	2019
Current service cost	\$ 3,409	\$ 3,917
Net interest expense	1,435	2,478
Recognized in profit or loss	\$ 4,844	\$ 6,395

(3) Recognized in other comprehensive income:

	For the years ended December 31,	
	2020	2019
Remeasurement of net defined benefit liabilities	\$ (6,106 )	\$ (8,870 )

(4) The adjustments to present value of defined benefit obligation and fair value of plan assets are as follows:

Item	As of December 31,	
	2020	2019
Present value of defined benefit obligation	\$ (601,190)	\$ 596,253
Fair value of plan assets	399,080	(378,107)
Net defined benefit liabilities	\$ 202,110	\$ 218,146

(5) The changes in the present value of defined benefit obligation are as follows:

	For the years ended December 31,	
	2020	2019
Balance at January 1	\$ 596,253	\$ 603,051
Current service cost	3,409	3,917
Net interest expense	4,037	4,366
Benefits paid	(20,669 )	(32,702 )
Actuarial loss - experience adjustments	573	15,276
Actuarial loss - changes in demographic assumptions	-	-
Actuarial loss - changes in financial assumptions	17,587	2,345
Balance at December 31	\$ 601,190	\$ 596,253

(6) The changes in the fair value of plan assets are as follows:

	For the years ended December 31,	
	2020	2019
Balance at January 1	\$ 378,107	\$ 226,699
Contribution by employer	26,580	173,470
Benefits paid	(20,263 )	(32,702 )
Return on plan assets	14,656	10,640
Balance at December 31	\$ 399,080	\$ 378,107

(7) Sensitivity analysis

The sensitivity analysis of the Company's defined benefit obligation is based on the discount rate and salary adjustment rate of actuarial assumptions. The discount rate and salary adjustment rate are calculated by adding or subtracting 0.25% before other actuarial assumptions remain unchanged:

a. Sensitivity analysis of discount rate :

	Discount rate			
	As of December 31,			
	2020		2019	
	0.375%	2.225%	1.25%	0.75%
Calculated based on simulation assumptions	\$ 590,102	\$ 612,613	\$ 584,671	\$ 608,196
Calculate according to the original hypothesis	601,190	601,190	596,253	596,253
Determine the loss of benefit obligation (benefits)	(11,088 )	11,423	(11,582 )	11,943
Determine the percentage change in benefit obligations	(1.84% )	1.90%	(1.94% )	2.00%

b. Sensitivity analysis of salary adjustment rate :

	Salary adjustment rate			
	As of December 31,			
	2020		2019	
	2.50%	1.50%	2.25%	1.75%
Calculated based on simulation assumptions	\$ 612,392	\$ 590,257	\$ 608,013	\$ 584,789
Calculate according to the original hypothesis	601,190	601,190	596,253	596,253
Determine the loss of benefit obligation (benefits)	11,202	(10,933)	11,760	(11,464)
Determine the percentage change in benefit obligations	1.86%	(1.82%)	1.97%	(1.92%)

(8) Expected future benefit payments are as follow

	As of December 31,	
	2020	2019
Expected to pay benefits in the next 1 year	\$ 40,232	\$ 39,202
Expected to pay benefits in the next 2~5 years	195,809	168,895
Expected to pay benefits more than 6 years	376,666	420,979
Total	<u>\$ 612,707</u>	<u>\$ 629,076</u>

(9) The company expected contributions to the plan for the next year and the average duration of the defined benefit obligation are as follows :

	As of December 31,	
	2020	2019
The expected contributions to the plan for the next year	<u>\$ 25,800</u>	<u>\$ 26,400</u>
The average duration of the defined benefit obligation	<u>7years</u>	<u>7years</u>

## 2. Defined contribution plans

The employees of the Company may choose to continue to apply the relevant pension regulations of the "Labor Standards Act", or apply the pension system of the regulations and retain the working years before the regulations are applied. According to the regulations, the employer's monthly labor pension contribution rate shall not be lower than 6% of the employee's monthly salary. In 2020 and 2019, the Company's pension contributions in accordance with the Labor Pension Act were \$13,367 and \$12,629, respectively.

## (XVI) Operating lease

The Company leased investments properties in 2020 and 2019. Since almost all the risks and rewards attached to the ownership of the underlying assets have not been transferred, these lease contracts are classified as operating leases. Please refer to note VI (XI) Investments properties.

The analysis of the maturity of lease receivable on December 31, 2020 and 2019 is as follows :

	As of December 31,	
	2020	2019
Under 1 year	\$ 5,371	\$ 5,029
More than 1 year but not more than 5 years	12,200	15,886
More than 5 years	2,362	3,276
Total	<u>\$ 19,933</u>	<u>\$ 24,191</u>

## (XVII) INCOME TAX

In 2020 and 2019, the corporate income tax rate was 20%, the basic tax rate on income was 12%. A reconciliation of current tax assets and liabilities and income tax expense and Current tax liabilities was as follows:

### 1. Income tax expense consisted of the following :

#### Income tax expense recognized in profit or loss

	For the years ended December 31,	
	2020	2019
Current tax expense recognized in the current year	\$ 66,588	\$ 53,036
Income tax adjustments on prior years	(967 )	7,116
Separate taxation of dividend income	28,811	10,301
Deferred income tax expense (benefit)		
The origination and reversal of temporary differences	(6,810 )	2,724
Income tax expense recognized in profit or loss	<u>\$ 87,622</u>	<u>\$ 73,177</u>

A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

	For the years ended December 31,	
	2020	2019
Income before tax	\$ 516,718	\$ 530,057
Income tax expense at the statutory rate	\$ 103,344	\$ 106,011
Permanent difference	(54,377 )	(29,963 )
Temporary difference (next)	10,475	(26,993 )

(continued)

Income tax on unappropriated earnings	7,146	3,981
Income tax adjustments on prior years	(967 )	7,116
Separate taxation of dividend income	28,811	10,301
The origination and reversal of temporary differences	(6,810 )	2,724
Income tax expense recognized in profit or loss	<u>\$ 87,622</u>	<u>\$ 73,177</u>

A reconciliation of current tax assets and liabilities and income tax expense recognized in profit or loss was as follows:

	2020	2019
Current tax expense recognized in the current year	\$ 66,588	\$ -
Add : Current tax liabilities at beginning of year	-	71,821
Income tax adjustments on prior years	-	7,116
Separate taxation of dividend income	28,811	10,301
less : paid	(56,644 )	(89,238 )
Current tax liabilities at end of year	<u>\$ 38,755</u>	<u>\$ -</u>

	2020	2019
Current tax assets at beginning of year	\$ 10,461	\$ -
Add : Provisional and withholding tax	767	63,497
Current income tax adjustment in previous years	967	-
Less : Current tax expense recognized in the current year	-	(53,036 )
Current tax assets at end of year	<u>\$ 12,195</u>	<u>\$ 10,461</u>

Income tax expense recognized in other comprehensive income

	For the years ended December 31,	
	2020	2019
Deferred income tax expense		
Related to remeasurement of defined benefit obligation	\$ -	\$ -
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	-
Share of the other comprehensive income (loss) for using the equity method	-	-
Exchange differences on translating the financial statements of foreign operations	-	-
Total income tax recognized in other comprehensive income	<u>\$ -</u>	<u>\$ -</u>

2. The movements of deferred tax assets and deferred tax liabilities were as follows :

2020						
	Balance at January 1	Recognized in profit or (loss)	Recognized in other comprehensive income	Recognized in equity	Exchange difference	Ending balance
Temporary difference						
Unrealized inventory loss	\$ 382	\$ 239	\$ -	\$ -	\$ -	\$ 621
Unrealized exchange loss	1,445	5,166	-	-	-	6,611
Allowance for impairment loss	482	259	-	-	-	741
Unrealized employee benefit liabilities	21,800	(292)	-	-	-	21,508
Impairment loss on nonfinancial assets	894	-	-	-	-	894
Others	(185,185)	1,438	-	-	-	(183,747)
Deferred tax expense		<u>\$ 6,810</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Deferred tax assets (liabilities), net	<u>\$ (160,182)</u>					<u>\$ (153,372)</u>
Information expressed on the balance sheet						
Deferred tax assets	<u>\$ 25,003</u>					<u>\$ 30,375</u>
Deferred tax liabilities	<u>\$ 185,185</u>					<u>\$ 183,747</u>

2019						
	Balance at January 1	Recognized in profit or (loss)	Recognized in other comprehensive income	Recognized in equity	Exchange difference	Ending balance
Temporary difference						
Unrealized inventory loss	\$ 398	\$ (16)	\$ -	\$ -	\$ -	\$ 382
Unrealized exchange loss	452	993	-	-	-	1,445
Allowance for impairment loss	425	57	-	-	-	482
Unrealized employee benefit liabilities	26,000	(4,200)	-	-	-	21,800
Impairment loss on nonfinancial assets	894	-	-	-	-	894
Others	(185,627)	442	-	-	-	(185,185)
Deferred tax expense		<u>\$ (2,724)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Deferred tax assets (liabilities), net	<u>\$ (157,458)</u>					<u>\$ (160,182)</u>
Information expressed on the balance sheet						
Deferred tax assets	<u>\$ 28,169</u>					<u>\$ 25,003</u>
Deferred tax liabilities	<u>\$ 185,627</u>					<u>\$ 185,185</u>

3. Unrecognized deferred income tax assets and Deferred income tax liabilities

(1) Unrecognized deferred income tax assets

The Company is not likely to have taxable income that can be realized or will return in the foreseeable future, and the unrecognized deferred income tax assets are as follows :

Deferred Income tax expense recognized in profit or loss	As of December 31,	
	2020	2019
Unrecognized deferred income tax assets :		
Temporary difference	<u>\$ 158,955</u>	<u>\$ 155,290</u>

(2) Unrecognized deferred income tax assets and liabilities related to investment subsidiaries and related companies

For foreign subsidiaries and foreign affiliates, the Company did not recognize related deferred income tax assets/or deferred income tax liabilities due to the conversion differences in the financial statements of foreign operating institutions. Most of the Company's investments are long-term in nature and will not be dealt with in the foreseeable future. The differences will not reverse in the foreseeable future, or the differences will not be realized in the foreseeable future.

Deferred Income tax expense recognized in other comprehensive income	As of December 31,	
	2020	2019
Unrecognized deferred income tax assets (liabilities) :		
Recognized in equity	\$ 8,022	\$ (14,939 )

4. Income tax assessments

The Corporation's income tax returns through 2018 have been examined by the tax authority.

5. Information about undistributed earnings

The tax rate of undistributed earnings is 5%.

(XVIII) Equity

1. Capital stock

The total authorized capital of the Company were \$2,400,000, separately at NTD10 par value with 240,000 thousand shares separately issued. The total authorized capital stated above was common share. As of December 1, 2020 and 2019, the shares issued were \$2,400,000 and 240,000 thousand shares based on the same denomination.

The balance of the Company's capital stock is as follows :

Items	Amount
Original subscription and cash capital increase	\$ 537,762
Capitalization of retained earnings	1,251,626
Capitalization of capital surplus	563,439
Capitalization of special capital reserve	47,173
Total	\$ 2,400,000

2. Capital surplus

Pursuant to the Company Act, the capital surplus may be used to offset a deficit; the capital surplus generated from donations and the excess of the issuance price over the par value of capital stock may not be used for any purpose, except may be appropriate capital in accordance with the resolution of the shareholders meeting.

The capital reserve generated by the premium of the issued share capital shall not exceed the limit prescribed by relevant laws and regulations. The capital reserve can also be distributed in cash.

The balance of the Company's capital surplus is as follows :

Items	As of December 31,	
	2020	2019
Treasury stock trading	\$ 38,447	\$ 36,153
Changes in the net equity of the associates are recognized in accordance with the equity method	167,367	76,812
Total	\$ 205,814	\$ 112,965



### 3. legal capital reserve

Pursuant to the Company Act, the legal capital reserve shall be allocated until the total paid-in capital of the company. The legal capital reserve can be used to make up for losses; when the company has no losses, it can be approved by the shareholders meeting to issue new shares or cash with the legal capital reserve, but only if the reserve exceeds 25% of the paid-in capital.

According to the Ministry of Economic Affairs Letter No. 10802432410 dated January 9, 2020, when a company makes a statutory surplus reserve in accordance with Article 237 of the Company Law, it shall be handled by the company on the basis of "net profit after tax for the current period" Starting from the distribution of surplus in the financial statements for the year 2019, the statutory surplus reserve shall be set out as the basis for the statutory surplus reserve, but the company can extend it to 2020 after the current period's net profit after tax plus the amount of items other than the current period's net profit after tax included in the current year's undistributed surplus. The distribution of surpluses in the annual financial statements is applicable. There is no need to retrospectively adjust the statutory surplus reserve provided by the company in the past year. The Company began to apply the surplus distribution in the 2020 financial statements.

### 4. Special capital reserve

According to the regulations of the FSC, the listed company shall make a special surplus reserve for the net deduction of shareholders' equity in the account. When the deduction amount of shareholder's equity subsequently decreases, the special capital reserve may be transferred back to unappropriated earnings.

When first applying the IFRS approved by the FSC, the Company chose to adopt the exemption in IFRS 1 "First-time Adoption of International Financial Reporting Standards". The unrealized revaluation increment under the shareholder's equity was stated following the rule of using the fair value on the conversion date as the recognized cost to increase retained earnings. Pursuant to the regulations of Gin-Guan-Zheng-Fa-Zi No.1010012865 issued on April 6, 2012, a same amount of special reserves should be stated. When relative assets were used, disposed or reclassified, the original rate to state the special reserves could be used to reverse the allocation of earnings.

### 5. Distribution of earnings

According to the articles of association of the Company: If the Company makes a profit during the year, 2% shall be allocated for employee remuneration and 5% or less for directors and supervisors' remuneration. However, if the Company still has accumulated losses, the amount shall be reserved in advance.

The Company's industrial environment is changeable, and the life cycle of the Company is in a stable growth stage. Considering the company's future capital needs and long-term financial planning, and meeting shareholders' demand for cash inflows, if the Company has a surplus after its annual accounts, it will not be paid in accordance with the law. In addition to income tax for profit-making businesses and making up of losses in previous years, 10% of the statutory surplus reserve and special surplus reserve required by the Securities Exchange Law should be allocated first. If there is a surplus, it may be based on the actual profit and capital situation of the current year. After the resolution of the board of directors is passed, it is reported to the shareholders meeting to resolve the distribution of shareholder dividends.

At 2020, the Company's estimated total amount of employee compensation and directors and supervisors' compensation is \$27,196. According to the Company's management, distribution plan, the amount of pre-tax net profit for the year before the deduction of employee compensation and directors and supervisors' compensation is estimated at a rate and recognized It is the cost of the current year. However, if there is a discrepancy between the actual allotment amount and the estimated amount in the subsequent resolutions of the shareholders' meeting, it will be listed as the profit and loss of the year of the shareholders' meeting.



On June 23, 2020 and June 26, 2019, the Company passed the resolutions of the regular shareholders' meeting on the income distribution in 2019 and 2018, and the dividends per share and employee remuneration, directors and supervisors remuneration are as follows :

	2019	2018
Dividend per share (NTD)		
Cash	\$ 1	\$ 1
employee remuneration -Cash	\$ 11,159	\$ 12,330
Directors and supervisors remuneration	16,739	18,495
Total	\$ 27,898	\$ 30,825

There is no difference between the above-mentioned surplus distribution and the resolution of the company's board of directors.

The board of directors of the Company resolved on March 25, 2021 to pass the 2020 surplus distribution proposal as follows :

	Earnings distribution 2020	Dividend per share (NTD) 2020
legal capital reserve	\$ 42,657	
Cash dividend	264,000	\$ 1.1
Total	\$ 306,657	

The appropriation of earnings for 2020 is subject to the resolution of the stockholders in the stockholders' meeting.

Regarding the approval of the board of directors and the resolution of the shareholders meeting for the distribution of earnings, please go to the "Market Observation Post System" of the Taiwan Stock Exchange for inquiries.

The above-mentioned information on employee compensation and directors and supervisors' compensation can be inquired from the " Market Observation Post System " of the Taiwan Stock Exchange.

#### 6. Dividend policy

The Company's industrial environment is changeable, and the life cycle of the Company is at a stage of steady growth. Considering the Company's future capital needs and long-term financial planning, and meeting shareholders' demand for cash inflows, the Company's dividend policy comprehensively considers capital reserves and retention factors such as surplus, financial structure, capital budget and operating conditions determine the most appropriate method of distribution.

#### 7. Other equity

The relevant exchange difference arising from the conversion of the net assets of the foreign operating organization from its functional currency into New Taiwan dollars is directly recognized as other comprehensive income and accumulated in the exchange differences on translating the financial statements of foreign operations under other equity items. For financial assets measured at fair value through other comprehensive gains and losses, changes in fair value are directly recognized as other comprehensive gains and losses, and accumulated under other equity items that are unrealized appraisal gains and losses for financial assets measured at fair value through other comprehensive gains and losses. It shall not be reclassified to profit or loss in subsequent periods. The actuarial gains and losses on the determined benefit plan are recognized under other comprehensive gains and losses, and immediately recognized as retained earnings, and cannot be reclassified to profit or loss in subsequent periods.

(XIX) Treasury stocks

Cause	Subsidiary name	Number of shares as of January 1	Net Increase (Decrease)	Number of shares as of December 31
<u>12.31.2020</u>				
The list of stocks of the Company held by the subsidiaries	The World Champion Co., Ltd.	2,293,865	-	2,293,865
<u>12.31.2019</u>				
The list of stocks of the Company held by the subsidiaries	The World Champion Co., Ltd.	2,293,865	-	2,293,865

The company's Subsidiary, The World Champion Co., Ltd., holds shares of the company, with a cost of NTD\$16.86 per share, the market price of each share on December 31, 2020 and 2019 was NTD\$36.60 and NTD\$27.05, respectively.

(XX) EARNINGS PER SHARE

The earnings per share and the weighted average number of ordinary shares used to calculate the earnings per share are as follows :

<u>Net Profit for the Year</u>	2020	2019
Profit attributable to ordinary shareholders	\$ 429,096	\$ 456,880
Effect of potentially dilutive ordinary shares :		
Employees' compensation	-	-
Earnings used to calculate diluted earnings per share	<u>\$ 429,096</u>	<u>\$ 456,880</u>
<u>Thousand shares</u>		
	2020	2019
The weighted average number of ordinary shares used to calculate basic earnings per share	237,706	237,706
Effect of potentially dilutive ordinary shares :		
Employees' compensation	-	-
The weighted average number of ordinary shares used to calculate the diluted earnings per share	<u>237,706</u>	<u>237,706</u>

The company has the option to settle compensation paid to employees in cash or stock. During the computation of diluted earnings per share, the company assumed the entire amount of the compensation or bonuses would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding, if the effect is dilutive. The Company's authorized capital has been issued in full, and employee compensation has been paid in cash. Therefore, the basic earnings per share and the diluted earnings per share are the same.

(XXI) Employee benefits, depreciation and amortization expense

	Belonging to operating costs	Belonging to operating expenses	Total
<u>2020</u>			
Employee benefit expenses			
Wages and salaries (Note b)	\$ 201,926	\$ 215,264	\$ 417,190
Labor/health insurance expense	19,520	19,272	38,792
Pension expense (Note a)	8,946	9,265	18,211
(next)			

(continued)

Director's remuneration	-	22,122	22,122
Total	\$ 230,392	\$ 265,923	\$ 496,315
Depreciation expense	\$ 59,160	\$ 23,823	\$ 82,983
Amortization expense	\$ 6,179	\$ 131	\$ 6,310

## 2019

Employee benefit expenses			
Wages and salaries (Note b)	\$ 183,190	\$ 198,754	\$ 381,944
Labor/health insurance expense	18,604	19,094	37,698
Pension expense (Note a)	9,211	9,813	19,024
Director's remuneration	-	22,544	22,544
Total	\$ 211,005	\$ 250,205	\$ 461,210
Depreciation expense	\$ 38,351	\$ 24,269	\$ 62,620
Amortization expense	\$ 7,134	\$ 395	\$ 7,529

Note a : please refer to note VI(XV).

Note b : please refer to note VI(XVIII).

- 1.As of December 31, 2020 and 2019, the number of employees of the Company was 757 and 748, respectively. The number of directors who are not part-time employees are 13 and 14 respectively.
- 2.The average employee benefit expenses in 2020 and 2019 were \$637 and \$598, respectively.
- 3.The average salary costs in 2020 and 2019 were \$561 and \$521, respectively, and the average increase in salary for employees in the two years was 7.68% and 2.56%, respectively.
- 4.Supervisors'Remuneration in 2020 and 2019: The Company has no supervisors, so it is not applicable.
- 5.The Company's employee remuneration policy: The Company's employee salaries include salary, job allowances, work allowances, full attendance bonuses, annual bonuses and other items. New employees are paid based on their academic experience, market conditions and the company's ability to pay, while existing employees are adjusted based on price changes, employee performance and the company's ability to pay. Employee remuneration is based on Article 34 of the company's articles of association. If the company makes a profit each year, 2% shall be allocated as employee remuneration, but if the Company still has accumulated losses, it shall reserve the compensation amount in advance. The salary of managers and employee remuneration have been reviewed and approved by the Company's salary and remuneration committee.
- 6.The remuneration policy of directors of the Company: Article 31 of the Company's articles of association stipulates that the remuneration of directors shall be authorized by the board of directors to be negotiated with reference to the level of peers in accordance with the degree of participation of the directors in the operation of the company and the value of their contributions. Remuneration of Directors According to Article 34 of the Articles of Association of the Company, if the Company makes a profit during the year, it shall allocate less than 5% as directors' remuneration. However, if the Company still has accumulated losses, it shall reserve the compensation amount in advance. The remuneration of the Company's directors has been reviewed and approved by the Company's salary and remuneration committee on the Company's scale, industry characteristics, business nature, operating performance, market conditions, future risks, and salary and remuneration over the years.

(XXII) Operating revenue

The analysis of the Company's operating revenue is as follows:

	For the years ended December 31,	
	2020	2019
Sales revenue	\$ 2,316,065	\$ 2,170,623
Rental income	5,376	4,644
Total	<u>\$ 2,321,441</u>	<u>\$ 2,175,267</u>

The Company's merchandise sales revenue is generated by the transfer of merchandise to customers at a certain point in time; rental income is generated by the gradual transfer of labor services to customers over time.

(XXIII) Other income

	For the years ended December 31,	
	2020	2019
Dividend income		
From financial assets at fair value through other comprehensive income	\$ 6,307	\$ 5,535

(XXIV) Other gains and losses

	For the years ended December 31,	
	2020	2019
Net foreign currency exchange losses	\$ (32,627 )	\$ (4,437 )
Royalty income	7,299	7,960
Income from personnel expenses sharing	4,073	3,972
Commission income	102	165
Directors' remuneration income	20,987	24,251
Others	3,003	4,180
Loss on disposal of property, plant and equipment	(3,039 )	(1,250 )
Fair value changes of financial assets mandatorily classified as at FVTP	7,219	7,375
Total	<u>\$ 7,017</u>	<u>\$ 42,216</u>

(XXV) Finance costs

	For the years ended December 31,	
	2020	2019
Interest on bank loans	\$ 7,722	\$ 7,379
Interest on leases liabilities	434	579
Interest on deposit	4	4
Total	<u>\$ 8,160</u>	<u>\$ 7,962</u>

(XXVI) Financial instruments

1. Types of financial instruments

	As at December 31,	
	2020	2019
Financial assets		
Measured at amortized cost		
Cash and cash equivalents	\$ 246,424	\$ 369,948
Notes and accounts receivable	267,444	277,218
Other receivables	11,961	12,323
Other financial assets	314,781	759
(next)		

(continued)

Financial assets measured at amortized cost	28,050	-
Refundable deposit	25,307	25,372
Subtotal	893,967	685,620
Measured at fair value		
Financial assets at fair value through profit or loss	44,895	37,676
Financial assets at fair value through other comprehensive income	136,808	136,814
Total	\$ 1,075,670	\$ 860,110

Financial liabilities

Measured at amortized cost		
Short-term loans	\$ 680,000	\$ 750,000
Notes and accounts payable	215,359	198,440
Other payables	148,941	152,442
Lease liabilities	34,034	42,391
Total	\$ 1,078,334	\$ 1,143,273

2. Financial risk management objectives

The Company's financial risk management objective is to manage exchange rate risk, interest rate risk, credit risk and liquidity risk related to operating activities. In order to reduce related financial risks, the Company is committed to identifying, evaluating and avoiding market uncertainties in order to reduce the potential adverse effects of market changes on the Company's financial performance.

The Company does not trade financial instruments for speculative purposes. The company has established appropriate policies, procedures and internal controls for the above financial risk management in accordance with relevant regulations. Important financial activities must be reviewed by the board of directors in accordance with relevant regulations and internal control systems. During the execution period of financial management activities, the Company must actually follow the relevant regulations of financial risk management.

3. Market risk

The main market risks that the Company's operating activities impose on the Company are foreign currency exchange rate changes and interest rate changes. In addition, the Company uses its own funds and bank borrowings to flexibly adjust to meet operational needs. Because most of the Company's floating interest rate net assets mature within one year, and the current market interest rates are already low, it is expected that there will be no significant interest rate changes risk, so does not use derivative financial instruments to manage interest rate risk.

(1) Foreign currency risk

Some of the Company's operating activities and net investments in foreign operating institutions are mainly trade in foreign currencies, so foreign currency exchange rate risks arise. In order to avoid a decrease in the value of foreign currency assets and fluctuations in future cash flows due to exchange rate changes, the Company uses short-term loans to avoid exchange rate risks. The use of such financial instruments can help the Company reduce but still cannot completely exclude the impact of foreign currency exchange rate changes.

The net investment of foreign operating institutions is a strategic investment, so the Company does not hedge against it.

Sensitivity analysis of foreign currency exchange rate risk is mainly calculated based on foreign currency monetary items at the end of the financial reporting period. When NTD strengthens / weakened against the USD by 1%, the profit for the years ended December 31, 2020 and 2019 decreases/increases by \$4,619 and \$2,671, respectively.

(2) Interest rate risk

Interest rate risk refers to the risk of changes in the fair value of financial instruments and changes in cash flow due to changes in market interest rates. The Company's interest rate risk includes the above two.

The sensitivity analysis of interest rate risk is determined by the risk of non-derivative financial instrument interest rate risk at the end of the financial reporting period. If Interest rate increases / decreases by 1%, the profit for the years ended December 31, 2020 and 2019 decreases/increases by \$6,763 and \$6,700, respectively.

(3) Other price risks

The listed and unlisted equity securities and fund investments held by the Company, the prices of these equity securities and fund investments will be affected by the uncertainty of the future value of the investment targets.

All of the Company's major equity instrument investments must be approved by the Company's board of directors.

The fund investment held by the Company is measured at fair value through profit or loss; listed equity securities are measured at fair value through other comprehensive gains or losses; and unlisted equity securities are measured at fair value through profit or loss and other comprehensive income, respectively.

The price risk of the Company's equity instruments and fund investments mainly comes from investments classified as fair value through profit or loss and fair value through other comprehensive income.

The sensitivity analysis of equity instruments and fund price risks is based on the change in fair value at the end of the financial reporting period. If the price of equity instruments and fund investment rise/fall 1%, the profit for the years ended December 31, 2020 and 2019 increases / decreases by \$1,817 and \$1,745, respectively.

4. Credit risk management

Credit risk refers to the risk of the Company's financial losses caused by the counterparty's default. The Company's policy is to try to trade with reputable objects to reduce the risk of financial loss. In addition to pre-transaction credit investigations, the Company also continuously monitors credit risk insurance and counterparty credit status during the transaction process, and continues to diversify customer sources and expand overseas markets to reduce customer concentration.

The Company had no credit risk concentrated on a single customer in 2020 and 2019, so the credit risk is indeed limited.

5. Liquidity risk

The Company's goal of managing liquidity risk is to maintain cash and cash equivalents, highly liquid securities, and sufficient bank financing lines ensure that the Company has sufficient financial flexibility.

In addition to lease liabilities based on discounted, the table below summarizes the maturity profile of the Company's financial liabilities based on undiscounted contractual payments with carrying amounts that approximated contractual cash flows:

	As at December 31, 2020				
	Within 6 months	7~12 months	1~5 years	Over 5 years	Total
Non-derivative financial liabilities					
Short-term loans	\$ 480,000	\$ 200,000	\$ -	\$ -	\$ 680,000
Notes and accounts payable	215,359	-	-	-	215,359
Other payables	121,745	27,196	-	-	148,941
Lease liabilities	5,927	5,830	22,277	-	34,034
Total	<u>\$ 823,031</u>	<u>\$ 233,026</u>	<u>\$ 22,277</u>	<u>\$ -</u>	<u>\$ 1,078,334</u>

As at December 31, 2019					
	Within 6 months	7~12 months	1~5 years	Over 5 years	Total
Non-derivative financial liabilities					
Short-term loans	\$ 750,000	\$ -	\$ -	\$ -	\$ 750,000
Notes and accounts payable	198,440	-	-	-	198,440
Other payables	124,544	27,898	-	-	152,442
Lease liabilities	5,880	6,210	30,301	-	42,391
Total	<u>\$ 1,078,864</u>	<u>\$ 34,108</u>	<u>\$ 30,301</u>	<u>\$ -</u>	<u>\$ 1,143,273</u>

#### 6. Foreign currency assets and liabilities with significant exchange rate fluctuations

The Company's business involves a variety of non-functional currencies, so it is affected by exchange rate fluctuations, and there are large exchange rate fluctuations. Information about foreign currency assets and liabilities is as follows :

	currency	Foreign Currency (thousand)	Exchange Rate	NTD (thousand)	Exchange gains and losses
<u>Monetary items :</u>					
<u>As at December 31, 2020</u>					
Financial Assets					
Cash and cash equivalents	USD	4,332	28.05	\$ 121,522	\$ (6,353 )
Notes and accounts receivable	USD	369	28.05	10,353	-
Notes and accounts receivable	EUR	43	34.59	1,466	-
Other financial assets		10,715	28.05	300,560	23,301 )
Exchange gains and losses from general transactions					(2,973 )
Net					<u>\$ (32,627 )</u>
<u>As at December 31, 2019</u>					
Financial Assets					
Cash and cash equivalents	USD	8,496	29.95	\$ 254,467	\$ (6,883 )
Notes and accounts receivable	USD	399	29.95	11,942	(169 )
Notes and accounts receivable	EUR	22	33.64	737	-
Exchange gains and losses from general transactions					2,615
Net					<u>\$ (4,437 )</u>

	currency	Foreign Currency (thousand)	Exchange Rate	NTD (thousand)
<u>Non-Monetary items :</u>				
<u>As at December 31, 2020</u>				
Investments accounted for using equity method	USD	3,063	28.05	\$ 85,913
Investments accounted for using equity method	THB	1,158,449	0.9229	1,069,133
Investments accounted for using equity method	VND	508,339,815	0.0012342	627,218
<u>As at December 31, 2019</u>				
Investments accounted for using equity method	USD	877	29.95	\$ 26,267
Investments accounted for using equity method	THB	1,136,375	0.99	1,125,011
Investments accounted for using equity method	VND	527,178,436	0.0012951	682,749



## 7. Fair value of financial instruments

### (1) Fair valuation techniques for instruments measured at fair value

#### A. Measure the fair value of financial instruments based on amortized cost

The Company's key management believes that the Company's financial assets and financial liabilities measured at amortized costs are close to their fair values in the accompanying parent company only financial statements.

#### B. Fair valuation techniques for instruments measured at fair value

The fair value of financial assets and financial liabilities is determined by the following methods:

- The fair value of financial assets and financial liabilities with standard terms and conditions that are traded in an active market is determined with reference to market quotes.
- The fair value of stocks that are not publicly quoted is determined according to market methods analysis and multiple methods (a kind of market methods), and based on recognizing pricing models.

### (2) The fair value recognized in the parent company only balance sheets.

The following table of the Company provides analysis information of financial instruments measured by fair value after initial recognition, and reveals the analysis information by dividing the fair value into the following three levels according to the degree of observability :

Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 : Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (e.g. price) or indirectly (e.g. derived from price) from the active markets.

Level 3 : Level 3 inputs are inputs that measure fair value to the extent that relevant observable inputs are not available in the market.

### (3) Financial assets measured at fair value on a repeatability basis

The Company's financial assets measured at fair value on a repeatability basis, and their fair value levels are as follows :

As at December 31, 2020	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at FVTPL				
Mutual funds	\$ -	\$ 44,895	\$ -	\$ 44,895
Unlisted shares	-	-	-	-
Financial assets at FVTOCI				
Listed shares	77,730	-	-	77,730
Unlisted shares	-	-	59,078	59,078
Total	<u>\$ 77,730</u>	<u>\$ 44,895</u>	<u>\$ 59,078</u>	<u>\$ 181,703</u>
As at December 31, 2019				
Financial assets				
Financial assets at FVTPL				
Mutual funds	\$ -	\$ 37,676	\$ -	\$ 37,676
Unlisted shares	-	-	-	-
Financial assets at FVTOCI				
Listed shares	80,876	-	-	80,876
Unlisted shares	-	-	55,938	55,938
Total	<u>\$ 80,876</u>	<u>\$ 37,676</u>	<u>\$ 55,938</u>	<u>\$ 174,490</u>



(4) Reconciliation of Level 3 fair value measurements of financial instruments

The Company's financial assets measured at the 3 level of fair value are mainly financial assets at fair value through other comprehensive income. The reconciliation from January 1 to December 31, 2020 and 2019 is as follows :

	2020	2019
Balance at January 1	\$ 55,938	\$ 50,112
Recognized in other comprehensive income	3,140	5,826
Balance at December 31	\$ 59,078	\$ 55,938

(5) In 2020 and 2019, the Company does not have a transfer fair value measurement of financial instruments between level 1 and level 2.

(XXVII) Capital management

The Company's capital management goal is to be able to maintain the best capital structure before continuing to operate and grow, so as to provide shareholders with sufficient remuneration. The Company's capital structure management strategy is based on factors such as the scale of the Company's business, the future growth of the industry, product development blueprints and changes in the external environment to plan the required production capacity and what is needed to achieve this capacity plant equipment and corresponding capital expenditure; According to the characteristics of the industry, calculate the required working capital and cash, and estimate the possible product profit, operating profit rate and cash flow, consider the industry's business cycle fluctuations and product life cycle and other risk factors to determine the most appropriate capital for the Company structure.

As the years ended December 31, 2020 and 2019, the Company's rate of liabilities is as follows :

	As at December 31,	
	2020	2019
Total liabilities	\$ 1,654,146	\$ 1,696,118
Total assets	\$ 6,809,567	\$ 6,693,645
Rate of liabilities	24%	25%

The ratio on December 31, 2020 was slightly lower than the ratio on December 31, 2019, but there has been no significant change.

(XXVIII) Cash flow information

Reconciliation of liabilities arising from financing activities :

	Short-term loans
Balance at January 1, 2019	\$ 590,000
Financing Cash Flow :	
Increase Short-term loans	2,265,000
Repayment of short-term loans	(2,105,000 )
Balance at December 31, 2019	750,000
Financing Cash Flow :	
Increase short-term loans	2,260,000
Repayment of short-term loans	(2,330,000 )
Balance at December 31 , 2020	\$ 680,000

## VII. Related Party Transactions

### (I) Name of related parties and relationship with the related parties

Name of related party	Relationship with the Company
The World Champion Co., Ltd.	Subsidiaries of the Company for using the equity method
Summit Industrial Co., Ltd.	Subsidiaries of the Company for using the equity method
Saigon Ve Wong Co., Ltd.	Subsidiaries of the Company for using the equity method
Thai Fermentation Industry Co., Ltd.	Subsidiaries of the Company for using the equity method
Tai Ve Corporation	Subsidiaries of the Company for using the equity method
Best Founder Corporation	Subsidiaries of the Company for using the equity method
Green TFL Co., Ltd.	Subsidiaries of the Company for using the equity method
PT Ve Wong Budi Indonesia	Associates of the Company for using the equity method
Koh Kong Sugar Industry Co., Ltd.	Associates of the Company for using the equity method
Koh Kong Plantation Co., Ltd.	Associates of Best Founder Corporation for using the equity method

### (II) Significant transactions with related parties

#### 1. Purchases

(1) The transaction amount is less than \$100,000 :

Name of related party	For the years ended December 31,			
	2020		2019	
	Amount	Percent of net purchases %	Amount	Percent of net purchases %
The World Champion Co., Ltd.	\$ 57,391	5	\$ 43,819	4
Green TFL Co., Ltd.	729	-	425	-
Thai Fermentation Industry Co., Ltd.	77,263	6	-	-
Total	\$ 135,383	11	\$ 44,244	4

Purchase price : The World Champion Co., Ltd. and Green TFL Co., Ltd., both parties decide according to market price ; The price purchased from Thai Fermentation Industry Co., Ltd. is calculated based on the purchase cost of Thai Fermentation Industry Co., Ltd. plus packaging costs.

Payment terms : The payment period of The World Champion Co., Ltd. is determined in accordance with the Company's payment policy . The payment period of Green TFL Co., Ltd. is 60 days after the purchase, no major difference from general transactions; Thai Fermentation Industry Co., Ltd. pays by T/T.

(2) The transaction amount is more than \$100,000 :

Name of related party	For the years ended December 31,			
	2020		2019	
	Amount	Percent of net purchases %	Amount	Percent of net purchases %
Summit Industrial Co., Ltd.	\$ 132,678	11	\$ 111,860	10
Thai Fermentation Industry Co., Ltd.	-	-	157,516	13
Total	\$ 132,678	11	\$ 269,376	23

Purchase price : The price purchased from Thai Fermentation Industry Co., Ltd. is calculated based on the purchase cost of Thai Fermentation Industry Co., Ltd. plus packaging costs, The price purchased from Summit Industrial Co., Ltd. is determined based on market prices.

Payment terms : The payment period of Summit Industrial Co., Ltd. is 60 days after the purchase, no major difference from general transactions. Thai Fermentation Industry Co., Ltd. pays by T/T.

## 2. Sales

(1) The transaction amount is less than \$100,000 :

Name of related party	For the years ended December 31,			
	2020		2019	
	Amount	Percent of net revenue %	Amount	Percent of net revenue %
Saigon Ve Wong Co., Ltd.	\$ 1,018	-	\$ 845	-
Summit Industrial Co., Ltd.	198	-	238	-
Green TFL Co., Ltd.	2,428	-	1,723	-
合計	\$ 3,644	-	\$ 2,806	-

Sale price : In principle, both parties decide according to market price.

Collection terms : The collection period is determined in accordance with the Company's collection policy, and there is no major difference from general transactions.

(2) The transaction amount is more than \$100,000 : none.

3. As the years ended December 31, 2020 and 2019, the Company's financing provided for related party is as follows :

Name of related party		As at December 31,	
		2020	2019
PT Ve Wong Budi Indonesia	Overdue receivables	\$ 139,293	\$ 139,293
	Less: allowance for impairment loss	(139,293)	(139,293)
	Net	\$ -	\$ -

4. As the years ended December 31, 2020 and 2019, the Company's endorsements and guarantees providing for related party is as follows :

Name of related party		As at December 31,	
		2020	2019
Summit Industrial Co., Ltd.		\$ 50,000	\$ 50,000
Koh Kong Plantation Co., Ltd.		134,640	143,760
Koh Kong Sugar Industry Co., Ltd.		230,010	245,590
Total		\$ 414,650	\$ 439,350

## 5. Significant financial assets and liabilities with related parties

Items		As at December 31,			
		2020		2019	
	Name of related party	Amount	%	Amount	%
Note receivables	Summit Industrial Co., Ltd.	\$ 1	-	\$ -	-
Accounts receivables	Green TFL Co., Ltd.	667	-	653	-
	Summit Industrial Co., Ltd.	4	-	6	-
	Saigon Ve Wong Co., Ltd.	184	-	139	-
	Saigon Ve Wong Co., Ltd.	7,363	62	7,847	64
Other receivables-related parties	Summit Industrial Co., Ltd.	307	2	306	2
	Tai Ve Corporation	4,276	36	4,170	34
	Green TFL Co., Ltd.	15	-	-	-

(next)

(continued)

Other current assets	Green TFL Co., Ltd.	-	-	22	-
Overdue receivables	PT Ve Wong Budi Indonesia	170,803	-	170,803	-
Less: allowance for impairment loss	PT Ve Wong Budi Indonesia	(170,803 )	-	(170,803 )	-
Notes and accounts payable	Summit Industrial Co., Ltd.	31,472	15	27,083	14
	The World Champion Co., Ltd.	15,849	7	11,137	6
Other payables	Green TFL Co., Ltd.	355	-	333	-
	The World Champion Co., Ltd.	192	-	230	-
	Summit Industrial Co., Ltd.	77	-	77	-

#### 6. Others

Name of related party	Items	For the years ended December 31,	
		2020	2019
Saigon Ve Wong Co., Ltd.	Royalty income	\$ 7,299	\$ 7,960
Thai Fermentation Industry Co., Ltd.	Director's remuneration	20,987	24,251
Tai Ve Corporation	Other gains	4,073	3,972
Green TFL Co., Ltd.	Other gains	60	69
Summit Industrial Co., Ltd.	Other gains	-	4
Summit Industrial Co., Ltd.	Operating expenses reduction	2	(2,010)
The World Champion Co., Ltd.	Operating expenses	1,423	2,299

#### 7. Lease

Name of related party	Items	For the years ended December 31,	
		2020	2019
Summit Industrial Co., Ltd.	Rental income	\$ 3,429	\$ 2,697
Tai Ve Corporation	Rental expense	-(note)	-(note)

The rents listed above were determined by both parties to the lease in consideration of the general rent level, and the rent collection (payment) is based on monthly collection (payment).

Note: The lease agreement between the Company and Tai Ve Corporation is as follows:

Items	As at December 31,	
	2020	2019
Right-of-use assets-cost	\$ 44,677	\$ 44,677
Lease liabilities	\$ 27,105	\$ 35,940

	For the years ended December 31,	
	2020	2019
Interest on leases liabilities	\$ 357	\$ 456

#### 8. Endorsement / guarantee

As the years ended December 31, 2020 and 2019, the immovable property from the Company transferred to Tai Ve Corporation (including its investments properties), which continued to be provided to the Company as loans from financial institutions and purchases. The details of the collateral of the performance bond are as follows:

Pledged assets	Detail	Book value	
		As at December 31,	
		2020	2019
Investments properties	Land and building	\$ 1,924,593	\$ 1,925,690

As the years ended December 31, 2020 and 2019, guaranteed amount of the above collateral was \$1,650,400 and \$1,670,400, respectively.

#### 9. Compensation of key management personnel

Remuneration of key management personnel of the Company includes the following:

	For the years ended December 31,	
	2020	2019
Short-term employee benefits(note)	\$ 24,850	\$ 25,411

Note: Short-term employee benefits include salary, bonus and employee compensation, etc.

The remuneration of directors and key management personnel is determined by the remuneration committee.

#### VIII. Pledged Assets

The following assets have been provided as collateral for borrowings and performance guarantees :

Pledged assets	Detail	As at December 31,	
		2020	2019
Property, plant and equipment	Land and building	\$ 578,616	\$ 584,398
Investments properties	Land and building	110,029	106,182
Other financial assets	Provision account	-	759
Total		\$ 689,404	\$ 691,339

#### IX. Significant Contingent Liabilities and Unrecognized Commitments

As the years ended December 31, 2020 and 2019, the Company contingent liabilities and unrecognized commitments is as follows :

1. The unused letters of credit amount to USD\$32,000 and USD\$29,000, respectively.
2. Endorsements and guarantees providing to others was \$364,650 and \$389,350, respectively.
3. The deposit guarantee note of the letter of credit and the purchase was \$183,000 and 205,000, respectively; The deposit guarantee notes received was \$52,781 and \$76,184, respectively.

#### X. Significant Disaster Loss: None

#### XI. Significant Subsequent Events: None

#### XII. Others

- (I) Regarding issues such as "off-book earnings" that were questioned, the Company adjusted the number of shares and shareholding ratios of Thai Fermentation Industry Co., Ltd. at the end of the 1991, and adjusted the equity of Thai Fermentation Industry Co., Ltd. at the end of the 1991 to increase the accumulated surplus and investment income, but as to whether there is an off-book surplus after the 1991, 33 shareholders have jointly petitioned the court to select an inspector for investigation and the prosecutor will also investigate it. The inspector selected by the Taiwan Taipei District Court submitted a supplementary report to the court on June 18, 2003, and the court has not issued any ruling instructions.
- (II) As of December 31, 2020, Ting Hsin Oil Co., Ltd. sued and requested the Company to pay \$2,144 for the goods. The case is being heard by the Taiwan Taipei District Court. The Company filed a counterclaim during the trial procedure and requested Ting Hsin Oil Co., Ltd. The Company caused damages of \$9,420 due to problematic lard. After the case was heard by the Taiwan Taipei District Court, this lawsuit ruled that the Company lost the lawsuit, and the counterclaim was rejected with an illegal requirement. The Company was dissatisfied and filed a second-instance appeal and a counter-accusation respectively. After the Taiwan High Court heard the case, it found that the counter-accusation had reason to rule to abolish the original ruling and remanded it to the original trial. The Taiwan Taipei District Court of the original trial is in the process of hearing with Appeal Gengyi Yi Zih No. 1. in 2019 As for the appeal of the request for payment, the Company was ruled to lose the lawsuit. The Company filed a third-instance appeal against the request for payment. The Supreme Court partially abandoned it with Taishang Zi No. 1172 in 2020 and sent it back to the High Court of Taiwan, which was then approved by both parties. The parties agreed to stop the litigation and wait for the decision of the Taipei District Court with Appeal Gengyi Yi Zih No. 1. in 2019.

(III) The Company's Taoyuan business office in 2020 Mr. Xu, a salesperson involved in the embezzlement of about 1.26 million, and the Company filed a criminal complaint with the Taiwan Taoyuan District Prosecutors Office for business embezzlement. As of the date of the inspection report, the case is still under trial. The Company has set aside a 100% allowance for losses, which has no significant impact on the Company's 2020 financial statements

The above litigation cases are still to be judged by the judiciary. The relevant results will depend on the judgment of the court. The above will only be disclosed in accordance with the principle of publicity.

### XIII. Additional Disclosures

#### (I) Information on Significant Transactions :

1. Financing provided to others for the year ended December 31, 2020: Please refer to Table I.
2. Endorsements/Guarantees Providing for the year ended December 31, 2020 : Please refer to Table II.
3. Marketable securities held (excluding the equity held by invested subsidiaries, associates and joint ventures) for the year ended December 31, 2020 : Please refer to Table III.
4. Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital for the year ended December 31, 2020 : None.
5. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital for the year ended December 31, 2020 : None.
6. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital for the year ended December 31, 2020 : None.
7. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capita for the year ended December 31, 2020 : Please refer to Table IV.
8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capita for the year ended December 31, 2020 : Please refer to Table V.
9. Trading in derivative instruments for the year ended December 31, 2020 : None.

#### (II) Information on Investees :

1. Information on investees (excluding investments in mainland chian) for the year ended December 31, 2020 : Please refer to Table VI.
2. Information about invested business :
  - (1) Financing provided to others in 2020 : Please refer to Table VII.
  - (2) Endorsements/Guarantees Providing in 2020 : Please refer to Table VIII.
  - (3) Marketable securities held (excluding the equity held by invested subsidiaries, associates and joint ventures) for the year ended December 31, 2020: Please see TABLE IX attached.
  - (4) The amount of the accumulated purchase or sale of the same securities is over NT\$300 million or 20% of the paid-in capital for the year ended December 31, 2020: None.
  - (5) Purchase amount of real property that exceeds NTD300 million or 20% of the paid-in capital for the year ended December 31, 2020: None.
  - (6) Amount for the disposal of real property exceeds NTD300 million or 20% of the paid-in capital for the year ended December 31, 2020: None.
  - (7) Amount of the purchase from and the sale to related parties exceeds NTD100 million or 20% of the paid-in capital for the year ended December 31, 2020: None.
  - (8) Amount receivable from related parties exceeds NTD100 million or 20% of the paid-in capital for the year ended December 31, 2020: None.
  - (9) Engaging in derivative transactions for the year ended December 31, 2020: None.

(III) Information about the investment in China: None.

(IV) Major Shareholders Information: Please refer to Table X.

### XIV. Operating Segments Information

Please refer to the year 2020 consolidated financial statements.

**TABLE I****VE WONG CORPORATION****FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)**

No	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrow(not e)	Aggregate Financing Limits(note)
													Item	Value		
0	VE WONG CORPORATION	PT Ve Wong Budi Indonesia	Other noncurrent assets-other	Y	\$ 139,293	(USD\$4.28 MILLION) \$ 139,293	\$139,293	-	Plant and operation needs	-	-	\$ 139,293	12,000 shares of PT Ve Wong Budi Indonesia	-	\$ 340,478	\$ 1,361,913

Note : According to the operating procedures of the company's capital loan to others, the company's capital loan to a single enterprise shall not exceed 5% of the company's total assets, and the company's capital loan to others shall not exceed 20% of the company's total assets. For subsidiaries of the company, where short-term financing is necessary due to operating turnover, the cumulative balance of financing must not exceed 40% of the company's net worth.



**TABLE II****VE WONG CORPORATION**
**ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)**

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement / Guarantee Given on Behalf of Each Party (Note1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	Ve Wong Corporation	Summit Industrial Co., Ltd.	The Corporation owns directly over 50% ownership of the investee company.	\$1,361,913	\$ 50,000	\$ 50,000 (USD\$4.8 MILLION)	\$ 33,000	\$ -	1%	\$ 2,042,870	Y	-	-
0	Ve Wong Corporation	Koh Kong Plantation Co., Ltd.	Shareholder of the investee provides endorsements/guarantees to the company in proportion to their shareholding percentages (Note3)	1,361,913	145,296	134,640 (USD\$8.2 MILLION)	-	-	3%	2,042,870	-	-	-
0	Ve Wong Corporation	Koh Kong Sugar Industry Co., Ltd.	Shareholder of the investee provides endorsements/guarantees to the company in proportion to their shareholding percentages (Note3)	1,361,913	248,214	230,010	-	-	4%	2,042,870	-	-	-
		Total				\$ 414,650	\$ 33,000	\$ -					

Note1 : According to The company's endorsement and guarantee measures, the amount of endorsement, guarantee for a single company shall not exceed 20% of The company's total assets.

Note2 : According to The company's endorsement and guarantee measures, the amount of endorsement and guarantee shall not exceed 30% of The company's total assets.

Note3 : In order to comply with Cambodian laws and regulations, The company has adjusted the investment organization of Cambodia's investments under the equity method. Please refer to Note VI (VIII). The company's investment in Koh Kong Plantation Co., Ltd. was adjusted from direct investment to a company that holds 100% of the voting shares (ie Samoa Best Founder Corporation) due to the adjustment of the investment organization.

Note4 : The Company's endorsement, guarantee to Koh Kong Sugar Industry Co., Ltd. (KSI) is an endorsement, guarantee to the invested company by all the capitalist shareholders based on their shareholding ratio due to the joint investment relationship. KSI handled the capital increase in June 2020. The Company did not subscribe for new shares based on the shareholding ratio, resulting in a decrease in the shareholding ratio. The endorsement, guarantee balance base on the end of 2020 was the endorsement guarantee balance based on the original shareholding ratio. As of December 31, 2020, KSI has not made any relevant borrowings. The Company will contact the investee company to adjust the endorsement, guarantee limit based on the current shareholding ratio in due course.



**TABLE III****VE WONG CORPORATION**

**MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES)**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(In Thousands of New Taiwan Dollars)**

Company Name	Type and Name of Marketable Securities	Relationship with the security issuer	Ledger account	Yearend				Remarks
				Number of thousand shares (Number of thousand unit)	Book value	Percentage held	Fair value	
VE WONG CORPORATION	<u>Mutual funds</u>							
	HSBC Taiwan Electronics Fund	-	Financial assets measured at fair values through profit or loss- non-current	357	\$ 20,295		\$ 20,295	
	Prudentail Financial New Century Fund	-	"	2,000	24,600		24,600	
	Total				\$ 44,895		\$ 44,895	
	<u>Listed stocks</u>							
	CATHAY FINANCIAL HOLDING CO., LTD.	-	Financial assets measured at fair values through other comprehensive profit or loss- non-current	887	\$ 37,469	0.007%	\$ 37,469	
	Cathay Financial Holding Co., Ltd. Preferred Stock A	-	"	45	2,807	-	2,807	
	Taishin Financial Holding Co., Ltd.	-	"	2,250	29,806	0.020%	29,806	
	Taishin Financial Holding Co., Ltd. Class E Preferred Shares II	-	"	43	2,233	-	2,233	
	Vedan International (Holdings) Co.,Ltd.	-	"	1,992	5,415	0.131%	5,415	
	Total				\$ 77,730		\$ 77,730	
	<u>Unlisted stocks</u>							
	Li Shih venture capital Co.,Ltd.	-	Financial assets measured at fair values through other comprehensive profit or loss- non-current	677	\$ 9,752	5.68%	\$ 9,752	
	Tai Fu International (Holdings) Co., Ltd.	-	"	1,500	13,937	4.32%	13,937	
	Jhong Sin investment Co.,Ltd.	-	"	1,043	35,389	0.33%	35,389	
	Total				\$ 59,078		\$ 59,078	
	<u>Unlisted stocks</u>							
	Wei Da Dian Ltd.	-	Financial assets measured at fair values through profit or loss- non-current	2	\$ -	0.18%	\$ -	
	Jhong Hua trade development Co., Ltd.	-	"	31	-	0.05%	-	
	Total				\$ -		\$ -	
	Fixed deposit -more than 3 months	-	Financial assets measured at amortized cost -current assets		\$ 28,050		\$ 28,050	

**TABLE IV****VE WONG CORPORATION**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Remarks
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
VE WONG CORPORATION	Summit Industrial Co., Ltd.	Subsidiary	Purchase	\$ 132,678	11%	Accordance with the Company's policy on credit management	The price purchased is determined based on market prices	Payment in 60 days after confirming	\$31,472	15%	

**TABLE V****VE WONG CORPORATION****RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Year	Allowance for Impairment Loss	Remarks
					Amount	Actions Taken			
VE WONG CORPORATION	PT Ve Wong Budi Indonesia	Associated Companies	Other non-current assets - other receivables (Include Interest receivable \$165,798 and Advance payment \$5,005) \$ 310,096	-	-	-	Note	\$ 310,096	

Note : Please refer to Note IV (VIII) " PT Ve Wong Budi Indonesia Disclosures and Related Explanations" under the investment using the equity method.

**TABLE VI-1****VE WONG CORPORATION**
**INFORMATION ON INVESTEEES (EXCLUDING INVESTMENTS IN MAINLAND CHINA)  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profits (Loss)	Remarks
				December 31, 2020	December 31, 2019	Thousand shares	%	Carrying Amount			
VE WONG CORPORATION	The World Champion Co., Ltd.	6F., No. 79, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei	Manufacturing and sales of MSG, cans and beverages	\$ 138,443	\$ 138,443	15,999	99.99%	\$ 551,943	\$ 10,339	\$ 7,892	
	Summit Industrial Co., Ltd.	6F., No. 79, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei	Manufacturing and trading of packaging materials and containers printing MSG, instant noodles	89,843	89,843	9,505	95.05%	102,401	8,289	7,522	
	Saigon Ve Wong Co., Ltd.	1707 Highway 1A An Phu Dong Ward District 12, Ho Chi Minh City, Vietnam		475,328	475,328	-	100.00 %	627,218	95,244	95,244	
	Thai Fermentation Industry Co., Ltd.	20 <sup>th</sup> Fl.KSL Tower, 503, Sriyudhya Rd., Bangkok, Thailand	Manufacturing and sales of MSG	233,090	233,090	204	48.66%	1,069,133	535,504	253,071	
	Ve Wong International Ltd.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	General Investment Company	1,741	1,741	50	100.00 %	6,690	(87 )	(87 )	
	Tai Ve Corporation	6F., No. 79, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei	Residential, building, industrial plant development, lease and sale, real estate sales, lease, etc.	987,678	987,678	82,323	79.93%	1,624,621	7,242	5,890	
	Best Founder Corporation.	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	General Investment Company	169,198	169,198	5,328	100.00 %	9,904	(4,154 )	(4,154 )	Note1
	Green TFL Co., Ltd.	8F., No. 79, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei	Bean processed food manufacturing	26,000	26,000	2,600	65.00%	25,302	(514 )	(334 )	
	Koh Kong Sugar Industry Co., Ltd.	No.205-207-209 Mao Tong Boulevard. Toul Svay Prey I, Khan Chamkarmon, Phnom Penh, Kingdom of Cambodia	Production, processing and sales of cane sugar	226,231	226,231	-	11.98%	69,319	(124,039 )	(20,661 )	Note2
	Hughes Biotech. Co., Ltd.	12F.-2, No. 420, Sec. 1, Keelung Rd., Xinyi Dist., Taipei	Biotechnology Service Industry	20,250	20,250	1,125	34.62%	14,188	(7,458 )	(2,582 )	
	PT Ve Wong Budi Indonesia	Wisma Budi, Lt. 7 Suite 701, J1. H.R. Rasuna Said, Kav C-6 Jakarta, Indonesia	Manufacturing and sales of MSG	180,811	180,811	64	49.00%	-	-	-	Note3
Total								\$ 4,100,719		\$ 341,801	

Note1 : In order to comply with Cambodian laws and regulations, the company has made adjustments to the investment organization of Cambodia's investments under the equity method. Please refer to Note VI (VIII) for the explanation.

Note2 : Associated company Koh Kong Sugar Industry Co., Ltd. ceased operations on October 31, 2018. In addition, the capital increase was processed on June 2020. The company's assessment results are still influential. Please refer to Note VI (VIII).

Note3 : Please refer to Note VI (VIII) " PT Ve Wong Budi Indonesia Disclosures and Related Explanations" under the investment using the equity method.

**TABLE VI-2****VE WONG CORPORATION**
**INFORMATION ON INVESTEEES (EXCLUDING INVESTMENTS IN MAINLAND CHINA)  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profits (Loss)	Remarks
				December 31, 2020	December 31, 2019	Thousand shares	%	Carrying Amount			
The World Champion Co., Ltd.	Tai Ve Corporation	6F., No. 79, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei	Residential, building, industrial plant development, lease and sale, real estate sales, lease, etc. Manufacturing and trading of packaging materials and containers printing Bean processed food manufacturing	\$ 397,959	\$ 397,959	20,666	20.07%	\$ 407,758	\$ 7,242	\$ 1,455	
	Summit Industrial Co., Ltd.	6F., No. 79, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei		4,950	4,950	495	4.95%	5,369	8,289	410	
	Green TFL Co., Ltd.	8F., No. 79, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei		2,000	2,000	200	5.00%	1,946	(514)	(26)	
	Total			\$ 404,909	\$ 404,909			\$ 415,073	\$ 15,017	\$ 1,839	
Thai Fermentation Industry Co., Ltd.	K.S.L. IT Center Co., Ltd.	Thailand	Technology Information Management Classification of organic fertilizers Manufacturing and sales of MSG	\$ 486	\$ 486	0.5	50.00%	\$ 4,487	\$ 2	\$ 1	
	TFI Green Biotech Company Limited..	Thailand		4,576	4,576	50	50.00%	14,110	372	186	
	Champion Fermentation Co.,Ltd.	Thailand		236,289	236,289	199,995	99.99%	256,738	12,008	8,592	
	Total			\$ 241,351	\$ 241,351			\$ 275,335	\$ 12,382	\$ 8,779	
Best Founder Corporation	Koh Kong Plantation Co., Ltd.	No.205-207-209 Mao Tong Boulevard. Toul Svay Prey I, Khan Chamkarmon, Phnom Penh, Kingdom of Cambodia	Land development and sugarcane planting	\$ 82,580	\$ 165,160	-	20.00%	\$ 9,048	(20,488)	(4,098)	Note 1 Note 2

Note1 : In order to comply with Cambodian laws and regulations, the company has made adjustments to the investment organization of Cambodia's investments under the equity method.

Please refer to Note VI (VIII) for the explanation.

Note 2 : Associated company Koh Kong Plantation Co., Ltd. has ceased business on October 31, 2018. In addition, as of June 30, 2020, it has processed capital reductions to make up for losses. The combined company still has significant influence. Please refer to Note VI (VIII) Description.

Note 3 : For organizational reorganization in the third quarter of 2016, please refer to Note VI (VIII) for the explanation.

**TABLE VII****VE WONG CORPORATION**
**Information about invested business:  
 FINANCING PROVIDED TO OTHERS  
 FOR THE YEAR ENDED DECEMBER 31, 2020  
 (In Thousands of New Taiwan Dollars)**

No	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrow	Aggregate Financing Limits(note1)	Remarks
													Item	Value			
1	Thai Fermentation Industry Co., Ltd.	Visawaphah Transportation Co., Ltd.	other current assets	N	\$ 5,709	\$ 5,322	\$ 305	7%	Company that needs short-term financing	-	Operating capital	-	-	-	\$ 223,873	\$ 1,119,366	Note2
2	Tai Ve Corporation	VE WONG CORPORATION	Other receivable s- related parties	Y	100,000	80,000	-	1.05%	Company that needs short-term financing	-	Operating capital	-	-	-	145,501	812,830	

Note1 : According to the operating procedures of domestic reinvestment companies for loan to others, the total amount of funds loaned to others shall not exceed 20% of the total assets of the company, and the financing amount for a single enterprise shall not exceed 5% of the total assets of the company. However, if the company's parent company, subsidiaries, and all subsidiaries of the parent company are necessary for short-term financing due to operating turnover, the cumulative balance of the financing amount shall not exceed 40% of the company's net worth. According to the operating procedures of overseas reinvestment company - Thai Fermentation Industry Co., Ltd., the total amount of funds loaned to others shall not exceed 50% of the company's net worth, and the amount of financing for a single enterprise shall not exceed 10% of the company's net worth.

Note2 : The ending balance of Tai Ve Corporation's fund loan to others was the fund loan and quota approved by the board of directors.

**TABLE VIII****VE WONG CORPORATION**

**Information about invested business:  
ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars)**

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement / Guarantee Given on Behalf of Each Party (Note1 、 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement / Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement / Guarantee Limit (Note2 、 3)	Endorsement / Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement / Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement / Guarantee Given on Behalf of Companies in Mainland China	Remarks
		Name	Relationship											
1	Tai Ve Corporation	Ve Wong Corporation	The company direct and indirect owns over 50% ownership of the investee company	\$2,810,023	\$1,670,400	\$1,650,400	\$300,000	\$1,924,593	81%	\$2,810,023	-	Y	-	
2	Tai Ve Corporation	The World Champion Co., Ltd.	A subsidiary jointly owned over 90% by the Company	562,005	144,100	144,100	-	332,755	7%	843,007	-	-	-	
		Total				\$ 1,794,500								

Note1 : According to the company's endorsement and guarantee measures, the amount of the endorsement, guarantee for a single company shall not exceed 20% of the company's total assets.

Note2 : According to the company's endorsement and guarantee measures, the amount of the endorsement, guarantee shall not exceed 30% of the company's total assets.

Note3 : According to the regulations of the domestic reinvestment company's endorsement, guarantee, the parent company that holds 100% of the direct and indirect voting shares of the reinvestment company shall not exceed the total assets of the reinvestment company.

According to the regulations on endorsement, guarantee of the foreign investment company Thai Fermentation Industry Co., Ltd., the amount of endorsement, guarantee for a single enterprise shall not exceed 20% of the company's total assets, and the total amount of endorsement, guarantee shall not exceed 30% of the company's total assets.

**TABLE IX****VE WONG CORPORATION****Information about invested business:****MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES)****FOR THE YEAR ENDED DECEMBER 31, 2020****(In Thousands of New Taiwan Dollars)**

Company Name	Type and Name of Marketable Securities	Relationship with the security issuer	Ledger account	Yearend				Remarks
				Number of thousand shares (Number of thousand unit)	Book value	Percentage held	Fair value	
The World Champion Co., Ltd.	<u>Listed stocks</u> Taishin Financial Holding Co., Ltd.	-	Financial assets measured at fair values through other comprehensive profit or loss-non-current	6,837	\$ 90,589	0.06%	\$ 90,589	
	Taishin Financial Holding Co., Ltd. Class E Preferred Shares II	-	"	132	6,788	-	6,788	
	VE WONG CORPORATION	The company	"	2,294	83,955	0.96%	83,955	
				Total	\$ 181,332		\$ 181,332	
	<u>Unlisted stocks</u> Jhong Hua trade development Co., Ltd.	-	Financial assets measured at fair values through profit or loss-non-current	11	\$ -	0.02%	\$ -	
Tai Ve Corporation	Fixed deposit -more than 3 months	-	Financial assets measured at amortized cost -current assets		\$ 18,000		\$ 18,000	
Saigon Ve Wong Co., Ltd.	Fixed deposit -more than 3 months	-	Financial assets measured at amortized cost -current assets		\$ 99,106		\$ 99,106	
Thai Fermentation Industry Co., Ltd.	Fixed deposit -more than 3 months	-	Financial assets measured at amortized cost -current assets		\$ 138,435		\$ 138,435	
	Mutual funds	-	Financial assets measured at amortized cost -current assets		26,764		26,764	
				Total	\$ 165,199		\$ 165,199	
Thai Fermentation Industry Co., Ltd.	Mutual funds	-	Financial assets measured at amortized cost -noncurrent assets	-	\$ 36,133	-	\$ 36,133	
Champion Fermentation Co.,Ltd.	Fixed deposit -more than 3 months	-	Financial assets measured at amortized cost -current assets		\$ 92,336	-	\$ 92,336	



**TABLE X****VE WONG CORPORATION****Major Shareholders Information**

Major Shareholders	Shareholding	
	Number of Shares Held	Number of Shares Held
HAO SHINE TRADING CO., LTD.	23,609,447	9.83 %
Quanwei Investment Co., Ltd.	23,424,026	9.76 %
OVERSEAS BROS. CO., LTD.	22,784,966	9.49 %
VEDAN ENTERPRISE CORP.	14,537,628	6.05 %

**VI. Financial difficulties encountered by the Company and/or its affiliates in the recent year and as of the publication date of the annual report, and its impact on the Company's financial status**

N/A



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

### I. Analysis of Financial Status

#### 1. Analysis of Consolidated Financial Status

Unit : NT\$ thousands

Item \ Year	2020	2019	Discretion	
			Amount	%
Current Asset	4,246,910	4,334,741	(87,831)	(2.03)
Long-term investment	426,364	364,310	62,054	17.03
Property, Plant and Equipment	4,514,381	4,587,730	(73,349)	(1.60)
Other Assets	143,947	138,245	5,702	4.12
Total Asset	9,331,602	9,425,026	(93,424)	(0.99)
Current Liabilities	1,557,942	1,735,178	(177,236)	(10.21)
Non-Current Liabilities	1,461,278	1,474,274	(12,996)	(0.88)
Total Liabilities	3,019,220	3,209,452	(190,232)	(5.93)
Capital Stock	2,400,000	2,400,000	-	-
Capital Surplus	205,814	112,965	92,849	82.19
Retained Earnings	2,504,319	2,317,751	186,568	8.05
Other Equities	83,752	205,275	(121,523)	(59.20)
Treasure Stock	(38,464)	(38,464)	-	-
Non-Controlling Interest	1,156,961	1,218,047	(61,086)	(5.02)
Total Equities	6,312,382	6,215,574	96,808	1.56
Analysis of changes in financial ratios discrepancy over 20% in the most recent two years:				
1. The increase in capital reserve was mainly due to the increase in the number of changes in the net equity value recognized by the equity method.				
2. The decrease in other equity was mainly due to the increase in the conversion difference (loss) of the financial statements of foreign operating institutions and the increase in the unrealized appraisal gains and losses (losses) of financial assets measured at fair value through other comprehensive gains and losses.				

## 2. Analysis of Standalone Financial Status

Unit : NT\$ thousands

Item \ Year	2020	2019	Discretion	
			Amount	%
Current Asset	1,266,075	1,081,975	184,100	17.02
Long-term investment	4,282,422	4,321,117	(38,695)	(0.90)
Property, Plant and Equipment	1,200,363	1,234,170	(33,807)	(2.74)
Other Assets	60,707	56,383	4,324	7.67
Total Asset	6,809,567	6,693,645	115,922	1.73
Current Liabilities	1,102,872	1,119,828	(16,956)	(1.51)
Non-Current Liabilities	551,274	576,290	(25,016)	(4.34)
Total Liabilities	1,654,146	1,696,118	(41,972)	(2.47)
Total Liabilities	2,400,000	2,400,000	-	-
Capital Surplus	205,814	112,965	92,849	82.19
Retained Earnings	2,504,319	2,317,751	186,568	8.05
Other Equities	83,752	205,275	(121,523)	(59.20)
Treasure Stock	(38,464)	(38,464)	-	-
Total Equities	5,155,421	4,997,527	157,894	3.16
Analysis of changes in financial ratio discrepancy over 20% in the most recent two years:				
1. The increase in capital reserve was mainly due to the increase in the number of changes in the net equity value recognized by the equity method.				
2. The decrease in other equity was mainly due to the increase in the conversion difference (loss) of the financial statements of foreign operating institutions and the increase in the unrealized appraisal gains and losses (losses) of financial assets measured at fair value through other comprehensive gains and losses.				



## II. Financial Performance

### 1. Analysis of Consolidated Financial Performance

Unit : NT\$ thousands

Item \ Year	2020	2019	Amount Increase (decrease)	Ratio (%)
Operating income	6,043,700	6,323,237	(279,537)	(4.42)
Operating cost	3,999,778	4,343,282	(343,504)	(7.91)
Gross profit	2,043,922	1,979,955	63,967	3.23
Operating expense	1,069,011	1,056,425	12,586	1.19
Profit from operations	974,911	923,530	51,381	5.56
Non-Operating Income and Expenses	(33,621)	30,952	(64,573)	(208.62)
Income Before Tax	941,290	954,482	(13,192)	(1.38)
Income tax expense	247,369	237,003	10,366	4.37
Net Profit	693,921	717,479	(23,558)	(3.28)
Other Consolidated Profit/Loss (Net Profit After Tax)	(206,686)	108,232	(314,918)	(290.97)
Total Comprehensive Income	487,235	825,711	(338,476)	(40.99)
Interest Attributable to Parent Company	429,096	456,880	(27,784)	(6.08)
Total Comprehensive Income to Parent Company	305,045	506,346	(201,301)	(39.76)

Note 1: Analysis of changes in financial ratios: discrepancy over 20% in the most recent two years:

- (1) Decrease in non-operating income and expenses: mainly due to the decrease in interest income and the increase in foreign currency exchange losses.
- (2) Combining the above effects, the net profit for the current period was reduced and changed to 23,558 thousand yuan and 3.28% compared with the previous year.
- (3) Decrease in other comprehensive gains and losses: mainly due to the increase in exchange differences (losses) converted from financial statements of foreign operating institutions.
- (4) The total comprehensive profit and loss of the current period and the total comprehensive profit and loss attributable to the owners of the parent company decreased: mainly due to the decrease in other comprehensive profit and loss.

Note 2: The expected sales volume in the next year and its basis, and the company's expected sales volume to continue to grow or decline, the main influencing factors:

The food business department of the consolidated company expects that the sales volume and operating income in the 2021 will remain roughly the same as the current year, with no major changes.

## 2. Analysis of Individual Financial Performance

Unit : NT\$ thousands

Item \ Year	2020	2019	Amount Increase (decrease)	Ratio (%)
Operating income	2,321,441	2,175,267	146,174	6.72
Operating cost	1,617,516	1,524,903	92,612	6.07
Gross profit	703,925	650,364	53,561	8.24
Operating expense	532,862	511,857	21,005	4.10
Profit from operations	171,063	138,507	32,556	23.50
Non-Operating Income and Expenses	345,655	391,550	(45,895)	(11.72)
Income Before Tax	516,718	530,057	(13,339)	(2.52)
Income tax expense	87,622	73,177	14,445	19.74
Net Profit	429,096	456,880	(27,784)	(6.08)
Other Consolidated Profit/Loss (Net Profit After Tax)	(124,051)	49,466	(173,517)	(350.78)
Total Comprehensive Income	305,045	506,346	(201,301)	(39.76)

Note 1. Description the changes in financial ratio discrepancy over 20% in the most recent two years:

- (1) Increase in operating profit: mainly due to increase in net operating income
- (2) Combining the above effects, the net profit for the current period was reduced and changed to NT\$ 27,784 thousand and 6.08% respectively from the previous period.
- (3) Decrease in other comprehensive gains and losses: mainly due to the increase in exchange differences (losses) converted from financial statements of foreign operating institutions.
- (4) The total comprehensive gains and losses for the current period decreased: mainly due to the decrease in other comprehensive gains and losses.

Note 2 The main influencing factors of the expected sales volume in the next year and its basis and the company's expected sales volume to continue to grow or decline:

The food business department of the consolidated company expects that the sales volume and operating income in the 2021 will remain roughly the same as the current year, with no major changes.



### III. Cash Flow

#### Cash Flow Analysis

Unit : NT\$ thousands

Balance of cash-beginning	Net Cash Inflows from Operating Activities all year round	Cash outflow over the year	Cash Surplus (Deficit)	Remedy for Deficit in Cash	
				Investment Plan	Financing Plan
1,517,644	1,084,474	1,033,083	1,569,035		

1. The analysis of cash flow variations this year:

- (1) Operating activities: The net cash inflow from operating activities was NT\$1,084,474 thousand, mainly from operating income.
- (2) Investing activities: Net cash outflow from investment activities was NT\$298,389 thousand, mainly due to the increase in real estate, plant and equipment, prepayment for equipment and the financial assets.
- (3) Financing activities: The net cash outflow from financing activities was NT\$734,694 thousand (Including exchange rate impact), mainly due to the payment of cash dividends.

2. Improvement plan for inadequate currency: N/A

3. Cash flow analysis in the next coming year:

Unit : NT\$ thousands

Balance of cash-beginning	Net Cash Inflows from Operating Activities all year round	Cash outflow over the year	Cash Surplus (Deficit)	Remedy for Deficit in Cash	
				Investment Plan	Financing Plan
1,569,035	956,177	880,528	1,644,684		

## IV. The Effect upon Financial Operations of Any Major Capital Expenditures in the Most Recent Years

### (1) Major Capital Expenditure Items and Source of Capital :

Unit : NT\$ thousands

Project Items	Actual or Planned Source of Capital	Actual or Planned Date of Completion	Total Amount of Funds Needed	Actual or Expected Capital Expenditure						
				2019	2020	2021	2022	2023	2024	2025
— Chiayi Dapumei Precision Machinery Industrial Park	loan	2019	276,194	35,540	-	-	-	-	-	-
— Soy sauce pressing equipment of Fengtian plant	own	2019	103,500	23,582	-	-	-	-	-	-
— Soy sauce blending equipment of Fengtian plant	own	2022	178,800	-	-	95,700	83,100	-	-	-

### (2) Expected Benefits

1. The company's subsidiary Summi Industrial Company's plant land lease is about to expire and the landlord intends to take it back. The packaging materials for some of the company's products are manufactured and provided by Summi. After various plan evaluations and cost considerations, the company's The Fourth Standing Committee of the 20th Standing Committee purchased land in Dapumei Precision Machinery Park, Chiayi, and planned to build a plant suitable for accommodating the production equipment of Summi, and then leased it to Summi.
2. The company's soy sauce equipment production capacity has reached saturation and some of the equipment is old. It is planned to upgrade the soy sauce production equipment in phases. The first phase is to invest in the construction of the pressing equipment and the plant, which has been completed in 2019 and will enter the second phase Deployment of equipment and construction of factory buildings in 2021.





## **V. Reinvestment Policy in the Most Recent Years, the Main Reasons for the Profits/Losses Generated Thereby, the Plan for Improving Reinvestment Profitability, and investment plans for the Coming Year :**

- (1) In the most recent year (2020), there has been no reinvestment amount exceeding 5% of the paid-in capital.
- (2) Not applicable

## **VI. Risks**

### **(1) The impact of interest rate, exchange rate changes, and inflation on the company's profit and loss and future countermeasures**

The company's management and use of funds have always been conservative and stable. In recent years, due to the continuous downturn in the economy, the Central Bank has kept a low discount rate since 2009 in order to maintain financial and price stability. In 2020, the company's bank borrowing interest rates were still reasonable and moderate, so the change in the money market interest rate in 2020 had little effect on the company's interest expense. In addition, the consolidated company uses its own funds and bank borrowings for flexible adjustment to meet operating needs. Because most of the consolidated company's net assets of floating interest rate mature within one year, and the current market interest rate is low, no major interest rate change risks are expected. The sensitivity analysis of interest rate risk is determined based on the non-derivative financial instruments' interest rate risk exposure at the end of the financial reporting period. If the interest rate increases/decreases by 1%, the consolidated company's net profit will decrease/increase by NT\$6,736 thousand respectively in 2020.

The exchange rate of the New Taiwan dollar against the U.S. dollar had appreciation trend in 2020. The prices of main imported raw materials and materials decreased slightly. The company's import cost decreased slightly with the appreciation of the exchange rate of the New Taiwan dollar against the U.S. dollar. After the foreign exchanges for import and export were offset, the exchange gains and losses have no significant impact on the company's profit and loss. Part of the operating activities of the consolidated company and the net investment of foreign operating institutions are mainly in foreign currencies, so foreign currency exchange rate risks arise. In order to avoid a decrease in the value of foreign currency assets and fluctuations in future cash flows due to exchange rate changes, the consolidated company uses short-term borrowings to avoid exchange rate risks. The use of such financial instruments can help the consolidated company reduce but not completely eliminate the impact of changes in foreign currency exchange rates. Sensitivity analysis of foreign currency exchange rate risk is mainly calculated based on foreign currency monetary items at the end of the financial reporting period. When the New Taiwan dollar appreciates/depreciates by 1% against the U.S. dollar, Thai baht and Vietnamese dong, the consolidated company's net profit in 2020 will increase /decrease by NT\$17,444 thousand, respectively.

The company will at all times pay close attention to the impact of interest rate and exchange rate changes and inflation on the company's profit and loss and promptly propose appropriate

hedging measures.

**(2) Policies for engaging in high-risk, high-leverage investments, loaning funds to others, endorsements and guarantees, and derivative transactions, the main causes of profit or loss, and future countermeasures**

In addition to providing financing endorsements and guarantees to the subsidiary Summit Packing Industrial Co., Ltd., the company also provides financing endorsements and guarantees to its reinvestee Koh Kong Plantation Co., Ltd. and Koh Kong Sugar Industry Co., Ltd. in accordance with the joint investment relationship based on the shareholding ratio of all shareholders. The company's subsidiary Tai Ve Co., Ltd. provided land and buildings to guarantee the company's financing and the company's subsidiary The World Champion Co., Ltd., respectively.

The company loaned US\$4.28 million to its reinvestee PT. Ve Wong Budi Indonesia; the company's investee company Thai Fermentation Industry Co., Ltd., loaned 5.767 million baht to Transportation Co..

In addition, the company does not engage in any high-risk, high-leverage investment or derivative transactions. Other than prudential assessment, regular reporting and control, the company has established "Procedures for Acquiring and Disposing of Assets," "Operating Procedures for Loaning Funds to Others," and "Operating Procedures for Endorsement Guarantees" to abide by.

**(3) R&D expenses for future R&D projects and investment amount.**

2021 Research and Development Plan	Complete Progress	Additional Funds	Complete Expected Time	The leading cause of the successful results	Note
<b>Instant noodles</b>	<p>1.Bags-</p> <p>①wine cooked chicken flavor (launched in Nov, 2020),</p> <p>②medicinal cuisine with pork flavor (launched in Nov, 2020).</p> <p>Product completion rate:100%.</p> <p><b>Continue to develop in 2021 –</b> clam seafood flavor, vegetable with chicken flavor.</p> <p>2. Bowls (1100 c.c.)-</p> <p>①spicy hot pot flavor (launched in Oct 2020). Product completion rate:100%.</p> <p><b>Continue to develop in 2021 –</b> wine cooked beef flavor.</p> <p>3. Non fried noodles-</p> <p><b>Continue to develop in 2021 –</b> scallion with Sichuan pepper flavor, shallot flavor, barbecue pork flavor, sesame paste flavor, Chinese mahogany soybean paste flavor (vegan).</p> <p>Cooperated with Mars media market- soybean paste with beef flavor, tomato flavor, sweet basil flavor.</p> <p>4. Entrusted with other food company for original equipment manufacturer and original design manufacturer (OEM/ODM) soul spicy flavor packaged in bowl for Jinbo selection.(launched in Jul 2020)</p> <p><b>Continue to develop in 2021 –</b> Japanese style pork flavor packaged in the paper bowl for AGV.</p> <p>5. Snack noodles-</p>	None	December 2021	Taste acceptability& Market trend	



2021 Research and Development Plan	Complete Progress	Additional Funds	Complete Expected Time	The leading cause of the successful results	Note
	<p><b>Continue to develop in 2021</b> — prince: teriyaki flavor, garlic flavor, shrimp with garlic flavor, sour onion flavor, basil with Chinese mahogany, mountain litsea flavor.</p> <p>6. Noodles- <b>Continue to develop in 2021</b> — Non fried pumpkin noodles from Sun Chi Food. Fried red quinoa noodles.</p> <p>7. Products for export- <b>Continue to develop in 2021</b> — wine cooked chicken flavor, spicy hot pot flavor.</p>				
<b>Beverages</b>	<p>1.ODM products — Green TFL Co., Ltd. ①TFL products — TFL vegetable paste(launched in September, 2020), TFL taro paste(launched in November, 2020). Product completion rate: 100% ° ②TFL beverages — Soy drink with Almond(launched in December 2020). Product completion rate: 100% ° <b>Continue to develop in 2021</b> — Taiwan Soy drink, Soy drink with Oat and Mixed nuts, Soy drink with Chestnut(limited edition). ③ODM products — whole bean black soy drink for Leezen(launched in March 2021),TFL WildEnoki thickening agent for WANSHENGREEN, TFL Taiwan soy paste.</p> <p>2.Outsourcing products — Ve Wong asparagus drink CAN325mL ( June 2020 production), Champion asparagus drink CAN325mL ( October 2020 production), Ve Wong asparagus drink PET 350mL, Emergency canned food (100% pineapple juice), Mixed porridge-Chinese style(transferred to new manufacturer)</p>	None	December 2021	Taste acceptability& Market trend	
<b>Fast Foods/Instant Soups</b>	<p>1.Hot Pot Soup Bases — ①Thai Tom Yum Soup(launched in October 2020). <b>Continue to develop in 2021</b> — ①Pickled Cabbage Hot Pot Soup.</p> <p>2.Fast Foods — ①Stewed Chicken with Taro(launched in April 2019, Epidemic Prevention Foods Made with Taiwan's Farm-product Raw Materials) . Product completion rate: 100%. <b>Continue to develop in 2021</b> — ①The melody of Hungry cow &amp; Newton(Taiwan Canned Product Innovation Design Competition).</p> <p>3.Instant Rice — <b>Continue to develop in 2021</b> — ①Rice, ②Rice with 3 Treasures Oats, ③Rice with Dehulled Adlay and Soy, Rice with Dehulled Adlay and Black bean.</p> <p>4.Thick Soups made with TFL Products — ①Pumpkin Soup(launched in April 2019, Epidemic Prevention Foods Made with Taiwan's Farm-product Raw Materials). Product completion rate: 100%. <b>Continue to develop in 2021</b> — ①Sweet Taro Soup(launched in January 2021).</p>	None	December 2021	Taste acceptability& Market trend	

2021 Research and Development Plan	Complete Progress	Additional Funds	Complete Expected Time	The leading cause of the successful results	Note
	5. Vacuum Retort Pouch With Instant Noodle— <b>Continue to develop in 2021—</b> ①Japanese Chashu Pork, ②Chicken, ③Beef. 6. Porridges— <b>Continue to develop in 2021—</b> ①Porridge with Chicken & Red Quinoa, ②Porridge with Salmon & Red Quinoa. 7. OEM Products— <b>Continue to develop in 2021—</b> ①Yanex— Braised Chicken with Hua-Diu Wine. ②National Kaohsiung University of Hospitality and Tourism— Mushroom Pork with Sarcodia Suicae, Mushroom and Mixed Vegetables with Sarcodia Suicae(send samples and end in January 2021). 8. Cup Soups— ①Cellophane Noodles-Yuzu Kosho(launched in January 2020), ②Cellophane Noodles- Thai Tom Yum Soup(launched in January 2020) . Product completion rate: 100%.				
<b>Seasonings</b>	1. OEM Products— <b>Continue to develop in 2021—</b> ①Formosa Plastic-Monosodium Glutamate Solution40~41%(OEM)	None	December 2021	Taste acceptability& Market trend	
<b>Soy sauce</b>	1. Non-genetically modified (Non-GMO) brewing soy sauceKIM VE WONG soy sauce(Non-GMO 1.6L)(launched in November 2020) Product completion rate: 100%. <b>Continue to develop in 2021—</b> XO soy sauce— JIAO DI DI(amazake flavor)(396mL) (launched in January 2021), XO soy sauce— JIAO DI DI(Shaoxing flavor)(396mL), XO soy sauce(burdock root flavor), VE WONG soy sauce(plastic drum by 5L, 20L), Soy sauce(wine flavor). 2. Seasoning soy sauce <b>Continue to develop in 2021—</b> XO×2021 Plum dipping sauce (396mL) (launched in January,2021) 、 Moromi sauce(burdock root flavor) 、 Moromi sauce(sichuan pepper flavor)150mL 、 Moromi sauce(miso flavor), Spicy thick soy sauce, All-purpose soy sauce(donburi flavor). 3. Original equipment manufacturer (OEM) <b>Continue to develop in 2021—</b> ① Fung Yi Shian Enterprise Co., Ltd. – Fung No.4(Quality improvement). ②SAN JING FROZEN FOOD– Kabayaki tilapia belly sauce(Non-GMO Fu No.66)	None	December 2021	Taste acceptability& Market trend	

**(4) Changes in important policies and the legal environment at home and abroad, and the effect on Company financial status and operation, and countermeasures:**

The management of the company always pays attention to important domestic and foreign policy and legal changes, and seeks professional units to provide suggestions and plan corresponding measures (currently no significant impact).



**(5) The impact of technological and industrial changes on the Company's financial business and the countermeasures**

The company has been operating the food manufacturing and marketing business for 61 years, and the relevant production technology is mature, and the competitiveness of food depends on consumer taste acceptance and market development trends. Therefore, technological changes in recent years have relatively little impact on the company's financial business.

**(6) The impact of corporate image changes on corporate crisis management and the countermeasures.**

The company has always adhered to the business philosophy and corporate image of establishing "creation, responsibility, honor, unity" and fulfilling environmental responsibility.

**(7) The expected benefits and possible risks of merger or acquisition, and countermeasures: N/A**

**(8) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken : N/A**

**(9) The risks from centralized purchasing or selling, and countermeasures:N/A**

**(10) Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10% stake in the Company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken : N/A**

**(11) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken : N/A**

**(12)Litigation or non-litigation event**

- Ding Hsin Oil Co., Ltd. sued and requested the company to pay NT\$2,144 thousand for the goods. The case is being heard by the Taipei District Court. The company filed a counterclaim during the trial proceedings, requesting Ding Hsin Oil Co., Ltd. for NT\$ 9,420 thousand caused by the problematic lard. Yuan damage. After the case was heard by the Taipei District Court, this lawsuit ruled that the company lost the lawsuit, and the counterclaim was rejected with an illegal requirement. The company was dissatisfied and filed a second-instance appeal and a counter-accusation. After the Taiwan High Court heard the case, it found that the counter-accusation had reason to rule to abolish the original ruling and remanded it to the original trial. The Taipei District Court of the original trial was in the process of hearing the case in 108 v. Gengyi Zi No. 1. Regarding the appeal of the request for payment, the company was ruled to lose the lawsuit. The company filed a third-instance appeal against the request for payment. The Supreme Court partially abolished the request with Taishang Zi No. 1172 in 2020 and sent it back to the Taiwan High Court, which was then approved by both parties. The parties agreed to stop the litigation and wait for the verdict of the previous Taipei District Court in the 2019<sup>th</sup> v. Gengyizi No. 1 case..
- MR. Hsu, a salesperson of the company's Taoyuan sales office, was involved in the misappropriation of about NT\$1.26 million. The company filed a criminal complaint with the Taoyuan District Prosecutor's Office for business misappropriation and applied for the employee integrity insurance. The case is still under trial.

**(13) Other important risks, and mitigation measures being or to be taken : N/A.**

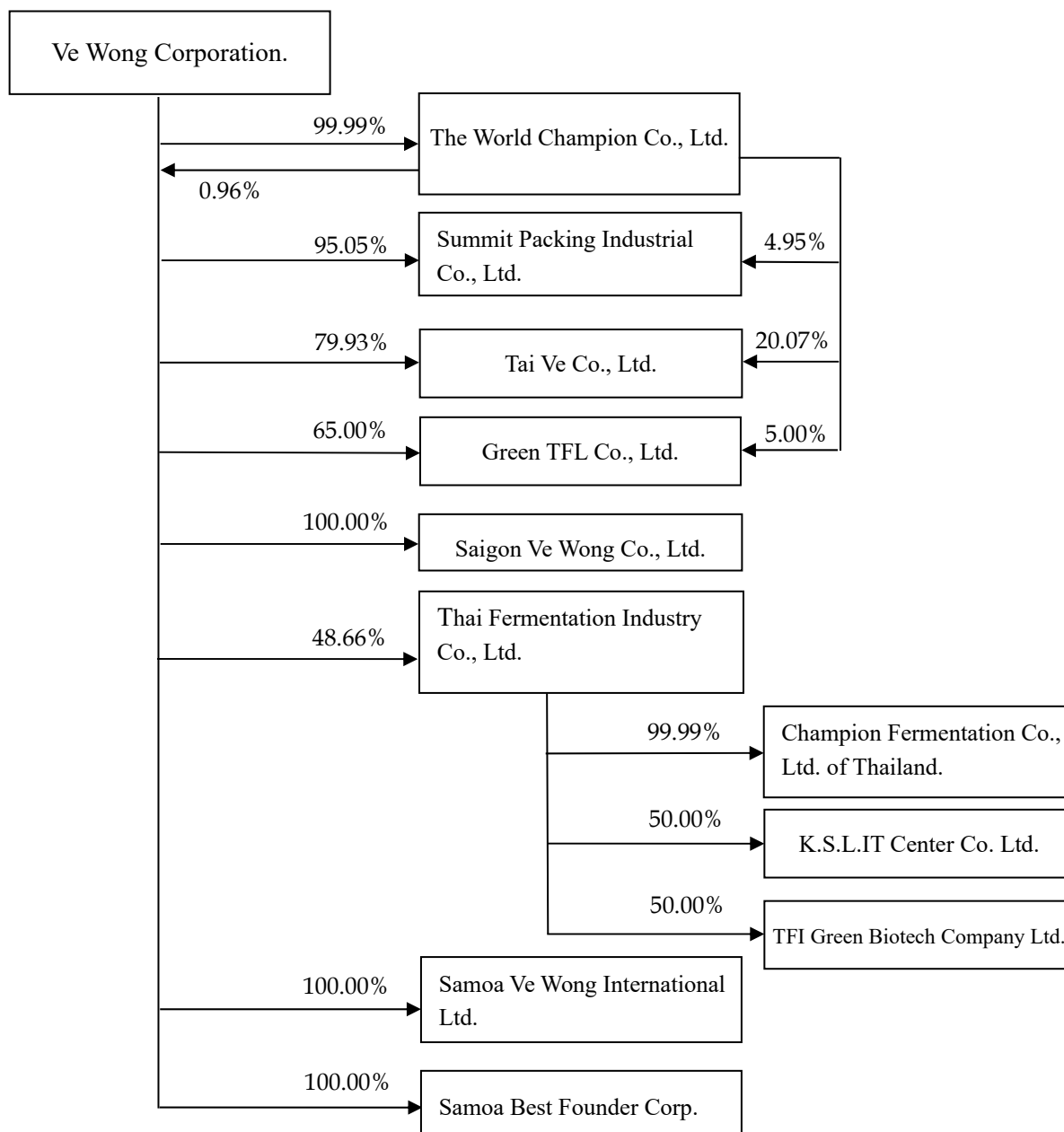
**7. Other Important Matters : None.**

## VIII. Special Disclosure

### I. Affiliated Companies

#### (1) Affiliates Consolidated Business Report

##### 1) Organizational chart of affiliations



The company is not under the presumption of control and subordination in Article 369-3 of the Company Law with other companies.

## 2) The basic information of affiliated companies

December 31, 2020

Unit:NT\$ thousand

Name of Company	Date of incorporation	Address	Paid-in capital	Main business or production items
The World Champion Co., Ltd.	Aug.09,1973	7F, No.79, Sec 2, Zhongshan North Rd., Taipei City	160,000	Manufacturing and sales of MSG, canned food and beverages
Summit Packing Industrial Co., Ltd.	Apr. 11,1996	6F, No.79, Sec 2, Zhongshan North Rd., Taipei City	100,000	Printing, manufacturing and trading of packaging materials and containers
Tai Ve Co., Ltd.	Nov. 17,2003	6F, No.79, Sec 2, Zhongshan North Rd., Taipei City	1,029,888	Development, lease and sale of factory buildings, mansion and real estate, etc.
Green TFL Co., Ltd.	Oct. 05, 2018	8F, No.79, Sec 2, Zhongshan North Rd., Taipei City	40,000	Bean processed food manufacturing
Saigon Ve Wong Co., Ltd.	Sep. 28, 1990	1707 Highway 1A, An Phu Dong Ward, District 12, Ho Chi Minh City, Vietnam	US\$ 16,710,000 (Year-end exchange rate : 28.05)	Manufacturing and sales of MSG and instant noodles
Saigon Ve Wong Co., Ltd.	Nov. 24, 1994	1707 Highway 1A, An Phu Dong Ward, District 12, Ho Chi Minh City, Vietnam	—	Same as above
Thai Fermentation Industry Co., Ltd.	Dec. 12, 1966	20th Floor, KSL Tower, 503 Sriyudhya Rd., Phayathai, Rajtaevee, Bangkok 10400 Thailand	Thai Baht 420,000,000 (Year-end exchange rate : : 0.9229)	Manufacturing and sales of MSG
Thai Fermentation Industry Co., Ltd.	Nov. 26, 1967	No. 15, Moo 17 SeangChuto Rd., 86 KM Tapha, Banpong, Rajburi (70100), Thailand	—	Same as above
Champion Fermentation Co., Ltd. of Thailand.	Mar. 06, 1989	20th Floor, KSL Tower, 503 Sriyudhya Rd., Phayathai, Rajtaevee, Bangkok 10400 Thailand	Thai Baht 200,000,000 (Year-end exchange rate : : 0.9229)	Manufacturing and sales of MSG
K.S.L. IT Center Co., Ltd.	Aug. 02, 2000	10th Floor, KSL Tower, 503 Sriyudhya Rd., Phayathai, Rajtaevee, Bangkok 10400 Thailand	Thai Baht 1,000,000 (Year-end exchange rate : : 0.9229)	Management of Technology Information
TFI Green Biotech Company Ltd.	June 06, 2002	20th Floor, KSL Tower, 503 Sriyudhya Rd., Phayathai, Rajtaevee, Bangkok 10400 Thailand	Thai Baht 10,000,000 (Year-end exchange rate : : 0.9229)	Classification of organic fertilizers
Samoa Ve Wong International Ltd.	Sep. 18, 2002	Vistra Corporate Services Centre, Ground Floor NPF Building,Beach Road, Apia, Samoa	US\$ 50,000 (Year-end exchange rate : : 28.05)	Investment Company
Samoa Best Founder Corporation	Jul. 25, 2008	Vistra Corporate Services Centre, Ground Floor NPF Building,Beach Road, Apia, Samoa	US\$ 5,328,046 (Year-end exchange rate : : 28.05)	Investment Company



3) Shareholders concluded as the existence of the controlling and subordinate company relation : None.

4) Industries covered by the businesses of all affiliated companies

- Industries covered by the businesses of all affiliated companies includes:

- (1) Food manufacturing industry: MSG, instant noodles, beverages, soy sauce, sucrose, etc.

- (2) Manufacturing of packaging materials.

- (3) Others: Development and construction, lease and sale of plants, buildings and real estate, food import and export, raw material cultivation, etc.

For details of the main business or production items of affiliated companies, please refer to 2. Basic information table of affiliated companies.

- Mutual business relationship between the company and affiliated companies:

- (1) Purchases from affiliated companies:

- The World Champion Co., Ltd./ MSG and canned peanut gluten.

- Summit Packing Industrial Co., Ltd./ Food packaging materials.

- Thai Fermentation Industry Co., Ltd. / MSG.

- (2) Sales to affiliated companies

- Saigon Ve Wong Co., Ltd.: Soy sauce, seasoning.



5) The profiles of Directors, Supervisors and Chairman of affiliates.

Name of Company	Job title	Name or Representative	Shares	%
The World Champion Co., Ltd.	Chairman	Ve Wong Corporation. Representative / Chen, Ching-Fu	15,998,696	99.99%
The World Champion Co., Ltd.	Director	Ve Wong Corporation. Representative / Egawa Manwa	15,998,696	99.99%
The World Champion Co., Ltd.	Director	Ve Wong Corporation. Representative / Chen, Kung-Pin	15,998,696	99.99%
The World Champion Co., Ltd.	Director	Ve Wong Corporation. Representative / Kan, Chin-Yu	15,998,696	99.99%
The World Champion Co., Ltd.	Supervisor	Du, Heng-Yi	—	—
The World Champion Co., Ltd.	General Manager	Chen, Kung-Pin	—	—
Summit Packing Industrial Co., Ltd.	Chairman	Ve Wong Corporation. Representative / Chen, Kung-Pin	9,505,000	95.05%
Summit Packing Industrial Co., Ltd.	Director	Ve Wong Corporation. Representative / Egawa Manwa	9,505,000	95.05%
Summit Packing Industrial Co., Ltd.	Director	Ve Wong Corporation. Representative / Lai, Chee-Lee	9,505,000	95.05%
Summit Packing Industrial Co., Ltd.	Director	Ve Wong Corporation. Representative / Chou, Hai-Kuo	9,505,000	95.05%
Summit Packing Industrial Co., Ltd.	Director	Ve Wong Corporation. Representative / Cheng, Hsun-Yin	9,505,000	95.05%
Summit Packing Industrial Co., Ltd.	Supervisor	The World Champion Co., Ltd. Representative / Du, Heng-Yi	495,000	4.95%
Tai Ve Co., Ltd.	Chairman	Ve Wong Corporation. Representative / Chen, Ching-Fu	82,323,152	79.93%
Tai Ve Co., Ltd.	Director	Ve Wong Corporation. Representative / Kan, Chin-Yu	82,323,152	79.93%
Tai Ve Co., Ltd.	Director	Ve Wong Corporation. Representative / Chen, Kung-Pin	82,323,152	79.93%
Tai Ve Co., Ltd.	Director	Ve Wong Corporation. Representative / Egawa Manwa	82,323,152	79.93%
Tai Ve Co., Ltd.	Supervisor	The World Champion Co., Ltd. Representative / Du, Heng-Yi	20,665,604	20.07%
Tai Ve Co., Ltd.	General Manager	Chen, Kung-Pin	—	—
Green TFL Co., Ltd.	Chairman	Ve Wong Corporation. Representative / Chen, Kung-Pin	2,600,000	65.00%
Green TFL Co., Ltd.	Director	Ve Wong Corporation. Representative / Chen, Ching-Fu	2,600,000	65.00%
Green TFL Co., Ltd.	Director	Ve Wong Corporation. Representative / Egawa Manwa	2,600,000	65.00%
Green TFL Co., Ltd.	Director	Ve Wong Corporation. Representative / Cheng, Hsun-Yin	2,600,000	65.00%
Green TFL Co., Ltd.	Director	Real Green Foods Corporation Representative / Cheng, Yi-Shen	1,200,000	30.00%
Green TFL Co., Ltd.	Director	Real Green Foods Corporation Representative / Chang, Yi-Chong	1,200,000	30.00%
Green TFL Co., Ltd.	Supervisor	The World Champion Co., Ltd. Representative / Du, Heng-Yi	200,000	5.00%
Saigon Ve Wong Co., Ltd.	Chairman	Ve Wong Corporation. Representative / Chen, Ching-Fu	—	100.00%
Saigon Ve Wong Co., Ltd.	Director	Ve Wong Corporation. Representative / Chen, Kung-Pin	—	100.00%
Saigon Ve Wong Co., Ltd.	Director	Ve Wong Corporation. Representative / Egawa Manwa	—	100.00%
Saigon Ve Wong Co., Ltd.	Director	Ve Wong Corporation. Representative / Du, Heng-Yi	—	100.00%
Saigon Ve Wong Co., Ltd.	Director	Ve Wong Corporation. Representative / Chou, Hai-Kuo	—	100.00%
Saigon Ve Wong Co., Ltd.	Director	Ve Wong Corporation. Representative / Egawa Hirokazu	—	100.00%
Saigon Ve Wong Co., Ltd.	General Manager	Chen, Ching-Fu	—	—



Name of Company	Job title	Name or Representative	Shares	%
Thai Fermentation Industry Co., Ltd.	Chairman	Mr. ChamroonChinthammit	8,153	1.94%
Thai Fermentation Industry Co., Ltd.	Deputy Chairman	Ve Wong Corporation. Representative / Chen, Kung-Pin	204,390	48.66%
Thai Fermentation Industry Co., Ltd.	Director	Ve Wong Corporation. Representative / Chen, Ching-Fu	204,390	48.66%
Thai Fermentation Industry Co., Ltd.	Director	Ve Wong Corporation. Representative / Egawa Manwa	204,390	48.66%
Thai Fermentation Industry Co., Ltd.	Director	Ve Wong Corporation. Representative / Du, Heng-Yi	204,390	48.66%
Thai Fermentation Industry Co., Ltd.	Director	Ve Wong Corporation. Representative / Lee, Chi-Lung	204,390	48.66%
Thai Fermentation Industry Co., Ltd.	Director	Ve Wong Corporation. Representative / Chou, Chih-Ming	204,390	48.66%
Thai Fermentation Industry Co., Ltd.	Director	Mr. ChaleeChinthammit	720	0.17%
Thai Fermentation Industry Co., Ltd.	Director	Mr.SomphobChinthammit	4,600	1.10%
Thai Fermentation Industry Co., Ltd.	Director	Mr. SukhumTokaranyasresh	7,708	1.84%
Thai Fermentation Industry Co., Ltd.	Director	Mr. TawatchaiRochanachotikul	5,925	1.41%
Thai Fermentation Industry Co., Ltd.	Director	Mr. SomchaiChinthammit	11,700	2.79%
Thai Fermentation Industry Co., Ltd.	Director	Mrs.IntiraSukhanindr	1,200	0.29%
Thai Fermentation Industry Co., Ltd.	General Manager	Lee, Chi-Lung	—	—
Champion Fermentation Co., Ltd. of Thailand.	Chairman	Thai Fermentation Industry Co., Ltd. Representative / Mr. ChamroonChinthammit	199,995	99.99%
Champion Fermentation Co., Ltd. of Thailand.	Deputy Chairman	Thai Fermentation Industry Co., Ltd. Representative / Chen, Kung-Pin	199,995	99.99%
Champion Fermentation Co., Ltd. of Thailand.	Director	Thai Fermentation Industry Co., Ltd. Representative / Chen, Ching-Fu	199,995	99.99%
Champion Fermentation Co., Ltd. of Thailand.	Director	Thai Fermentation Industry Co., Ltd. Representative / Egawa Manwa	199,995	99.99%
Champion Fermentation Co., Ltd. of Thailand.	Director	Thai Fermentation Industry Co., Ltd. Representative / Du, Heng-Yi	199,995	99.99%
Champion Fermentation Co., Ltd. of Thailand.	Director	Thai Fermentation Industry Co., Ltd. Representative / Lee, Chi-Lung	199,995	99.99%
Champion Fermentation Co., Ltd. of Thailand.	Director	Thai Fermentation Industry Co., Ltd. Representative / Chou, Chih-Ming	199,995	99.99%
Champion Fermentation Co., Ltd. of Thailand.	Director	Thai Fermentation Industry Co., Ltd. Representative / Mr. ChaleeChinthammit	199,995	99.99%
Champion Fermentation Co., Ltd. of Thailand.	Director	Thai Fermentation Industry Co., Ltd. Representative / Mr. SomphobChinthammit	199,995	99.99%
Champion Fermentation Co., Ltd. of Thailand.	Director	Thai Fermentation Industry Co., Ltd. Representative / Mr. SukhumTokaranyasresh	199,995	99.99%
Champion Fermentation Co., Ltd. of Thailand.	Director	Thai Fermentation Industry Co., Ltd. Representative / Mr. TawatchaiRochanachotikul	199,995	99.99%
Champion Fermentation Co., Ltd. of Thailand.	Director	Thai Fermentation Industry Co., Ltd. Representative / Mr. SomchaiChinthammit	199,995	99.99%
Champion Fermentation Co., Ltd. of Thailand.	Director	Thai Fermentation Industry Co., Ltd. Representative / Mrs.IntiraSukhanindr	199,995	99.99%
Champion Fermentation Co., Ltd. of Thailand.	General Manager	Lee, Chi-Lung	—	—
K.S.L. IT Center Co., Ltd.	General Manager	Mr. KamondanaiChinthammit	10	0.10%
K.S.L. IT Center Co., Ltd.	Chairman	Mr. SomnukNakasaksewee	10	0.10%
K.S.L. IT Center Co., Ltd.	Director	Ms. PhantipaKrathumthong	10	0.10%

Name of Company	Job title	Name or Representative	Shares	%
TFI Green Biotech Company Ltd.	General Manager	Mr. TanapongTanasomboonkij	7,500	7.50%
TFI Green Biotech Company Ltd..	Chairman	Mr. ChaleeChinthammit	4,600	4.60%
TFI Green Biotech Company Ltd..	Director	Mr. SoonthornWanaukul	500	0.50%
Samoa Ve Wong International Ltd.	Director	Ve Wong Corporation. Representative / Chen, Kung-Pin	50,000	100.00%
Samoa Best Founder Corporation	Director	Ve Wong Corporation. Representative / Egawa Manwa	5,328,046	100.00%

#### 6) Overview of affiliates operation:

December. 31, 2020

Unit : NT\$ thousands

Name of Company	Paid-in capital	Total assets	Total liabilities	Net value	Operating revenue	Operating profit	Net income	EPS (after Tax)
The World Champion Co., Ltd.	160,000	645,013	8,237	636,776	77,287	1,415	10,339	0.65
Summit Packing Industrial Co., Ltd.	100,000	236,176	127,702	108,474	254,851	9,785	8,289	0.83
Tai Ve Co., Ltd.	1,029,888	2,810,023	777,948	2,032,075	62,837	7,260	7,242	0.07
Green TFL Co., Ltd.	40,000	39,843	917	38,926	3,653	(554)	(514)	(0.13)
Saigon Ve Wong Co., Ltd.	475,328	788,971	209,949	579,022	1,304,863	115,070	95,244	不適用
Thai Fermentation Industry Co., Ltd.	465,200	2,600,452	361,720	2,238,732	2,702,053	643,217	535,504	1,275
Champion Fermentation Co., Ltd. of Thailand.	181,623	274,353	7,436	266,917	537,270	12,288	12,008	0.07
K.S.L. IT Center Co., Ltd.	972	13,524	4,550	8,974	25,525	(655)	2	2
TFI Green Biotech Company Ltd.	9,152	31,242	4,366	26,876	11,024	4,551	372	3.72
Samoa Ve Wong International Ltd.	1,741	6,690	-	6,690	-	(87)	(87)	(1.74)
Samoa Best Founder Corporation	169,198	9,904	-	9,904	-	(58)	(4,154)	(0.78)

1.The total value of assets and total liabilities are converted at the exchange rate at the end of the year: US\$ 1=NT\$29.950 Thai Baht 1= NT\$0.9900 Vietnam 1 = NT\$0.0012951

2.The amount of profit and loss is converted at the average exchange rate of the year US\$ 1=NT\$29.950 Thai Baht 1= NT\$0.9900 Vietnam 1 = NT\$0.0012951

3.The amount of capital is converted at historical exchange rates.



## **(2) Consolidated Financial Statements of Affiliates**

### **Declaration of Consolidated Financial Statements of Affiliated Enterprises**

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

Very truly yours,

VE WONG CORPORATION

by



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Chen, Ching-Fu,  
Chairman

March 25, 2021

**(3) Affiliate Report: N/A**

**II. Private placement of securities over past year and up to the date of publication of the annual report: N/A**

**III. Status of company stock held or disposed of by subsidiaries over past year and up to the date of publication of the annual report:**

Unit : NT\$ thousands; Share; %

Name of Subsidiaries	Paid-in capital	Source of fund	Shareholding ratio of The Company	Date of acquisition or disposal	Shares & amount acquired	Shares & Amount disposal	Investment profit & loss	Shares & amount as of the publication date of the annual report	Equity pledged	Making of endorsement / guarantee for subsidiary by The Company	Loaning of fund to subsidiary by The Company
The World Champion Co., Ltd.	160,000	-	99.99%	-	0	0	0	2,293,865 Shares \$38,665	None	0	0

**IV. Other matters that require additional description: N/A**

**V. Any matters of material significance that could have affected shareholder equity or securities price last year and up to the date of publication of the annual report, pursuant to the regulation of article 36-3-2 of securities laws: N/A**





味王股份有限公司

Ve Wong Corporation.

Chairman Chen, Ching-Fu



**Notice to readers**

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

全國唯一全室內密閉式溫控醱酵

味王

VE WONG®

# XO醬油

## SOY SAUCE

全台唯一室內溫控醱酵槽

堅持六個月久釀工法

醱釀出紅潤色澤與甘醇豆香

成就頂級自信之作



第一代  
經典風味



第二代  
簡單配方



第三代  
新味食尚