WEI CHUAN FOODS CORPORATION

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2021 AND 2020

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

INDEPENDENT AUDITORS' REPORT

PWCR 21000391

To the Board of Directors and Shareholders of WEI CHUAN FOODS CORPORATION

Opinion

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

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2021 and 2020, 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 audit of the parent company only financial statements in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2021 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2021 parent company only financial statements are stated as follows:

Estimation of sales incentives

Description

Refer to Note 4(28) for accounting policy on revenue, Note 5(2) for the uncertainty of accounting judgments, assumptions and estimates in relation to revenue recognition and Note 6(21) for details of revenue.

The Company enters into different sales incentive agreements with different sales customers due to the nature of the industry. The Company pays incentives to sales customers if they meet the sales targets at various reward and promotion activities that the Company launches over a number of periods for cooperating with customers and distributors to promote products. International Financial Reporting Standards require that if sales incentives are substantively linked to operating revenue, the Company shall combine the two transactions and record the sales incentives as a deduction item to operating revenue.

The Company calculates and estimates the sales incentive amounts based on the actual sales amounts and the contract terms negotiated with sales customers. Given that the aforementioned process to recognise sales incentives usually involves management judgment and the calculations are relatively complicated, we consider the estimation of sales incentives a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding of the Company's internal control designed for sales incentives and tested the effectiveness of the control, such as ascertained whether the calculations and estimates of each main sales incentive were reviewed by an authorised supervisor.

2. Obtained the reports derived from the Company's system and the relevant proofs of delivery, and then sampled and verified the actual sales volumes and unit prices.
3. Obtained the sales agreements of the Company's main sales customers. Used the actual sales amounts to recalculate the incentives based on the terms specified in the agreement.
4. Performed tests of subsequent deductions and write-offs for the balances of incentives payable that are material on the balance sheet date.

Evaluation of inventories

Description

Refer to Note 4(12) for accounting policy on inventory evaluation, Note 5(2) for critical judgement in relation to inventory evaluation, and Note 6(4) for details of inventories.

The Company is primarily engaged in the manufacture and sale of dairy products, beverages and soy sauce. Due to the high competitiveness of similar products in the food market, the growing consumer awareness of food safety in recent years and the short shelf-life of most dairy products, there is a higher risk of inventories losing value or becoming obsolete if the products are not selling as expected.

The Company applies judgments and estimates in determining the net realisable value of inventories on balance sheet date and then writes down the inventory costs to the net realisable value. Given that the inventories are the main operating assets for the Company, the evaluation of inventories involves management judgments and evaluation amounts are material to the financial statements, we consider the evaluation of inventories a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained the policies for inventory valuation and determined whether the policies applied in provision of allowance for inventory valuation losses in the different periods are consistent.
2. Observed physical inventory count at the end of period to identify whether there are obsolete, damaged or unsalable inventories.
3. Obtained aging statements of each kind of inventory and tested the changes in ages of inventory. Selected samples with inventory number and verified the date of manufacture, checked the accuracy of classification range of inventory ages.

4. Obtained net realisable value statement of each kind of inventory and checked the applied calculation logic. Tested relevant parameters, including: sales or purchases data, reasonableness of marketing to sales ratio calculation, and relevant estimate document. Checked and compared allowance for valuation losses that the Group should provision at the lower of cost and net realisable value.

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 the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

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

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

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

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

Wu, Yu-Lung	Huang, Shih-Chun

For and on behalf of PricewaterhouseCoopers, Taiwan
March 23, 2022

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

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

	Assets	Notes	December 31, 2021 AMOUNT	%	December 31, 2020 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 354,386	3	$ 704,926	5
1150	Notes receivable, net	6(3)	34,294	-	12,881	-
1170	Accounts receivable, net	6(3)	971,623	8	865,552	7
1180	Accounts receivable - related parties	6(3) and 7(2)	9,168	-	7,522	-
1200	Other receivables	7(2)	110,218	1	108,098	1
1220	Current income tax assets		2,912	-	659	-
130X	Inventories	6(4)	673,975	5	603,310	5
1410	Prepayments		20,300	-	10,847	-
1470	Other current assets		16,064	-	6,101	-
11XX	**Current Assets**		2,192,940	17	2,319,896	18
	Non-current assets					
1510	Non-current financial assets at fair value through profit or loss	6(2)	33,117	-	33,117	-
1535	Non-current financial assets at amortised cost	6(1) and 8	8,000	-	8,000	-
1550	Investments accounted for under equity method	6(5)	5,323,366	42	5,554,353	42
1600	Property, plant and equipment	6(6) and 8	3,594,341	29	3,687,645	28
1755	Right-of-use assets	6(7)	195,746	2	130,460	1
1760	Investment property - net	6(8) and 8	193,573	2	188,651	2
1840	Deferred tax assets	6(27)	1,029,613	8	1,195,454	9
1900	Other non-current assets	6(10)	10,353	-	9,730	-
15XX	**Non-current assets**		10,388,109	83	10,807,410	82
1XXX	**Total assets**		$ 12,581,049	100	$ 13,127,306	100

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

	Liabilities and Equity	Notes	December 31, 2021 AMOUNT	%	December 31, 2020 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(12)	$ 150,000	1	$ 600,000	5
2110	Short-term notes and bills payable	6(13)	-	-	249,939	2
2150	Notes payable		22	-	21	-
2170	Accounts payable		514,834	4	473,631	4
2180	Accounts payable - related parties	7(2)	196,758	2	167,313	1
2200	Other payables	6(14)	623,988	5	617,982	5
2230	Current tax liabilities		-	-	9,126	-
2280	Current lease liabilities	7(2)	31,404	-	22,495	-
2320	Long-term liabilities, current portion	6(15)	33,000	-	33,000	-
2399	Other current liabilities, others		10,418	-	9,481	-
21XX	**Current Liabilities**		1,560,424	12	2,182,988	17
	Non-current liabilities					
2540	Long-term borrowings	6(15)	2,889,446	23	2,903,867	22
2570	Deferred tax liabilities	6(27)	674,461	6	795,942	6
2580	Non-current lease liabilities	7(2)	158,943	1	108,008	1
2600	Other non-current liabilities	6(5)(16)	253,794	2	288,796	2
25XX	**Non-current liabilities**		3,976,644	32	4,096,613	31
2XXX	**Total Liabilities**		5,537,068	44	6,279,601	48
	Equity					
	Share capital	6(18)				
3110	Ordinary share		5,060,629	40	5,060,629	39
	Capital surplus	6(19)				
3200	Capital surplus		36,115	-	36,113	-
	Retained earnings	6(20)				
3310	Legal reserve		736,381	6	682,715	5
3320	Special reserve		252,501	2	302,706	2
3350	Unappropriated retained earnings		1,243,902	10	1,018,043	8
	Other equity interest					
3400	Other equity interest		(285,547)	(2)	(252,501)	(2)
3XXX	**Total equity**		7,043,981	56	6,847,705	52
	Significant contingent liabilities and unrecognised commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 12,581,049	100	$ 13,127,306	100

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

WEI CHUAN FOODS CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

			Year ended December 31			
			2021		2020	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(21) and 7(2)	$ 8,157,093	100	$ 7,802,514	100
5000	Operating costs	6(4)(25) and 7(2)	(6,226,716)	(76)	(6,048,630)	(77)
5950	Gross profit from operations		1,930,377	24	1,753,884	23
	Operating expenses	6(25) and 7(2)				
6100	Selling expenses		(1,369,685)	(17)	(1,309,847)	(17)
6200	(space)General and administrative expenses		(265,528)	(3)	(219,889)	(3)
6300	(space)Research and development expenses		(100,802)	(1)	(100,668)	(1)
6450	(space)Expected credit losses	12(2)	(52)	-	(516)	-
6000	(space)(space)Total operating expenses		(1,736,067)	(21)	(1,630,920)	(21)
6900	Operating profit		194,310	3	122,964	2
	Non-operating income and expenses					
7100	(space)Interest income		8,225	-	8,056	-
7010	(space)Other income	6(22) and 7(2)	86,085	1	79,434	1
7020	(space)Other gains and losses	6(23)	(3,263)	-	(41,199)	-
7050	(space)Finance costs	6(24) and 7(2)	(47,890)	(1)	(58,609)	(1)
7055	(space)Expected credit losses	12(2)	-	-	23,184	-
7070	(space)Share of profit of subsidiaries, associates and joint ventures accounted for using equity method, net	6(5)	307,295	4	315,955	4
7000	(space)(space)Total non-operating income and expense		350,452	4	326,821	4
7900	**Profit before income tax**		544,762	7	449,785	6
7950	(space)Income tax (expense) benefit	6(27)	(37,760)	(1)	85,411	1
8000	**Income from continuing operations**		507,002	6	535,196	7
8200	**Profit for the year**		$ 507,002	6	$ 535,196	7
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	(space)Gains (losses) on remeasurements of defined benefit plans	6(17)	($ 13,424)	-	$ 1,200	-
8330	(space)Share of other comprehensive income of associates and joint ventures accounted for using equity method	6(5)	3,955	-	263	-
8310	(space)(space)Components of other comprehensive income that will not be reclassified to profit or loss		(9,469)	-	1,463	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	(space)Exchange differences on translation		(33,046)	-	50,205	1
8360	(space)(space)Components of other comprehensive (loss) income that will be reclassified to profit or loss		(33,046)	-	50,205	1
8300	**Other comprehensive (loss) income**		($ 42,515)	-	$ 51,668	1
8500	**Total comprehensive income**		$ 464,487	6	$ 586,864	8
	Basic earnings per share	6(28)				
9750	(space)Profit for the year		$	1.00	$	1.06
	Diluted earnings per share	6(28)				
9850	(space)Profit for the year		$	1.00	$	1.06

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

WEI CHUAN FOODS CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

				Retained Earnings			Other equity interest	
	Notes	Ordinary share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Total equity
Year ended December 31, 2020								
Balance at January 1, 2020		$ 5,060,629	$ 36,103	$ 551,470	$ -	$ 1,590,372	($ 302,706)	$ 6,935,868
Profit for the year		-	-	-	-	535,196	-	535,196
Other comprehensive income for the year		-	-	-	-	1,463	50,205	51,668
Total comprehensive income		-	-	-	-	536,659	50,205	586,864
Appropriation and distribution of 2019 retained earnings								
Legal reserve appropriated	6(20)	-	-	131,245	-	(131,245)	-	-
Special reserve appropriated	6(20)	-	-	-	302,706	(302,706)	-	-
Cash dividends	6(20)	-	-	-	-	(675,037)	-	(675,037)
Capital surplus - dividends unclaimed by shareholders	6(19)	-	10	-	-	-	-	10
Balance at December 31, 2020		$ 5,060,629	$ 36,113	$ 682,715	$ 302,706	$ 1,018,043	($ 252,501)	$ 6,847,705
Year ended December 31, 2021								
Balance at January 1, 2021		$ 5,060,629	$ 36,113	$ 682,715	$ 302,706	$ 1,018,043	($ 252,501)	$ 6,847,705
Profit for the year		-	-	-	-	507,002	-	507,002
Other comprehensive loss for the year		-	-	-	-	(9,469)	(33,046)	(42,515)
Total comprehensive income (loss)		-	-	-	-	497,533	(33,046)	464,487
Appropriation and distribution of 2020 retained earnings								
Legal reserve appropriated	6(20)	-	-	53,666	-	(53,666)	-	-
Special reserve reversed	6(20)	-	-	-	(50,205)	50,205	-	-
Cash dividends	6(20)	-	-	-	-	(268,213)	-	(268,213)
Capital surplus - dividends unclaimed by shareholders	6(19)	-	2	-	-	-	-	2
Balance at December 31, 2021		$ 5,060,629	$ 36,115	$ 736,381	$ 252,501	$ 1,243,902	($ 285,547)	$ 7,043,981

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

WEI CHUAN FOODS CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 544,762	$ 449,785
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense	6(25)	265,673	352,217
Expected credit loss (profit)	12(2)	52	(22,668)
Interest expense	6(24)	47,890	58,609
Interest income		(8,225)	(8,056)
Net gain on financial assets or liabilities at fair value through profit or loss	6(23)	-	(9)
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	6(5)	(307,295)	(315,955)
Losses on disposal of property, plant and equipment and biological assets	6(23)	2,173	37,336
Impairment gain on reversal of non-financial assets	6(23)	(12,717)	(9,720)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(21,413)	4,662
Accounts receivable		(106,057)	(1,463)
Accounts receivable due from related parties		(1,646)	(1,528)
Other receivables		(2,186)	52,693
inventories		(70,665)	(65,485)
Prepayments		(9,453)	15,705
Other current assets		(9,963)	1,838
Changes in operating liabilities			
Notes payable		1	(1,434)
Accounts payable		41,203	10,363
Accounts payable - related parties		29,445	(14,507)
Other payables		18,244	1,076
Other current liabilities		937	962
Other non-current liabilities		(46,219)	(52,638)
Cash inflow generated from operations		354,541	491,783
Interest received		8,225	8,056
Dividends received		508,203	597,514
Interest paid		(47,908)	(59,465)
Income taxes paid		(11,951)	(5,658)
Net cash flows from operating activities		811,110	1,032,230

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WEI CHUAN FOODS CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2021	Year ended December 31 2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investments accounted for using the equity method		$ -	($ 30,000)
Proceeds from capital reduction of subsidiaries	6(5) and 7(2)	-	22,965
Acquisition of property, plant and equipment	6(29)	(150,050)	(140,878)
Proceeds from disposal of property, plant and equipment		1,814	5,845
Acquisition of biological assets	6(29)	-	(63,331)
Proceeds from disposal of biological assets		-	17,634
Increase in prepayments for business facilities		(150)	(850)
Decrease in guarantee deposits paid	6(10)	(473)	1,421
Decrease in restricted bank deposits		-	2,000
Land value increment tax refunded		7,172	-
Net cash flows used in investing activities		(141,687)	(185,194)
CASH FLOWS FROM FINANCING ACTIVITIES			
Acquisition of investments accounted for using the equity method		-	(30,039)
Decrease in short-term borrowings	6(30)	(450,000)	(620,000)
(Decrease) increase in short-term notes and bills payable	6(30)	(250,000)	250,000
Payments of lease liabilities	6(30)	(36,283)	(26,960)
Repayments of long-term borrowings	6(30)	(514,250)	(1,003,000)
Proceeds from long-term borrowings	6(30)	500,000	1,405,000
(Decrease) increase in guarantee deposits received	6(16)	(1,219)	1,210
Dividends paid	6(20)	(268,213)	(675,037)
Proceeds from dividends unclaimed by shareholders		2	10
Net cash flows used in financing activities		(1,019,963)	(698,816)
Net (decrease) increase in cash and cash equivalents		(350,540)	148,220
Cash and cash equivalents at beginning of year	6(1)	704,926	556,706
Cash and cash equivalents at end of year	6(1)	$ 354,386	$ 704,926

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

WEI CHUAN FOODS CORPORATION

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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

1. History and Organisation

(1) Wei Chuan Foods Corporation (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) and other related regulations in September 1953. The Company is primarily engaged in manufacturing, processing and sale of dairy products, beverages and instant foods.

(2) The Company’s shares have been listed on Taiwan Stock Exchange since February 1962.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These parent company only financial statements were authorised for issuance by the Board of Directors on March 23, 2022.

3. Application of New Standards, Amendments and Interpretations

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16,‘Interest Rate Benchmark Reform- Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021 (Note)

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

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The Company continually evaluates the impact of the above standards and interpretations to the Company's financial condition and financial performance. The quantitative impact will be disclosed when the assessment is complete.

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

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

(2) Basis of preparation

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

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

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

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

(3) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

(a) The operating results and financial position of all the Company entities, associates and jointly controlled entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(4) <u>Classification of current and non-current items</u>

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

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

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

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

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

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

D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

(8) Accounts and notes receivable

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

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

(9) Impairment of financial assets

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

(10) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Leasing arrangements (lessor) - operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(12) Inventories

The perpetual inventory system is adopted for inventory recognition. The cost is determined using the weighted-average method. The fixed production overheads are allocated based on the normal capacity of the production facilities. Normal capacity is the production expected to be achieved on average over a number of periods, taking into account the planned maintenance. The actual level of production may be used if it approximates normal capacity. Ending inventories are stated at the lower of cost and net realisable value. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

(13) Investments accounted for using the equity method / subsidiaries and associates

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

B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise the losses in proportion to the ownership.
D. Upon loss of significant influence over a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.
E. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
F. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
G. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
H. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

I. Pursuant to the "Regulations Governing the Preparation of Financial Statements by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(14) Property, plant and equipment

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

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

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

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

Buildings and structures	5 ~ 60 years
Machinery and equipment	2 ~ 30 years
Office equipment	5 ~ 20 years
Transportation equipment	3 ~ 10 years
Others	2 ~ 30 years

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

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

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

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

C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability.

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

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

(16) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 38 ~ 60 years.

(17) Biological assets

Biological assets are measured at fair value. However, biological assets may be measured at cost less accumulated depreciation if the fair value cannot be obtained from the active market, and the alternative estimation of the fair value is clearly not reliable. They are depreciated over the expected useful life using the straight-line method, which is primarily 5 years. In addition to acquisition cost, feeding costs are capitalised when incurred and are tested annually for impairment. Where there is objective evidence of impairment, an impairment loss is recognised.

(18) Impairment of non-financial assets

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

(19) Borrowings

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

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

(20) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

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

(21) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(22) Offsetting financial instruments

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

(23) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(24) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as 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.

(25) Income tax

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

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

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

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

(26) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(27) Dividends

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

(28) Revenue recognition

A. The Company manufactures and sells food products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer. Delivery occurs when the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

B. The products are often sold with volume discounts based on aggregate sales over a 12-month period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated sales discounts and allowances. Accumulated experience is used to estimate and provide for the sales discounts and allowances, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognised for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. No significant financing component is deemed present as the sales are made with a credit term of 10 to 90 days after monthly billings, which is consistent with market practice.

C. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(29) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognised as non-current liabilities and are amortised to profit or loss over the estimated useful lives of the related assets using the straight-line method.

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

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

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

Based on the Company's assessment, there is no significant uncertainty in the adoption of the accounting policies.

(2) Critical accounting estimates and assumptions

A. Revenue recognition

The Company estimates the incentives relating to the sales revenue based on the agreements. Provisions for such liabilities are recorded as a deduction item to sales revenues when the sales are recognised. The Company reassesses the reasonableness of estimates of incentives periodically.

B. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. The Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

C. Realisability of deferred tax assets

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised. Assessment of the realisability of deferred tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred tax assets.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand	$ 2,497	$ 2,333
Checking accounts and demand deposits	198,477	371,805
Time deposits	153,412	330,788
	$ 354,386	$ 704,926

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

B. As of December 31, 2021 and 2020, the Company's cash and cash equivalents both amounting to $8,000, were restricted due to the guarantee deposit paid for the operational use and were reclassified as non-current financial assets at amortised cost. Refer to Notes 8 for more details.

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

	December 31, 2021	December 31, 2020
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	$ 383,592	$ 383,592
Valuation adjustment	(350,475)	(350,475)
	$ 33,117	$ 33,117

A. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	2021	2020
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	$ -	$ 9

B. Information relating to fair value is provided in Note 12(3).

(3) Notes and accounts receivable (including related parties)

	December 31, 2021	December 31, 2020
Notes receivable	$ 34,294	$ 12,881
Accounts receivable	$ 972,395	$ 866,338
Less: Allowance for uncollectible accounts	(772)	(786)
	$ 971,623	$ 865,552
Accounts receivable due from related parties	$ 9,168	$ 7,522

A. Information relating to ageing analysis and credit risk of accounts receivable and notes receivables (including related parties) is provided in Note 12(2).

B. As of December 31, 2021 and 2020, notes receivable and accounts receivable (including related parties) were all from contracts with customers. Also, as of January 1, 2020, the balance of receivables (including related parties) from contracts with customers amounted to $888,540.

C. The Company has no notes receivable and accounts receivable pledged to others.

(4) Inventories

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials and supplies	$ 236,115	$ (9,557)	$ 226,558
Work in progress	117,290	(2)	117,288
Finished goods	340,869	(10,740)	330,129
	$ 694,274	($ 20,299)	$ 673,975

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials and supplies	$ 189,243	$ (12,529)	$ 176,714
Work in progress	112,642	(2)	112,640
Finished goods	332,064	(18,108)	313,956
	$ 633,949	($ 30,639)	$ 603,310

A. The above inventories were not pledged as collateral.

B. The cost of inventories recognised as expense for the year.

	Year ended December 31	
	2021	2020
Cost of goods sold	$ 6,040,431	$ 5,862,488
Gain on reversal of inventory	(10,340)	(18,754)
Scrap of inventories and gain or loss on physical inventory	180,980	180,501
Revenue from sales of scraps	(4,514)	(3,227)
Loss on excess capacity	20,159	27,622
	$ 6,226,716	$ 6,048,630

Gain on reversal of decline in market value was because of the sale of inventories previously written down which was charged to cost of goods sold.

(5) Investments accounted for using the equity method / Other non-current liabilities-others

	2021	2020
At January 1	$ 5,546,523	$ 5,047,544
Addition of investments accounted for using the equity method	-	753,035
Share of profit or loss of investments accounted for using the equity method	307,295	315,955
Cash dividends received	(508,203)	(597,514)
Proceeds from capital reduction	-	(22,965)
Currency translation differences	(33,046)	50,205
Others	3,955	263
At December 31	$ 5,316,524	$ 5,546,523

Note: To implement division of services and enhance competitiveness and operational performance, the Company invested $30,000 to establish a wholly-owned subsidiary, Cheng Shuen Nung Ranch Dairy Co., Ltd. (Cheng Shuen Nung), in April 2020.

The Board of Directors and the shareholders at their meeting on May 11, 2020 and June 23, 2020 resolved to spin off its business relating to the Linfengying Ranch to Cheng Shuen Nung in exchange for 54,929,989 new shares issued by Cheng Shuen Nung at a price of $10 (in dollars) per share at a consideration of $723,035. The ranch related business (including assets, liabilities and operation) was spun off from the Company to Cheng Shuen Nung. The effective date for the spin-off was set on December 31, 2020.

The nature of spin off was a group reorganisation, and based on IFRS and the letter of the Accounting Research And Development Foundation Interpretation 100-390, the accounting basis of Cheng Shuen Nung was the carrying amounts of assets and liabilities at the effective date for the spin-off.

	Year ended December 31	
	2021	2020
Investee companies	Carrying amount	Carrying amount
(a)Presented under assets-		
Investments accounted for using the equity method:		
Subsidiary：		
KING CAN INDUSTRY CORPORATION	$ 576,584	$ 577,905
CONCOURSE INTERNATIONAL INC.	233,897	220,537
CHINA YOUTH CO., LTD.	8,003	8,002
KANG CHUAN ENGINEERING CO., LTD.	208,880	205,430
Cheng Shuen Nung Ranch Dairy Co., Ltd.	682,631	752,831
WEI-CHUAN INTERNATIONAL LIMITED	54,364	56,321
WEI-CHUAN(BVI) CO., LTD	3,540,947	3,715,641
	5,305,306	5,536,667
Associates：		
FU TING FOODS CO., LTD.	18,060	17,686
	$ 5,323,366	$ 5,554,353

	Year ended December 31	
	2021	2020
Investee companies	Carrying amount	Carrying amount
(b)Presented under liabilities-		
Other non-current liabilities-others:		
Subsidiary：		
THAI WEI-CHUAN CO., LTD.	$ 6,839	$ 7,829
WEI-CHUAN ASIAN INVESTMENT LIMITED	3	1
	$ 6,842	$ 7,830

A. Subsidiaries

Refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2021 for other information about the Company’s subsidiaries.

B. Associates

The carrying amount of the Company’s interests in all individually immaterial associates and the

Company’s share of the operating results are summarised below:

As of December 31, 2021 and 2020, the carrying amount of the Company’s individually immaterial associates amounted to $18,060 and $17,686, respectively.

	Year ended December 31	
	2021	2020
Profit (loss) for the year from continuing operations	$ 374	($ 620)
Other comprehensive income, net of tax	-	-
Total comprehensive income (loss)	$ 374	($ 620)

(6) Property, plant and equipment

	2021							
	Land	Buildings and structures	Machinery and equipment	Office equipment	Transportation equipment	Unfinished construction and equipment under acceptance	Others	Total
At January 1								
Cost	$2,291,314	$ 1,642,262	$ 2,083,046	$ 593,471	$ 338,504	$ 40,233	$ 2,358,723	$ 9,347,553
Accumulated depreciation and impairment	(2,131)	(1,118,047)	(1,841,161)	(538,580)	(334,867)	-	(1,825,122)	(5,659,908)
	$2,289,183	$ 524,215	$ 241,885	$ 54,891	$ 3,637	$ 40,233	$ 533,601	$ 3,687,645
Opening net book amount as at January 1	$2,289,183	$ 524,215	$ 241,885	$ 54,891	$ 3,637	$ 40,233	$ 533,601	$ 3,687,645
Additions	-	-	13,854	13,381	1,542	87,707	19,936	136,420
Disposals	-	-	(2,014)	(536)	-	-	(1,437)	(3,987)
Reclassifications	-	(2,521)	47,902	5,871	-	(118,602)	56,336	(11,014)
Depreciation expense	-	(36,629)	(69,545)	(22,678)	(1,041)	-	(91,585)	(221,478)
Reversal of impairment loss	2,131	1,234	2,014	-	-	-	1,376	6,755
Closing net book amount as at December 31	$2,291,314	$ 486,299	$ 234,096	$ 50,929	$ 4,138	$ 9,338	$ 518,227	$ 3,594,341
At December 31								
Cost	$2,291,314	$ 1,622,579	$ 2,105,000	$ 549,003	$ 338,721	$ 9,338	$ 2,344,317	$ 9,260,272
Accumulated depreciation and impairment	-	(1,136,280)	(1,870,904)	(498,074)	(334,583)	-	(1,826,090)	(5,665,931)
	$2,291,314	$ 486,299	$ 234,096	$ 50,929	$ 4,138	$ 9,338	$ 518,227	$ 3,594,341

	2020							
	Land	Buildings and structures	Machinery and equipment	Office equipment	Transportation equipment	Unfinished construction and equipment under acceptance	Others	Total
At January 1								
Cost	$2,686,532	$ 2,077,345	$ 2,225,132	$ 616,509	$ 367,120	$ 24,197	$ 3,004,399	$11,001,234
Accumulated depreciation and impairment	(2,131)	(1,229,775)	(1,914,674)	(546,317)	(358,149)	-	(2,058,947)	(6,109,993)
	$2,684,401	$ 847,570	$ 310,458	$ 70,192	$ 8,971	$ 24,197	$ 945,452	$ 4,891,241
Opening net book amount as at January 1	$2,684,401	$ 847,570	$ 310,458	$ 70,192	$ 8,971	$ 24,197	$ 945,452	$ 4,891,241
Additions	-	1,105	12,937	15,157	2,481	96,683	26,349	154,712
Disposals	-	(922)	(2,537)	(34)	-	-	(14,582)	(18,075)
Reclassifications	-	-	35,031	2,339	-	(80,647)	44,127	850
Depreciation expense	-	(55,951)	(95,395)	(23,850)	(6,645)	-	(129,465)	(311,306)
Reversal of (impairment loss)	-	728	(2,431)	-	-	-	11,423	9,720
Effect of corporate spin-off	(395,218)	(268,315)	(16,178)	(8,913)	(1,170)	-	(349,703)	(1,039,497)
Closing net book amount as at December 31	$2,289,183	$ 524,215	$ 241,885	$ 54,891	$ 3,637	$ 40,233	$ 533,601	$ 3,687,645
At December 31								
Cost	$2,291,314	$ 1,642,262	$ 2,083,046	$ 593,471	$ 338,504	$ 40,233	$ 2,358,723	$ 9,347,553
Accumulated depreciation and impairment	(2,131)	(1,118,047)	(1,841,161)	(538,580)	(334,867)	-	(1,825,122)	(5,659,908)
	$2,289,183	$ 524,215	$ 241,885	$ 54,891	$ 3,637	$ 40,233	$ 533,601	$ 3,687,645

A. The Company's property, plant and equipment are for its own use.
B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.
C. The above land items both include $382 of farmland as of December 31, 2021 and 2020, respectively. The title to the farmland will be transferred to the Company following the change of land category. However, the land was pledged as collateral both in the amount of $20,000 to the Company in order to safeguard the interests of the Company.
D. The amounts of interest capitalised, which were calculated based on monthly average interest rates, for the years ended December 31, 2021 and 2020 were $145 and $223, respectively.
E. Information about the reversal of impairment loss on property, plant and equipment is provided in Note 6(11).

(7) Leasing arrangements - lessee

A. The Company leases various assets including offices, warehouses and business vehicles. Rental contracts are typically made for periods of 1 to 13 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets cannot be subleased, lent, sold or granted in any different form to third parties without the consent of the lessor.

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

	December 31, 2021	December 31, 2020
	Carrying amount	Carrying amount
Buildings and structures	$ 129,080	$ 127,582
Transportation equipment	1,233	2,878
Machinery and equipment	65,433	-
	$ 195,746	$ 130,460

	Year ended December 31	
	2021	2020
	Depreciation expense	Depreciation expense
Buildings and structures	$ 28,841	$ 26,973
Transportation equipment	1,645	1,644
Machinery and equipment	8,467	-
	$ 38,953	$ 28,617

C. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were $104,239 and $18,414, respectively.

D. Information on profit or loss in relation to lease contracts is as follows:

	Year ended December 31	
	2021	2020
Items affecting profit or loss		
Interest expense on lease liabilities	$ 3,181	$ 2,484
Expense on short-term lease contracts	$ 1,534	$ 1,569

E. Apart from the cash outflow for the interest expense on lease liabilities and expenses on short-term lease contracts as aforementioned in Note 6(7)D, the cash outflow resulting from payments of the principal portion of the lease liability amounted to $36,283 and $26,960 for the years ended December 31, 2021 and 2020, respectively.

(8) Investment property, net

	2021		
	Land	Buildings and structres	Total
At January 1			
Cost	$ 49,998	$ 211,637	$ 261,635
Accumulated depreciation	-	(67,022)	(67,022)
Accumulated impairment	(4,433)	(1,529)	(5,962)
	$ 45,565	$ 143,086	$ 188,651
Opening net book amount as at January 1	$ 45,565	$ 143,086	$ 188,651
Reclassifications	-	4,202	4,202
Depreciation expense	-	(5,242)	(5,242)
Reversal of impairment loss	4,433	1,529	5,962
Closing net book amount as at December 31	$ 49,998	$ 143,575	$ 193,573
At December 31			
Cost	$ 49,998	$ 223,699	$ 273,697
Accumulated depreciation	-	(80,124)	(80,124)
	$ 49,998	$ 143,575	$ 193,573

	2020		
	Land	Buildings and structures	Total
At January 1			
Cost	$ 49,998	$ 211,637	$ 261,635
Accumulated depreciation	-	(61,919)	(61,919)
Accumulated impairment	(4,433)	(1,529)	(5,962)
	$ 45,565	$ 148,189	$ 193,754
Opening net book amount as at January 1	$ 45,565	$ 148,189	$ 193,754
Depreciation expense	-	(5,103)	(5,103)
Closing net book amount as at December 31	$ 45,565	$ 143,086	$ 188,651
At December 31			
Cost	$ 49,998	$ 211,637	$ 261,635
Accumulated depreciation	-	(67,022)	(67,022)
Accumulated impairment	(4,433)	(1,529)	(5,962)
	$ 45,565	$ 143,086	$ 188,651

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Year ended December 31	
	2021	2020
Rental income from investment property	$ 31,657	$ 31,887
Direct operating expenses arising from the investment property that generated rental income	$ 5,242	$ 5,103

B. The fair value of the investment property held by the Company as at December 31, 2021 and 2020 was $1,203,482 and $1,366,050, respectively, which was valued based on the transaction prices of similar property in the neighbouring areas. Valuations is categorised within Level 2 in the fair value hierarchy.

C. Gain on reversal of impairment information about the investment property is provided in Note 6(11).

D. Information about the investment property that was pledged to others as collateral is provided in Note 8.

(9) Non-current biological assets

Year ended December 31, 2021：None.

	2020		
	Biological assets	Immature biological assets	Total
At January 1			
Cost	$ 44,123	$ 72,304	$ 116,427
Accumulated depreciation	(11,908)		(11,908)
	$ 32,215	$ 72,304	$ 104,519
Opening net book amount as at January 1	$ 32,215	$ 72,304	$ 104,519
Additions	-	67,156	67,156
Disposals	(26,506)	(16,234)	(42,740)
Reclassifications	49,385	(49,385)	-
Depreciation expense	(7,191)	-	(7,191)
Effect of corporate spin-off	(47,903)	(73,841)	(121,744)
Closing net book amount as at December 31	$ -	$ -	$ -
At December 31			
Cost	$ -	$ -	$ -
Accumulated depreciation	-	-	-
	$ -	$ -	$ -

(10) Other non-current assets

	December 31, 2021	December 31, 2020
Guarantee deposits paid	$ 9,483	$ 9,010
Prepayments for business facilities	870	720
	$ 10,353	$ 9,730

(11) Impairment of non-financial assets

For the year ended December 31, 2021, the Company assessed the carrying amount of certain real estate based on the results of appraisal reports issued by certified real estate appraisers, and reversed the impairment loss at the balance sheet date, taking into consideration the utilisation of assets. For those assets which had impairment indications at the balance sheet date, use the value in use as the basis of valuation, and reversed the recognised impairment loss at the time of disposals. Details of the recognised impairment (loss)/gain on reversal of impairment are as follows:

	Year ended December 31			
	2021		2020	
	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in profit or loss	Recognised in other comprehensive income
Impairment (loss)/gain on reversal of impairment loss-land	$ 6,564	$ -	$ -	$ -
Impairment (loss)/gain on reversal of impairment loss-buildings and structures	2,763	-	728	-
Impairment (loss)/gain on reversal of impairment loss-machinery and equipment	2,014	-	(2,431)	-
Impairment (loss)/gain on reversal of impairment loss-other equipment	1,376	-	11,423	-
	$ 12,717	$ -	$ 9,720	$ -

(12) Short-term borrowings

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 150,000	1.30%	Note 8

Type of borrowings	December 31, 2020	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 100,000	1.05%	None
Secured borrowings	500,000	1.15%~1.20%	Note 8
	$ 600,000		

Information on the interest expense recognised in profit or loss is provided in Note 6(24).

(13) Short-term notes and bills payable

Year ended December 31, 2021：None.

	December 31, 2020	
	Amount	Interest rate range
Short-term notes and bills payable	$ 250,000	1.08%~1.09%
Less: Unamortised discount	(61)	
	$ 249,939	

(14) Other payables

	December 31, 2021	December 31, 2020
Wages and salaries and bonus payable	$ 184,359	$ 186,139
Sales commission payable	174,514	171,637
Freight payable	74,592	66,235
Advertisement expense payable	33,963	30,968
Machinery and equipment payable	18,135	31,765
Others	138,425	131,238
	$ 623,988	$ 617,982

(15) Long-term borrowings

	December 31, 2021	December 31, 2020
Unsecured borrowings	$ 619,696	$ 119,867
Secured borrowings	2,302,750	2,817,000
	2,922,446	2,936,867
Less: Long-term liabilities, current portion	(33,000)	(33,000)
	$ 2,889,446	$ 2,903,867
Interest rate range	1.04%~1.27%	1.19%~1.38%

A. As of December 31, 2021, the Group has entered into the following loan facility agreements:

(a) A $1.7 billion loan facility agreement with United Overseas Bank that can be redrawn between May 9, 2020 and April 30, 2023.

(b) A $700 million loan facility agreement with Far Eastern International Bank that can be redrawn between September 22, 2020 and September 22, 2023.

(c) A $550 million loan facility agreement with Sunny Bank that was drawn once on December 30, 2019. The principal was repaid monthly and completed the extension. The borrowing can be redrawn between February 17, 2022 and December 17, 2025 after the extension.

(d) A $120 million loan facility agreement with China Bills Finance Corporation that can be redrawn between June 18, 2020 and June 17, 2023.

(e) A $500 million loan facility agreement with China Merchants Bank that can be redrawn between February 1, 2021 and January 31, 2023.

The above agreements entered into with United Overseas Bank and Far Eastern International Bank contain default clauses. The banks have the right to terminate the facility, cancel the undrawn facility or require the Company to make immediate repayment of the principal amount of loan facility withdrawn and outstanding and the relevant expenses if any events of default occur.

The events of default mainly include: Breach of commitments (including financial covenants) and restrictions or special agreements, etc.

As of December 31, 2021, the Company has no event of default.

B. Information on the pledged assets is provided in Note 8.

C. Information on the interest expense recognised in profit or loss is provided in Note 6(24).

(16) Other non-current liabilities

	December 31, 2021	December 31, 2020
Accrued pension liabilities	$ 229,812	$ 262,604
Guarantee deposits received	17,143	18,362
Other	6,839	7,830
	$ 253,794	$ 288,796

(17) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 15% of the employees' monthly salaries and wages to the retirement fund deposited with Department of Trusts, Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	($ 932,505)	($ 965,377)
Fair value of plan assets	702,693	702,773
Net defined benefit liability	($ 229,812)	($ 262,604)

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

2021	Present value of defined benefit obligations	Fair value of Plan assets	Net defined benefit liability
Balance at January 1	($ 965,377)	$ 702,773	($ 262,604)
Current service cost	(4,357)	-	(4,357)
Interest (expense) income	(3,755)	2,829	(926)
	(973,489)	705,602	(267,887)
Remeasurements:			
Return on plan assets (excluding net interest from net defined benefit liabilities (assets))	-	9,767	9,767
Change in financial assumptions	12,215	-	12,215
Demographic assumptions adjustments	(14,365)	-	(14,365)
Experience adjustments	(21,041)	-	(21,041)
	(23,191)	9,767	(13,424)
Pension fund contribution	-	51,499	51,499
Paid pension	64,175	(64,175)	-
Balance at December 31	($ 932,505)	$ 702,693	($ 229,812)

2020	Present value of defined benefit obligations	Fair value of Plan assets	Net defined benefit liability
Balance at January 1	($ 996,395)	$ 679,953	($ 316,442)
Current service cost	(4,755)	-	(4,755)
Interest (expense) income	(7,656)	5,386	(2,270)
	(1,008,806)	685,339	(323,467)
Remeasurements:			
Return on plan assets (excluding net interest from net defined benefit liabilities (assets))	-	22,225	22,225
Change in financial assumptions	(25,835)	-	(25,835)
Demographic assumptions adjustments	4,810	-	4,810
	(21,025)	22,225	1,200
Pension fund contribution	-	59,663	59,663
Paid pension	64,454	(64,454)	-
Balance at December 31	($ 965,377)	$ 702,773	($ 262,604)

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

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

	Year ended December 31	
	2021	2020
Discount rate	0.60%	0.40%
Future salary increases	1.00%	1.00%

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

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

	Discount rate		Future salary increases	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
December 31, 2021				
Effect on present value of defined benefit obligation	($ 29,385)	$ 31,059	$ 30,786	($ 29,419)
December 31, 2020				
Effect on present value of defined benefit obligation	($ 32,112)	$ 34,011	$ 33,642	($ 32,086)

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

(f) Expected contributions to the defined benefit pension plans of the Company for the following year amount to $52,013.

(g) As of December 31, 2021, the Company's weighted average duration of the retirement plan is 6.3 years. The analysis of timing of the future pension payment was as follows:

		Amount
Within 1 year	$	83,615
1-2 year(s)		86,037
2-5 years		294,932
5-10 years		309,754
	$	774,338

B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contribute monthly an amount 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2021 and 2020, were $40,318 and $40,280, respectively.

(18) Share capital

As of December 31, 2021, the Company's authorised capital was $8,000,000 and the share capital was $5,060,629 with a par value of $10 (in dollars) per share. All the shares issued by the company are ordinary shares. The number of shares issued and outstanding was 506,063 thousand shares. All proceeds from shares issued have been collected.

(19) Capital surplus

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

B. The dividends unclaimed by shareholders for over 5 years shall be recognised as capital surplus in accordance with Order No. Jing-Shang-10602420200 issued in September 2017 by the Ministry of Economic Affairs, R.O.C.

(20) Retained earnings

A. Under the Company's Articles of Incorporation, every year's earnings, if any, shall first be used to pay business income tax and offset prior years' deficits and then 10% of the remaining amount shall be set aside as legal reserve, and setting aside or reversal for special reserve in accordance with related laws, if any, the Board of Directors should propose the distribution or to retain the remaining earnings along with prior accumulated undistributed earnings for the approval of the shareholders. The dividends shall be distributed in proportion to the number of shares held by each shareholder accordingly, and the dividends to shareholders every year shall account for at least 50% of net profit of the year. However, dividends are not distributed if the net profit of the year is lower than 5% of paid-in capital. Dividends can be distributed to shareholders in the forms of cash or stocks, provided the cash dividends shall not be less than 50% of the total dividends distributed.

The Company may, by a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, have the earnings in whole or in part distributed in the form of cash; and in addition thereto a report of such distribution shall be submitted to the shareholders at the shareholders' meeting.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

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

D. The appropriation of earnings by the Company

(a) The appropriation of 2019 earnings approved by the shareholders of the Company on June 23, 2020 is as follows:

	Year ended December 31, 2019	
	Amount	Earnings per share (in dollars)
Legal reserve	$ 131,245	
Special reserve	$ 302,706	
Cash dividends	$ 675,037	1.3339

(b) The appropriation of 2020 earnings approved by the shareholders of the Company on August 31, 2021 is as follows:

	Year ended December 31, 2020	
	Amount	Earnings per share (in dollars)
Legal reserve	$ 53,666	
Reversal of special reserve	($ 50,205)	
Cash dividends	$ 268,213	0.53

(c)The appropriation of 2021 earnings proposed by the Board of Directors on March 23, 2022 but not yet resolved by the shareholders of the Company is as follows:

	Year ended December 31, 2021	
	Amount	Earnings per share (in dollars)
Legal reserve	$ 49,754	
Special reserve	$ 33,046	
Cash dividends	$ 253,538	0.501

(21) Operating revenue

Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods at a point in time in the following major product categories:

	Year ended December 31	
	2021	2020
Dairy products	$ 5,141,899	$ 4,857,611
Beverages	1,458,476	1,408,416
Instant foods	885,840	910,244
Others	670,878	626,243
	$ 8,157,093	$ 7,802,514

(22) Other income

	Year ended December 31	
	2021	2020
Rent income	$ 40,542	$ 46,266
Royalty income	20,315	21,052
Others	25,228	12,116
	$ 86,085	$ 79,434

(23) Other gains and losses

	Year ended December 31	
	2021	2020
Losses on disposal of property, plant and equipment and biological assets	($ 2,173)	($ 37,336)
Gains on financial assets at fair value through profit or loss	-	9
Reversal of impairment loss on property, plant and equipment	12,717	9,720
Net foreign exchange (losses) gains	(5,303)	1,424
Others	(8,504)	(15,016)
	($ 3,263)	($ 41,199)

(24) Finance costs

	Year ended December 31	
	2021	2020
Interest expense on bank borrowings	$ 44,709	$ 56,125
Interest expense on lease liabilities	3,181	2,484
	$ 47,890	$ 58,609

(25) Expenses by nature

	Year ended December 31	
	2021	2020
Employee benefit expense	$ 1,251,022	$ 1,253,203
Property, plant and equipment, right-of-use assets, investment property and depreciation expense of biological assets	$ 265,673	$ 352,217

(26) Employee benefit expense

	Year ended December 31	
	2021	2020
Wages and salaries	$ 1,033,170	$ 1,039,320
Labour and health insurance fees	100,936	98,145
Pension costs	45,601	47,305
Directors' remuneration	22,070	21,577
Other personnel expenses (Note)	49,245	46,856
	$ 1,251,022	$ 1,253,203

Note :It included meal expenses, employee benefits/welfare, education training, severance pay and work uniforms, etc.

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, shall be distributed as employees' compensation and directors' remuneration in the form of cash. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 5% for directors' remuneration. The employees include the employees of the Company's subsidiaries who meet certain specific requirements. If the Company incurs accumulated deficit, earnings should be reserved to cover losses prior to the appropriation of profit as employees' compensation and directors' remuneration according to the aforementioned ratios.

B. The employees' compensation and directors' remuneration for the years ended December 31, 2021 and 2020 are accrued based on the ratio of pre-tax profit of the year before deducting any employees' compensation and directors' remuneration. The accrued amounts are as follows:

	Year ended December 31	
	2021	2020
Employees' compensation	$ 5,558	$ 6,510
Directors' remuneration	$ 5,447	$ 6,300

The aforementioned employees' compensation and directors' remuneration were recorded under wages and salaries and directors' remuneration.

Employees' compensation and directors' remuneration for 2020 as resolved by the Board of Directors of the Company amounting to $6,510 and $6,300, were in agreement with those amounts recognised in the 2020 parent company only financial statements. As the actual distributed amount of employees' compensation for 2020 was $6,431, the difference of $79 between the amounts resolved at the Board meeting and the actual distributed amount had been adjusted in the profit or loss of 2021. There was no difference between the amount resolved at the Board meeting and the actual distributed amount of directors' remuneration.

C. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(27) Income tax

A. Income tax expense

(a) Components of income tax (benefit) expense:

	Year ended December 31	
	2021	2020
Current tax:		
Prior year income tax overestimation	($ 8,468)	($ 5,326)
Tax on undistributed surplus earnings	-	9,880
Offshore income tax expense	1,868	2,757
Total current tax	(6,600)	7,311
Deferred tax:		
Origination and reversal of temporary differences	44,360	(92,722)
Total deferred tax	44,360	(92,722)
Income tax (benefit) expense	$ 37,760	($ 85,411)

(b) For the years ended December 31, 2021 and 2020, the Company had no income tax charged/(credited) to other comprehensive income and equity during the year.

B. Reconciliation between income tax (benefit) expense and accounting profit

	Year ended December 31	
	2021	2020
Tax calculated based on profit before tax and statutory tax rate	$ 108,952	$ 89,957
Items disallowed by tax regulation	(20,914)	(39,801)
Change in assessment of realisation of deferred tax assets and liabilities	(43,678)	(142,878)
Prior year income tax overestimation	(8,468)	(5,326)
Tax on undistributed surplus earnings	-	9,880
Offshore income tax expense	1,868	2,757
Income tax (benefit) expense	$ 37,760	($ 85,411)

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

	2021			
	January 1	Recognised in profit or loss	Effect of corporate spin-off	December 31
Deferred tax assets:				
- Temporary differences:				
Unrealised losses on overseas investments	$ 88,972	$ 76	$ -	$ 89,048
Unrealised accrued expenses	10,554	(2,374)	-	8,180
Unrealised impairment loss on assets	16,938	(1,260)	-	15,678
Unrealised loss on obsolete and slow-moving inventories	6,128	(2,068)	-	4,060
Estimated unused compensated absences	2,929	-	-	2,929
Unrealised foreign exchange loss	3,514	(180)	-	3,334
-Tax losses	1,066,419	(160,035)	-	906,384
	$ 1,195,454	($ 165,841)	$ -	$ 1,029,613
Deferred tax liabilities:				
- Temporary differences:				
Reserve for land value increment tax	($ 549,443)	$ -	$ -	($ 549,443)
Unrealised gains on overseas investments	(246,499)	121,481	-	(125,018)
	($ 795,942)	$ 121,481	$ -	($ 674,461)
	$ 399,512	($ 44,360)	$ -	$ 355,152

	2020			
	January 1	Recognised in profit or loss	Effect of corporate spin-off	December 31
Deferred tax assets:				
- Temporary differences:				
Unrealised losses on overseas investments	$ 89,721	($ 749)	$ -	$ 88,972
Unrealised accrued expenses	10,444	110	-	10,554
Unrealised impairment loss on assets	18,882	(1,944)	-	16,938
Unrealised loss on obsolete and slow-moving inventories	9,879	(3,751)	-	6,128
Estimated unused compensated absences	3,296	(367)	-	2,929
Unrealised foreign exchange loss	3,768	(254)	-	3,514
Unrealised loss on doubtful debts	4,076	(4,076)	-	-
-Tax losses	1,121,003	(54,584)	-	1,066,419
	$ 1,261,069	($ 65,615)	$ -	$ 1,195,454
Deferred tax liabilities:				
- Temporary differences:				
Reserve for land value increment tax	($ 643,041)	$ 81,141	$ 12,457	($ 549,443)
Unrealised gains on overseas investments	(323,695)	77,196	-	(246,499)
	($ 966,736)	$ 158,337	$ 12,457	($ 795,942)
	$ 294,333	$ 92,722	$ 12,457	$ 399,512

D. Expiration dates of the Company's unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2021				
Year incurred	Amount filed/ assessed	Unused amount	Deferred tax assets	Expiry year
2014 ~ 2019	$ 6,985,370	$ 5,915,996	$ 1,384,080	2024 ~ 2029

December 31, 2020				
Year incurred	Amount filed/ assessed	Unused amount	Deferred tax assets	Expiry year
2014 ~ 2019	$ 6,985,370	$ 6,716,177	$ 1,384,080	2024 ~ 2029

E. The Company's income tax returns through 2018 have been assessed and approved by the Tax Authority.

(28) Earnings per share

	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Year ended December 31, 2021			
Basic/Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 507,002	$ 506,063	$ 1.00

	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Year ended December 31, 2020			
Basic/Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 535,196	$ 506,063	$ 1.06

(29) Supplemental cash flow information

Investing activities with partial cash payments:

	Year ended December 31	
	2021	2020
Purchase of property, plant and equipment and biological assets	$ 136,420	$ 221,868
Add: Opening balance of payable on equipment	31,765	17,931
Less: Ending balance of payable on equipment	(18,135)	(31,765)
Write-off of other receivables	-	(3,825)
Cash paid during the year	$ 150,050	$ 204,209

(30) Changes in liabilities from financing activities

	2021			
	Short-term notes and bills payable	Short-term borrowings	Lease liability	Long-term borrowings (including current portion)
At January 1	$ 249,939	$ 600,000	$ 130,503	$ 2,936,867
Changes in cash flow from financing activities	(250,000)	(450,000)	(36,283)	(14,250)
Changes in other non-cash items	61	-	96,127	(171)
At December 31	$ -	$ 150,000	$ 190,347	$ 2,922,446

	2020			
	Short-term notes and bills payable	Short-term borrowings	Lease liability	Long-term borrowings (including current portion)
At January 1	$ -	$ 1,220,000	$ 139,049	$ 2,969,754
Changes in cash flow from financing activities	250,000	(620,000)	(26,960)	402,000
Changes in other non-cash items	(61)	-	18,414	(434,887)
At December 31	$ 249,939	$ 600,000	$ 130,503	$ 2,936,867

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
KING CAN INDUSTRY CORPORATION (KING CAN INDUSTRY)	A subsidiary of the Company
KANG CHUAN ENGINEERING CO., LTD. (KANG CHUAN ENGINEERING)	A subsidiary of the Company
CONCOURSE INTERNATIONAL INC. (CONCOURSE INTERNATIONAL)	A subsidiary of the Company
Cheng Shuen Nung Ranch Dairy Co., Ltd. (Cheng Shuen Nung)	A subsidiary of the Company
WEI-CHUAN (BVI) CO., LTD. (WEI-CHUAN (BVI))	A subsidiary of the Company
LANGFANG WEI-CHUAN FOODS CO., LTD. (LANGFANG WEI-CHUAN)	A second-tier subsidiary of the Company
HANGZHOU WEI-CHUAN FOOD CO., LTD. (HANGZHOU WEI-CHUAN)	A second-tier subsidiary of the Company
Hangzhou Weichuan Biotechnology Foods Co., Ltd. (Hangzhou Weichuan Biotechnology)	A second-tier subsidiary of the Company
FU TING FOODS CO., LTD.	An investee accounted for using the equity method by the Company
TAIWAN TING QIAO RESTAURANT MANAGEMENT CO. LTD.	An entity controlled by the investor with significant influence over the Company
Hangzhou Kenko&Ting Foods Co., Ltd. (Hangzhou Kenko&Ting)	An entity controlled by the investor with significant influence over the Company
THE BREAD CO., LTD.	An entity controlled by the investor with significant influence over the Company
KANG CHENG CO., LTD.	An entity controlled by the investor with significant influence over the Company
RIKKEI TRADING CORP.	A director of the Company is also the chairman of the entity
TAIWAN STAR TELECOM CORPORATION LIMITED	A director of the Company is also the chairman of the entity
All directors, general managers and main management personnel	Key management personnel and governing bodies of the Company

(2) Significant related party transactions

A. Sales transactions

(a) Operating revenue

Details of operating revenue arising from goods sold by the Company to related parties are as follows:

	Year ended December 31	
	2021	2020
Subsidiaries	$ 37,890	$ 44,054
Other related parties	354	4,588
	$ 38,244	$ 48,642

The Company's sales price, conditions and credit terms to related parties was approximately the same as those for third party customers. The credit terms for third party customers approximately ranged from 10 to 90 days after monthly billings.

(b) Accounts receivable

Details of accounts receivable arising from the aforementioned sales transactions to related parties are as follows:

	Year ended December 31	
	2021	2020
Subsidiaries		
CONCOURSE INTERNATIONAL	$ 9,100	$ 7,393
Other	-	1
Other related parties	68	128
	$ 9,168	$ 7,522

B. Purchase transactions

(a) Costs of goods purchased

Details of goods purchased by the Company from related parties are as follows:

	Year ended December 31	
	2021	2020
Subsidiaries		
KING CAN INDUSTRY	$ 449,684	$ 448,176
CONCOURSE INTERNATIONAL	324,897	333,875
Cheng Shuen Nung	133,676	-
Associates	33,254	50,703
Other related parties	26,988	35,057
	$ 968,499	$ 867,811

Goods purchased from related parties are based on the price lists in force and terms agreed upon by both parties. Payment terms have no major difference between related parties and third parties, which are 30 ~ 90 days end of month for general supplies.

(b) Accounts payable

Details of accounts payable arising from the aforementioned goods purchased from related parties are as follows:

	Year ended December 31	
	2021	2020
Subsidiaries		
KING CAN INDUSTRY	$ 87,856	$ 84,278
CONCOURSE INTERNATIONAL	93,358	72,147
Cheng Shuen Nung	10,851	-
Associates	3,280	9,425
Other related parties	1,413	1,463
	$ 196,758	$ 167,313

C. Leasing arrangements

(a) Rent income

The Company leases certain plants and offices (shown as investment property) to related parties, details are as follows:

Lessee	Leased object	Rent calculation and payment	Year ended December 31 2021	Year ended December 31 2020
Subsidiaries				
KING CAN INDUSTRY	Plants and offices	Semi-annually prepayment / Monthly payment	$ 17,128	$ 17,128
Other	Offices	Monthly payment	193	217
Associates	Offices	Monthly payment	-	55
Other related parties	Plants and offices	Quarterly prepayment / Monthly payment	5,422	6,191
			$ 22,743	$ 23,591

As of December 31, 2021 and 2020, the balances of other receivables arising from aforementioned transactions were $1,381 and $1,444, respectively.

(b) Lease liabilities / Finance costs

i. Details of lease liabilities arising from leasing offices from related parties by the Company are as follows:

	December 31, 2021	December 31, 2020
Subsidiaries		
KING CAN INDUSTRY	$ 9,127	$ 11,306
KANG CHUAN ENGINEERING	6,514	8,392
	$ 15,641	$ 19,698

ii. Details of interest expense arising from leasing offices from related parties by the Company are as follows:

	December 31, 2021	December 31, 2020
Subsidiaries		
KING CAN INDUSTRY	$ 193	$ 232
KANG CHUAN ENGINEERING	141	176
	$ 334	$ 408

D. Other transactions

(a) Manufacturing and operating expense

The amounts of manufacturing and operating expenses as well as related other payables as of and for the years ended December 31, 2021 and 2020 between the Company and related parties were immaterial. Thus, details are not disclosed.

(b) Other income

The amounts of other income and the related other receivables as of and for the years ended December 31, 2021 and 2020 between the Company and related parties were immaterial. Thus, details are not disclosed. In addition, the Company's other receivables from service transactions in previous years are as follows:

	December 31, 2021	December 31, 2020
Subsidiaries		
HANGZHOU WEI-CHUAN	$ 80,350	$ 82,595

(c) Investments accounted for using the equity method

i. Reduction items to investments accounted for using the equity method arising due to proceeds received from capital reduction of the Company's subsidiaries are as follows:

	Year ended December 31	
	2021	2020
Subsidiaries		
KANG CHUAN ENGINEERING	$ -	$ 22,965

As of December 31, 2021 and 2020, the Company had no other receivables arising from the aforementioned transactions.

ii. Cash dividends received by the Company due to the investment in subsidiaries are as follows:

	Year ended December 31	
	2021	2020
Subsidiaries		
WEI-CHUAN (BVI)	$ 392,049	$ 513,959
KING CAN INDUSTRY	65,441	60,649
CONCOURSE INTERNATIONAL	50,713	22,906
	$ 508,203	$ 597,514

As of December 31, 2021 and 2020, the Company had no other receivables arising from the aforementioned transactions.

iii. Financial assets acquired from spinning off the cash and ranch related business (including assets, liabilities and operating) to subsidiaries were as follows:

Counterparty	Accounts	No. of shares (shares)	Objects	Year ended December 31, 2021	Year ended December 31, 2020
Cheng Shuen Nung	Investments accounted for using equity method	54,929,989	Common shares of Cheng Shuen Nung	None	$ 723,050

E. Guarantees transaction provided to related parties

The aforementioned guarantee amount and utilization amount provided to related party were as follows:

	December 31, 2021	
	Guaranteed line of credit	Actual guarantee amounts used
Subsidiaries		
Cheng Shuen Nung	$ 435,000	$ 424,000
Hangzhou Weichuan Biotechnology	217,290	183,393
CONCOURSE INTERNATIONAL	830,400	97,988
	$ 1,482,690	$ 705,381

	December 31, 2020	
	Guaranteed line of credit	Actual guarantee amounts used
Subsidiaries		
Cheng Shuen Nung	$ 435,000	$ 435,000
Hangzhou Weichuan Biotechnology	218,300	135,346
CONCOURSE INTERNATIONAL	854,400	70,228
	$ 1,507,700	$ 640,574

(a) Other income

The detail of other income arising from these transactions were as follows:

	December 31, 2021
Subsidiaries	$ 3,981

(b)Other receivables

As of December 31, 2021 and 2020, the balance of other receivables arising from these transactions were $1,041 and $521, respectively.

(3) Key management compensation

	Year ended December 31	
	2021	2020
Salaries and other short-term employee benefits	$ 41,612	$ 41,325
Post-employment benefits	108	117
	$ 41,720	$ 41,442

8. Pledged Assets

As of December 31, 2021 and 2020, the Company's assets pledged as collateral are as follows:

	Book value		
Pledged asset	December 31, 2021	December 31, 2020	Purpose
Pledged time deposits (shown as non-current financial assets at amortised cost)	$ 8,000	$ 8,000	Collateral for long-term material purchase
Land (shown as property, plant and equipment and investment property)	2,211,404	2,202,077	Collateral for long-term and short-term borrowings
Buildings and structures (shown as property, plant and equipment and investment property)	616,127	672,561	Collateral for long-term and short-term borrowings
	$ 2,835,531	$ 2,882,638	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Significant Contingent Liabilities

Regarding the misuse of lard oil supplied by TING HSIN OIL & FAT INDUSTRIAL CO., LTD. and CHENG-I FOOD CO., LTD., the Company was sued by the Consumers' Foundation, Chinese Taipei to bear a joint and several liability for compensation. In January 2022, the Supreme Court verdict confirmed that the Company was not required to pay compensation.

(2) Significant Unrecognised Contract Commitments

A. As of December 31, 2021 and 2020, the Company has a promissory note for credit facilities from banks in the amount of $7,052,750 and $8,251,000, respectively

B. As of December 31, 2021 and 2020, the Company has entered into agreements to subcontract construction projects or purchase equipment. The future outstanding commitments for the construction and equipment payments, net of the prepayments, amounted to $18,051 and $28,391, respectively.

C. As of December 31, 2021 and 2020, the Company provided endorsements and guarantees for the Group's individual financing as described in Note 7(2).

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

Information on the appropriation of 2021 earnings proposed by the Board of Directors on March 23, 2022 but not yet resolved by the shareholders of the Company is provided in Note 6(20).

12. Other

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust to the optimal capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities divided by total capital. Total liabilities are the total amount of liabilities as shown in the parent company only balance sheet. Total capital is calculated as 'equity' as shown in the parent company only balance sheet plus total liabilities.

During the year ended December 31, 2021, the Company's strategy was unchanged from 2020. As of December 31, 2021 and 2020, the gearing ratios were 44% and 48%, respectively.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2021	December 31, 2020
Financial assets		
Financial assets at fair value through profit or loss		
Non-current financial assets mandatorily measured at fair value through profit or loss	$ 33,117	$ 33,117
Financial assets at amortised cost		
Cash and cash equivalents	354,386	704,926
Notes receivable, net	34,294	12,881
Accounts receivable, net	971,623	865,552
Accounts receivable due from related parties, net	9,168	7,522
Other receivables	110,218	108,098
Other non-current assets		
- Guarantee deposits paid	9,483	9,010
- Other financial assets	8,000	8,000

	December 31, 2021	December 31, 2020
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 150,000	$ 600,000
Short-term notes and bills payable	-	249,939
Notes payable	22	21
Accounts payable	514,834	473,631
Accounts payable to related parties	196,758	167,313
Other payables	623,988	617,982
Long-term liabilities, current portion	33,000	33,000
Long-term borrowings (including current portion)	2,889,446	2,903,867
Other non-current liabilities-Guarantee deposits received	17,143	18,362
Current lease liabilities	31,404	22,495
Non-current lease liabilities	158,943	108,008

B. Financial risk management policies

(a) The Company adopts a comprehensive risk management and control system to identify, evaluate and control all risks, including market risk (including exchange rate risk, interest rate risk and price risk), credit risk, liquidity risk, in order for the management to control these risks effectively.

(b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the managements. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The management provide written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

i. Foreign exchange risk

Some of the Company's sales and purchases are denominated in USD. The fair value changes according to the fluctuations in market exchange rates. As the Company offsets these market risks by matching the foreign currency assets and liabilities positions and their payment periods, it does not expect significant market risk.

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

	December 31, 2021		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	4,307	27.68	$ 119,218
RMB:NTD	37,552	4.35	163,351
Long-term equity investments accounted for using the equity method			
USD:NTD	129,888	27.68	3,595,311
Financial liabilities			
Monetary items			
RMB:NTD	188	4.35	$ 818

	December 31, 2020		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	3,886	28.48	$ 110,673
RMB:NTD	78,692	4.37	343,884
Long-term equity investments accounted for using the equity method			
USD:NTD	132,443	28.48	3,771,962
Financial liabilities			
Monetary items			
RMB:NTD	115	4.37	$ 503

The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2021 and 2020, amounted to ($5,303) and $1,424, respectively.

Analysis of foreign currency market risk arising from significant foreign exchange variation:

	December 31, 2021		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income or loss
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 1,192	$ -
RMB:NTD	1%	1,634	-
Financial liabilities			
Monetary items			
RMB:NTD	1%	($ 8)	$ -

	December 31, 2020				
	Sensitivity analysis				
	Degree of variation	Effect on profit or loss		Effect on other comprehensive income or loss	
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	1%	$	1,107	$	-
RMB:NTD	1%		3,439		-
Financial liabilities					
Monetary items					
RMB:NTD	1%	($	5)	$	-

B. Price risk

(i) The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss.

(ii) The Company's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, pre-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by $331 and $331, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

C. Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term and short-term borrowings as well as short-term notes and bills payable. Borrowings issued at variable rates expose the Company to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's long-term and short-term borrowings as well as short-term notes and bills payable are with floating rates. During the years ended December 31, 2021 and 2020, the Company's borrowings at variable rates were denominated in NTD.

As of December 31, 2021 and 2020, if the borrowing interest rate had increased/decreased by 0.1% with all other variables held constant, pre-tax profit for the years ended December 31, 2021 and 2020 would have decreased/increased by $3,072 and $3,787, respectively. The main factor is that floating-rate borrowings result in increase/decrease in interest expense.

(b) Credit risk

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

ii. The Company manages their credit risk taking into consideration the entire Company's concern. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard credit terms and delivery conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the managements. The utilisation of credit limits is regularly monitored.

iii. The Company adopts assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

v. The Company classifies customers' notes and accounts receivable in accordance with credit rating of customer, credit on trade and customer types. The Company applies the modified approach using a provision matrix based on the loss rate methodology to estimate the expected credit loss.

vi. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights. As of December 31, 2021 and 2020, the Group had no written-off financial assets that are still under recourse procedures.

vii. After the Company identifies customer risks on an individual basis, and it classifies them into Companys according to different credit risk characteristics, assesses the historical default rates, and uses the forecastability to adjust historical and timely information to assess the default possibility. The Company considers that in the financial industry, the default rate should not be lower than 0.03% for numerous and unidentifiable individual investors. However, in accordance with the policy, the Company traces the credit risk of customers at any time, the Company refers to the reference rate set by the financial industry as a basis of forecast adjustment, and adjusts the expected loss rate referring to monitoring indicator and the nature of risk. The loss rate methodology is as follows:

December 31, 2021	Not past due	1~30 days past due	31~90 days past due	Over 90 days past due	Total
Expected loss rate	0.02%	0.02%	0.03%	100.00%	
Total book value	$ 967,612	$ 47,059	$ -	$ 1,186	$1,015,857
Loss allowance	($ 772)	$ -	$ -	$ -	($ 772)

December 31, 2020	Not past due	1~30 days past due	31~90 days past due	Over 90 days past due	Total
Expected loss rate	0.06%	0.10%	0.13%	100.00%	
Total book value	$ 883,906	$ 1,511	$ 13	$ 1,311	$ 886,741
Loss allowance	($ 786)	$ -	$ -	$ -	($ 786)

The above ageing analysis was based on past due date.

viii. Movements in relation to the Company's loss allowance for accounts and notes receivable and other receivables are as follows:

	2021			
	Accounts receivable	Notes receivable	Other receivables	Total
At January 1	$ 786	$ -	$ 1,828	$ 2,614
Expected credit loss (gain)	(14)	-	66	52
At December 31	$ 772	$ -	$ 1,894	$ 2,666

	2020			
	Accounts receivable	Notes receivable	Other receivables	Total
At January 1	$ 252	$ 4	$ 52,357	$ 52,613
Expected credit loss (gain)	534	(4)	(23,198)	(22,668)
Write-offs	-	-	(16,331)	(16,331)
Effect of corporate spin-off	-	-	(11,000)	(11,000)
At December 31	$ 786	$ -	$ 1,828	$ 2,614

(c) Liquidity risk

i. The Company chooses the equity instruments with sufficient liquidity when investing in the equity financial instruments. Company management monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs, so it does not expect significant liquidity risk.

ii. Surplus cash held by the units over and above balance required for working capital management are transferred to the Company treasury. Company treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

iii. As of December 31, 2021 and 2020, the amounts of undrawn available borrowing facilities were $3,980,300 and $4,431,000, respectively.

iv. The Company has no derivative financial liabilities. Except for the items disclosed in the following table, the Company's non-derivative financial liabilities, which were classified by its maturity date, were due within one year and approximates the amounts which were shown in the balance sheets. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2021	Less than 1 year	Between 1 and 2 year(s)	Between 2 and 5 years	Over 5 years	Total
Non-derivative financial liabilities					
Lease liability	$ 36,162	$ 30,844	$ 69,120	$ 69,255	$ 205,381
Long-term borrowings (including current portion)	65,917	2,733,715	172,671	-	2,972,303

December 31, 2020	Less than 1 year	Between 1 and 2 year(s)	Between 2 and 5 years	Over 5 years	Total
Non-derivative financial liabilities					
Lease liability	$ 27,003	$ 19,023	$ 41,716	$ 56,667	$ 144,409
Long-term borrowings (including current portion)	71,892	2,326,225	605,403	-	3,003,520

(3) Fair value information

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

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

B. Fair value information of investment property at cost is provided in Note 6(8).

C. The carrying amounts of the Company's financial instruments not measured at fair value, including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables, other non-current assets-guarantee deposits paid, non-current financial assets at amortised cost, short-term borrowings, short-term notes and bills payable, notes payable, accounts payable (including related parties), other payables, lease liability-current/non-current, long-term borrowings (including current portion) and other non-current liabilities-guarantee deposits received, are approximate to their fair values.

D. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2021 and 2020 are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ -	$ -	$ 33,117	$ 33,117

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ -	$ -	$ 33,117	$ 33,117

(b) The methods and assumptions the Company used to measure fair value are as follows:

i. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the balance sheet date.

ii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

iii. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company’s financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company’s management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the parent company only balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

E. For the years ended December 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2021 and 2020:

	2021	2020
	Non-derivative equity instrument	Non-derivative equity instrument
At January 1	$ 33,117	$ 33,108
Gains and losses recognised in profit or loss	-	9
At December 31	$ 33,117	$ 33,117

G. For the years ended December 31, 2021 and 2020, there was no transfer into or out from Level 3.

H. Treasury segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value. In addition to Level 3 fair value measurements applicable to the above valuation models, the Company also directly refers to fair value information provided by the financial institutions. Investment property is valuated regularly by the Company's treasury segment based on the valuation methods and assumptions announced by the Financial Supervisory Commission, Securities and Futures Bureau or through outsourced appraisal performed by the external valuer.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares- LI JIA CONSTRUCTION	$ 5,617	Market approach-price-to-book ratio	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares- CONNECTION INVESTMENT etc.	27,500	Net asset value	N/A	-	N/A

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares- LI JIA CONSTRUCTION	$ 5,617	Market approach-price-to-book ratio	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares- CONNECTION INVESTMENT etc.	27,500	Net asset value	N/A	-	N/A

J. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. If net asset value from financial assets and liabilities categorised within Level 3 had increased or decreased by 1%, profit or loss would not have been significantly impacted as of December 31, 2021 and 2020.

(4) Others

A. The impact of oil incidents caused by the upstream suppliers on the Company since the fourth quarter of 2013 is as follows:

(a) The Company's oil OEM supplier was suspected of misusing the oil adulterated with copper chlorophyllin by CHANG CHI FOODSTUFF FACTORY CO., LTD. (CHANG CHI). The Company recognised losses associated with product returns, inventory loss and related expenses in the amount of $179,337 during the period from 2013 to 2017 due to the impact of this incident.

The Company was sued for violating the Act Governing Food Safety and Sanitation as a result of the oil and food safety incident casued by CHANG CHI. On April 27, 2017, the Intellectual Property Court rendered a decision in favour of the Company, but some representatives were charged with fraud for mislabeling oil. The court also confiscated $32,929 in revenue gained from the sales of these products. The Company has petitioned to the Council of Grand Justices for an interpretation on whether the confiscation was reasonable.

On November 27, 2019, the Taiwan Changhua District Court ruled that CHANG CHI, KAO, CHEN-LI, WEN, JUI-PIN and CHOU, KUN-MING are jointly liable to compensate the Company for $66,595 and related interests, for which the Company has obtained a certificate of the obligatory claim.

(b) Due to more problematic oil was announced by the government organisations between September 2014 and October 2014, the Company has taken countermeasures such as taking the initiative to remove the products from shelves as a precautionary measure, notifying the competent authorities and compensating customers for returned products. The Company recognised losses associated with returns of certain affected products and compensation in the amount of $226,017 during the period from 2014 to 2015.

To safeguard the interests of the Company, the Company continually filed lawsuits for compensation against a number of suppliers supplying problematic oil depending upon each circumstance. The lawsuits against upstream suppliers of CHANG GUANN CO., LTD., KUO,YING-CHIH (KUO,LIEH-CHENG), SHIH,MIN-YU, FLAVOR FULL FOODS INC. and LIHAO CO., LTD were all confirmed the victory or settled. The remaining cases, CHANG GUANN CO., LTD., TING HSIN OIL & FAT INDUSTRIAL CO., LTD. and CHENG-I FOOD CO., LTD are pending with the courts.

B. Due to Covid-19 outbreak and numbers of the government's epidemic prevention measures, the Group has implemented staggered work schedules, work from home and digital tools in accordance with preventive measures imposed by the government.

The pandemic had no significant impact on the Company's financial position and financial performance for the year ended December 31, 2021.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

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

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

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

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 5.
I. Trading in derivative instruments undertaken during the reporting periods: None.
J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.
B. Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas: For the year ended December 21, 2021, significant transactions directly with investee companies in the Mainland Area and the significant transactions of endorsements and guarantees, sales/purchase and receivables and payables conducted with investees in Mainland China, please refer to table 6.

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

Wei Chuan Foods Corporation

Loans to others

Year ended December 31, 2021

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2021	Balance at December 31, 2021	Actual amount drawn down	Interest rate	Nature of loan (Note 2)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
1	WEI-CHUAN(BVI) CO., LTD.	WANG DE XING TEA COMPANY	Other receivables	N	$ 84,606	$ 68,231	$ 68,231	2.5000%	2	$ -	Loan repayment and working capital needs	($ 19,348)	Property and tea leaf	$ 68,231	$ 710,633	$ 1,421,266	Notes 3 and 6
2	HANGZHOU WEI-CHUAN FOOD CO., LTD.	Hangzhou Weichuan Biotechnology Foods Co., Ltd.	Other receivables	Y	174,772	173,832	30,421	3.8500%	2	-	Loan repayment and working capital needs	-	None	-	2,176,203	2,176,203	Note 4
2	HANGZHOU WEI-CHUAN FOOD CO., LTD.	LANGFANG WEI-CHUAN FOODS CO., LTD.	Other receivables	Y	657,945	651,870	304,206	3.8500%	2	-	Loan repayment and working capital needs	-	None	-	2,176,203	2,176,203	Note 4
3	KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD.	Hangzhou Weichuan Biotechnology Foods Co., Ltd.	Other receivables	Y	35,090	34,766	34,766	3.8500%	2	-	Loan repayment and working capital needs	-	None	-	281,423	281,423	Note 5
3	KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD.	HANGZHOU WEI-CHUAN FOOD CO., LTD.	Other receivables	Y	108,975	108,645	108,645	3.8500%	2	-	Loan repayment and working capital needs	-	None	-	281,423	281,423	Note 5
3	KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD.	LANGFANG WEI-CHUAN FOODS CO., LTD.	Other receivables	Y	122,816	121,682	121,682	3.8500%	2	-	Loan repayment and working capital needs	-	None	-	281,423	281,423	Note 5

Note1: The Company is ‘0’; the subsidiaries are numbered in order starting from ‘1’. The same company shall have the same number.

Note 2: The numbers filled in for the nature of loans are as follows:

(1) Business transaction: 1.

(2) Short-term financing: 2.

Note 3: Ceiling on total loans granted and limit on loans granted to a single party as prescribed in WEI-CHUAN(BVI) CO., LTD.’s “Procedures for Provision of Loans” are as follows:

(1) Ceiling on total loans granted by WEI-CHUAN(BVI) CO., LTD. is 40% of net asset value based on the latest consolidated financial statements audited (reviewed) by independent auditors.

(2) For short-term financing, limit on loans granted to a single party by WEI-CHUAN(BVI) CO., LTD. is 20% of net asset value based on the latest consolidated financial statements audited (reviewed) by independent auditors.

(3) For loans granted between overseas companies in which WEI-CHUAN(BVI) CO., LTD. or Wei Chuan Foods Corporation holds100% of the voting shares directly or indirectly, WEI-CHUAN(BVI) CO., LTD.’s ceiling on total loans granted is100% of WEI-CHUAN(BVI) CO., LTD.'s net asset value based on the latest consolidated financial statements audited (reviewed) by independent auditors.

Limit on loans granted to a single party is 100% of WEI-CHUAN(BVI) CO., LTD.’s net asset value based on the latest consolidated financial statements audited (reviewed) by independent auditors.

Note 4: Ceiling on total loans granted and limit on loans granted to a single party as prescribed in HANGZHOU WEI-CHUAN FOOD CO., LTD.’s “Procedures for Provision of Loans” are as follows:

(1) Ceiling on total loans granted by HANGZHOU WEI-CHUAN FOOD CO., LTD. is 40% of net asset value based on the latest consolidated financial statements audited (reviewed) by independent auditors.

(2) For short-term financing, limit on loans granted to a single party by HANGZHOU WEI-CHUAN FOOD CO., LTD. is 20% of net asset value based on the latest consolidated financial statements audited (reviewed) by independent auditors.

(3) For loans granted between overseas companies in which HANGZHOU WEI-CHUAN FOOD CO., LTD. or Wei Chuan Foods Corporation holds100% of the voting shares directly or indirectly, HANGZHOU WEI-CHUAN FOOD CO., LTD.’s ceiling on total loans granted is 100% of HANGZHOU WEI-CHUAN FOOD CO., LTD.’s net asset value based on the latest consolidated financial statements audited (reviewed) by independent auditors.

Limit on loans granted to a single party is 100% of HANGZHOU WEI-CHUAN FOOD CO., LTD.’s net asset value based on the latest consolidated financial statements audited (reviewed) by independent auditors.

Note 5: Ceiling on total loans granted and limit on loans granted to a single party as prescribed in KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD.’s “Procedures for Provision of Loans” are as follows:

(1) Ceiling on total loans granted by KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD. is 40% of net asset value based on its latest financial statements.

(2) For short-term financing, limit on loans granted to a single party by KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD. is 20% of net asset value based on its latest financial statements.

(3) For loans granted between overseas companies in which KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD. or Wei Chuan Foods Corporation holds100% of the voting shares directly or indirectly, KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD.’s ceiling on total loans granted is 100% of KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD.’s net asset value based on the latest consolidated financial statements audited (reviewed) by independent auditors.

Limit on loans granted to a single party is 100% of KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD.’s net asset value based on the latest consolidated financial statements audited (reviewed) by independent auditors.

Note 6: The Group transferred its entire equity interest of 51% in WANG DE XING TEA COMPANY .

Wei Chuan Foods Corporation

Provision of endorsements and guarantees to others

Year ended December 31, 2021

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor （Note 1）	Limit on endorsements/ guarantees provided for a single party （Note 2）	Maximum outstanding endorsement/ guarantee amount as of December 31, 2020 （Note 3）	Outstanding endorsement/ guarantee amount at December 31, 2021 （Note 4）	Actual amount drawn down （Note 5）	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company (Note 6)	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	Wei Chuan Foods Corporation	Cheng Shuen Nung Ranch Dairy Co., Ltd.	(2)	$ 2,347,993	$ 435,000	$ 435,000	$ 424,000	$ -	6.18	$ 7,043,981	Y	N	N	
0	Wei Chuan Foods Corporation	Hangzhou Weichuan Biotechnology Foods Co., Ltd.	(2)	2,347,993	219,315	217,290	183,393	-	3.08	7,043,981	Y	N	Y	
0	Wei Chuan Foods Corporation	CONCOURSE INTERNATIONAL INC.	(2)	2,347,993	856,050	830,400	97,988	-	11.79	7,043,981	Y	N	N	
1	HANGZHOU WEI-CHUAN FOOD CO., LTD.	Hangzhou Weichuan Biotechnology Foods Co., Ltd.	(4)	2,176,203	43,863	39,112	39,112	-	1.80	2,176,203	N	N	Y	
1	HANGZHOU WEI-CHUAN FOOD CO., LTD.	SUZHOU WEI-CHUAN FOODS CO., LTD.	(4)	2,176,203	877,260	869,160	336,061	-	39.94	2,176,203	N	N	Y	

Note 1: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 2: 1. Provision of endorsements and guarantees by Wei Chuan Foods Corporation:

(1) Ceiling on total amount of endorsements/guarantees provided is Wei Chuan Foods Corporation’s net asset value.

(2) Limit on endorsements/guarantees provided for a single party is a third of total amount of endorsements/guarantees provided by Wei Chuan Foods Corporation.

(3) Ceiling on total amount of endorsements/guarantees provided by Wei Chuan Foods Corporation and its subsidiaries is 1.2 times of Wei Chuan Foods Corporation’s net asset value. Limit on endorsements/guarantees provided by Wei Chuan Foods Corporation and its subsidiaries for a single party is a third of total amount of endorsements/guarantees provided.

2. Provision of endorsements and guarantees by HANGZHOU WEI-CHUAN FOOD CO., LTD.:

(1) Ceiling on total amount of endorsements/guarantees provided is the net asset value based on its latest consolidated financial statements audited (reviewed) by independent auditors.

(2) Limit on endorsements/guarantees provided for a single party is the total amount of endorsements/guarantees provided by HANGZHOU WEI-CHUAN FOOD CO., LTD.

(3) Ceiling on total amount of endorsements/guarantees provided by HANGZHOU WEI-CHUAN FOOD CO., LTD. and its subsidiaries is 1.2 times of HANGZHOU WEI-CHUAN FOOD CO., LTD.’s net asset value based on its latest consolidated financial statements audited (reviewed) by independent auditors. Limit on endorsements/guarantees provided by HANGZHOU WEI-CHUAN FOOD CO., LTD. and its subsidiaries for a single party is the total amount of endorsements/guarantees provided.

Note 3: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 4: Fill in the amount approved by the Board of Directors or the chariman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies

Note 5: The actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 6: For endorsements/guarantees provided by the Company, the net asset value is based on the Company’s latest financial statements.

For endorsements/guarantees provided by HANGZHOU WEI-CHUAN FOOD CO., LTD., the net asset value is based on the entity’s consolidated financial statements audited (reviewed) by independent auditors.

Wei Chuan Foods Corporation

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

Year ended December 31, 2021

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2021 Number of shares	Book value	Ownership (%)	Fair value	Footnote
Wei Chuan Foods Corporation	Stock of CONNECTION INVESTMENT CO., LTD.	None	Non-current financial assets at fair value through profit or loss	1,380,000	$ 17,500	16.67	$ 17,500	
Wei Chuan Foods Corporation	Stock of COCORD BUILDERS ENTERPRISE CO., LTD.	None	Non-current financial assets at fair value through profit or loss	22,340,197	-	10.75	-	
Wei Chuan Foods Corporation	Stock of AN LI INVESTMENT CO., LTD.	None	Non-current financial assets at fair value through profit or loss	3,329,500	-	18.50	-	
Wei Chuan Foods Corporation	Stock of RAINIER INVESTMENT CO., LTD.	None	Non-current financial assets at fair value through profit or loss	3,329,500	-	18.50	-	
Wei Chuan Foods Corporation	Stock certificate of LI JIA CONSTRUCTION LTD.	None	Non-current financial assets at fair value through profit or loss	Note	5,617	18.36	5,617	
Wei Chuan Foods Corporation	GUANG CHANG INVESTMENT & DEVELOPMENT CO., LTD.	None	Non-current financial assets at fair value through profit or loss	-	10,000	-	10,000	
		None			$ 33,117		$ 33,117	
KANG CHUAN ENGINEERING CO., LTD.	Stock of COCORD BUILDERS ENTERPRISE CO., LTD.	None	Non-current financial assets at fair value through profit or loss	545,431	$ -	0.26	$ -	
KANG CHUAN ENGINEERING CO., LTD.	Stock of CONNECTION INVESTMENT CO., LTD.	None	Non-current financial assets at fair value through profit or loss	41,400	335	0.50	335	
KANG CHUAN ENGINEERING CO., LTD.	Stock of RAINIER INVESTMENT CO., LTD.	None	Non-current financial assets at fair value through profit or loss	82,650	-	0.46	-	
KANG CHUAN ENGINEERING CO., LTD.	Stock of AN LI INVESTMENT CO., LTD.	None	Non-current financial assets at fair value through profit or loss	82,650	-	0.46	-	
WEI-CHUAN INTERNATIONAL LIMITED	Stock certificate of Shanghai Wei Chuan Foods Industrial Co., Ltd.	None	Non-current financial assets at fair value through profit or loss	Note	-	19.00	-	
WEI-CHUAN INTERNATIONAL LIMITED	Stock certificate of Kuiling Wei-Chuan Food Ltd.	None	Non-current financial assets at fair value through profit or loss	Note	-	10.77	-	
WEI-CHUAN ASIAN INVESTMENT LIMITED	Stock certificate of Kuiling Wei-Chuan Food Ltd.	None	Non-current financial assets at fair value through profit or loss	Note	-	5.10	-	
					$ 335		$ 335	

Note: The investee is a limited company without shares.

Wei Chuan Foods Corporation

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

Year ended December 31, 2021

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions				
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Wei Chuan Foods Corporation	KING CAN INDUSTRY CORPORATION	Parent company to subsidiary	Purchases	$ 449,684	0.09	60 - 90 days	In accordance with agreement	No significant difference from general transactions	($ 87,856)	0.12	
Wei Chuan Foods Corporation	CONCOURSE INTERNATIONAL INC.	Parent company to subsidiary	Purchases	324,897	0.07	60 - 90 days	No significant difference from general transactions	No significant difference from general transactions	(93,358)	0.13	
CONCOURSE INTERNATIONAL INC.	Wei Chuan Foods Corporation	Subsidiary to parent company	Sales	(324,897)	0.54	60 - 90 days	No significant difference from general transactions	No significant difference from general transactions	93,358	0.50	
KING CAN INDUSTRY CORPORATION	Wei Chuan Foods Corporation	Subsidiary to parent company	Sales	(449,684)	0.47	60 - 90 days	In accordance with agreement	No significant difference from general transactions	87,856	0.42	
CONCOURSE INTERNATIONAL INC.	KING CAN INDUSTRY CORPORATION	The Company’s subsidiary	Sales	(115,635)	0.19	120 days	In accordance with agreement	No significant difference from general transactions	2,164	0.01	
KING CAN INDUSTRY CORPORATION	CONCOURSE INTERNATIONAL INC.	The Company’s subsidiary	Purchases	115,635	0.20	120 days	In accordance with agreement	No significant difference from general transactions	(2,164)	0.03	
HANGZHOU WEI-CHUAN FOOD CO., LTD.	SHANGHAI DINGSHI WAREHOUSE CO.,LTD	Second-tier subsidiary to other related party	Sales	(1,012,340)	0.09	30 - 45 days	No significant difference from general transactions	No significant difference from general transactions	214,137	0.15	
HANGZHOU WEI-CHUAN FOOD CO., LTD.	Hangzhou Weichuan Biotechnology Foods Co., Ltd.	Second-tier subsidiary to second-tier subsidiary	Purchases	176,341	0.03	30 days	In accordance with agreement	No significant difference from general transactions	(4,801)	0.00	
Hangzhou Weichuan Biotechnology Foods Co., Ltd.	HANGZHOU WEI-CHUAN FOOD CO., LTD.	Second-tier subsidiary to second-tier subsidiary	Sales	(176,341)	0.57	30 days	In accordance with agreement	No significant difference from general transactions	4,801	0.78	
HANGZHOU WEI-CHUAN FOOD CO., LTD.	CONCOURSE INTERNATIONAL INC.	Second-tier subsidiary to subsidiary	Purchases	312,763	0.06	30 days	In accordance with agreement	No significant difference from general transactions	(7,777)	0.01	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction: Purchases (sales)	Transaction: Amount	Transaction: Percentage of total purchases (sales)	Transaction: Credit term	Differences in transaction terms compared to third party transactions: Unit price	Differences in transaction terms compared to third party transactions: Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
HANGZHOU CONCOURSE TRADING CO., LTD.	CONCOURSE INTERNATIONAL INC.	Second-tier subsidiary to subsidiary	Purchases	$ 287,473	0.99	60 days	No significant difference from general transactions	No significant difference from general transactions	($ 62,514)	0.99	
HANGZHOU WEI-CHUAN FOOD CO., LTD.	LANGFANG WEI-CHUAN FOODS CO., LTD.	Second-tier subsidiary to second-tier subsidiary	Purchases	1,025,372	0.19	30 days	No significant difference from general transactions	No significant difference from general transactions	(113,505)	0.11	
LANGFANG WEI-CHUAN FOODS CO., LTD.	HANGZHOU WEI-CHUAN FOOD CO., LTD.	Second-tier subsidiary to second-tier subsidiary	Sales	(1,025,372)	1.00	30 days	No significant difference from general transactions	No significant difference from general transactions	113,505	1.00	
HANGZHOU WEI-CHUAN FOOD CO., LTD.	CHAMPION LINKER CORP.	Second-tier subsidiary to other related party	Purchases	211,364	0.04	30 days	No significant difference from general transactions	No significant difference from general transactions	(8,423)	0.01	
Wei Chuan Foods Corporation	Cheng Shuen Nung Ranch Dairy Co., Ltd.	Parent company to subsidiary	Purchases	133,676	0.03	30 days	No significant difference from general transactions	No significant difference from general transactions	(10,851)	0.02	
Cheng Shuen Nung Ranch Dairy Co., Ltd.	Wei Chuan Foods Corporation	Subsidiary to parent company	Sales	(133,676)	1.00	30 days	No significant difference from general transactions	No significant difference from general transactions	10,851	1.00	

Wei Chuan Foods Corporation

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2021

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021	Turnover rate	Overdue receivables: Amount	Overdue receivables: Action taken	Amount collected subsequent to the balance sheet date	Allowance for accounts
HANGZHOU WEI-CHUAN FOOD CO., LTD.	SHANGHAI DINGSHI WAREHOUSE CO.,LTD	Second-tier subsidiary to other related parties	$ 214,137	4.92	$ -	None	$ 153,164	$ -
LANGFANG WEI-CHUAN FOODS CO., LTD.	HANGZHOU WEI-CHUAN FOOD CO., LTD.	Second-tier subsidiary to second-tier subsidiary	113,505	8.55	-	None	113,505	-
KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD.	HANGZHOU WEI-CHUAN FOOD CO., LTD.	Second-tier subsidiary to other related party	108,645	N/A	-	None	-	-
KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD.	LANGFANG WEI-CHUAN FOODS CO., LTD.	Second-tier subsidiary to second-tier subsidiary	121,682	N/A	-	None	-	-
HANGZHOU WEI-CHUAN FOOD CO., LTD.	LANGFANG WEI-CHUAN FOODS CO., LTD.	Second-tier subsidiary to second-tier subsidiary	304,206	N/A	-	None	-	-
WEI-CHUAN (BVI) CO., LTD	HANGZHOU WEI-CHUAN FOOD CO., LTD.	Subsidiary to second-tier subsidiary	256,749	N/A	-	None	256,749	-
HANGZHOU WEI-CHUAN FOOD CO., LTD.	WEI-CHUAN FOODs INVESTMENT CO.	Second-tier subsidiary to second-tier subsidiary	456,309	N/A	-	None	-	-

Wei Chuan Foods Corporation

Significant inter-company transactions during the reporting periods

Year ended December 31, 2021

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

				Transaction			
Number	Company name	Counterparty	Relationship	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Wei Chuan Foods Corporation	Cheng Shuen Nung Ranch Dairy Co., Ltd.	Parent company to subsidiary	Provision of endorsements and guarantees	$ 435,000	Note 1	N/A
0	Wei Chuan Foods Corporation	CONCOURSE INTERNATIONAL INC.	Parent company to subsidiary	Provision of endorsements and guarantees	830,400	Note 1	N/A
0	Wei Chuan Foods Corporation	Hangzhou Weichuan Biotechnology Foods Co., Ltd.	Parent company to second-tier subsidiary	Provision of endorsements and guarantees	217,290	Note 1	N/A
1	HANGZHOU WEI-CHUAN FOOD CO., LTD.	SUZHOU WEI-CHUAN FOODS CO., LTD.	Second-tier subsidiary to second-tier subsidiary	Provision of endorsements and guarantees	869,160	Note 1	N/A
0	Wei Chuan Foods Corporation	KING CAN INDUSTRY CORPORATION	Parent company to subsidiary	Purchases	449,684	In accordance with agreement	2.27%
0	Wei Chuan Foods Corporation	CONCOURSE INTERNATIONAL INC.	Parent company to subsidiary	Purchases	324,897	Same as third parties	1.64%
1	HANGZHOU WEI-CHUAN FOOD CO., LTD.	CONCOURSE INTERNATIONAL INC.	Second-tier subsidiary to subsidiary	Purchases	312,763	In accordance with agreement	1.58%
3	HANGZHOU CONCOURSE TRADING CO., LTD.	CONCOURSE INTERNATIONAL INC.	Second-tier subsidiary to subsidiary	Purchases	287,473	Same as third parties	1.45%
2	KING CAN INDUSTRY CORPORATION	CONCOURSE INTERNATIONAL INC.	subsidiary to subsidiary	Purchases	115,635	In accordance with agreement	0.58%
1	HANGZHOU WEI-CHUAN FOOD CO., LTD.	LANGFANG WEI-CHUAN FOODS CO., LTD.	Second-tier subsidiary to second-tier subsidiary	Purchases	1,025,372	Same as third parties	5.17%
1	HANGZHOU WEI-CHUAN FOOD CO., LTD.	Hangzhou Weichuan Biotechnology Foods Co., Ltd.	Second-tier subsidiary to second-tier subsidiary	Purchases	176,341	Same as third parties	0.89%
0	Wei Chuan Foods Corporation	Cheng Shuen Nung Ranch Dairy Co., Ltd.	Parent company to subsidiary	Purchases	133,676	Same as third parties	0.67%

				Transaction			
Number	Company name	Counterparty	Relationship	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
2	KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD.	LANGFANG WEI-CHUAN FOODS CO., LTD.	Second-tier subsidiary to second-tier subsidiary	Provision of loans -other receivables	121,682	Note 3	0.68%
2	KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD.	HANGZHOU WEI-CHUAN FOOD CO., LTD.	Second-tier subsidiary to second-tier subsidiary	Provision of loans -other receivables	108,645	Note 3	0.60%
1	HANGZHOU WEI-CHUAN FOOD CO., LTD.	LANGFANG WEI-CHUAN FOODS CO., LTD.	Second-tier subsidiary to second-tier subsidiary	Provision of loans -other receivables	304,206	Note 3	1.69%
4	WEI-CHUAN (BVI) CO., LTD	HANGZHOU WEI-CHUAN FOOD CO., LTD.	subsidiary to second-tier subsidiary	Other receivables	256,749	Note 4	1.43%
1	HANGZHOU WEI-CHUAN FOOD CO., LTD.	LANGFANG WEI-CHUAN FOODS CO., LTD.	Second-tier subsidiary to second-tier subsidiary	Other receivables	456,309	Note 5	2.54%
1	HANGZHOU WEI-CHUAN FOOD CO., LTD.	Hangzhou Weichuan Biotechnology Foods Co., Ltd.	Second-tier subsidiary to second-tier subsidiary	Account payable	113,505	Same as third parties	0.63%

Note 1: The endorsements and guarantees were provided in accordance with Procedures for Provision of Endorsements and Guarantees to Others, and the transaction amount was the outstanding endorsement/guarantee amount at the end of the year.

Note 2: Individual transaction amounts less than $100 million are not disclosed. In addition, the same transactions are not disclosed twice.

Note 3: The loans were granted in accordance with Procedures for Provision of Loans, and the transaction amount was the actual amount drawn down.

Note4: The other receivables were arising from second-tier subsidiary distributing dividends to the subsidiary.

Note5: The other receivables were arising from sales of equity between the second-tier subsidiaries.

Wei Chuan Foods Corporation

Information on investees

Year ended December 31, 2021

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2021	Initial investment amount: Balance as at December 31, 2020	Shares held as at December 31, 2021: Number of shares	Shares held as at December 31, 2021: Ownership (%)	Shares held as at December 31, 2021: Book value	Net profit (loss) of the investee for the year ended Dcember 31, 2021	Investment income(loss) recognised by the Company for the year ended December 31, 2021	Footnote
Wei Chuan Foods Corporation	KING CAN INDUSTRY CORPORATION	Taiwan	Process, manufacture and trade of tinplate products such as tin cans, tin boxes and bottle caps	$ -	$ -	34,539,451	98.68	$ 576,584	$ 60,709	$ 61,175	-
Wei Chuan Foods Corporation	CONCOURSE INTERNATIONAL INC.	Taiwan	General import and export trade business	1,959,112	1,959,112	14,034,753	99.99	233,897	63,574	64,219	-
Wei Chuan Foods Corporation	CHINA YOUTH CO., LTD.	Taiwan	Trade of vegetables and fruits as well as agricultural and fishery products	212,041	212,041	8,481,905	99.79	8,003	1	1	Note 3
Wei Chuan Foods Corporation	KANG CHUAN ENGINEERING CO., LTD.	Taiwan	Planning, design and implementation of construction projects	377,499	377,499	35,113,408	99.85	208,880	3,455	3,450	Note 4
Wei Chuan Foods Corporation	Cheng Shuen Nung Ranch Dairy Co., Ltd.	Taiwan	Livestock farm management	753,035	753,035	57,929,989	100.00	682,631	(70,200)	(70,200)	-
Wei Chuan Foods Corporation	WEI-CHUAN INTERNATIONAL LIMITED	British Virgin Islands	General investment	787,549	787,549	-	100.00	54,364	(381)	(381)	Note 1
Wei Chuan Foods Corporation	WEI-CHUAN(BVI) CO., LTD.	British Virgin Islands	General investment	2,967,203	2,547,071	-	100.00	3,540,947	248,658	248,658	Notes 1 and 2
Wei Chuan Foods Corporation	WEI-CHUAN ASIAN INVESTMENT LIMITED	Hong Kong	General investment	-	-	-	1.00	(3)	(132)	(1)	Note 1
Wei Chuan Foods Corporation	THAI WEI-CHUAN CO., LTD.	Thailand	Food processing	37,919	37,919	390,000	60.00	(6,839)	-	-	-
Wei Chuan Foods Corporation	FU TING FOODS CO., LTD.	Taiwan	Livestock farm management	75,000	75,000	7,500,000	37.50	18,060	817	374	-
KING CAN INDUSTRY CORPORATION	KingCan (BVI) Corporation	British Virgin Islands	General investment	123,213	123,213	-	100.00	281,797	7,460	7,460	Notes 1 and 2
CONCOURSE INTERNATIONAL INC.	CONCOURSE INTERNATIONAL LIMITED	Samoa	General investment	25,673	25,673	-	100.00	36,335	5,247	5,247	Notes 1 and 2
WEI-CHUAN INTERNATIONAL LIMITED	WEI-CHUAN ASIAN INVESTMENT LIMITED	Hong Kong	General investment	255	255	-	99.00	(305)	(132)	(131)	Note 1
WEI-CHUAN ASIAN INVESTMENT LIMITED	HEALTH CAN DEVELOPMENT LIMITED	Hong Kong	General investment	4	4	-	75.00	-	-	-	Note 1

Note 1: The investee is a limited company without shares.

Note 2: Information relating to the Company’s investment in the investees in Mainland China through investee companies, WEI-CHUAN(BVI) CO., LTD., KingCan (BVI) Corporation and CONCOURSE INTERNATIONAL LIMITED is provided in table 8.

Note 3: The Company’s 99.79% owned investee, CHINA YOUTH CO., LTD., was dissolved as approved by its shareholders in November 2016 and the dissolution was approved by the competent authority in January 2017. As of March 23, 2022, the liquidation process was still in progress.

Note 4: The Company’s 99.85% owned investee, KANG CHUAN ENGINEERING CO., LTD., was dissolved as resolved by its Board of Directors in December 2016. As of March 23, 2022, the liquidation process has not been completed.

Wei Chuan Foods Corporation

Information on investments in Mainland China

Year ended December 31, 2021

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method （Note 1）	Accumulated amount of remittance from Taiwan to Mainland China as of 1-Jan-21	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021	
					Remitted to Mainland China	Remitted back to Taiwan
Fuzhou Kefu Convenient Food Co., Ltd.	Instant noodles	$ 48,440	3	$ 15,602	$ -	$ -
Kuiling Wei-Chuan Food Ltd.	Monosodium glutamate (MSG)	284,325	3	44,349	-	-
HEILONGJIANG WEI CHUAN FOOD CO.	Condiments and other products	72,633	2	19,896	-	-
HEILONGJIANG WEI CHUAN DAIRY CO.	Dairy and other products	249,163	2	121,501	-	-
Shanghai Wei Chuan Foods Industrial Co., Ltd.	Instant noodles and other products	136,238	2	22,278	-	-
Hangzhou Weichuan Biotechnology Foods Co., Ltd.	Manufacture and sale of food products such as milk powder, rice and wheat powder and solid drinks	326,435	2	326,435	-	-
HANGZHOU WEI-CHUAN FOOD CO., LTD.	Manufacture and brand marketing of refrigerated dairy beverages	1,268,366	2	1,268,366	-	-
WEI CHUAN FOODS INVESTMENT CO., LTD.	General investment	867,844	2	450,319	-	-
KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD.	Manufacture of food molds and injection molds	224,813	2	98,716	-	-
HANGZHOU CONCOURSE TRADING CO., LTD.	General import and export trade business	25,165	2	25,165	-	-
LANGFANG WEI-CHUAN FOODS CO., LTD.	Manufacture and brand marketing of refrigerated dairy beverages	882,349	2	-	-	-
SUZHOU WEI-CHUAN FOODS CO., LTD.	Manufacture and brand marketing of refrigerated dairy beverages	449,250	2	-	-	-

Investee in Mainland China	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee as of December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Group for the year ended December 31, 2021	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of 31-Dec-21	Footnote
Fuzhou Kefu Convenient Food Co., Ltd.	$ 15,602	$ -	37.50	$ -	$ -	$ -	-
Kuiling Wei-Chuan Food Ltd.	44,349	-	15.87	-	-	-	-
HEILONGJIANG WEI CHUAN FOOD CO.	19,896	-	67.00	-	-	-	Note 5
HEILONGJIANG WEI CHUAN DAIRY CO.	121,501	-	70.00	-	-	-	Note 5
Shanghai Wei Chuan Foods Industrial Co., Ltd.	22,278	-	19.00	-	-	-	Note 5
Hangzhou Weichuan Biotechnology Foods Co., Ltd.	326,435	(107,783)	100.00	(107,783)	(145,456)	-	Note 6
HANGZHOU WEI-CHUAN FOOD CO., LTD.	1,268,366	284,758	100.00	284,758	2,225,829	906,008	Note 6
WEI CHUAN FOODS INVESTMENT CO., LTD.	450,319	40,187	100.00	40,187	1,007,712	-	Note 6
KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD.	98,716	7,457	98.68	7,359	281,423	278,426	Notes 7
HANGZHOU CONCOURSE TRADING CO., LTD.	25,165	5,247	99.99	5,247	35,905	-	Notes 8
LANGFANG WEI-CHUAN FOODS CO., LTD.	-	(7,842)	100.00	(7,842)	852,643	-	Notes 9
SUZHOU WEI-CHUAN FOODS CO., LTD.	-	41,531	100.00	41,531	603,793	-	Notes 10

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of 31-Dec-21	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 4)
Wei Chuan Foods Corporation	$ 3,194,141	$ 3,614,023	$ 4,231,232

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

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

(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.

(3) Others

Note 2: Investment income (loss) recognised by the Group for the current year was valued based on each investee's self-prepared financial statements of the same reporting period that were not audited or reviewed by independent auditors.

Note 3: The amounts shown in the table are expressed in New Taiwan dollars. Additionally, paid-in capital is translated using the exchange rates at the time of initial investment.

Note 4: In accordance with the regulations, the ceiling of investment is the net assets of the parent company or 60% of consolidated net assets, whichever is higher. However, the parent company has obtained the operating headquarters certificate issued by the Industrial Development Bureau of the Ministry of Economic Affairs (MOEA) for the period from June 1, 2021 to June 1, 2024, therefore, according to the regulations of the Investment Commission of the Ministry of Economic Affairs (MOEA), there is no ceiling of the investment amount.

Note 5: The Company acquired 67%, 70% and 19% equity interest in HEILONGJIANG WEI CHUAN FOOD CO., HEILONGJIANG WEI CHUAN DAIRY CO. and Shanghai Wei Chuan Foods Industrial Co., Ltd., respectively, through its direct wholly-owned investee company, WEI-CHUAN INTERNATIONAL LIMITED.

Note 6: The Company acquired 100% equity interest in Hangzhou Weichuan Biotechnology Foods Co., Ltd., HANGZHOU WEI-CHUAN FOOD CO., LTD. and WEI CHUAN FOODS INVESTMENT CO., LTD. through its direct wholly-owned investee company, WEI-CHUAN(BVI) CO., LTD.

Note 7: The Company acquired 98.68% equity interest in KUNSHAN KING CAN MOLD INDUSTRIAL CO., LTD. through its indirect 98.68% owned investee company, KingCan (BVI) Corporation.

Note 8: The Company acquired 99.99% equity interest in HANGZHOU CONCOURSE TRADING CO., LTD. through its indirect 99.99% owned investee company, CONCOURSE INTERNATIONAL LIMITED.

Note 9: The Company acquired 100% equity interest in LANGFANG WEI-CHUAN FOODS CO., LTD. through its indirect wholly-owned investee company, WEI CHUAN FOODS INVESTMENT CO.

Wei Chuan Foods Corporation

Major shareholders information

Year ended December 31, 2021

Table 9

Name of major shareholders	Shares		
	Number of shares held (common shares)	Number of shares held (preference shares)	Ownership (%)
KANG CHENG CO., LTD.	50,523,000	-	9.98%
KANG CHAU COMPANY LTD.	50,407,000	-	9.96%
KONG SHENG INVESTMENT CORP.	36,688,000	-	7.24%
KONG CHING CORP. LTD.	35,880,000	-	7.09%
KONG FA INVESTMENT CORP.	29,828,000	-	5.89%

Note 1: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form because of a different calculation basis.

Note 2: If the aforementioned data contains shares which were held in trust by the shareholders, the data disclosed is the settlor's separate account for the fund set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shares include the self-owned shares and shares held in trust, and at the same time, the shareholder has the power to decide how to allocate the trust assets. The information on the reported share equity of insider is provided in the "Market Observation Post System".

WEI CHUAN FOODS CORPORATION
CASH AND CASH EQUIVALENTS
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Statement 1

Item	Description	Amount
Cash on hand		$ 2,497
Cash in banks		-
Demand deposits		-
- USD	USD $1,484; exchange rate 27.68	41,089
- RMB	RMB $93; exchange rate 4.35	403
- NTD		153,813
Checking accounts		3,172
Time deposits		
- RMB	RMB $35,301; exchange rate 4.35 Maturity is January 1, 2022 ~ March 8, 2022; interest rate is 2.45%~2.80%	153,412
		$ 354,386

WEI CHUAN FOODS CORPORATION
ACCOUNTS RECEIVABLE
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Statement 2

Item	Amount	Note
Related parties:		
CONCOURSE INTERNATIONAL	$ 9,100	
Others	68	None of the balances of each client is greater than 5% of this account balance
	9,168	
General customers:		
Customer A	243,886	
Customer C	152,213	
Customer D	126,502	
Customer B	86,175	
Others	363,619	None of the balances of each client is greater than 5% of this account balance
	972,395	
Less: Allowance for bad debts	(772)	
	971,623	
	$ 980,791	

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WEI CHUAN FOODS CORPORATION
INVENTORIES
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Statement 3

Item	Amount: Cost	Amount: Market Price	Note
Raw materials and supplies	$ 236,115	$ 250,643	Use recoverable cost as net realisable value
Work in progress	117,290	133,542	The balance of estimated price deducts the estimated cost to complete the construction and related variable sales expenses equals to net realisable value.
Finished goods	340,869	436,730	
	694,274	$ 820,915	
Less: Allowance for inventory valuation loss	(20,299)		
	$ 673,975		

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WEI CHUAN FOODS CORPORATION

CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

FOR THE YEAR ENDED DECEMBER 31, 2021

(Expressed in thousands of New Taiwan dollars)

Statement 4

Name	Beginning Balance (Note 1) Shares (in shares)	Beginning Balance (Note 1) Amount	Addition Shares (in shares)	Addition Amount	Investment Income (loss)	Other Adjustments (Note 3)	Decrease Shares (in shares)	Decrease Amount	Ending Balance (Note 1) Shares (in shares)	Ending Balance (Note 1) Percentage of Ownership	Ending Balance (Note 1) Amount	Market Value or Net Assets Value Unit Price (in dollars)	Market Value or Net Assets Value Total Amount	Collateral
Cheng Shuen Nung Ranch Dairy Co., Ltd.	57,929,989	$ 752,831	-	$ -	(70,200)	$ -	-	$ -	57,929,989	100.00	$ 682,631	11.78	$ 682,631	None
KING CAN INDUSTRY CORPORATION	34,539,451	577,905	-	-	61,175	(62,496)	-	-	34,539,451	98.68	576,584	16.69	576,584	None
KANG CHUAN ENGINEERING CO., LTD.	35,113,408	205,430	-	-	3,450	-	-	-	35,113,408	99.85	208,880	5.95	208,880	None
CONCOURSE INTERNATIONAL INC.	14,034,753	220,537	-	-	64,219	(50,859)	-	-	14,034,753	99.99	233,897	16.67	233,897	None
CHINA YOUTH CO., LTD.	8,481,905	8,002	-	-	1	-	-	-	8,481,905	99.79	8,003	0.94	8,003	None
THAI WEI-CHUAN CO., LTD.	390,000	(7,829)	-	-	-	990	-	-	390,000	60.00	(6,839)	(17.54)	(6,839)	None
FU TING FOODS CO., LTD.	7,500,000	17,686	-	-	374	-	-	-	7,500,000	37.50	18,060	2.41	18,060	None
WEI-CHUAN INTERNATIONAL LIMITED	Note 2	56,321	-	-	(381)	(1,576)	-	-	Note 2	100.00	54,364	-	54,364	None
WEI-CHUAN(BVI) CO., LTD.	Note 2	3,715,641	-	-	248,658	(423,352)	-	-	Note 2	100.00	3,540,947	-	3,540,947	None
WEI-CHUAN ASIAN INVESTMENT LIMITED	Note 2	(1)	-	-	(1)	(1)	-	-	Note 2	1.00	(3)	-	(3)	None
		$ 5,546,523		$ -	$ 307,295	($ 537,294)		$ -			$ 5,316,524			

Note1: The differences between the beginning and ending balances and long-term equity investment were ($7,830) and ($6,842), respectively, shown as other non-current liabilities.

Note 2: It is not applicable as the investee is a limited company without shares.

Note 3: Other adjustments include exchange differences on translation of foreign financial statements of $(33,046), cash dividends of ($508,203) and other comprehensive income - remeasurements of defined benefit plans of $3,955.

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WEI CHUAN FOODS CORPORATION
CHANGES IN PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Statement 5

Item	Beginning Balance	Addition	Decrease	Reclassification	Ending Balance	Collateral
Land (including revaluation increment)	$ 2,291,314	$ -	$ -	$ -	$ 2,291,314	Note 1
Buildings and structures	1,642,262	-	(9,302)	(10,381)	1,622,579	Note 2
Machinery and equipment	2,083,046	13,854	(37,463)	45,563	2,105,000	None
Office equipment	593,471	13,381	(63,759)	5,910	549,003	None
Transportation equipment	338,504	1,542	(1,325)	-	338,721	None
Unfinished construction and equipment under acceptance	40,233	87,707	-	(118,602)	9,338	None
Others	2,358,723	19,936	(92,978)	58,636	2,344,317	None
	9,347,553	136,420	(204,827)	(18,874)	9,260,272	
Less: Accumulated depreciation and impairment						
Land	(2,131)	2,131	-	-	-	
Buildings and structures	(1,118,047)	(35,395)	9,302	7,860	(1,136,280)	
Machinery and equipment	(1,841,161)	(67,531)	35,449	2,339	(1,870,904)	
Office equipment	(538,580)	(22,678)	63,223	(39)	(498,074)	
Transportation equipment	(334,867)	(1,041)	1,325	-	(334,583)	
Others	(1,825,122)	(90,209)	91,541	(2,300)	(1,826,090)	
Total accumulated depreciation and impairment	(5,659,908)	(214,723)	200,840	7,860	(5,665,931)	
	$ 3,687,645	($ 78,303)	($ 3,987)	($ 11,014)	$ 3,594,341	

Note 1: The carrying amount of land provided as collateral at the end of year was $2,161,406.
Note 2: The carrying amount of buildings and structures provided as collateral at the end of year was $472,552.
Note 3: Information on depreciation methods and useful lives is provided in Note 4(14).

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WEI CHUAN FOODS CORPORATION
INVESTMENT PROPERTY
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Statement 6

Item	Beginning Balance	Addition	Decrease	Reclassification	Ending Balance
Cost					
Land	$ 49,998	$ -	$ -	$ -	$ 49,998
Buildings and structures	211,637	-	-	12,062	223,699
Total cost	261,635	-	-	12,062	273,697
Accumulated depreciation and impairment					
Land	($ 4,433)	$ -	$ 4,433	$ -	$ -
Buildings and structures	(68,551)	(5,242)	1,529	(7,860)	(80,124)
Total accumulated depreciation and impairment	(72,984)	(5,242)	5,962	(7,860)	(80,124)
	$ 188,651	($ 5,242)	$ 5,962	$ 4,202	$ 193,573

Note 1: Neihu Parking Lot and Taichung Plant. The carrying amount of land pledged as collateral was $49,998.

Note 2: Neihu Parking Lot, Taichung Plant, Kaohsiung Plant, Songjiang Office. The carrying amount of buildings and structures pledged as collateral was $143,575.

Note 3: Information on depreciation methods and useful lives is provided in Note 4(16).

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WEI CHUAN FOODS CORPORATION
SHORT-TERM BORROWINGS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Statement 7

Nature	Description	Ending Balance	Contract Period	Range of Interest Rate	Credit Line	Collateral	Note
Land Bank	Secured borrowings	$ 150,000	2021/3/31~2022/3/31	1.30%	$ 300,000	Note 8	

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WEI CHUAN FOODS CORPORATION
ACCOUNTS PAYABLE
DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Statement 8

Client Name	Amount	Note
Third parties:		
UCC COFFEE TAIWAN CO., LTD.	$ 29,505	
TING HSIN OIL & FAT INDUSTRIAL CO., LTD.	27,475	None of the balances of each supplier is greater than 5% of this account balance
Others	457,854	
	514,834	
Related parties:		
KING CAN INDUSTRY CORPORATION	$ 87,856	
CONCOURSE INTERNATIONAL INC.	93,358	
Others	15,544	
	196,758	
	$ 711,592	

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WEI CHUAN FOODS CORPORATION
LONG-TERM BORROWINGS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Statement 9

Creditor	Amount	Contract Period	Interest Rate	Collateral	Note
Sunny Bank	$ 202,750	2019/12/30~2025/02/17	1.27%	Note 8	
United Overseas Bank	1,500,000	2020/05/09~2023/04/30	1.14%	Note 8	
Far Eastern International Bank	600,000	2020/09/22~2023/09/22	1.10%	Note 8	
China Bills Finance Corporation	119,696	2020/06/18~2023/06/17	1.04%	None	
Bank Of China	500,000	2021/02/01~2023/01/31	1.08%	None	
	2,922,446				
Less: Current portion (shown as other current liabilities)	(33,000)				
	$ 2,889,446				

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WEI CHUAN FOODS CORPORATION
OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Statement 10

Item	Volume	Unit	Amount
Dairy products (domestic sales)	94,798	tons	$ 5,141,891
Dairy products (export sales)	0.2	tons	8
Beverages (domestic sales)	30,392	tons	1,452,868
Beverages (export sales)	69	tons	5,608
Instant foods (domestic sales)	8,808	tons	719,342
Instant foods (export sales)	1,555	tons	166,498
Others (domestic sales)	6,536	tons	670,118
Others (export sales)	9	tons	760
			$ 8,157,093

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WEI CHUAN FOODS CORPORATION
OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Statement 11

Item	Amount
Raw materials	
Beginning raw materials and animal feed	$ 122,568
Add: Raw materials purchased	3,854,705
Less: Transfers to manufacturing expense and others	(3,852)
Costs to sell non-finished goods - raw materials (shown as other gains and losses)	(15,492)
Scrap of inventories and gain or loss on physical inventory	(3,194)
Ending raw materials and animal feed	(155,852)
Raw materials used during the year	3,798,883
Supplies	
Beginning supplies	66,675
Add: Supplies purchased	964,181
Less: Transfers to manufacturing expense and others	(32,556)
Transfers to packaging expense	(909,876)
Costs to sell non-finished goods - supplies (shown as other gains and losses)	(286)
Scrap of inventories and gain or loss on physical inventory	(6,553)
Ending supplies	(80,263)
Suppliers used during the year	1,322
Direct labor	241,670
Manufacturing expense	1,706,812
Manufacturing cost	5,748,687
Add: Beginning work in progress	112,642
Less: Ending work in progress	(117,290)
Transfers to expense	6,726
Costs to sell non-finished goods - work in progress (shown as other gains and losses)	(1,062)
Scrap of inventories and gain or loss on physical inventory	(2,346)
Cost of finished goods	5,747,357
Add: Beginning finished goods	332,064
Cost of finished goods purchased	447,834
Less: Transfers to expense	22,932
Scrap of inventories and gain or loss on physical inventory (including (gain on reversal of) loss on decline in market value)	(168,887)
Ending finished goods	(340,869)
Cost of goods manufactured and sold	6,040,431
Scrap of inventories and gain or loss on physical inventory (including (gain on reversal of) loss on decline in market value)	170,640
Revenue from sales of scraps	(4,514)
Loss on excess capacity	20,159
Cost of goods sold	$ 6,226,716

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WEI CHUAN FOODS CORPORATION
MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Statement 12

Item	Description	Amount	Note
Packaging expense		$ 909,876	
Depreciations		192,562	
Indirect labour		164,049	
Power expense		150,866	
Repairs and maintenance expense		94,011	
Other manufacturing expense (Note)		195,448	
		$ 1,706,812	

Note: None of the balances of each item is greater than 5% of this account balance.

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WEI CHUAN FOODS CORPORATION
OPERATING EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Statement 13

Item	Selling Expenses	Administrative Expenses	Research and Development Expenses	Expected credit losses	Total
Wages and salaries	$ 475,464	$ 99,009	$ 52,978	$ -	$ 627,451
Freight	312,553	-	-	-	312,553
Advertisement expense	140,159	28,408	-	-	168,567
Commissions	93,618	-	-	-	93,618
Depreciation	29,160	26,555	12,154	-	67,869
Service expense	392	18,442	960	-	19,794
Directors' remuneration	-	22,070	-	-	22,070
Expected credit losses	-	-	-	52	52
Others (Note)	318,339	71,044	34,710	-	424,093
	$1,369,685	$ 265,528	$ 100,802	$ 52	$1,736,067

Note: None of the balances of each item is greater than 5% of this account balance.

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WEI CHUAN FOODS CORPORATION
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION, DEPLETION AND AMORTIZATION EXPENSES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars)

Statement 14

Function / Nature	Year ended December 31, 2021			Year ended December 31, 2020		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense	$ 485,037	$ 765,985	$ 1,251,022	$ 539,043	$ 714,160	$ 1,253,203
Wages and salaries	405,719	627,451	1,033,170	453,157	586,163	1,039,320
Labour and health insurance fees	44,894	56,042	100,936	46,151	51,994	98,145
Pension costs	17,314	28,287	45,601	21,615	25,690	47,305
Directors' remuneration	-	22,070	22,070	-	21,577	21,577
Other personnel expenses	17,110	32,135	49,245	18,120	28,736	46,856
Depreciation Expense	192,562	67,869	260,431	279,216	67,898	347,114
Amortisation Expense	-	-	-	-	-	-

Note:

1. As at December 31, 2021 and 2020, the Company had 1,395 and 1,462 employees, respectively, both including 9 non-employee directors.
2. A company whose stock is listed for trading on the stock exchange or over-the-counter securities exchange shall additionally disclose the following information：

(1) Average employee benefit expense in current year was $887 ((Total employee benefit expense of current year-Total directors’ remuneration of current year)/ (Number of employees of current year-Number of non-employee directors of current year)).

Average employee benefit expense in previous year was $847 ((Total employee benefit expense of prior year -Total directors’ remuneration of prior year)/ (Number of employees of prior year-Number of non-employee directors of prior year)).

(2) Average employees salaries in current year was $745 (Total wages and salaries of current year/ (Number of employees of current year-Number of non-employee directors of current year))

Average employees salaries in previous year was $715 (Total wages and salaries of prior year/ (Number of employees of prior year-Number of non-employee directors of prior year)

(3) Adjustments of average employees salaries was 4.2% ((Average wages and salaries of current year - Average wages and salaries of prior year)/Average wages and salaries of prior year).

(4) As the Company set up the audit committee, it has no supervisors’ remuneration for the years ended December 31, 2021 and 2020.

(5) Details of the Company’s compensation policy (including directors, supervisors, managers and employees) as follows:

A. Directors’ and independent directors’ remuneration policy:

(a) Salaries: The Board of Directors is authorised to determine the remuneration for directors based their participation and contribution in the Company’s operation and based on the general pay level in the same industry. The remuneration committee will make recommendations on the remuneration for independent directors and report it to be resolved by the Board of Directors. The Board of Directors may deliberate and decide a reasonable remuneration for independent directors that differs to general directors.

(b) Directors’ bonuses: In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year will be appropriated as directors’ remuneration, and the ratio shall not be higher than 5%. Independent directors do not participate in the remuneration distribution.

(c) Professional practice expenses: The transportation expenses paid to directors and independent directors shall be determined by the Board of Directors.

B. Managers’ and employees’ compensation policy:

(a) Salaries: The standard salary is determined with reference to the common salary level in the same industry. Salary is paid at a level agreed by both parties upon the employment.

(b) Bonuses: It includes year-end bonus and performance bonus.

(c) Employees’ compensation: In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year will be appropriated as employees’ compensation, and the ratio shall not be lower than 1%.

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