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**CHAROEN POKPHAND ENTERPRISE  
(TAIWAN) CO., LTD.**

**2021 Annual Report**

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<https://mops.twse.com.tw> (Taiwan Stock Exchange Market Observation Post System)

<http://www.cptwn.com.tw> (Corporate Website)

■ Spokesperson

Name : Ming Che Liu

Title : Special Assistant

Tel : +886- 2-2507-7071

E-mail : [service@cptwn.com.tw](mailto:service@cptwn.com.tw)

Deputy Spokesperson

Name : Hsiao Feng Hsieh

Title : Special Assistant

Tel : +886- 2-2507-7071

E-mail : [service@cptwn.com.tw](mailto:service@cptwn.com.tw)

■ Headquarter and Plants

Headquarter : 17F, No.87, Songjiang Rd., Zhongshan Dist. Taipei City

Tel : +886- 2-2507-7071

Kaohsiung Plant : No.7, Yonggong 2nd Rd., Yongan Industrial Park, Yongan Dist., Kaohsiung City

Tel : +886- 7-621-6131

Taichung Plant : No.99, Zichiang Rd., Kwanlien Industrial Park, Wuchi Dist., Taichung City

Tel : +886- 4-2639-2141

Yunlin Plant : No. 55,57, Sec. 3, Yunke Rd., Douliu City, Yunlin County

Tel : +886- 5- 770-5006

Nantou Plant : No.17, Gongye E. Rd., Nangang Industrial Park, Nantou City, Nantou County

Tel : +886- 49-2255-337

Nantou Further Processing Meat Plant : No.21, Zichiang 3rd Rd., Nangang Industrial Park, Nantou City, Nantou County

Tel : +886- 49-2260-888

■ Stock Transfer Agent

Name : CTBC Bank – Transfer Agency

Address : 5F, No.83, Sec. 1, Chongcing S. Rd., Taipei City

Tel : +886- 2-6636-5566

Website : <https://ecorp.ctbcbank.com/cts/index.jsp>

■ CPA of Financial Report

Auditors : Yi-Fan Lin & Fu-Ming Liao

CPA Firm : PricewaterhouseCoopers, Taiwan

Address : 27F, No. 333, Sec. 1, Keelung Rd., Taipei City

Tel : +886- 2-2729-6666

Website : <https://www.pwc.tw>

■ Overseas Securities Exchange : NA

■ Corporate Website : <http://www.cptwn.com.tw>

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# Letter to Shareholders

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Dear shareholders and honorable guests,

Welcome shareholders and guests to participate in the 2022 Annual General Shareholders' Meeting. On behalf of the Company's directors and all the colleagues, I would like to thank you for your kindness and support for the Company over the years.

Recalling 2021, with the accelerated progress of vaccination in major countries, people's life have gradually returned to normal. The strong recovery of the global economy was obvious which led main international forecast institutions have made upward revision of the 2021 performance of global economy growth. However, the pace of the economy recovery is inconsistent and some countries have resumed the strict prevention and control measures which impact supply chain of partial products. The repeated epidemic became the hidden concern for the recovery of the global economy.

In 2021, the Company has shown progress on various business indicators compared to the previous years, including production and marketing cost control, breeding management, livestock breeding rates, breeder egg production rates, brand management, physical marketing channels, e-commerce channel development, etc. Under the impact of the Covid-19 epidemic, thanks to the efforts of all colleagues, the Company still had an operating performance of EPS NT\$ 5.06.

Envisioning 2022, investment grows for three consecutive years and consumption of domestic demand is also expected to recover steadily due to the epidemic is under control. However, there are still many changes in the international economy. Not only are there still inconsistent in the pace of economy recovery among various countries, but also the mutant virus may still spread out again and cause a new outbreak of infection. Additionally, there are several issues including the new progress of U.S.-China trade war, the influence of the Ukraine-Russia War, as well as the surging in cost of raw materials and freight concerned by the manufacturing industry, shortage of materials, unstable supply chain, fluctuations of exchange rate, and depreciation of New Taiwan Dollars. All aforesaid factors are required to pay attention continuously.

It is expected that a more stable development in 2022. However, it is necessary to observe uncontrollable external factors such as the period length of panic consumption resulted from the COVID-19 pandemic, the influence of the Ukraine-Russia War, fluctuations in bulk grain price, oil prices, exchange rates, poultry and livestock prices, etc. The following business strategies will continue to be carried out in the future:

1. CP Group upholds the Three Benefits to Sustainability “for the Country, the People and the Company” and keeps on continuous innovation to take “Become the Kitchen of the World” as its mission. The R&D team has established the core technology and database of meat processing for years and continuously communicates with the R&D center of Thailand Head Office and collects the development trends and information of food all over the world for continuous improvement.
2. Standing with customers and providing them with satisfied products in a fast and high-quality way to create a win-win situation is CP Group's insistent belief. Understanding the customers' needs is the motivation to spur us to move forward continuously. Customers' satisfaction is the greatest power to support us. We will

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continue to uphold this belief to develop safe and delicious food for customers and consumers.

3. In addition to the meat processing product market we have already deeply cultivated, we have also completed development and sales of dry meat products such as meat floss and jerky, egg products such as steamed egg custard, boiled egg, soft boiled egg, omelette, tamagoyaki, and prepared food package to provide consumers more versatile dietary needs.
4. The Company projected to invest NT\$1.3 billion to establish an AI-automatic drug-free feed mill in Yunlin Technology-based Industrial Park in Douliou City, Yunlin County and already started construction in Feb. 2018. We will introduce the world's most advanced AI-automatic stereoscopic storage facility that all production processes from raw material inbounded, crushing and mixing, preparation to packaging will use AI-automatic production while the acceptance and inspection of raw material and shipment processes of finished products will adopt the AI-automatic system. The manpower will be saved 50% in comparison with existing feed mills. Mass production is expected to be commenced after completion in the second quarter of 2022. In the future, it will become a new driving force for our operating performance to increase our market share to more than 20%.

The Company has been well aware of the frequent incidents of food safety in recent years. The corporate philosophy of CP Group Chairman, Dhanin Chearavanont, is “for the Country, the People, and the Company.” All colleagues are required to take into account the economy, corporate social responsibility (CSR) and environmental protection when promoting policies, as well as the philosophy of fully protecting the consumers' food safety and health.

Regarding the 2021 operation result and the 2022 business objectives, we would like to invite our CEO, Mr. Thong Chotirat, to present it to all the shareholders and honorable guests.

Finally, wish all shareholders and guests good health, peace and happiness.

Chairman

**Wu Yeh Cheng**

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Dear Shareholders and honorable guests,

Total consolidated operating revenue of the Company for 2021 was NT\$ 24,841,345 thousand, an increase of NT\$ 2,651,710 thousand and 12% growth compared with 2020. The structure of operating revenue is illustrated as follows:

1. Feed Business

The operating revenue was NT\$ 9,117,321 thousand, approximately 36.7% of the total operating revenue, with 20.4% growth compared with NT\$ 7,572,206 thousand in 2020.

2. Agriculture and Livestock Business

The operating revenue was NT\$9,953,735 thousand, approximately 40.1% of the total operating revenue, with 2.4% growth compared with NT\$9,718,538 thousand in 2020.

3. Consumable Food Products

The operating revenue was NT\$5,770,289 thousand, approximately 23.2% of the total operating revenue, with 17.8% growth compared with NT\$4,898,891 thousand in 2020.

In conclusion, total operating revenue deducted the operating costs NT\$21,441,119 thousand to obtain the net operating margin NT\$3,400,226 thousand. The operating profit was NT\$1,591,540 thousand, the profit before income tax was NT\$1,644,750 thousand, and the earnings per share was NT\$5.06.

The results of 2021 operating performance, business plan, budget implementation, and financial analysis and 2022 business plan overview are illustrated in the Annual Report, please refer to page 5~6.

Envisioning the coming year, I and all colleagues will fulfill the strategy and the budget target for the year of 2022 assigned by the Board of Directors with the best efforts. I sincerely invite every shareholder to continue giving us your kind support and concern, and offer your comments without hesitation.

Finally, I wish all the shareholders and honorable guests have good health, success, and happiness.

Chief Executive Officer

**Thong Chotirat**

## I. 2021 Business Report

### 1. Operating Performance

Please refer to the previous page.

### 2. Budget Implementation

In accordance with the Regulations Governing the Publication of Financial Forecast of Public Companies, the Company does not have to prepare 2021 financial forecasts to the public. However, the overall business performance is generally in line with the company's internal operating plan.

### 3. Finance Income and Costs and Profitability Analysis

#### (1) Finance Income and Costs

A. Year 2021 Interest income was NT\$359 thousand which is from bank deposits.

B. Year 2021 Interest expense was NT\$82,038 thousand which is from bank borrowings.

#### (2) Profitability Analysis

Item	Year 2021
Return on total assets	6.46%
Return on owners' equity	15.16%
Ratio of profit before income tax to paid-in capital	61.37%
Profit margin	5.29%
Earnings Per Share	NT\$ 5.06

### 4. Research and Development

(1) Develop a variety of Chinese-style, exotic, and egg cuisines, such as Chicken soup with garlic, Braised pork shank, Thai basil chili pork, Soft boiled egg with yellow wine, Japanese-style omelette, etc., for consumers to enjoy delicious meal anytime anywhere in a more convenient and simple way.

(2) Targeting the needs and trends for high-protein diets, further develop more flavored chicken breast salad products, such as French herb and original flavor, and expand the sales market shares of each channel.

## II. 2022 Business Plan and Future Development Strategy

### 1. Operating Principles

For a long time, we have been dedicated to the agriculture, livestock, and food core business. We aggressively established a business model to integrate upper, middle, and lower stream of the industry, including feed manufacturing, livestock breeding, electric slaughtering, fresh frozen meat, meat processing food, egg products, etc. In addition, implementing our marketing strategies of brands enhancement, intensive physical e-commerce channels, procurement and R&D strategies, and also the most rigorous quality control operation, we insist on a fully control of quality and completed traceability from raw material supply chain management, processing, warehousing to products delivering in order to ensure the food safety. Our consistent business philosophy is to provide consumers with high-quality meat which is safe, hygienic, convenient, healthy, and highly qualified with reasonable price.

## 2. Sales forecast and its reference

In accordance with past performance and changes of market demand, 2022 projected sales volume illustrated as follows:

Item	Unit	Projected sales volume
Feed and extruded ingredients	Tons	675,000
Livestock Fresh Meat	Tons	146,000
Consumable Food	Tons	70,000

## 3. Important Production and Marketing Policy

After joined the World Trade Organization (WTO), Taiwan lifted all bans on meat imports in 2005. Under the impact of globalization, the domestic and foreign business environment is bound to face greater challenges while the price competition is more brutal. In order to ease the pressure from price competition, we will focus on our business strategies of brand enhancement, channels operating, use of the Group's global procurement network, and innovative R&D technologies to provide consumers with differentiated, unique and competitive products that are safe, healthy, hygienic, convenient and affordable.

## III. The External Competitive Environment, Regulatory Environment, and Macroeconomic Conditions

1. After Taiwan joined the WTO, opening meat import in all-round way took its toll in 2005. Commodity trading crossed the barriers of the international regions, turning the world into single markets and inevitably resulting in more intense competition. The Group has been actively engaged in integration and utilization of intensive brand marketing, channel deep-plowing, strengthening marketing, global procurement network platform and innovative R&D resource, which have shown significant benefits in terms of lowering raw materials costs, enhancing product quality and added value, and after-sales services.
2. In recent years, food safety incidents such as plasticizers, lean meat powder, poisonous starch, poisonous soy sauce, mixed oil in edible oil, and feed oil falsely claimed to be edible oil have taken place one after another in Taiwan. Food safety becomes a serious issue across the world. In order to ensure our products meet the food safety requirements, and to provide consumers with safe, healthy, convenient, affordable, and high-quality meats, the Company has been practiced CAS, TGAP, ISO22000, HACCP, and other systems. In addition, we adopt the most rigorous quality control and completed traceability throughout the process from material supply chain management, processing, warehousing to delivering.
3. Recalling 2021, with the accelerated progress of vaccination in major countries, people's life have gradually returned to normal. The strong recovery of the global economy was obvious which led main international forecast institutions have made upward revision of the 2021 performance of global economy growth. However, the pace of the economy recovery is inconsistent and some countries have resumed the strict prevention and control measures which impact supply chain of partial products. The repeated epidemic became the hidden concern for the recovery of the global economy.

Envisioning 2022, investment grows for three consecutive years and consumption of domestic demand is also expected to recover steadily due to the epidemic is under control. However, there are still many changes in the international economy. Not only are there still inconsistent in the pace of economy recovery among various countries, but also the mutant virus may still spread out again and cause a new outbreak of infection. Additionally, there are several issues including the new progress of U.S.-China trade war, the influence of the Ukraine-Russia War, as well as the surging in cost of raw materials and freight concerned by the manufacturing industry, shortage of materials, unstable supply chain, fluctuations of exchange rate, and depreciation of New Taiwan Dollars. All aforesaid factors are required to pay attention continuously.



# Company Profile

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## I. Date of Incorporation : August 22, 1977

## II. Company History

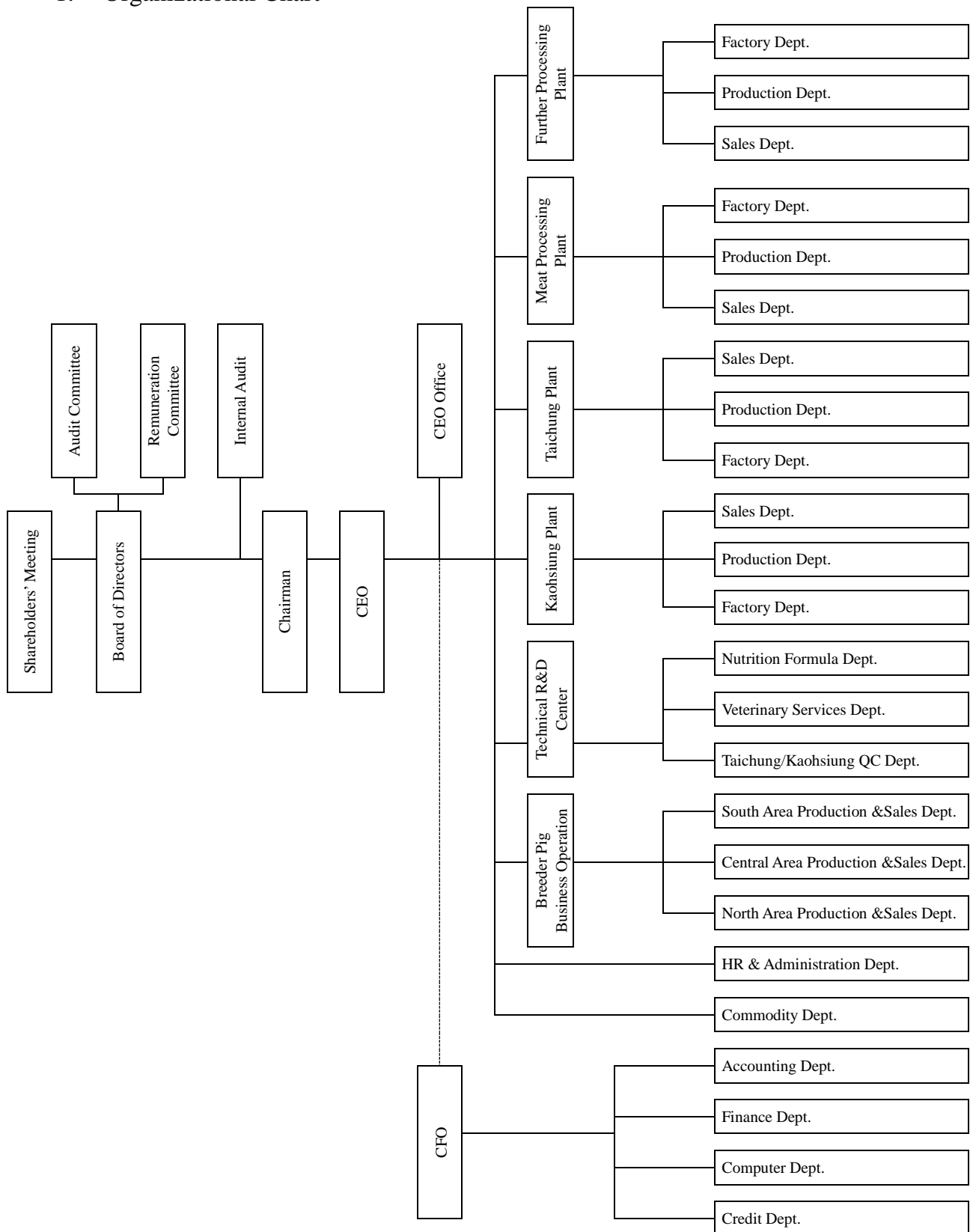
- 1977 : The Charoen Pokphand Group, encouraged by the R.O.C. Government's investment project for overseas Chinese, decided to invest the animal husbandry and feed business in Taiwan. In August, the company was incorporated as Charoen Pokphand Feedmill Co., Ltd. and founded headquarter in Taipei. Also, the Company started the construction of the first feedmill in Yongan Industrial Park, Kaohsiung. The excellent pellet feed which C.P. Taiwan introduced made the Taiwan's feed industry into a new era.
- 1984 : The Company set up Taichung Plant in Kwanlien Industrial Park, Taichung, and started operation in October.
- 1987 : The Company became a stock listed company in July.
- 1988 : The Meat Processing Plant was established in Nantou, and the Company was therefore renamed as Charoen Pokphand Enterprise (Taiwan) Co., Ltd.
- 1989 : The investment of Hong Kong Plenty Type Ltd. moves the Company step on international, multilateral and integral objective.
- 1990 : The Meat Further Processing Plant started to produce various meat products, such as sausage, ham, hot-dog, chicken nugget, etc.
- 1992 : The Company indirectly invested in China Lianyungang Chia Tai Agro-industry Development Co., Ltd.
- 1993 : The Company engaged in western franchise restaurant with the investment of Taiwan Sizzler Co., Ltd.
- 1998 : The Company joint-ventured with C.P. Thailand for the biotechnological breeder center, computerized automatic control in feedmill, modern meat & food processing plant, and marketing channels set up in Alabama State of the United States.  
In the same year, the Company invested Arbor Acres (Taiwan) Co., Ltd. and Charoen Pokphand (Taiwan) Co., Ltd. in order to establish vertically integrated business model.
- 1999 : In June, Nantou Meat Processing Plant got official verification accredited by SGS, and was further accredited ISO9001 Meat processing Plant by UKAS, the first of its like ever issued in Asia, also the first successful integrated production, QC and R&D among Taiwan's meat processing plants.
- 2000 : Taichung Feedmill and Kaohsiung Feedmill were accredited ISO9001 in January and March respectively, as Taiwan's first feedmill for such honors.
- 2002 : Nantou Meat Processing Plant was accredited Dutch RvA-HACCP in April.
- 2007 : Nantou Meat Processing Plant was accredited ISO22000 in February and TAF-Taiwan Good Agricultural Practice (TGAP) in November.
- 2011 : In response to the trend of consumers' future diet, the Company invested in Asia's most advanced frozen microwave fresh food processing plant in Nantou and constructed a plant-based feedmill in line with ISO22000, HACCP, and meat safety standards of EU, the United States, and Japan to supply livestock with feed that is purer, healthier, and from non-pharmaceutical and non-animal raw material sources.
- 2016 : In order to launch laying hen business, the Company joint-ventured with other companies to establish Rui Mu Foods Co., Ltd. and Rui Fu Foods Co., Ltd.
- 2017 : The Company acquired 53,319 square meters of land in Yunlin Technology-based Industrial Park in Douliou City, Yunlin County. The first phase of the plant construction is to build the world's most advanced AI automated non-pharmaceutical feedmill in line with international environmental protection standards, and to solve the feed cross-contamination and food safety issues.
- 2019 : In order to expand the egg market and distribution business model, the Company's subsidiary, Rui Fu Foods Co. Ltd., joint-ventured with other companies to establish Sheng Da Foods Co., Ltd.
- 2020 : In order to satisfy the demand of chicken slaughtering capacity, the Company joint-ventured with other company to establish Feng Sheng Livestock Co., Ltd.

Merger and acquisition activities, strategic investments in affiliates, corporate reorganization, transferring or otherwise changing hands of a major quantity of shares belonging to directors or shareholders with 10% or more shareholding of the Company, any change in managerial control, any material change in operating methods or type of business, and any other matters of material significance that could affect shareholders' equity for the most recent year and as of the date of publication of the Annual Report: None.

# Corporate Governance Report

## I. Organization

### 1. Organizational Chart



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## 2. Major Corporate Functions

- (1) Chairman : Legal representative of the Company, in charge of convening and hosting the Board of Directors, and monitoring the execution of the resolution by the Board.
- (2) CEO : Planning operation strategies and goals for the Company, and executing, tracking, monitoring the resolutions of the Board of Directors.
- (3) Internal Audit : Investigate and evaluate this Company's internal control system and audit various management systems of all the departments and sections in this company.
- (4) CEO Office : System planning, establishing, and modifying. Operation analyzing, and special project improving and tracking.
- (5) Credit Department : In charge of investing clients' credibility, credit granting, and urge the payment of accounts receivable.
- (6) Computer Department : In charge of this company's data processing, program developing, and maintenance.
- (7) Finance Department : In charge of financing, banking limit control, establishing relations with banks, insurance matters, and stock affairs.
- (8) Accounting Department : In charge of accounts calculating and processing, management analyzing, budget planning.
- (9) Human Resource & Administration Department : In charge of personnel managing, general affairs and documents managing, and educational trainings.
- (10) Technical R&D Center : In charge of developing and designing of new feed products, after-services, client livestock and poultry disease diagnosing, and breeding management guiding.
- (11) Commodity Department : In charge of purchasing raw materials of feed and micromaterials and sales of import and export trade.
- (12) Purchasing Department : In charge of purchasing fresh meat, raw material, facilities and machines.
- (13) Production Department : In charge of planning and executing the production of feed, meat products, processed meat products, prepared frozen food, breeder pig and swine; management and quality control of raw materials and products, storing and maintenance of factory buildings, facilities, and machines, executing and monitoring new construction works and construction improvement.
- (14) Sales Department : In charge of sale of feed, fresh meat, processed meat products, breeder pig and swine, accounts collection, search for new market, and clients' consultation.
- (15) Factory Department : In charge of factory's personnel matters, general affairs, and financing management.

## II. Information Regarding Directors and Management Team

### 1. Directors

Apr. 25, 2022

Title	Nationality/ Place of registration	Name	Gender /Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Sharehold ing by Nominee Arrangeme nt		Experience (Education)	Position(s) held concurrently in the company and/or in any other company	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Re- marks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	Bermuda	Charoen Pokphand (Taiwan) Investment Ltd., Bermuda	-	2021. 07. 22.	3	2006. 06. 20.	26,802,733	10.00	26,802,733	10.00	0	0.00	0	0	Senior Executive Vice President of Chia Tai Group	Director: Plenty Type Limited (Cayman Islands), Charoen Pokphand (Taiwan) Corp. Ltd.; Supervisor: Arbor Acres (Taiwan) Co., Ltd.	-	-	-	-
	R.O.C.	Representative : Wu Yeh Cheng	Male 86				6,383,019	2.38	6,383,019	2.38	142,853	0.05	0	0						
Director	Bermuda	Charoen Pokphand (Taiwan) Investment Ltd., Bermuda	-	2021. 07. 22.	3	2006. 06. 20.	26,802,733	10.00	26,802,733	10.00	0	0.00	0	0	Vice Chairman of CP Group (Thailand)	None	-	-	-	-
	Thailand	Representative : Prasert Poongkumarn	Male 86				0	0.00	0	0.00	0	0.00	0	0						
Director	Bermuda	Charoen Pokphand (Taiwan) Investment Ltd., Bermuda	-	2021. 07. 22.	3	2006. 06. 20.	26,802,733	10.00	26,802,733	10.00	0	0.00	0	0	Senior Vice President of Chia Tai Group	Chairman: Arbor Acres (Taiwan) Co., Ltd., Charoen Pokphand (Taiwan) Corp. Ltd.; Director: Plenty Type Limited (Cayman Islands)	-	-	-	-
	R.O.C.	Representative : Chu Hsiung Lin	Male 82				1,845,294	0.69	1,845,294	0.69	0	0.00	0	0						
Director	Bermuda	Charoen Pokphand (Taiwan) Investment Ltd., Bermuda	-	2021. 07. 22.	3	2006. 06. 20.	26,802,733	10.00	26,802,733	10.00	0	0.00	0	0	Vice Chairman of Chia Tai (China) Argro-Industry	CPE's CEO; Director: Arbor Acres (Taiwan) Co., Ltd., Charoen Pokphand (Taiwan) Co., Ltd.	-	-	-	-
	Thailand	Representative : Thong Chotirat	Male 71				156,900	0.06	172,900	0.06	0	0.00	0	0						
Director	Bermuda	Charoen Pokphand (Taiwan) Investment Ltd., Bermuda	-	2021. 07. 22.	3	2006. 06. 20.	26,802,733	10.00	26,802,733	10.00	0	0.00	0	0	CFO of Chia Tai Group (China Area)	CPE's CFO/CGO; Director: Plenty Type Limited (Cayman Islands), Rui Mu Foods Co., Ltd., Rui Fu Foods Co., Ltd., Perfect Companion (Taiwan) Co., Ltd.; Supervisor: Charoen Pokphand (Taiwan) Corp. Ltd., Feng Sheng Livestock Co., Ltd.; Chairman: Sheng Da Foods Co., Ltd., Ta Chung Investment Co., Ltd., Chun Ta Investment Co., Ltd.	-	-	-	-
	Thailand	Representative : Monchai Leelaharat	Male 60				0	0.00	0	0.00	0	0.00	0	0						
Independent Director	R.O.C.	Yen Sung Li	Male 71	2021. 07. 22.	3	2015. 06. 17.	0	0.00	0	0.00	0	0.00	0	0	Master of Accounting Dept., Soochow University	Member of CPE's Remuneration Committee; Independent Director: CHICONY/SNC/ FamilyMart	-	-	-	-
Independent Director	R.O.C.	Tsu M. Ongg	Male 74	2021. 07. 22.	3	2018. 06. 13.	0	0.00	0	0.00	0	0.00	0	0	Master of Illinois Institute of Technology, USA	Member of CPE's Remuneration Committee, Head of Habitech Architects, Director: Career, Supervisor: Fubon Real Estate Management	-	-	-	-

Note 1 : CPE has established Audit Committee composed of all independent directors to takes over the duties of Supervisors on June 17, 2015.

Note 2 : Current Shareholding is shares recorded in the shareholders' roster on Record date of 2022 Annual General Shareholders' Meeting.

## Major shareholders of the institutional shareholders

Apr. 25, 2022

Name of Institutional Shareholders	Major Shareholders
Charoen Pokphand (Taiwan) Investment Ltd., Bermuda	CPF Investment Limited (100% Shareholding)

## Major shareholders of the Company's major institutional shareholders

Apr. 25, 2022

Name of Institutional Shareholders	Major Shareholders
CPF Investment Limited	Charoen Pokphand Foods Public Company Limited (100% Shareholding)

## Directors' professional qualifications and Independent directors' independence information disclosure

Criteria Title /Name	Professional qualifications and experience	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chairman Wu Yeh Cheng	<ol style="list-style-type: none"> <li>1. Possess professional abilities of management administration, knowledge of the industry, lead and make policy decisions, an international perspective, etc.</li> <li>2. Experience of Agricultural, hatchery and food industry, Senior Executive Vice President of Chia Tai Group.</li> <li>3. Not been a person of any conditions defined in Article 30 of the Company Act.</li> </ol>	Not applicable for non-independent Director.	0
Director Prasert Poongkumarn	<ol style="list-style-type: none"> <li>1. Possess professional abilities of management administration, knowledge of the industry, lead and make policy decisions, an international perspective, etc.</li> <li>2. Experience of Agricultural, hatchery and food industry, Vice Chairman of CP Group (Thailand).</li> <li>3. Not been a person of any conditions defined in Article 30 of the Company Act.</li> </ol>	Not applicable for non-independent Director.	0
Director Chu Hsiung Lin	<ol style="list-style-type: none"> <li>1. Possess professional abilities of management administration, knowledge of the industry, lead and make policy decisions, accounting, finance and internal audit, etc.</li> <li>2. Experience of Agricultural, hatchery and food industry, Senior Vice President of Chia Tai Group.</li> <li>3. Not been a person of any conditions defined in Article 30 of the Company Act.</li> </ol>	Not applicable for non-independent Director.	0
Director Thong Chotirat	<ol style="list-style-type: none"> <li>1. Possess professional abilities of management administration, knowledge of the industry, business development, lead and make policy decisions, an international perspective, etc.</li> <li>2. Experience of Agricultural, hatchery and food industry, Vice Chairman of Chia Tai (China).</li> <li>3. Not been a person of any conditions defined in Article 30 of the Company Act.</li> </ol>	Not applicable for non-independent Director.	0

Criteria Title /Name	Professional qualifications and experience	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Director Monchai Leelaharat	<ol style="list-style-type: none"> <li>1. Possess professional abilities of commerce, law, finance, accounting and management administration that necessary for the business of the Company.</li> <li>2. Experience of Agricultural, hatchery and food industry, CFO of Chia Tai Group (China Area).</li> <li>3. Not been a person of any conditions defined in Article 30 of the Company Act.</li> </ol>	Not applicable for non-independent Director.	0
Independent Director Yen Sung Li	<ol style="list-style-type: none"> <li>1. Possess professional abilities of finance and accounting, knowledge of the industry, lead and make policy decisions, supervise and audit, etc.</li> <li>2. Certified Public Accountant, Vice Chairman of PwC, Taiwan, Chairman of Taipei CPA Association, Director of Accounting Research and Development Foundation.</li> <li>3. Not been a person of any conditions defined in Article 30 of the Company Act.</li> </ol>	<ol style="list-style-type: none"> <li>1. Self, spouse, or within two degrees of kinship was not a director, supervisor, or employee of the Company or any affiliates; did not hold any CPE shares (or held by the person under others' names); was not a director, supervisor or employee of specified companies (note) of the Company.</li> <li>2. Did not provide the Company or any affiliates commercial, legal, financial or accounting services within the last two years.</li> </ol>	3
Independent Director Tsu M. Ongg	<ol style="list-style-type: none"> <li>1. Possess professional abilities of management administration, building and construction, lead and make policy decisions, supervise and audit, etc.</li> <li>2. Certificate of Architect, Chairman of Hoy Engineering Consultants, Ltd., Director of Chunghwa Chemical Synthesis &amp; Biotech Co. Ltd.</li> <li>3. Not been a person of any conditions defined in Article 30 of the Company Act.</li> </ol>	<ol style="list-style-type: none"> <li>1. Self, spouse, or within two degrees of kinship was not a director, supervisor, or employee of the Company or any affiliates; did not hold any CPE shares (or held by the person under others' names); was not a director, supervisor or employee of specified companies (note) of the Company.</li> <li>2. Did not provide the Company or any affiliates commercial, legal, financial or accounting services within the last two years.</li> </ol>	0

Note: Please refer to the No. 5~8, paragraph 1, Article 3 of “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”

## The diversity and independence of the Board of Directors

- (1) The diversity of the board of directors: The Company has developed a diversified policy for composition of the Board members in Article 20 of its “Corporate Governance Best-Practice Principles”. The nomination and election of the member of the Board is accordance with the Articles of Incorporation of the Company and related regulations. The election of directors is adopted by candidate nomination system, after evaluating the qualifications by the dedicated department, it will be proposed to the Board for reviewing and be listed as candidates, and then to be submitted to the shareholders’ meeting for election.

The Board of Directors of the Company shall direct company strategies, supervise the management, and be responsible to the company and shareholders. The various procedures and arrangements of its corporate governance system shall ensure that, in exercising its authority, the Board of Directors complies with laws, regulations, its articles of incorporation, and the resolutions of its shareholders meetings.

The structure of the Company's Board of Directors shall be determined by choosing an appropriate number of board members, not less than five, in consideration of its business scale, the shareholdings of its major shareholders, and practical operational needs.

The composition of the Board of Directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

- A. Basic requirements and values: Gender, age, nationality, and culture, etc.
- B. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the Board of Directors shall possess the following abilities:

- A. Ability to make operational judgments.
- B. Ability to perform accounting and financial analysis.
- C. Ability to conduct management administration.
- D. Ability to conduct crisis management.
- E. Knowledge of the industry.
- F. An international market perspective.
- G. Ability to lead.
- H. Ability to make policy decisions.

The Company pays attention to the diversity for composition of the Board members and sets the target to maintain the current diversified status that are the percentage of Thailand directors is above 30% and at least one director who has accounting or financial expertise. We will also continue to implement the diversified policy for composition of the Board members based on the develop requirements in the future.

The Company has 8 directors. The percentage of Thailand directors is about 38% while the percentage of Taiwan directors is about 62%. The Board members all have decades work experience and are with diversified expertise such as operational management, the knowledge of the industry, lead and decisions making, finance, accounting, and architecture can effectively perform its monitoring and managing functions. The directors’ nationality, primary experience (education), professional qualifications and experience please refer to page 10-12 of the Annual Report.

- (2) The independence of the Board of Directors:

The Company has 8 directors, including 3 independent directors, accounted for about 38%, and none of the independent directors has the tenure of independent directors exceeded three terms. Every director and independent director not having been a person of any conditions defined in the paragraph 3 and 4, Article 26-3 of the Securities and Exchange Act. Please refer to page 10 “Directors” that all directors not having a marital relationship, or a relative within the second degrees of kinship to any other director of the Company.

## 2. Management Team

Apr. 25, 2022

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position in other companies currently	Managers who are Spouses or Within Two Degrees of Kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
CEO	Thailand	Thong Chotirat	Male	2006.06.20	172,900	0.06	0	0.00	0	0.00	Vice Chairman of Chia Tai (China) Argro-Industry	Director: Arbor Acres (Taiwan) Co., Ltd., Charoen Pokphand (Taiwan) Corp. Ltd.	-	-	-	-
CEO Office Senior Vice President	R.O.C.	Chih Cheng Liu	Male	2005.06.01	0	0.00	0	0.00	0	0.00	Master of Industrial Management Dept. NTUST	Director: Sheng Da Foods Co., Ltd., Feng Sheng Livestock Co., Ltd.	-	-	-	-
Taichung Plant Senior Vice President	R.O.C.	Yen Chun Liu	Male	2006.11.27	0	0.00	0	0.00	0	0.00	Master of Food Science and Biotechnology Dept., NCHU	Chairman: Rui Mu Foods Co., Ltd.	-	-	-	-
Meat/Further Processing Plant Senior Vice President	R.O.C.	Wei Yueh Chang	Male	2009.02.01	4,554	0.00	0	0.00	0	0.00	Bachelor of Economics Dept. Tunghai University	Supervisor: Rui Fu Foods Co., Ltd.	-	-	-	-
Breeder Pig Business Operation Senior Vice President	Canada	Ning Wang	Male	2008.07.01	0	0.00	210	0.00	0	0.00	Ph.D. of Catholic University of Leuven, Belgium	None	-	-	-	-
Kaohsiung Plant Vice President	R.O.C.	Yu Ching Chen	Male	2007.03.21	0	0.00	0	0.00	0	0.00	Bachelor of Chemical and Materials Engineering Dept., NCUT	None	-	-	-	-
Technical R&D Dept. Senior Vice President	R.O.C.	Chao Jen Chen	Male	2010.09.01	0	0.00	5,000	0.00	0	0.00	Ph.D. of Animal Nutrition Dept., NCHU	Chairman: Rui Fu Foods Co., Ltd. Supervisor: Rui Mu Foods Co., Ltd., Sheng Da Foods Co., Ltd.	-	-	-	-
Food R&D Senior Vice President	R.O.C.	Chun Lung Hsiao	Male	2015.04.01	0	0.00	0	0.00	0	0.00	Master of Animal Science Dept., NCHU	None	-	-	-	-
CFO/CGO	Thailand	Monchai Leelaharat	Male	2014.10.01	0	0.00	0	0.00	0	0.00	MBA of Kasetsart University	Director: Plenty Type Limited (Cayman Islands), Rui Mu Foods Co., Ltd., Rui Fu Foods Co., Ltd., Perfect Companion (Taiwan) Co., Ltd.; Supervisor: Charoen Pokphand (Taiwan) Corp. Ltd., Feng Sheng Livestock Co., Ltd. Chairman: Sheng Da Foods Co., Ltd., Ta Chung Investment Co., Ltd., Chun Ta Investment Co., Ltd.	-	-	-	-
Accounting Dept. Vice President	R.O.C.	Su Hua Lee	Female	2021.01.22	0	0.00	0	0.00	0	0.00	Master of Accounting Dept., Soochow University	None	-	-	-	-

Note : Shareholding is shares recorded in the shareholders' roster on Record date of 2022 Annual General Shareholders' Meeting.



### III. Remuneration paid to Directors and Management Team for the Most Recent Year

#### 1. Remuneration paid to Directors and Management Team for the most recent year

##### (1) Remuneration of Directors and Independent Directors

Dec. 31, 2021

Unit : NT \$ 10,000

Title	Name	Remuneration								Sum of total remuneration (A+B+C+D) and Ratio to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees						Sum of total remuneration (A+B+C+D+E+F+G) and Ratio to Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company.							
		Base Compensation (A)		Severance Pay (B)		Directors Compensation(C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)											
		The company	All companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	Cash	Stock	Cash	Stock		The Company	Companies in the consolidated financial statements					
Director	Chairman	Charoen Pokphand (Taiwan) Investment Ltd. Representative : Wu Yeh Cheng	1,311	1,591	0	0	0	0	6	6	1,317	1,597	0	0	0	0	0	0	0	0	0	0	1,317	1,597	0.97%	1.18%	None
	Director	Charoen Pokphand (Taiwan) Investment Ltd. Representative: Prasert Poongkumarn	1,980	1,980	0	0	0	0	6	6	1,986	1,986	0	0	0	0	0	0	0	0	0	0	1,986	1,986	1.46%	1.46%	None
	Director	Charoen Pokphand (Taiwan) Investment Ltd. Representative : Chu Hsiung Lin	180	180	0	0	0	0	18	18	198	198	8,464	8,554	0	0	0	0	0	0	0	0	8,662	8,752	6.39%	6.46%	None
	Director	Charoen Pokphand (Taiwan) Investment Ltd. Representative: Thong Chotirat																									
	Director	Charoen Pokphand (Taiwan) Investment Ltd. Representative : Monchai Leelaharat																									
Independent Director	Independent Director	Yen Sung Li	180	180	0	0	0	0	42	42	222	222	0	0	0	0	0	0	0	0	0	0	222	222	0.16%	0.16%	None
	Independent Director	Tsu M. Ongg																									
	Independent Director	Shui-Yung Lin (Note1)																									
	Independent Director	Chia Nan Fang (Note2)																									

1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration: The remuneration for Independent Directors is taking the Company's operation performance and typical pay levels of peer companies for reference and then submitted the proposal to the Board of Directors for resolution.

2. In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compensate directors for their services, such as being independent contractors: None.

Note 1: Mr. Shui-Yung Lin resigned the position of independent director of the Company due to his personal reason, effective from March 29, 2022.

Note 2: The term of the Independent director, Chia Nan Fang was expired after the re-election at the 2021 Annual General Shareholders' Meeting held on July 22, 2021.

## Range of Remuneration

Range of Remuneration	Name of Directors			
	Sum of Total Remuneration (A+B+C+D)		Sum of Total Remuneration (A+B+C+D+E+F+G)	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Under NT\$ 1,000,000	Chu Hsiung Lin, Thong Chotirat, Monchai Leelaharat, Yen Sung Li, Chia Nan Fang, Tsu M. Ongg, Shui-Yung Lin	Chu Hsiung Lin, Thong Chotirat, Monchai Leelaharat, Yen Sung Li, Chia Nan Fang, Tsu M. Ongg, Shui-Yung Lin	Yen Sung Li, Chia Nan Fang, Tsu M. Ongg, Shui-Yung Lin	Yen Sung Li, Chia Nan Fang, Tsu M. Ongg, Shui-Yung Lin
NT\$1,000,000 ~ NT\$1,999,999	-	-	-	-
NT\$2,000,000 ~ NT\$3,499,999	-	-	-	-
NT\$35,000,000 ~ NT\$4,999,999	-	-	-	-
NT\$5,000,000 ~ NT\$9,999,999	-	-	Chu Hsiung Lin	Chu Hsiung Lin
NT\$10,000,000 ~ NT\$14,999,999	Wu Yeh Cheng	-	Wu Yeh Cheng,	
NT\$15,000,000 ~ NT\$29,999,999	Prasert Poongkumarn	Wu Yeh Cheng, Prasert Poongkumarn	Prasert Poongkumarn Monchai Leelaharat	Prasert Poongkumarn Wu Yeh Cheng, Monchai Leelaharat
NT\$30,000,000~ NT\$49,999,999	-	-	-	-
NT\$50,000,000~ NT\$99,999,999	-	-	Thong Chotirat	Thong Chotirat
NT\$100,000,000 or over	-	-	-	-
Total	9 persons	9 persons	9 persons	9 persons

## Remuneration of Management Team

Dec. 31, 2021

Unit : NT\$ 10,000

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D) (Note 2)				Sum of total compensation (A+B+C+D) and Ratio to net income (%)		Remuneration from ventures other than subsidiaries or from the parent company		
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements			
								Cash	Stock	Cash	Stock					
CEO	Thong Chotirat															
Senior Executive Vice President	Chu Hsiung Lin															
CEO Office Senior Vice President	Chih Cheng Liu															
Taichung Plant Senior Vice President	Yen Chun Liu															
Meat/Further Processing Plant Senior Vice President	Wei Yueh Chang															
Breeder Pig Business Operation Senior Vice President	Ning Wang	4,474	4,543	166	166	10,967	11,012	18	0	18	0	15,625	15,739	11.53%	11.61%	None
Technical R&D Dept. Senior Vice President	Chao Jen Chen															
Kaohsiung Plant Vice President	Yu Ching Chen															
Food R&D Senior Vice President	Chun Lung Hsiao															
CFO/CGO	Monchai Leelaharat															
Accounting Dept. Vice President	Su Hua Lee															
Accounting Dept. Vice President (Note 3)	Ching Yuan Yu															

Note 1 : Severance Pay actually paid in 2021 was NT\$ 9.64 million. The expenditure reserved to Severance Pay was NT\$ 1.66 million.

Note 2 : Amounts stated above were managers' compensation approved by the Board of Directors in 2021.

Note3 : The Accounting Dept. Vice President, Ching Yuan Yu, was discharged on Jan. 22, 2021 due to his retirement.

## Range of Remuneration

Range of Remuneration	Name of Management	
	The Company	Companies in the consolidated financial statements
Under NT\$ 1,000,000	-	-
NT\$1,000,000 ~ NT\$1,999,999	Ching Yuan Yu	Ching Yuan Yu
NT\$2,000,000 ~ NT\$3,499,999	Su Hua Lee	Su Hua Lee
NT\$3,500,000 ~ NT\$4,999,999	-	-
NT\$5,000,000 ~ NT\$9,999,999	Chao Jen Chen, Chu Hsiung Lin, Chun Lung Hsiao, Yu Ching Chen, Wei Yueh Chang,	Chao Jen Chen, Chu Hsiung Lin, Chun Lung Hsiao, Yu Ching Chen, Wei Yueh Chang,
NT\$10,000,000 ~ NT\$14,999,999	Yen Chun Liu, Chih Cheng Liu, Ning Wang	Yen Chun Liu, Chih Cheng Liu, Ning Wang
NT\$15,000,000 ~ NT\$29,999,999	Monchai Leelaharat	Monchai Leelaharat
NT\$30,000,000 ~ NT\$49,999,999	-	-
NT\$50,000,000 ~ NT\$99,999,999	Thong Chotirat	Thong Chotirat
NT\$100,000,000 or over	-	-
Total	12 persons	12 persons

### Distribution of Employee Compensation to the management

Dec. 31, 2021  
Unit : NT\$ 10,000

	Title	Name	Employee Compensation - in Stock (Fair Market Value)	Employee Compensation - in Cash	Total	Ratio of Total Amount to Net Income (%)
Managers	SVP	Chih Cheng Liu	0	18	18	0.01%
	SVP	Wei Yueh Chang				
	SVP	Yen Chun Liu				
	SVP	Ning Wang				
	VP	Yu Ching Chen				
	SVP	Chao Jen Chen				
	SVP	Chun Lung Hsiao				
	VP	Su Hua Lee				

Note : Amounts stated above were Compensation approved by the Board of Directors in 2021.

## 2. Analysis of Remuneration for Directors and Management Team in the Most Recent Two Fiscal Years.

- (1) The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors and management team of the Company, to the net income of the parent company only financial statements:

2021	2020
14.56%	11.83%

- (2) The payment principles of remuneration for directors and management team is accordance with the Company's Articles of Incorporation as follows: Article 31 "The remuneration for the chairman and directors is according to the individual merit for the degree of participation and contribution in the operation of the Company, in view of the standards of international and local industry, the Board of Directors is authorized to determine the aforesaid remuneration. In case that a shareholder or a director acts as a managerial officer or staff/employee of the Company, he/she shall be

deemed as a general staff/employee and be paid for the salary.” and Article 29-1 ”When the Company has profit of the current year, at least 1% or more shall be distributed as employees’ bonuses. In case that the Company has accumulative losses, a sufficient amount shall be reserved to offset its accumulative losses in advance.” The remuneration for directors and management team is highly related to the Company’s operating results and performance which is determined by performance indicators (the Company’s operating results is according to financial indicators (such as the achievement rates of operating revenue, profits before income tax, and profits after the income tax) and non-financial indicators (such as performance regarding the compliance of laws and regulations of belonging departments and major deficiencies in operational risk issues). The remuneration for Independent directors is determined by taking the typical pay levels of markets for reference.

#### IV. Implementation of Corporate Governance

##### 1. Board of Directors

A total of 8 (A) meetings of the Board of Directors were held in the previous year (2021). The attendance of directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Chairman	Charoen Pokphand (Taiwan) Investment Ltd. Representative : Wu Yeh Cheng	8	0	100%	Re-elected on July 22, 2021
Director	Charoen Pokphand (Taiwan) Investment Ltd. Representative : Prasert Poongkumarn	0	7	0%	Re-elected on July 22, 2021
Director	Charoen Pokphand (Taiwan) Investment Ltd. Representative : Chu Hsiung Lin	8	0	100%	Re-elected on July 22, 2021
Director	Charoen Pokphand (Taiwan) Investment Ltd. Representative : Thong Chotirat	8	0	100%	Re-elected on July 22, 2021
Director	Charoen Pokphand (Taiwan) Investment Ltd. Representative : Monchai Leelahaarat	8	0	100%	Re-elected on July 22, 2021
Independent director	Yen Sung Li	8	0	100%	Re-elected on July 22, 2021
Independent director	Tsu M. Ongg	8	0	100%	Re-elected on July 22, 2021
Independent director	Shui-Yung Lin	4	0	100%	Newly-elected on July 22, 2021
Independent director	Chia Nan Fang	4	0	100%	Discharged on July 22, 2021

Other mentionable items:

- If any of the following circumstances occur,, the dates of the meetings, sessions, contents of motion, all independent directors’ opinions and the Company’s response should be specified:
  - Matters referred to in Article 14-3 of the Securities and Exchange Act: Please refer to the paragraph of Audit Committee “Operations of the Audit Committee Meeting for Material proposals”.
  - Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the Board of Directors: None.
- If there are directors’ avoidance of motions in conflict of interest, the directors’ names, contents of motion, causes for avoidance and voting should be specified:

Directors’ names	Date	Contents of motion	Causes for avoidance	Voting
Wu Yeh Cheng, Chu Hsiung Lin, Thong Chotirat, Monchai Leelahaarat	Jan. 22, 2021	Proposal for remuneration adjustment for Directors and managers and the year-end bonus.	Avoidance of conflict of interest	The interested directors were excluded from deliberations.
Monchai Leelahaarat	Jul. 5, 2021	Proposal for 2021 remuneration for Directors and salary adjustment for managers.	Avoidance of conflict of interest	The interested director was excluded from deliberations.

3. Status of Self (or Peer) Evaluation conducted by the Board of Directors : The Company has established “Regulations Governing the Board Performance Evaluation”. Please refer to the following Table for the implementation status of Board Evaluations.
4. Measures taken to strengthen the functionality of the board: The Board of Directors has established an Audit Committee and a Remuneration Committee to assist the Board in carrying out its various duties.
- (1) The Company’s Audit Committee comprises all independent directors and takes over the duties of Supervisors on Jun. 17, 2015.
- (2) The Company’s objectives to strengthen the functions of the Board of Directors are as follows:
- A. An adequate Board structure: Including planning appropriate Board seats, the chairman shall not concurrently assume the position of CEO.
- B. Well-defined Governing Procedure for Directors meeting and decision-making: Including the setup of Rules of Procedure for Board of Directors’ Meetings, compliance with Directors’ conflict of interest, and tracking and assessment of matters resolved by the Board.
- C. Strengthening the Board’s tasks: Select and supervise the business management and effectiveness of internal control, review and monitor company management decisions, financial objectives, and business plans, plan the Company’s future development directions and conduct business in accordance with the regulations and the Board resolutions.
- (3) Implementation: The actual operations of the Board of Directors are to achieve the abovementioned objectives.
5. All independent directors attended Board Meetings in Person.

**Table The implementation status of Board Evaluations.**

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
Once a year	From Jan. 1, 2021 to Dec. 31, 2021	the Board of Directors	Internal self-evaluation of the Board of Directors	A. Participation in the operation of the company; B. Improvement of the quality of the board of directors' decision making; C. Composition and structure of the board of directors; D. Election and continuing education of the directors; E. Internal control.
		Individual directors	Self-assessment by directors	A. Alignment of the goals and missions of the company; B. Awareness of the duties of a director; C. Participation in the operation of the company; D. Management of internal relationship and communication; E. The director's professionalism and continuing education; and F. Internal control.
		Functional committees	Internal self-evaluation of the Board of Directors	A. Participation in the operation of the company; B. Awareness of the duties of the functional committee; C. Improvement of quality of decisions made by the functional committee; D. Makeup of the functional committee and election of its members and E. Internal control.

## 2. Audit Committee

The Audit Committee is composed of three independent directors. The Committee assists the Board in fulfilling its oversight of the quality and integrity of the accounting, auditing, reporting, and financial control of the Company, and its responsibilities are as follows:

- (1) The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
- (2) Assessment of the effectiveness of the internal control system.
- (3) The adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
- (4) Matters in which a director is an interested party.
- (5) Asset transactions or derivatives trading of a material nature.
- (6) Loans of funds, endorsements, or provision of guarantees of a material nature.
- (7) The offering, issuance, or private placement of equity-type securities.
- (8) The hiring or dismissal of a certified public accountant, or their compensation.
- (9) The appointment or discharge of a financial, accounting, or internal audit officer.
- (10) Annual financial reports and second quarter financial reports that must be audited and attested by a CPA, which are signed or sealed by the chairperson, managerial officer, and accounting officer.
- (11) Other material matters as may be required by this Corporation or by the competent authority.

A total of 7 (A) Audit Committee meetings were held in the previous year (2021). The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Independent director	Yen Sung Li	7	0	100%	Re-elected on July 22, 2021
Independent director	Tsu M. Ongg	7	0	100%	Re-elected on July 22, 2021
Independent director	Shui-Yung Lin	3	0	100%	Newly-elected on July 22, 2021
Independent director	Chia Nan Fang	4	0	100%	Discharged on July 22, 2021

Other mentionable items:

1. Matters referred to in Articles 14-5 of the Securities and Exchange Act and other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: Please refer to the following table "Operations of the Audit Committee Meeting for Material proposals".
2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None
3. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the material items, methods and results of audits of corporate finance or operations, etc.): The Independent directors regularly reviewed internal audit reports and the Company's financial statements audited by independent auditors. The communication channel between them has been functioning well.

The main duties of the Audit Committee this year are to review the financial reports, internal control systems and related policies and procedures, and transactions of material assets, hiring of a certified public accountant, etc. Please refer to the following table for the details regarding the operations of the Audit Committee meeting for material proposals.

Table Operations of the Audit Committee meeting for material proposals

Dates of Audit Committee Meeting	Proposals and Resolution	Matters referred to in §14-5 of the Securities and Exchange Act	Not approved by the Audit Committee but approved by two thirds or more of all directors
2021 1st Meeting Jan. 22, 2021	Discharge of the Company's accounting officer	V	None
	Appointment of the Company's accounting officer.	V	None
	Independent directors' objections, reservations, or major suggestions: None		
	Resolutions of Audit Committee: Aforementioned proposals were approved by all members of the Audit Committee.		
	Company's actions regarding Audit Committee's opinions: Approved by all attending directors at BOD meeting.		
2021 2nd Meeting Mar. 23, 2021	2020 Annual financial statements (Consolidated and Parent Company Only)	V	None
	Replacement of Independent Auditors	V	None
	2020 Internal Control Statement	V	None
	Independent directors' objections, reservations, or major suggestions: None		
	Resolutions of Audit Committee: Aforementioned proposals were approved by all members of the Audit Committee.		
	Company's actions regarding Audit Committee's opinions: Approved by all attending directors at BOD meeting.		
2021 5th Meeting Jul. 30, 2021	Investment in the stocks of Charoen Pokphand Foods Public Company Limited.	V	None
	Independent directors' objections, reservations, or major suggestions: None		
	Resolutions of Audit Committee: Aforementioned proposals were approved by all members of the Audit Committee.		
	Company's actions regarding Audit Committee's opinions: Approved by all attending directors at BOD meeting.		
2021 6th Meeting Aug. 9, 2021	Discharge of the Company's internal audit officer.	V	None
	Appointment of the Company's internal audit officer.	V	None
	Independent directors' objections, reservations, or major suggestions: None		
	Resolutions of Audit Committee: Aforementioned proposals were approved by all members of the Audit Committee.		
	Company's actions regarding Audit Committee's opinions: Approved by all attending directors at BOD meeting.		
2021 7th Meeting Nov. 8, 2021	The hiring of PwC Taiwan and their audit fee.	V	None
	Internal auditing proposal of year 2022.	V	None
	Independent directors' objections, reservations, or major suggestions: None		
	Resolutions of Audit Committee: Aforementioned proposals were approved by all members of the Audit Committee.		
	Company's actions regarding Audit Committee's opinions: Approved by all attending directors at BOD meeting.		

3. Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons

Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
		Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V	The Company has established the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and resolved by the meeting of the Board of Directors on Nov. 1, 2019, and amended it in accordance with the amendment of the regulations and the Company’s business practice on May 11, 2021. It is disclosed on the Market Observation Post System and the Company’s website.	Compliant
2. The company’s shareholding structure and shareholders’ rights			
(1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	V	The spokesperson is responsible for such affairs, and the Stock Transfer Agent provides assistance.	No material discrepancy
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	V	The Company keeps up for updating the latest list of its major shareholders as well as the ultimate owners of those shares to protect shareholders’ rights.	Compliant
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	V	The transactions between the Company and its affiliates all follow the relevant laws and regulations. Every affiliate is an independent entity with clearly defined management rights and responsibilities.	Compliant
(4) Does the company establish internal rules against insiders trading with undisclosed information?	V	The Company has established the internal rules to forbid insider trading and disclosed on the Company’s website.	Compliant
3. Composition and Responsibilities of the Board of Directors			
(1) Does the Board establish a diversity policy, specific management goals, and implement them accordingly?	V	The Company has developed a diversified policy for composition of the Board members in article 20 of its “Corporate Governance Best-Practice Principles”. Please refer to the page 13 for the diversity policy, specific management goals and the implementation status.	Compliant



Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons	
	Yes	No		
			Abstract Illustration	
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		V	The Company has not yet established other functional committees in addition to the Remuneration Committee and the Audit Committee. In the future, the Company may plan to set up other functional committees depending on actual needs and in accordance with the regulations.	No material discrepancy
(3) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and reference when determining the remuneration of individual directors and nominations for reelection?	V		The Company has established the Regulations Governing the Board Performance Evaluation and resolved by the meeting of the Board on Nov. 1, 2019. The Company will conduct the self-evaluation or peer-evaluation of the Board and individual directors for the previous year on annual base since year 2021. The evaluation results will be reported to the Board of Directors and the results shall be applied as reference for each director’s compensation and reappointment.	Compliant
(4) Does the company regularly evaluate the independence of CPAs? ?	V		The Company has evaluated the independence of CPAs, and resolved by the Board on Mar. 28, 2022. Please refer to the following Table 1 for the Checklist of CPAs’ Independence Analysis and Professional Qualifications.	Compliant
4. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the Board of Directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?	V		The Company has appointed the Chief Corporate Governance Officer by the Board of Directors on May 11, 2021, who is responsible for corporate governance matters, including handling of matters relating to Board of Directors meetings and shareholders meetings in compliance with law; preparation of minutes of the Board of Directors meetings and shareholders meetings; assistance in onboarding and continuing education of the directors; provision of information required for performance of duties by the directors; assistance in the directors’ compliance of law; and other matters described or established in the articles of incorporation or under contract. Please refer to the following Table 2 for the Chief Corporate Governance Officer’s training records.	Compliant

Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
		Abstract Illustration	
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V	The respective dedicated departments are responsible for communication and coordination with stakeholders (including transacting banks, creditors, employees, clients, consumers, and suppliers). The Stakeholder Area has been created on the Company’s website to appropriately respond to all the issues the stakeholders care for.	Compliant
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V	The Company designates the Transfer Agency Department of CTBC Bank to deal with shareholder affairs.	Compliant
7. Information Disclosure			
(1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	V	The Company has set up a website to disclose the Company’s financials, business and relevant information regularly.	Compliant
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V	The Company has assigned dedicated departments to handle the collection and disclosure of information, and implemented a spokesperson system.	No material discrepancy
(3) Does the Company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?	V	The Company follows “List of Matters Required to Be Handled by Issuers of Listed Securities” to announce and report the financial statements as well as the operating status of each month.	No material discrepancy

Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons	
	Yes	No		Abstract Illustration
8. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		<p>1. Employee rights related systems and measures:</p> <p>(1) Establish the Staff Welfare Committee</p> <p>(2) Set up guidelines for sexual harassment prevention</p> <p>(3) Set up a complaint mail box.</p> <p>2. The company’s Directors, attending seminars regularly, has shown sound training status. The Directors’ training records in 2021 are as shown in the following Table 3.</p> <p>3. The Company has purchased “Directors and Officers Liability Insurance” for its directors and managers since March 31, 2009 to reduce and spread the risk of major damage cause by errors or negligence.</p> <p>4. The Company has set up the guidelines for staff retirement and provided welfare measures to maintain harmonious labor relations. Also, we pay attention to consumer rights, community environmental protection, and welfare issues, and focus on social responsibility that purchasing Public accident liability insurance and product liability insurance to strengthen protection for third parties.</p> <p>5. The corporate governance situation has been disclosed in the “Corporate Governance” section of the Market Observation Post System (<a href="https://mops.twse.com.tw">https://mops.twse.com.tw</a>).</p>	No material discrepancy
<p>9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures.</p> <p>Improvements: The Company has appointed the Chief Corporate Governance Officer and disclosed Material Information in English.</p> <p>The priority enhancement measures: We will continuously strengthen the disclosure contents in Annual Report and on the Company’s website to enhance information transparency.</p>				

Table 1

## Charoen Pokphand Enterprise (Taiwan) Co., Ltd.

## CPA and the joint accounting firm CPA belongs

## Checklist of Independence Analysis and Professional Qualifications

Evaluation	Yes	No	Notes
Has the CPA not served as a director or an independent director in the Company or its affiliated companies?	V		
Has the CPA not been a shareholder of the Company or its affiliates?	V		
Has the CPA not received salary from the Company or its affiliates?	V		
Has the CPA not been providing the Company with audit services for seven consecutive years?	V		
Has the CPA confirmed that the joint accounting firm CPA belongs has complied with relevant independence related norms?	V		
Has the jointly practicing accountant of the joint accounting firm to which the CPA belongs not served as the Company's director, manager or post having a major influence on audit cases over the past year?	V		
Has the CPA provided the independence declaration	V		
<p>Conclusion:</p> <p>After the evaluation, the independent auditors, Fu-Ming Liao and Yi-Fan Lin, from PwC, Taiwan have met the standard of independence analysis and professional qualification.</p> <p>Date: Mar. 18, 2022</p>			

Table 2 Chief Corporate Governance Officer's training records in 2021

Name	Course	Sponsoring Organization	Training hours
Monchai Leelaharat	The 13 <sup>th</sup> Taipei Corporate Governance Forum	Financial Supervisory Commission R.O.C.(Taiwan)	6
	2021 Seminar for the prevention of insider trading	Securities and Futures Institute	3
	2021Cathay Sustainable Finance and Climate Change Summit	Taiwan Stock Exchange Corporation	6

Table 3

## Directors' training records in 2021

Name	Course	Sponsoring Organization	Training hours
Prasert Poongkumarn	Business Expansion for Sustainable Growth	C.P. Leadership Institute	1.5
	Feed Ingredient Business Expansion	C.P. Leadership Institute	1.5
	Software Development Strategy for Proactive Business	C.P. Leadership Institute	1.5
	Turn Waste into Treasure-Waste Reuse	C.P. Leadership Institute	1.5
	Swine Breeding in more Storeys Building	C.P. Leadership Institute	1.5
	Building an Integrated Ecosystem of Agriculture, Industry	C.P. Leadership Institute	1.5

Name	Course	Sponsoring Organization	Training hours
Wu Yeh Cheng	2020/2021 U.S. Corn Harvest Quality and market outlook Seminar	U.S. Grains Council	3
	Seminar of how the industry responding the surge cost in raw materials of feed	Taiwan Feed Industry Association	2
	Seminar of sustainable operation issue of the husbandry industry	Taiwan Feed Industry Association	2.5
	2021 Feed Safety Seminar	Taiwan Feed Industry Association	2
	Smart Agriculture Symposium	Taiwan Institute of Economic Research, Biotechnology Industry Study Centre	6
	Seminar of the influence on the husbandry industry after Taiwan joining CPTPP	Taiwan Feed Industry Association	2
Chu Hsiung Lin	Business organization and remodel	Rotary Club of Taipei Tatung	1
	The role and status of Taiwan under the US-India Pacific Strategy	Rotary Club of Taipei Tatung	1
	Facing the Crisis, Shaping the Future-Post-epidemic medical policy blueprint	Rotary Club of Taipei Tatung	2
	Cell Ark: A new opportunity to change the global supply chain of natural resources	Rotary Club of Taipei Tatung	1
	The Corporate governance and key labor disputes.	Rotary Club of Taipei Tatung	1
Thong Chotirat	Business Expansion for Sustainable Growth	C.P. Leadership Institute	1.5
	Feed Ingredient Business Expansion	C.P. Leadership Institute	1.5
	Sofeware Development Strategy for Proactive Business	C.P. Leadership Institute	1.5
	Turn Waste into Treasure-Waste Reuse	C.P. Leadership Institute	1.5
	Swine Breeding in more Storeys Building	C.P. Leadership Institute	1.5
	Building an Integrated Ecosystem of Agriculture, Industry	C.P. Leadership Institute	1.5
Monchai Leelaharat	The 13 <sup>th</sup> Taipei Corporate Governance Forum	Financial Supervisory Commission R.O.C.(Taiwan)	6
	2021 Seminar for the prevention of insider trading	Securities and Futures Institute	3
	2021Cathay Sustainable Finance and Climate Change Summit	Taiwan Stock Exchange Corporation	6
Yen Sung Li	Change in the 5G Era: New normal status of industry upgrades, future commercial applications and post-epidemic Era	Taiwan Corporate Governance Association	3
	Business administration mentality from CSR to ESG	Taiwan Corporate Governance Association	3
Tsu M. Ongg	The 13 <sup>th</sup> Taipei Corporate Governance Forum	Financial Supervisory Commission R.O.C.(Taiwan)	6
	2021 Seminar for the prevention of insider trading	Securities and Futures Institute	3

#### 4. Composition, Responsibilities and Operations of the Remuneration Committee

##### (1) Information regarding Remuneration Committee Members

Apr. 25, 2022

Title	Name	Criteria Professional qualifications and experience	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent Director	Yen Sung Li	<ol style="list-style-type: none"> <li>1. Possess professional abilities of finance and accounting, knowledge of the industry, lead and make policy decisions, supervise and audit, etc.</li> <li>2. Certified Public Accountant, Vice Chairman of PwC, Taiwan, Chairman of Taipei CPA Association, Director of Accounting Research and Development Foundation.</li> <li>3. Not been a person of any conditions defined in Article 30 of the Company Act.</li> </ol>	<ol style="list-style-type: none"> <li>1. Self, spouse, or within two degrees of kinship was not a director, supervisor, or employee of the Company or any affiliates; did not hold any CPE shares (or held by the person under others' names); was not a director, supervisor or employee of specified companies (note) of the Company.</li> <li>2. Did not provide the Company or any affiliates commercial, legal, financial or accounting services within the last two years.</li> </ol>	3
Independent Director	Tsu M. Ongg	<ol style="list-style-type: none"> <li>1. Possess professional abilities of management administration, building and construction, lead and make policy decisions, supervise and audit, etc.</li> <li>2. Certificate of Architect, Chairman of Hoy Engineering Consultants, Ltd., Director of Chunghwa Chemical Synthesis &amp; Biotech Co. Ltd.</li> <li>3. Not been a person of any conditions defined in Article 30 of the Company Act.</li> </ol>	<ol style="list-style-type: none"> <li>1. Self, spouse, or within two degrees of kinship was not a director, supervisor, or employee of the Company or any affiliates; did not hold any CPE shares (or held by the person under others' names); was not a director, supervisor or employee of specified companies (note) of the Company.</li> <li>2. Did not provide the Company or any affiliates commercial, legal, financial or accounting services within the last two years.</li> </ol>	0

Note: Please refer to the No. 5~8, paragraph 1, Article 3 of “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”

(2)The Operations of the Remuneration Committee

- A. There are 3 members in the Remuneration Committee.  
 B. The term of current Remuneration Committee lasts from Jul. 22, 2021 to Jul. 21, 2024. A total of 3 (A) Remuneration Committee meetings were held in the previous year (2021). The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Convener	Shui-Yung Lin	-	-	-	Newly-elected on Jul. 22, 2021
Convener	Chia Nan Fang	3	0	100%	Discharged on Jul. 22, 2021
Member	Yen Sung Li	3	0	100%	Re-elected on Jul. 22, 2021
Member	Tsu M. Ongg	3	0	100%	Re-elected on Jul. 22, 2021

Other mentionable items:

- If the Board of Directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the Company's response to the remuneration committee's opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.
- Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

(3)The functions of the Remuneration Committee are to professionally and objectively evaluate the policies and systems for compensation of the Company's directors and manages and to submit recommendations to the Board of Directors for its reference in decision making. The responsibilities are as follows:

- A. Periodically reviewing the Remuneration Committee Charter and making recommendations for amendments.  
 B. Establishing and periodically reviewing the policies, systems, standards, and structure for the performance and compensation of the Company's directors and managers.  
 C. Periodically assessing the performance and compensation of the Company's directors and managers.

2021 Operations of the Remuneration Committee Meeting

Date	Proposals	Resolutions	Company's actions regarding Remuneration Committee's opinions
8th meeting of Fourth Session Jan. 22, 2021	Proposal for 2021 remuneration for Directors and salary adjustment for managers and 2020 year-end bonus.	Resolved by all members	The interested directors, Wu Yeh Cheng, Chu Hsiung Lin, Thong Chotirat, and Monchai Leelaharat, were excluded from deliberations and resolved by the three independent directors.
9th meeting of Fourth Session May. 11, 2021	Distribution of 2020 Employees' Compensation	Resolved by all members	Resolved by all Directors attended.
10th meeting of Fourth Session Jul. 5, 2021	Proposal for 2021 remuneration for Directors and salary adjustment for managers.	Resolved by all members	The interested director, Monchai Leelaharat, were excluded from deliberations, and resolved by the other seven directors.

5. The state of the company's promotion of sustainable development, any variance from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance

Promotion Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
1. Does the company have a governance structure for sustainable development and dedicated (or ad-hoc) sustainable development organization with Board authorization for senior management, which is reviewed by the Board?	V		The Company officially established the dedicated team in charge of the corporate social responsibility on Feb. 5, 2015, with the CEO serving as the convener. The dedicated team reports to the Board regarding handling situations. The status of preparing CSR report was reported to the Board of Directors on Aug. 9, 2021.	Compliant
2. Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related policy or strategy?	V		In order to improve the risk management mechanism, the Company’s CSR working group followed materiality principle to conduct impact assessments targeting to the level of influence of the issues stakeholders’ care about, and examine industry trends and current industry conditions to identify major themes. At the same time, to respond to the six visions of the CPF Way proposed by the CP Group: 1. Benefits for the Country, the people, and the Company 2. Adapt to change 3. Speed & Quality 4. Innovativeness 5. Simplification 6. Integrity, Honesty and Reciprocity CSR working group is composed of six teams including corporate governance, employees care, food safety, customer service, sustainable environment and community participation. Each team continuously communicates and manages internally and externally regarding to their responsible issues, and assess and track the corporate social responsibility related risks and performance by external consultants’ assistance. Please refer to page 19-23, 27 of the 2020 CPE CSR Report for details.	Compliant
3. Environmental Issues (1) Does the Company establish proper environmental management systems based on the characteristics of their industries?	V		In order to make the Company’s waste water, waste, noise, chemicals, etc. meet the Government’s environment protection requirements, the “Guidelines for Environmental Safety Management Operations” has been set up to effectively achieve the goals of environmental safety maintenance, energy conservation, and carbon reduction. The company regularly conducts online reporting and management of industrial waste at the Environmental Protection Agency's Industrial Waste Control Center, in order to maintain the environment and comply with legal requirements.	Compliant



Promotion Item	Implementation Status		Abstract Explanation	Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
(2) Is the Company endeavor to utilize the resources more efficiently and use renewable materials which have low impact on the environment?	V		<p>Quality management system: The Nantou Meat Processing Plant was accredited ISO 9001 in 1999. Taichung and Kaohsiung Feedmills were accredited ISO 9001 in 2000. The Nantou Further Processing Plant was accredited ISO 9001 in 2014.</p> <p>Food Safety Management System: The Nantou Meat Processing Plant was accredited HACCP in 2002. The Nantou Meat Processing Plant was accredited ISO 22000 in 2007. The Nantou Further Processing Plant was accredited ISO 22000 in 2014.</p> <p>In order to reduce the impact of operating activities on the environment, the company prepares a budget every year to invest in environmental protection work. In addition to pollution prevention and control expenditures, it also includes investment in process improvement and equipment replacement, so as to implement the group's business philosophy of "benefits for the Country, the People, and the Company."</p> <p>For the waste part, the waste generated in the production process of each production line, such as general business waste, chicken manure, feathers, bones, viscera, sludge, waste frying powder and plastic packaging materials, is all classified and processed, and hired the environmental protection companies to handle the waste, resources will be recycled and reused to reduce the resource and energy consumption of products and services. The company continues to introduce the improvement of energy-saving, energy equipment, and build a solar power generation system to enhance benefits of energy-saving and carbon-reduction.</p>	Compliant
(3) Does the Company evaluate potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	V		<p>The issue of climate change has been widely discussed in recent years. According to the characteristics of the industry, the Company actively finds feasible countermeasures and responding actions by identifying the risks and opportunities of climate change to lower the impacts resulted from climate change. Please refer to page 73 of the 2020 CPE CSR Report for details.</p>	Compliant

Promotion Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons																										
	Yes	No	Abstract Explanation																											
(4) Does the Company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?	V		<p>The Environmental Team regularly discloses quantitative indicators related to climate every year, including electricity intensity, total electricity consumption, total volume of GHG Emissions of Scope 1 and 2, and GHG Emission intensity. GHG Emission of the 2019 and 2020:</p> <p style="text-align: right;">Unit: tons CO<sub>2</sub>e</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="4">CPE GHG Emissions</th> </tr> <tr> <th colspan="2">CO<sub>2</sub>, equivalent</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td rowspan="2" style="text-align: center;">Feedmill</td> <td style="text-align: center;">Scope 1</td> <td style="text-align: center;">7,299</td> <td style="text-align: center;">6,896</td> </tr> <tr> <td style="text-align: center;">Scope 2</td> <td style="text-align: center;">15,034</td> <td style="text-align: center;">14,761</td> </tr> <tr> <td rowspan="2" style="text-align: center;">Meat Processing Plant</td> <td style="text-align: center;">Scope 1</td> <td style="text-align: center;">35,235</td> <td style="text-align: center;">33,638</td> </tr> <tr> <td style="text-align: center;">Scope 2</td> <td style="text-align: center;">23,569</td> <td style="text-align: center;">24,415</td> </tr> <tr> <td colspan="2" style="text-align: center;">Total</td> <td style="text-align: center;">81,137</td> <td style="text-align: center;">79,712</td> </tr> </tbody> </table> <p>The Company’s feedmills and meat processing plant are equipped with wastewater treatment equipment, which is handled by special personnel. In recent years, due to the increase in production volume, sewage treatment equipment has been added and waste water management has been strengthened to be compliant with the discharge standards to be incorporated into the sewage treatment plant of industrial zone, and has been effectively controlled to be lower than the discharge standard amount announced by the government.</p> <p>The company is committed to waste reduction management, with the strategy of reducing the total amount of waste and recycling waste as resources, through the process equipment technology (additional purchase of new sewage treatment equipment and introduction of sludge dryer) → water containing rate of food processing sludge declines → green energy recycling (compost, anaerobic biogas power generation → biogas → power generation, biomass fuel → steam → power generation) → reduce waste output, achieve waste reduction → reduce environmental load.</p> <p>Sustainable Energy and Environmental Management please refer to page 74-83 of the 2020 CPE CSR Report for details.</p>	CPE GHG Emissions				CO <sub>2</sub> , equivalent		2019	2020	Feedmill	Scope 1	7,299	6,896	Scope 2	15,034	14,761	Meat Processing Plant	Scope 1	35,235	33,638	Scope 2	23,569	24,415	Total		81,137	79,712	Compliant
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Promotion Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
4. Social Issues				
(1) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		The company adheres to the concept of respecting diversity and work human rights, actively promotes diversity and equal opportunities for employees. Through the sound and complete code of employees’ conduct, to regulate that the company shall not have differential treatment or any form of discrimination due to the factors such as personal gender, race, religious belief, party affiliation, sexual orientation, position level, nationality, age, etc., and to be committed to maintaining a healthy and safe working environment with employees, prohibiting any sexual harassment or other acts of violence, threats and intimidation, so as to give employees equal opportunities for assignment and career development. And, in compliance with relevant labor laws and regulations, with respect to internationally recognized basic labor and human rights, and to safeguard the legal rights of employees and the employment policies without discrimination, appropriate management methods and procedures have been set up and implemented.	Compliant
(2) Does the Company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	V		The Company has established Work Rules to regulate the matters of salary, vacation, and other benefits, etc. The Company makes annual adjustment of salary based on the business performance and distributes employee compensation. The Remuneration Committee set up the overall remuneration policy according to the market salary level. The company has established an employee welfare committee to allocate employee welfare funds every year for planning and providing various benefits for employees, such as employee birthday gifts, marriage allowances, maternity allowances, funeral allowances, employee child scholarships, etc. In addition, employees are provided the benefits of annual free Health check-ups, monthly doctor-in-plant consultation services. In The company has distributed surplus earnings every year depending on its operating conditions and personal performance, and adjusts salaries and awards based on performance appraisals. The company does not have different applicable standards or procedures for the personnel performance appraisal process due to other factors such as gender and age. Please refer to page 49 of “Compensation of Employees, Directors and Supervisors” and page 60 of “Labor Relations” of this Annual Report for details.	Compliant

Promotion Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(3) Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		<p>The company established occupational safety and health policies in accordance with the Occupational Safety and Health Act and related regulations, and fully implements the "Occupational Safety and Health Management System":</p> <p>Abide by laws and regulations, fulfill social responsibilities, pay attention to risk management and prevent hazards from occurring. Committed to education and training, strengthening consultation participation, Commitment to continuous improvement, and to ensure factory safety.</p> <p>In order to prevent occupational disasters and maintain the employees’ safety and health, in accordance with the Article 12-1 of the "Regulations governing occupational safety and health management", the company's "Codes of occupational safety and health management" has been established to require managers at all levels and to manage, command and supervise such matters related to the regulation implementation.</p> <p>In order to protect workers from workplace hazards and provide workers with a healthy and comfortable working environment, the company implements monitoring of the working environment twice a year, conducts on-site work safety observation and audits each quarter, and holds emergency response drills and activities twice a year (including firefighting, earthquake simulation and safety lectures.</p> <p>The company plans and expects to obtain ISO 45001 Occupational Health and Safety Management Systems certification in the second half of 2022.</p>	Compliant
(4) Does the Company provide its employees with career development and training sessions?	V		<p>The Company’s department managers may assign their colleagues to participate in internal and external education training based on the work needs to help employees to enrich their knowledge and professional skills, improve work efficiency and quality, so as to facilitate employees to connect with the company's growth goals. In addition, to obtain relevant licenses and professional skills in accordance with related laws and regulations to strengthen their career development capabilities.</p>	Compliant

Promotion Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(5) Does the Company’s product and service comply with related regulations and international rules for customers’ health and safety, privacy, sales, labeling and set policies to protect consumers’ or customers’ rights and consumer appeal procedures?	V		<p>The company has developed a food safety management system with reference to the CPF Group's food safety policy, the regulations of local competent authorities in Taiwan and the self-discipline of the food industry, which is mainly composed of three aspects: system certification, safety inspection, and tracking and traceability management. The company has actively obtained domestic and foreign quality assurance system certifications related to the food industry. In addition to the ISO 9001 quality management system since 1999, it became the first in Taiwan to obtain the Dutch RvA HACCP certification in 2002, and obtained the ISO 22000 certification in 2007, and continues to implement a management system of the food safety team to check the consumers’ safety.</p> <p>In 2021, participating in the "2022 Laboratory Quality Management Practice Sharing and Taiwan-US Capability Test Briefing" co-organized by Super Laboratory Co., Ltd and "Taiwan Testing and Quality Assurance Society (TTQAS)". It selected five Outstanding units which performed excellent from more than 300 companies, and Lab of CPE is one of them.</p> <p>Establish a safety traceability mechanism from farm to table, and upload manufacturing data to the Ministry of Health and Welfare's "Food Traceability Tracking Management Information System (required), and continue to strive to provide safe, fresh and delicious products and make customers have more secure consumption choices.</p> <p>In order to protect the consumers’ rights, in addition to providing high-quality products, the Company has also purchased product liability insurance.</p> <p>The 0800 consumer service hotline and mailbox have been set up for dedicated personnel to timely handle consumer complaint-related issues.</p> <p>Please refer to page 32, 43 and 51 of the 2020 CPE CSR Report for details.</p>	Compliant
(6) Does the Company establish supplier management policies, requiring suppliers to comply with relevant regulations on environmental protection, occupational safety and health, or labor rights, and its implementation status?	V		<p>According to the food sanitation regulations and quality meat certifications such as CAS, ISO9001, and IS22000, conditionally control raw materials, production line operations and equipment quality. Suppliers are also required to provide corresponding product testing certification to ensure product quality, hygiene and safety and regularly visit factories to evaluate their competency, to implement source management to check the consumers’ rights and interests.</p> <p>The Company requires all suppliers to abide by corporate social responsibility-related policies.</p>	Compliant

Promotion Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
5. Does the Company refer to internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as Sustainability Reports? Do the reports aforesaid obtain assurance from a third party verification unit?	V		The CSR report of the Company was prepared in accordance with GRI Standards of Global Reporting Initiatives, and commissioned PwC to conduct assurance in accordance with the Republic of China Assurance Standard Bulletin No. 1 “Assurance engagements other than audits or reviews of historical financial information”.	Compliant
6. Describe the difference, if any, between actual practice and the Sustainable Development principles, if the company has implemented such principles based on the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies: The company has not yet established Sustainable Development principles based on “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies”.				
7. Other useful information for better understanding the Company’s implementation of promoting sustainable development: Please refer to the Company’s website for other information related to corporate social responsibility “ <a href="http://www.cptwn.com.tw/cpwebsite/CPPage3.aspx?page=09">http://www.cptwn.com.tw/cpwebsite/CPPage3.aspx?page=09</a> ”.				

6. Fulfillment of Ethical Corporate Management and Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs (1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?	V		The Company has established the “Ethical Corporate Management Best-Practice Principles” and resolved by the Board of Directors, and clearly specify that the Company shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.	Compliant

Evaluation Item	Implementation Status		Abstract Illustration	Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies?	V		The Company’s Ethical Corporate Management Best-Practice Principles has clearly specified that when establish prevention programs, the Company shall analyze business activities within their business scope which are at a higher risk of being involved in unethical conduct, and include the conducts listed in Paragraph 2, Article 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies.	Compliant
(3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?	V		The Company’s Ethical Corporate Management Best-Practice Principles has set up the operational procedures and guidelines, disciplinary and appeal system, etc. The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved.	Compliant
2. Fulfill operations integrity policy				
(1) Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?	V		The Company properly evaluates the business partners’ credibility records and requires all transactions to be in line with the credibility code of conduct.	Compliant
(2) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	V		The company has establish a corporate responsibility promotion team which is supervised by the Board in charge of corporate integrity policies and program to prevent unethical conduct and monitor its implementation, and regularly reports to the Board.	No material discrepancy

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		All employees shall comply with conflict of interest and confidentiality agreements, and a mailbox shall be set up to serve as the channel for communication.	Compliant
(4) Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?	V		The Company has established effective accounting systems and internal control systems, and conduct review regularly so as to ensure that the design and enforcement of the systems are showing results. The internal auditors shall regularly check the compliance status of the relevant systems and prepare audit reports submitted to the Board of Directors.	Compliant
(5) Does the company regularly hold internal and external educational trainings on operational integrity?	V		Various meeting advocacies are periodically held. Prior to signing contracts and transacting with external vendors, business integrity-related norms shall be noted.	No material discrepancy
3. Operation of the integrity channel				
(1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	V		The Company has established the Whistle-blowing system and the 0800 service hotline and mailbox have been set up. In case of proven violations of business integration, punishment will be imposed according to the Company’s regulations.	Compliant
(2) Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?	V		The Company’s Whistle-blowing system has clearly stipulated the measures for whistle-blowing, whistle-blowers protection, etc.	Compliant
(3) Does the company provide proper whistleblower protection?	V		In the Company’s reported matter handling process, the whistleblower is always protected and will not be penalized for reporting an offense.	Compliant



Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
4. Strengthening information disclosure (1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?	V		The Company has disclosed the “Code of Business Integrity” on the company website and Market Observation Post System.	Compliant
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: The Company has established the ethical corporate management policies on Aug. 10, 2015. All business operations are complied with Company Act, the Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest and other relevant laws and regulations related for listed company.				
6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies): Adhering by the business integrity concepts of incorruptibility, transparency, responsibility, and self-discipline, all the regulations and procedures adopt relevant measures to prevent unethical conduct and implement the policy of business integrity.				

7. Corporate Governance Guidelines and Regulations :

- (1) Please refer to the “Corporate Governance” area on Taiwan Stock Exchange Market Observation Post System at <https://mops.twse.com.tw>
- (2) Please refer to the “Corporate Governance” area on the Company’s website at <http://www.cptwn.com.tw>

8. Other Important Information Regarding Corporate Governance : None.

## 9. Internal Control Systems

### (1) Statement of Internal Control System

Date: March 28, 2022

Based on the findings of a self-assessment, Charoen Pokphand Enterprise (Taiwan) Co., Ltd. (CPE) states the following with regard to its internal control system during the year 2021:

1. The Board of Directors and management of CPE are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. The effectiveness of an internal control system may be subject to chances due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and CPE takes immediate remedial actions in response to any identified deficiencies.
3. CPE evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities.
4. CPE has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, CPE believes that, on December 31, 2021, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of CPE's Annual Report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This statement was passed by the Board of Directors in their meeting held on March 28, 2022, with none of the eight attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Charoen Pokphand Enterprise (Taiwan) Co., Ltd.

Chairman : Wu Yeh, Cheng

CEO : Thong Chotirat

- (2) If the company has commissioned external auditors to review the company's internal control system, the external auditor's report should be disclosed: None.

10. Conviction of corporate or employees' wrongdoings, Company's punishment on employee for violation of internal control, major faults and improvements during recent fiscal period and to the publish date of the Annual Report: None.

11. Major Resolutions of Shareholders Meeting and Board of Directors Meeting for the most recent year and to the Publish Date of the Annual Report

(1) Major resolutions and executions of 2021 General Shareholders Meeting:

A. Adoption of the 2020 Business report and Financial Statements.

B. Adoption of the Proposal for 2020 Distribution of Surplus Earnings.

Implementation: The Board of Directors has set up the record date on July 4, 2021 and payment date on July 21, 2021. (Cash dividend of NT\$4.50 per share)

C. Discussion of amendments to the Company's "Rules for Election of Directors"

Implementation: The relevant matters are implemented in accordance with the amended procedures.

D. Re-election of Directors.

List of elected directors: Representatives of Charoen Pokphand (Taiwan) Investment Ltd: Wu Yeh Cheng, Thong Chotirat, Prasert Poongkumarn, Chu Hsiung Lin, and Monchai Leelaharat

List of elected independent directors: Yen Sung Li, Tsu M. Ongg, and Shui Yung Lin

Implementation: Company Registration was approved by Ministry of Economic Affairs on Aug. 19, 2021.

(2) Major Resolutions of the Board of Directors Meetings in 2021 and to the Publish Date of the Annual Report

Date	Major Resolution Outlines
Mar. 23, 2021	1. Approval of amendment to "Rules for Election of Directors" 2. Approval of Candidates list of Directors (including Independent directors) nominated by the Board of Directors.
May. 11, 2021	1. Approval of appointment of corporate governance officer 2. Approval of amendment to "Corporate Governance Best Practice Principles". 3. Approval of amendment to "Standard Operational Procedures for responding to requests from directors".
Aug. 9, 2021	1. Approval of amendment to "Self-Evaluation or Peer Evaluation of the Board of Directors" 2. Approval of discharge and appointment of the Company's internal audit officer.
Jan. 24, 2022	1. Approval of investment plan of building Taoyuan Meat Processing Plant 2. Approval of amendment to "Regulation for internal approval right level"
Mar. 28, 2022	1. Approval of amendment to "Articles of Incorporation" 2. Approval of amendment to "Procedures for the Acquisition and Disposal of Assets."
May 9, 2022	1. Approval of amendment to the Internal Control System. 2. Approval of amendment to "Procedures for the Acquisition and Disposal of Assets."

12. Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors: None.

13. Resignation or Discharge of the Company's Key Individuals, including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit ,Corporate Governance and R&D:

Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal
Accounting Officer	Ching Yuan Yu	Oct. 2, 2007	Jan. 22, 2021	Retirement at the statutory age
Chief Internal Auditor	Hsiu Ying Lin	Dec. 26, 1995	Aug. 9, 2021	Retirement at the statutory age

## V. Information on the professional fees of the CPAs

### 1. Audit Fee

Unit: NT\$ thousand

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Total	Remarks
PwC, Taiwan	Lin, Yi-Fan	Jan. 1, 2021~ Dec. 31, 2021	2,792	1,842	4,634	Primary Services of Non-audit Fee are including CSR report assurance, TP Report, etc.
	Liao, Fu-Ming					

- (1) If there is any change in the appointed independent auditors and the Company's annual auditing expenses decreased simultaneously, information regarding the amount, percentage and reasons for the decrease in auditing expenses shall be disclosed : None.
- (2) Auditing expenses decreased by 10% in comparison to the previous year, information regarding the amount, percentage and reason for the decrease in auditing expenses shall be disclosed : None.

## VI. Information on the Replacement of CPA

### 1. Regarding the former CPA

Replacement Date	Mar. 23, 2021		
Replacement reasons and explanations	Due to internal adjustment of PwC, the CPAs of the Company was changed from the first quarter of 2021.		
Describe whether the Company terminated or the CPA did not accept the appointment	Parties		
	Status	CPA	The Company
	Termination of appointment	N/A	N/A
Other issues (except for unqualified issues) in the audit reports within the last two years	N/A		
	N/A		
Differences with the company	Yes		Accounting principles or practices
			Disclosure of Financial Statements
			Audit scope or steps
			Others
	None	✓	
Remarks/specify details			
Other Revealed Matters	None		

### 2. Regarding the successor CPA

Name of accounting firm	PricewaterhouseCoopers, Taiwan
Name of CPA	Yi-Fan Lin, Fu-Ming Liao
Date of appointment	Mar. 23, 2021
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement.	N/A
Succeeding CPA's written opinion of disagreement toward the former CPA	N/A

3. The former CPA's response regarding to the item 1 & 2-3, paragraph 6, article 10 of the Regulation: N/A

## VII. Management Team Held Positions in the Company's Audit Firm or Its Affiliates: None.

## VIII. Changes in Shareholding of Directors, Management and Major Shareholders

Unit: Shares

Title	Name		2021		As of Apr. 25, 2022	
			Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Representative of Charoen Pokphand (Taiwan) Investment Ltd., Bermuda	Wu Yeh Cheng	0	0	0	0
Director		Prasert Poongkumarn				
Director		Chu Hsiung Lin				
Director		Thong Chotirat				
Director		Monchai Leelaharat				
Independent Director	Yen Sung Li		0	0	0	0
Independent Director	Tsu M. Ongg		0	0	0	0
Independent Director	Shui-Yung Lin (Note 1)		0	0	0	0
Independent Director	Chia Nan Fang (Note 2)		0	0	0	0
CEO	Thong Chotirat		115,000	0	16,000	0
Senior Vice President	Chih Cheng Liu		0	0	0	0
Senior Vice President	Yen Chun Liu		0	0	0	0
Senior Vice President	Wei Yueh Chang		0	0	0	0
Senior Vice President	Ning Wang		0	0	0	0
Vice President	Yu Ching Chen		0	0	0	0
Senior Vice President	Chao Jen Chen		0	0	0	0
Senior Vice President	Chun Lung Hsiao		0	0	0	0
CFO/CGO	Monchai Leelaharat		0	0	0	0
Vice President	Su Hua Lee		0	0	0	0
Vice President	Ching Yuan Yu (Note 3)		0	0	0	0
Major Shareholder	Charoen Pokphand Foods Public Company Limited		0	0	0	0

Note 1: Mr. Shui-Yung Lin resigned the position of independent director of the Company due to his personal reason, effective from March 29, 2022.

Note 2: The term of the Independent director, Chia Nan Fang was expired after the re-election at the 2021 Annual General Shareholders' Meeting held on July 22, 2021

Note 3: The Accounting Dept. Vice President, Ching Yuan Yu, was discharged on Jan. 22, 2021 due to his retirement.

## IX. Relationship among the Top Ten Shareholders

Apr. 25, 2022

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Charoen Pokphand (Taiwan) Investment Ltd., Bermuda Director : Paisan Chirakitcharern	26,802,733	10.00%	0	0.00%	0	0%	-	(Note 1)	
	0	0.00%	0	0.00%	0	0%	-	-	
Bright Excel Investments Limited, BVI Director : Paisan Chirakitcharern	24,832,500	9.27%	0	0.00%	0	0%	-	(Note 1)	
	0	0.00%	0	0.00%	0	0%	-	-	
Giant Crown Investments Limited, BVI Director : Paisan Chirakitcharern	16,946,479	6.32%	0	0.00%	0	0%	-	(Note 2)	
	0	0.00%	0	0.00%	0	0%	-	-	
Chun Ta Investment Co., Ltd. Chairman : Monchai Leelaharat	15,176,525	5.66%	0	0.00%	0	0%	-	(Note 1)	
	0	0.00%	0	0.00%	0	0%	-	-	
Ta Chung Investment Co., Ltd. Chairman : Monchai Leelaharat	12,549,362	4.68%	0	0.00%	0	0%	-	(Note 1)	
	0	0.00%	0	0.00%	0	0%	-	-	
Taiwan Life Insurance Co., Ltd. entrusts CTBC investment (II)	11,502,000	4.29%	0	0.00%	0	0%	-	-	
New Splendid Holdings Limited, BVI Director : Paisan Chirakitcharern	7,488,136	2.79%	0	0.00%	0	0%	-	(Note 1)	
	0	0.00%	0	0.00%	0	0%	-	-	
Wu Yeh Cheng	6,383,019	2.38%	142,853	0.05%	0	0%	-	-	
CITI Bank in custody for Norges Bank	3,856,000	1.44%	0	0.00%	0	0%	-	-	
JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	3,288,676	1.23%	0	0.00%	0	0%	-	-	

Note : 1. Charoen Pokphand Foods Public Company Limited acquired 100% shares indirectly since Sep. 2009.

2. Charoen Pokphand Foods Public Company Limited acquired 100% shares indirectly since Jun. 2018.

## X. Ownership of Shares in Affiliated Enterprises

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership (Mar. 31, 2022)	
	Shares	%	Shares	%	Shares	%
Plenty Type Limited (Cayman Islands)	57,841,941	100.00%	0	0.00%	57,841,941	100.00%
Charoen Pokphand (Taiwan) Corp., Ltd.	2,443,716	90.00%	271,524	10.00%	2,715,240	100.00%
Arbor Acres (Taiwan) Co., Ltd.	1,600,000	50.00%	504,000	15.75%	2,104,000	65.75%
Rui Mu Foods Co., Ltd.	20,400,000	68.00%	0	0.00%	20,400,000	68.00%
Rui Fu Foods Co., Ltd.	35,700,000	51.00%	0	0.00%	35,700,000	51.00%
Sheng Da Foods Co., Ltd.	0	0.00%	12,000,000	75.00%	12,000,000	75.00%
Feng Sheng Livestock Co., Ltd	10,000,000	50.00%	0	0.00%	10,000,000	50.00%

# Capital Overview

## I. Capital and Shares

### 1. Source of Capital

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Sources of Capital	Remark	
		Shares	Amount (NT\$)	Shares	Amount (NT\$)		Capital Increased by Assets Other than Cash	Date of Approval & Approval No.
May, 1987	-	28,637,999	286,379,990	28,637,999	286,379,990	Cash/Profits/Surplus	None	Before Public Listed
Jul. 1988	28	57,275,998	572,759,980	57,275,998	572,759,980	Cash	None	1988/3/16 Taiwan-Finance-Securities (I) No. 00258
Dec. 1988	10	68,731,198	687,311,980	68,731,198	687,311,980	Profits	None	1988/10/18 Taiwan-Finance-Securities (I) No.09203
Jan. 1990	40	95,477,437	954,774,370	95,477,437	954,774,370	Cash 130,000,000 Capital Surplus 137,462,390	None	1989/10/2 Taiwan-Finance-Securities (I) No.09078
Sep. 1992	10	137,400,000	1,374,000,000	105,979,955	1,059,799,550	Capital Surplus	None	1992/7/29 Taiwan-Finance-Securities (I) No.01704
Oct. 1993	10	137,400,000	1,374,000,000	116,577,950	1,165,779,500	Capital Surplus	None	1993/7/26 Taiwan-Finance-Securities (I) No.30830
Nov. 1994	20	184,000,000	1,840,000,000	149,057,795	1,490,577,950	Cash 208,220,500 Capital Surplus 58,288,980 Profits 58,288,970	None	1994/7/25 Taiwan-Finance-Securities (I) No.29034
Aug. 1995	10	184,000,000	1,840,000,000	156,510,685	1,565,106,850	Capital Surplus	None	1995/7/4 Taiwan-Finance-Securities (I) No.38921
Sep. 1996	10	284,000,000	2,840,000,000	165,901,326	1,659,013,260	Capital Surplus	None	1996/7/3 Taiwan-Finance-Securities (I) No.41052
Nov. 1997	17.5	357,900,000	3,579,000,000	202,491,458	2,024,914,580	Cash 200,000,000 Capital Surplus 82,950,660 Profits 82,950,660	None	1997/7/14 Taiwan-Finance-Securities (I) No.52538號
Aug. 1998	10	357,900,000	3,579,000,000	212,616,031	2,126,160,310	Capital Surplus	None	1998/7/4 Taiwan-Finance-Securities (I) No.57352
Aug. 1999	10	357,900,000	3,579,000,000	222,183,752	2,221,837,520	Profits 29,766,240 Capital Surplus 65,910,970	None	1999/7/12 Taiwan-Finance-Securities (I) No.63044號
Aug. 2000	10	357,900,000	3,579,000,000	226,627,427	2,266,274,270	Capital Surplus	None	2000/6/23 Taiwan-Finance-Securities (I) No.54599
Aug. 2001	10	357,900,000	3,579,000,000	230,026,838	2,300,268,380	Capital Surplus	None	2001/7/6 Taiwan-Finance-Securities (I) No.143496
Jul. 2003	5	357,900,000	3,579,000,000	232,026,838	2,320,268,380	Cash	None	2006/10/19 Financial-Supervisory-Securities--I -No. 0950148222 private placement securities for retroactive handling of public issuance procedures
Sep. 2014	10	357,900,000	3,579,000,000	243,628,180	2,436,281,800	Profits	None	2014/7/10 Financial-Supervisory-Securities-Corporate-No.1030026256
Sep. 2015	10	357,900,000	3,579,000,000	267,990,998	2,679,909,980	Profits	None	2015/7/31 Financial-Supervisory-Securities-Corporate-No.1040028764

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common Stock	267,990,998	89,909,002	357,900,000	-

Note: Information for Shelf Registration: NA.



## 2. Status of Shareholders

Apr. 25 2022

Structure Number	Government Agencies	Financial Institutions	Other Juridical Persons	Foreign Institutions & Natural Persons	Domestic Natural Persons	Total
Number of Shareholders	0	9	255	164	68,233	68,661
Shareholding (shares)	0	18,558,155	35,744,175	105,758,095	107,930,573	267,990,998
Percentage	0.00%	6.92%	13.34%	39.46%	40.28%	100.00%

## 3. Shareholding Distribution Status - Common Shares

Apr. 25 2022

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	41,294	3,709,843	1.38%
1,000 ~ 5,000	24,046	43,756,449	16.33%
5,001 ~ 10,000	1,954	14,885,851	5.55%
10,001 ~ 15,000	556	6,989,012	2.61%
15,001 ~ 20,000	278	5,111,077	1.91%
20,001 ~ 30,000	199	4,921,618	1.84%
30,001 ~ 40,000	89	3,132,930	1.17%
40,001 ~ 50,000	39	1,774,895	0.66%
50,001 ~ 100,000	98	6,932,109	2.59%
100,001 ~ 200,000	43	5,919,104	2.21%
200,001 ~ 400,000	26	7,284,140	2.72%
400,001 ~ 600,000	5	2,477,000	0.92%
600,001 ~ 800,000	8	5,205,023	1.94%
800,001 ~ 1,000,000	3	2,627,000	0.98%
1,000,001 or over	23	153,264,947	57.19%
Total	68,661	267,990,998	100.00%

Note: The Company has not issued Preferred Shares.

## 4. List of Major Shareholders

Shareholder's Name	Shareholding Shares	Percentage
Charoen Pokphand (Taiwan) Investment Ltd., Bermuda	26,802,733	10.00%
Bright Excel Investments Limited, BVI	24,832,500	9.27%
Giant Crown Investments Limited, BVI	16,946,479	6.32%
Chun Ta Investment Co., Ltd.	15,176,525	5.66%
Ta Chung Investment Co., Ltd.	12,549,362	4.68%
Taiwan Life Insurance Co., Ltd. entrusts CTBC investment (II)	11,502,000	4.29%
New Splendid Holdings Limited, BVI	7,488,136	2.79%
Wu Yeh Cheng	6,383,019	2.38%
CITI Bank in custody for Norges Bank	3,856,000	1.44%
JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	3,288,676	1.23%

## 5. Market Price, Net Worth, Earnings, and Dividends Per Share

Unit: NT\$ 1

Item	Year		2020	2021	01/01/2022 -03/31/2022
	Market Price per Share	Highest Market Price		76.00	86.80
Lowest Market Price		46.50	70.20	80.40	
Average Market Price		67.60	78.30	83.04	
Net Worth per Share	Before Distribution		30.99	30.33	31.33
	After Distribution		25.56	(Note1)	(Note1)
Earnings per Share	Weighted Average Shares (thousand shares)		267,990,998	267,990,998	267,990,998
	Diluted Earnings Per Share		6.18	5.06	1.22
	Adjusted Diluted Earnings Per Share		6.18	(Note1)	(Note1)
Dividends per Share	Cash Dividends		4.50	(Note1)	-
	Stock Dividends	Dividends from Retained Earnings	-	-	-
		Dividends from Capital Surplus	-	-	-
	Accumulated Undistributed Dividends		-	-	-
Return on Investment	Price / Earnings Ratio (Note 2)		10.86	15.44	-
	Price / Dividend Ratio (Note 3)		14.91	(Note1)	-
	Cash Dividend Yield Rate (Note 4)		0.07	(Note1)	-

Note 1 : The Proposal for Distribution of 2021 Profits is not yet resolved by the general shareholders' meeting.

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

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

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

## 6. Dividend Policy and Implementation Status

### (1) Dividend policy under Articles of Incorporation :

The Company is in the stage of stable growth, considering the capital demand of the Company and the cash inflow that the shareholders desire, while the Company has profit as a result of the annual final accounting, after the Company paid all taxes, dues and offset its accumulated losses, shall first set aside 10% of such profits as legal reserve, then set aside or reverse special reserve in accordance with the laws and regulations requested by the competent authority. The remaining surplus profits along with the un-appropriated retained earnings of the previous years shall be distributed as shareholders' dividends in accordance with the resolution of shareholders' meeting. Cash dividends shall not be less than 10% of the total distributed dividends. While the cash dividends per share is less than NT\$0.1, the cash dividends shall be distributed in the form of stock dividends.

(2) The Board of Directors considered the capital demand and the cash inflow that the shareholders desire, the Company plans to distribute more than 30% of Profit for the current year as shareholders' dividends.

(3) The Proposal for Distribution of 2021 Profits: The 2021 distribution of Surplus Earnings was resolved at the meeting of the Board of Directors that cash dividend NT\$3 per share will be distributed and reported to the Annual General Shareholders' Meeting; stock dividend NT\$1 per share will be distributed and after approved by the 2022 Annual General Shareholders' Meeting, such related matters will be conducted.

## 7. Impacts of Stock Dividends on Operation Results and EPS :

Items		Year	2022 ( Projected )
Paid-in Capital at beginning of year			NT\$ 2,679,909,980
Stock and cash dividends for the current year	Cash dividends per share		NT\$ 3.0
	Stock dividends per share from capitalization of earnings		0.1 shares
	Stock dividends per share from capitalization of reserves		0 shares
Change in business performance	Operating Revenue		Not Applicable (Note 2)
	Increase (decrease) percentage of operating revenue compared to the previous year		
	Profit after income tax		
	Increase (decrease) percentage of Profit after income tax compared to the previous year		
	Earnings per share		
	Increase (decrease) percentage of Earnings per share compared to the previous year		
Pro-forma EPS and P/E Ratio	If capitalized earnings were entirely distributed as cash dividends instead	Pro-forma EPS	Not Applicable (Note 2)
		Pro forma yearly average return on investment	
	Without capitalization of reserves	Pro forma EPS	
		Pro forma yearly average return on investment	
	Without capitalization of reserves and if capitalized earnings were entirely distributed as cash dividends instead	Pro-forma EPS	
		Pro forma yearly average return on investment	

Note: 1. The status of 2021 stock and cash dividends distribution is based on the resolution of the Company's Board of Directors on May 9, 2022. The 2021 new common share issuance through the increase of capital by capitalization of retained earnings will be conducted in accordance with the related regulations after approved by the Annual General Shareholders' Meeting.

2. In accordance with the "Regulations Governing the Publication of Financial Forecasts of Public Companies," the Company does not have to disclose financial forecasts to the public in 2022.

## 8. Compensation of Employees, Directors and Supervisors

- (1) Information Relating to Compensation of Employees, Directors and Supervisors in the Articles of Incorporation : When the Company has profit of the current year, at least 1% or more shall be distributed as employees' bonuses. In case that the Company has accumulative losses, a sufficient amount shall be reserved to offset its accumulative losses in advance. In addition, the Company doesn't distribute Directors' Compensation.
- (2) The basis for estimating the amount of employees' compensation, for calculating the number of shares to be distributed as employees' compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

The basis for estimating the amount of the employees' compensation is in accordance with Article 29-1 of the Company's Articles of Incorporation. If the amount resolved by the Board differs from the previously estimated, the difference will be handled based on the accounting estimation, which will be recognized as the 2021 annual profit (loss).

(3) Distribution of Compensation for 2021 Resolved in the Board of Directors Meeting

A. Distribution of Compensation of Employees in Cash or Stock:

The 2021 employees' compensation is NT\$17,157,760 which was approved by the Board of Directors on Mar. 28, 2022, and totally distributed in cash.

The amount of 2021 employees' compensation resolved by the Board decreased by NT\$ 36,240 compared to the estimated amount of NT\$17,194,000 in the 2021 financial report. The amount difference is mainly due to an estimation difference and shall be handled based on the accounting estimation, which will be recognized as the 2022 annual profit (loss).

B. The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports for the current period and total employee compensation: N/A.

(4) Information regarding the Distribution of Compensation of Employees, Directors and Supervisors for the previous year: 2021 Distribution of Employees' Compensation was NT\$20,889,300 while the distribution of Directors' remuneration was NT\$ 0. The above-mentioned actual distribution of compensation of employees, directors was in line with the resolution of the Board of Directors.

9. Buyback of Treasury Stock: None.

II. Bonds : None.

III. Preferred Shares : None.

IV. Global Depository Receipts : None.

V. Employee Stock Options, New Restricted Employee Shares : None.

VI. Status of New Shares Issuance in Connection with Mergers and Acquisitions : None.

VII. Financing Plans and Implementation

1. Finance Plans

For each uncompleted public issue or private placement of securities, and for such issues and placements that were completed in the most recent three years but have not yet fully yielded the planned benefits: None.

2. Implementation

Capital received from previously-issued corporate bonds has been fully executed according to the required procedures: NA.

# Operational Highlights

## I. Business Activities

### 1. Business Scope

#### (i) Main activities of business operations

- (1) Operation of Livestock Farm
- (2) Animal Husbandry
- (3) Livestock Farming
- (4) Slaughter
- (5) Canned, Frozen, Dehydrated Food Manufacturing
- (6) Instant Food Manufacturing
- (7) Other Food Manufacturing Not Elsewhere Classified
- (8) Prepared Animal Feeds Manufacture
- (9) Wholesale of Animal Husbandry, Aquatic Products, Food and Grocery, Animal Feeds
- (10) Retail sale of Husbandry Products, Aquatic Products, Animal Feeds, Food and Grocery
- (11) International Trade
- (12) Agriculture, Forestry, Fishing, Animal Husbandry Consultancy, Food Consultancy, and Management Consulting Services
- (13) Biotechnology Services
- (14) Restaurants
- (15) Other Eating and Drinking Places Not Elsewhere Classified

#### (ii) Product Items and the percentage

- |   |       |
|---|-------|
| – Feed and Extruded ingredients   | 36.7% |
| – Livestock Fresh Meat  | 40.1% |
| – Various Consumer Foods:   | 23.2% |
| Chicken floss, ginseng chicken, ham, chicken nugget, chicken chop, fried chicken, chicken sticks, roasted chicken, pickled meat, etc. |       |

#### (iii) New products scheduled for developing

- (1) Continuously develop Chinese-style and exotic cuisines, such as soups, Massaman curry, etc., to provide consumers more choices of delicious dishes.
- (2) Strengthen the development of snack products made by chicken, pork and duck.
- (3) Continuously develop and improve the manufacturing technology of clean label products.

### 2. Industry Overview

Relationship with up-stream, middle-stream and down-stream among the industry are feed, feathered chicken slaughter, fresh chicken/pork/duck, processed meat, and products-channel.

#### (1) Feed Industry

The variances in Taiwan's overall feed production quantity is adjusted based on the raising quantity of husbandry industry in Taiwan (including pigs, white broilers, colored chickens, ducks, bulls, etc.) as well as aquatic industry. In accordance with the 2020 Taiwan feed production survey report of the Council of Agriculture, Executive Yuan, there are 108 feed mills in Taiwan and the total annual feed production is 5.84 million tons. In 2021, Taiwan chicken slaughter quantity increased by about 6% while the pig slaughter quantity decreased by about 2% compared to 2020. The overall feed production quantity in 2021 was estimated to increase by 1%.

#### (2) White Broiler Fresh Meat

According to the data of the Poultry Association Republic of China, the chick prices increased from the bottom of NT\$19 each bird at the beginning of the year to NT\$31 each bird while the feathered chicken prices increased from NT\$ 26.5 to NT\$31.8 per 600 grams in 2021. In addition, the import quantity of chicken decreased from 252 thousand tons in 2020 to 176 thousand tons in 2021.

### (3) White Broiler Processed Foods

From the standpoint of nutrition, white meat has lower fat content and higher unsaturated fatty acids, which effectively reduce human cholesterol. Therefore, consuming more “healthy white meat” has become the main health diet concept of the people, and chicken happens to be in line with such a health-oriented diet trend. This year, the upward trend of consuming the ready-to-eat chicken breast products proved the domestic population’s desire toward the demand of health and drove the increasing sales of the overall white chicken processed food.

## 3. Research and Development

(1) In the latest year and to the publish date of the Annual Report, the R&D expenditure was NT\$15.5 million, of which 80% were invested on manpower and time spent on successfully developed products.

(2) Successfully Developed Products:

- A. Develop a variety of Chinese-style and exotic cuisines, such as Chicken soup with garlic, Braised pork shank, Thai basil pork (spicy) etc., for consumers to enjoy delicious meal anytime anywhere in a more convenient and simple way.
- B. Targeting the needs and trends for high-protein diets, further develop more flavored chicken breast salad products, such as French herb, original flavor, and expand the sales market shares of each channel.

## 4. Long-term and Short-term Development

(1) Short-term Development:

- A. To support the government’s technologization and modernization development policy for agriculture and livestock industry, the Company will construct the world’s most advanced AI automated non-pharmaceutical feedmill in Douliou City, Yunlin County, the agriculture capital of Taiwan, in order to meet the international environmental protection standards and solve feed cross-contamination and food safety issues.
- B. Introducing the world’s most advanced cooling pad system and equipment and raising and breeding technology, the Company thereby set the milestone for Taiwan heading towards high-tech automation.
- C. Introduce one-stop egg hen management to ensure sufficiency in egg supply.

(2) Long-term Development:

- A. By introducing the Group’s world-class technologies and the most advanced equipment, the Company’s technology level of breeding, livestock breeding, feed, and meat processing will be expected to improve.
- B. Adhering to the philosophy of “No biological safety, No food safety”, the Company insists on rigorous quality control and completed traceability from raw material supply chain management, processing, warehousing to products delivering in order to ensure the food safety and provide consumers the highest quality meat which is safe, healthy, convenient, hygienic, and affordable.
- C. Continue to strengthen the existing intensive brand marketing, deep-plow channel marketing strategies, and develop new e-commerce channels.

## II. Market and Sales Overview

### 1. Sales Region and Market Share (%)

The Company's main products are feed, white broiler fresh meat and processed chicken products, which are mainly for domestic sales. The sales regions are nationwide. The major product market overview is summarized as follows:

- (1) Feed: The Company's 2021 feed production was approximately 830,000 tons, which mainly consist of chicken, pig and duck feed products, accounting for about 16% of the overall market. The targets of sales are privately-operated breeders, contract breeders and self-owned farms. The main market area is Central Taiwan, accounting for 64%, while Southern and Northern Taiwan are accounting for 24% and 12% respectively. In response to the environmental protection and health trends, the Company provides the domestic breeding industry with feed products free of safety concerns. The Company invested in a feed mill with a monthly capacity of 20,000 tons in Douliou City, Yunlin County, which is expected to commence production in the second quarter of 2022.
- (2) White Broiler Fresh Meat: The Company is the first vendor to have white broiler electric slaughter equipment in Taiwan. After years of efforts, the Company adopts the vertical integration business strategy, from feed, meat chicken, chicken contract raising to white broiler slaughter in order to strictly control quality and reduce production costs. Currently, the daily slaughter capacity is 160,000 birds. The overall electric slaughter capacity in 2021 was 45.75 million birds. The market distribution comprises Northern Taiwan (38%), Central Taiwan (40%), and Southern Taiwan (22%), accounting for about 18% of the overall white broiler market.
- (3) Processed Chicken Products: With the people's enhanced health awareness in recent years, white meat sales have also gradually increased. The Company has actively engaged in the R&D and sales of chicken meat product over years, which spread across the breakfast industry, catering industry, supermarkets, convenience stores, and other markets. At present, the monthly production is about 2,400 tons, making the brand the leading brand in the market. The market distribution comprises Northern Taiwan (41%), Central Taiwan (31%), and Southern Taiwan (28%).

### 2. Supply, Demand and Growth in Prospective Markets

- (1) Recalling last year (2021), the global was continuously affected by the COVID-19 epidemic, and the proportion of vaccinations also increased one after another. When countries expected the epidemic may be under control, the epidemic still break out from time to time in major cities and lockdown situation happened. This has resulted in the shortage of manpower in major ports, serious port congestion, and the reduction of inland transport capacity of the supply chain. The global cargo movement was sluggish and slow. The shipping freight charge rose sharply that the obtained cost of goods hiked in such demand. The lack of containers and the serious delay of cargo arrival happened from the fourth quarter of 2020 and continued until Feb., 2022, the Chinese New Year. When Taiwan was facing the shortage of corn, CPE has been early deployed to closely monitor the arrival of corn and manage inventory adequately to avoid the unnecessary dilemma of corn shortage. The feedmills had no worries regarding the production and supplied the cooperative breeding partners with abundant feed.

(2) At the same time, the performance of global demand was not bad that caused countries were facing issue of high inflation of staple merchandises. In order to reduce the overheating inflation, the U.S. Federal Reserve announced in June 2021 to bring forward the plan of raising interest rates, which triggered the rise of USD exchange rate and the hot money withdrew fully and rapidly from the commodity market. As the price was going to revise back to low level, due to the dry weather issue of the South America's planting in the second half year of 2021, plus the intensify situation between Russia and Ukraine that the Russia-Ukraine war formally broke out on Feb. 24, 2022, the quotations of bulk commodity soared. Chicago Corn reached a biggest grow rate of 57.3% from July, 2021 to March, 2022, while the grow rate of Chicago soybean was 48.9%. Two futures both increased and reached the record high level. The outbreak of Russia-Ukraine war and the economic sanctions imposed by countries directly impacted the global supply and demand of grain and energy. The global export of corn, wheat, and sunflower oil from Russia and Ukraine accounted for 16% and 30%, and 77% respectively. The export amount of natural gas, petroleum, coal mines from Russia also ranked top three in the world.

In 2022, the global was influenced by high inflation, before the Russia-Ukraine war ends peacefully, although the global raw material of feed will not be short of supply, the cost of raw materials imported by various domestic feedmills will be expected to rise. In 2022, CPE faces business challenges just like walking on the ice, trembling with fear. In a volatile and high-risk environment, only the three principles, disciplined risk management to execute the procurement of commodity raw materials, closely monitor the arrival time and increasing the days of raw material inventory, could encounter with the changes and could sufficiently supply to the stable-growing Kaohsiung Plant, Taichung Plant and Yunlin Plant.

- (3) With a stable pace and the sustainable operation mission, CPE looks forward to the future with optimism. We will continue to invest every year's profits in this land of Taiwan, optimize the existing plants and farms, and actively invest in new production capacity at all levels.
- A. The egg washing plants established to cooperate with the washing and sorting policy promoted by the Council of Agriculture, Executive Yuan, are expected to increase washing capacity of 80,000 eggs per hour. The affiliated company, Rui Fu Foods Co., Ltd., is expected to have a total breeding volume to reach 600,000 birds, and the new plant of the affiliated company, Sheng Da Foods Co., Ltd., will be fully put into operation. The new production lines are the washing and sorting machine, boiled egg production line, and liquid egg sterilization production line respectively. The capacity will be effectively improved.
  - B. The Company purchased 2,105 square meters of land in Guishan Dist., Taoyuan City, and is projected to invest NT\$627 million to build a meat further processing plant which meets the CAS standards. The new meat processing plant will united the retail and distribution centers in Taoyuan, Sijhih Junghe and Taishan, and centralize the cutting and selling together. The new meat processing plant will also join the pork cutting business. The construction of the new meat processing plant is expected to start this year and completed in 2024.
  - C. The AI-automatic feedmill with a drug-free feed production line in Douliou Cit, Yunlin county is planned to be with a yearly capacity of 480 thousand tons and to produce 240 thousand tons in the beginning period. The feedmill is expected to commence mass production in the second quarter of 2022 and will further increase the CPE feed market share which is expected to be more than 20%.



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The Company will continue to increase the overall synergy to reduce the impact of high inflation era on the market, and to provide stable and high-quality products to the domestic people. In the future, the Company will also continue to increase investment, cooperative with the Government and meet the people's expectation, and further move towards to high-value, refined and diversified products and have a better and more perfect growth.

### 3. Advantages in Competition

- (1) The Company has been proactively establishing the business model for the upstream, middle-stream and downstream vertical integration of feed, feathered chicken slaughter, fresh chicken/pork/duck, processed meat, and products-channel integration has significantly gained a competitive niche.
- (2) The operation of existing global international products purchasing information online system previously established has make the best use of our advantage in materials.
- (3) For a long time, the Company has continuously invested heavily on strengthening the upstream and downstream agriculture and livestock supply chain layout, introduced the world's most advanced equipment featuring both environmental protection and safety into the Company, and enhanced the Company's standard of breeding, livestock breeding, feed, meat processing, and egg technology, which have one after another shown a competitive niche in terms of operating performance growth momentum.

### 4. Favorable and Unfavorable Factors in the Long Term and Countermeasure

#### (1) Favorable Factors:

- A. With the solid foundation of vertical integration, product costs and quality can be easily controlled to enhance competitiveness.
- B. Affordable and high-quality products coupled with after-sales services and continuous R&D are the niches of future market competitiveness.
- C. Products are necessities to public. By providing consumers with safe, healthy, convenient, affordable, and high-quality products that gain consumers' recognition, the Company's image as the leading brand can be established.

#### (2) Unfavorable Factors:

- A. Limited of land. Land, as symbol of wealth instead of production tools, is high in cost.
- B. The investment costs increase due to the soaring environmental protection standards.
- C. After Taiwan joined the WTO, it is bound to be subject to the external pressure of product competitiveness.

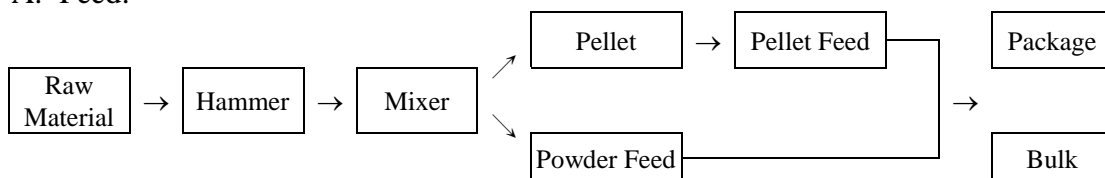
#### (3) Countermeasure:

In order to recreate the corporate, the C.P. Taiwan must strengthen itself by transforming from the traditional business of the past into an internationalized, commercialized, technologized, and eco-friendly consuming business group in order to take on internationalized and liberalized challenges of the future world trade and ensure the Company's steady growth and sustainable operation.

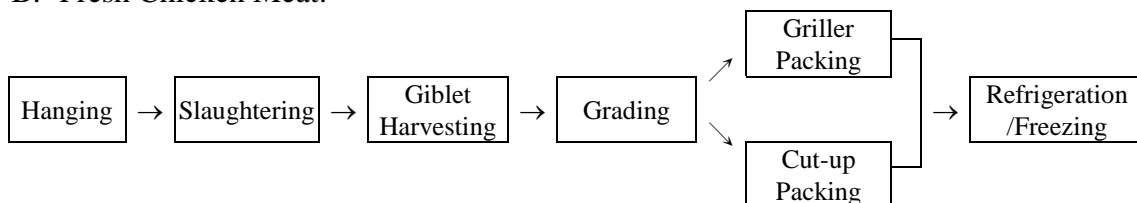
## 5. Important application and production Procedures of Major Products

- (1) 100% of the chicken, duck, pig feed is to provide the domestic suppliers. Fresh chicken meat, pork and processing products are manufactured for all Taiwan areas.
- (2) Production Processes of Major Products :

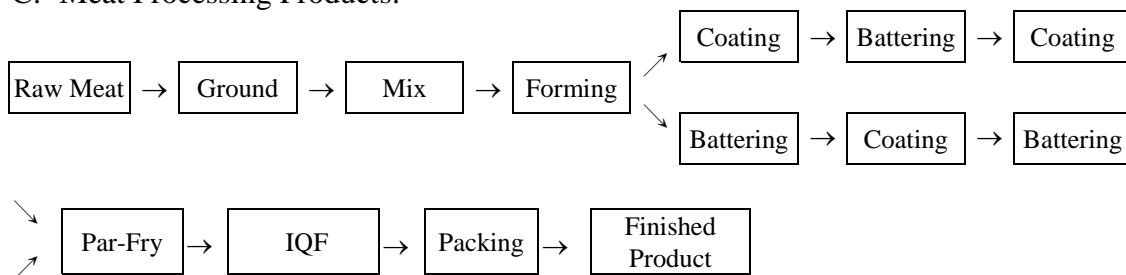
### A. Feed:



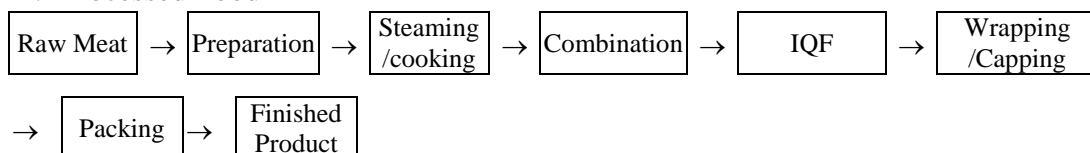
### B. Fresh Chicken Meat:



### C. Meat Processing Products:



### D. Processed Food :



## 6. Supply Status of Main Materials

### (1) Feed:

The transnational group has set up a professional management team to share rich experiences and information network, make accurate predictions in facing climate change, and provide the procurement strategy in response to market situations. Based on the regional characteristics, assistance has been offered in equipment upgrade, productivity enhancement, and R&D and innovation to increase added value. The cooperation mode with farmers has also been reinforced not only to reduce the risk of agricultural product price fluctuations but also to ensure breeding efficiency and quality, thereby successfully expanding breeding scale, maintaining productivity, and enhancing quality stability.

### (2) Fresh Chicken Meat:

The Company, cooperating with farmers based on different breeding contract, is provided with high-quality, hygienic and safe feathered chickens, which are the raw material sources of high-quality meat.

### (3) Meat Processed Products and Prepared Food:

The meat is purchased from self-operated electric slaughter plants or domestic and foreign markets in order to cater to fresh meat to the processed chicken, pork, local-raised chicken and duck foods.

## 7. Major Suppliers and Clients

### (1) Major Suppliers in the Last Two Years

Unit: NT\$ thousand

Item	2020				2021				2022 (As of March 31)			
	Name	Amount	Percent %	Relation with the Company	Name	Amount	Percent %	Relation with the Company	Name	Amount	Percent %	Relation with the Company
1	--	0	0.00	None	A (Note1)	2,873,833	15.30	None	A (Note1)	1,468,286	25.72	None
	Others	15,329,998	100.00		Others	15,908,024	84.70		Others	4,240,370	74.28	
	Net Total Supplies	15,329,998	100.00		Net Total Supplies	18,781,857	100.00		Net Total Supplies	5,708,657	100.00	

Note: 1. A represents HONGKONG NATURAL RESOURCES TRADING COMPANY LIMITED.

2.Explanation of increase or decrease: In 2021 and 2022 Q1, HONGKONG NATURAL RESOURCES TRADING COMPANY LIMITED offered the most competitive price that purchasing from it is the priority.

### (2) Major Clients in the Last Two Years

Unit: NT\$ thousand

Item	2020				2021				2022 (As of March 31)			
	Name	Amount	Percent %	Relation with the Company	Name	Amount	Percent %	Relation with the Company	Name	Amount	Percent %	Relation with the Company
	Others	22,189,635	100.00		Others	24,841,345	100.00		Others	7,199,414	100.00	
	Net Sales	22,189,635	100.00		Net Sales	24,841,345	100.00		Net Sales	7,199,414	100.00	

Note: There's no client commanding 10%-plus share of annual net sales.

## 8. Production in the Last Two Years

Unit: (1)MT (2)NT\$ thousands

Production Major Products	Year	2020			2021		
		Capacity	Quantity	Amount	Capacity	Quantity	Amount
Feed		917,700	846,434	9,698,194	917,700	834,429	11,795,875
Commodity		-	152,988	1,417,511	-	139,074	1,590,947
Livestock Fresh Meat		180,022	171,481	9,330,188	183,595	174,345	10,152,085
Consumable Food		44,954	43,259	4,423,420	55,528	54,504	5,276,890
Total			1,214,162	24,869,313		1,202,352	28,815,797

Note: Production capacity refers to the volume of production that can be produced by a company using existing production equipment and under normal operation, after taking into consideration factors such as necessary downtime, holiday, etc.

## 9. Sales and Quantity in the Last Two Years

Unit: (1)MT (2)NT\$ thousands

Sales Major Products	Year	2020				2021			
		Local		Export		Local		Export	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Feed, Extruded Ingredients		637,518	7,572,206	0	0	627,850	9,117,321	0	0
Livestock Fresh Meat		133,135	9,718,538	0	0	125,876	9,953,735	0	0
Consumable Food		42,696	4,898,891	0	0	53,960	5,770,289	0	0
Total		813,349	22,189,635	0	0	807,686	24,841,345	0	0

## III. Human Resources

Year		2020	2021	As of Apr. 30, 2022
Number of Employees	Administrative staff	194	213	208
	Sales staff	322	354	356
	Production staff	1,893	1,996	1,967
	Total	2,409	2,563	2,531
Average Age		39.00	40.00	40.00
Average Years of Service		6.00	6.60	6.60
Education	Ph.D.	0.2%	0.2%	0.1%
	Masters	3.2%	3.2%	3.4%
	Bachelor's Degree	33.0%	34.0%	35.9%
	Senior High School	30.0%	30.0%	30.6%
	Below Senior High School	33.6%	32.6%	30.0%

## IV. Environmental Protection Expenditure

1. Environmental Protection Policy: The Company has been supporting the government's policy to protect environment. We have installed the cyclone (dust collection system) in Taichung and Kaohsiung plants and also have the dedicated personnel to be responsible for the waste material treatment in order to protect the environment of the factories and the surroundings. In addition, we have also employed some persons to be responsible for the waste water and the deodorized treatment from Nantou Poultry slaughtering plant and meat-further processing plant. Those persons follow the related criterion to pump waste water into the waste water treatment center in industrial district, besides, to hire the cleaning companies to help treating those waste materials. The above measures are confirmed by the local Environmental Protection Bureau.

2. Any losses suffered by the company in the most recent fiscal year and up to the Annual Report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection) and countermeasures: Penalties for air, water and waste pollution is around NT\$ 1,805 thousand.

Disposition dates	Disposition reference numbers	Articles of law violated	Substance of the legal violations	Content of the dispositions
Jan. 4, 2021 ~ Feb. 10, 2022	No. 1093617047, No. 1110022827, etc.	Water Pollution Control Act: Article 7, 14, 18, and 60.	Exceeded effluent standards, Water pollution control measure and the using not complied with regulations, leakage of wastewater, etc.	Penalties amounted to NT\$769,755 and attending environmental seminars.
Feb. 18, 2021~ Dec. 21, 2021	No. 1100003229, No. 1100017248, etc.	Waste Disposal Act: Article 31, 36, 28 and related regulations	The output volume of garbage exceeded, an industrial waste disposal plan has not been submitted, the location of waste storage was not clearly marked, broken eggshell was not commissioned to a legal institution to handle, etc.	Penalties amounted to NT\$25,200 and attending environmental seminars.
Mar. 10, 2021~ Nov. 24, 2021	No. 1100049776, No. 1100263941, etc.	Air Pollution Control Act: Article 24.	Other scrubber absorber equipment is not complied with the operating permit standard of stationary pollution source and not add chlorine for a long time, the slaughtering amount exceeded the max limit of permit contents.	Penalties amounted to NT\$200,000 and attending environmental seminars.
Dec. 2, 2021~ Feb. 14, 2022	No. 1110271905, No. 1110035038, etc.	Air Pollution Control Act: Article 20.	The odorous concentration of feed production procedures and wastewater exhaust pipes exceeded the standard.	Penalties amounted to NT\$810,000 and attending environmental seminars.

3. The measures and estimated expenditure in the future:

2022

Anti-pollution equipment to be purchased

The waste water treatment equipment and dust collection equipment

Expected improvement situation

Improve the working environment

Amount

106 million

4. The impact of the improvement: Enhance the image of the Company, and improve the working environment.
5. Products have not yet been sold to EU countries. Therefore, the implementation of the “Restriction of the use of certain hazardous substances in electrical and electronic equipment (RoHS)” has no impact on the Group’s finance and business.

## V. Labor Relations

### 1. The Implementation of Employee Welfare, Education, Training, Retirement Policy, as well as the Agreements between Employer and Employees and Employees' Rights Protection Measures:

Since meetings among the Company, departments and plants have created a good communication channel, followed by labor law and relevant law to protect employees' rights, so as to pay much attention to various kinds of employees' welfare, the relationship between employer and employees is good.

- (1)The Employee Welfare Committee holds various employee welfare activities. In addition to the welfare fund distributed monthly by law, fund shortage will be subsidized by the Company.
- (2)The Company Working Environment and Employee Safety Protection Measures:
  - A. Formulate a Safety and Health Manual that stipulates safety management matters for employees to follow
  - B. Strengthen equipment safety and improve environment hygiene.
  - C. Regularly check firefighting safety in November every year, and conduct fire drills twice a year.
- (3)The employees' compensation includes monthly salary and bonus. The standard of the employees' salary is decided according to the duties, education and experiences, professional knowledge and market values. The initial salary and bonus is followed the Act of Gender Equality in Employment and will not be different because of the gender, religion, Politian party, and marital status which is followed the Act of Gender Equality in Employment. The budget of yearly salary adjustment is about 2% up ( the Company's operating performance is according to financial indicators (such as the achievement rates of operating revenue, profits before income tax, and profits after the income tax) and non-financial indicators (such as the performance such as the compliance of laws and regulations of belonging departments and major deficiencies in operational risk issues.)) The adjustment of salary is to ensure the employees' salary is corresponded with the market level and principles of fairness. As of the employees' bonus, it is determined by the duties and performance to encourage them. Employees are community of life with the Company and willing to share and grow with the Company to achieve the sustainable operation of the Company.
- (4)The Company has defined retirement pension plans in accordance with the Labor Standards Act for the employees recruited before July 1, 2005. The retirement pension for employees is based on their number of working years. The Company contributes monthly an amount equal to specific percentage of the employees' monthly salaries and wages to the retirement fund deposited with the Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. When employees retire, the pension is directly paid by the fund. For the employees hired after July 1, 2005 or existing employees choosing to go with the new pension plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance.

(5)The annual training program is shown in the following table:

Category	Audience	Training Content	Hours
1. Management Skills	1. Senior Executives (CEO, Vice President, etc.)	Globalized trend of agriculture and livestock food industry, CP Group's vision and business strategy, E-management advantages, Enterprise Resource Planning (ERP) integration.	36
	2. Middle-rank supervisors (Managers, Division heads, etc.)	CP Group vision and business strategy, ERP integration, Operating processes and Importation of electronic form management system.	36
	3. Grassroots supervisors (Section heads, management trainee)	T.W.C quality management, Project management, Cost control management, and Electronized Standard Operating Procedure (SOP) management.	72
	4. Salesmen/ Planning staff	CP Group vision and business strategy, Electronized business management (visit plans, customer development, analysis of accounts receivable and sales, and relevant real-time information), Credit management, and Sales management.	72
	5. Finance, Accounting, Personnel, Procurement, Credit, Computer, Production, Quality control, and other personnel	Policies, Operating processes, and Establishment and importation of electronic form management system.	72
2. Professional Skills	1. Senior Executives (CEO, Vice President, etc.)	Economy cycle and trend of Taiwan's agriculture and husbandry products, Industrial competitiveness strategic analysis (prices/products/channels/promotions), Electronic real-time information website, and Establishment of online learning system	96
	2. Middle-rank supervisors (Managers, Division heads, etc.)	Establishment and use of related professional knowledge for scope of work responsibilities (production, marketing, personnel, R&D, finance, accounting, computer)	96
	3. Grassroots supervisors (Section heads, management trainee)	Related professional knowledge for scope of work responsibilities (production, marketing, personnel, R&D, finance, accounting, computer)	72
	4. Salesmen/ Planning staff	Related professional knowledge, such as marketing proposal planning, product F&B, sales skills, business regulations, etc.	72
	5. Finance, Accounting, Personnel, Procurement, Credit, Computer, Production, Quality control, and other personnel	Related professional knowledge for the dedicated Dept.	72

2. Any losses suffered by the company in the most recent fiscal year and up to the Annual Report publication date due to labor disputes (including labor inspection results found in violation of the Labor Standards Act) :

Disposition dates	Disposition reference numbers	Articles of law violated	Substance of the legal violations	Content of the dispositions
Jan. 5, 2021	No. 1100006801	Labor Standards Act, Article 32, Paragraph 2.	Total number of overtime exceeded forty-six hours a month.	Penalty of NT\$20,000.

## VI. Cyber security management:

1. Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

(1) Cyber security risk management framework

A secure information environment is not only composed of information technology and equipment, but also requires the information department and all employees to thoroughly implement information security policies to form an information security risk management framework. The Company's cyber security organization is as follows:

- A. The information department is managed by CFO. When any information security problems happened, it will be reported to the CFO.
- B. The Information department is divided into network/hardware management team and application development team.
- C. The application development team is responsible for the maintenance and development of the ERP systems.
- D. The network/hardware management team is responsible for information security of network, maintenance of hardware-related equipment, and management of user account password. As the information security management personnel, it is responsible for monitoring cyber security equipment and handling cyber security incidents.

(2) Cyber security policies

- A. Implement employee account password management and regularly change password to strengthen publicity information security. The system enforces a 90-day requirement for employees to change their passwords.
- B. Ensure the application software sets usage rights for different levels to avoid information leakage.
- C. Monitor the abnormal information generated by the firewall and SPAM at any time, and establish a processing mechanism. The abnormal information of the firewall and SPAM equipment is sent to the administrator's mailbox at any time.
- D. Update virus patterns, OS and application security in real time, and monitor and manage them. The virus pattern of the host updates synchronized every 1 hour, the virus pattern of the client updates synchronized every 30 minutes, the host OS and application security updates - the update synchronization is automatically checked every night.
- E. Establish a database backup mechanism and a file server backup mechanism to ensure data security. , DB and file server hosts automatically schedule backups to NAS and tape every night.



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### (3) Cyber security management programs

The processing flow of abnormal cyber security equipment

#### A. Firewall and network traffic monitoring

Check firewall status and adjust external intrusion and internal exception control settings from the firewall management interface. Monitor the network traffic management interface, block the abnormal computer network and check the software usage of this computer to eliminate it immediately.

#### B. SPAM monitoring (spam blocking host)

Check the email messages sent by the SPAM host to determine the processing status of the software and hardware, and remove them through the management interface or contact the original factory personnel for disposal.

#### C. Regular inspection of software and equipment safety

Operating system and antivirus software security update: The service provider regularly visits the factory every two months to perform host status check and software update services, and provides telephony remote processing services for special situations.

VPN equipment security: arrange service providers to check and update security every quarter. When equipment disconnection, abnormality or update occurs, the service provider will immediately send SMS and Mail notification and deal with it. Once the situation is eliminated, immediately call, SMS and Mail Feedback completion information.

### (4) Investments in resources for cyber security management, Information security publicity content

#### A. Collection and Use of Personal Information

- a. The service information provided in accordance with personal work duties will not be arbitrarily disclosed to other third parties.
- b. When using the company's network system, the following information will be automatically collected: date and time, the URL of the webpage retrieved, and the action of accessing the network. This information may be used to improve the company's network traffic performance.
- c. For the above behaviors, the online behaviors that cause a heavy load on the company's network traffic will be monitored.

#### B. Information Security Responsibilities and Education and Training

- a. For those who handle confidential information and those who need to be given system management authority due to work needs, properly divide labor, decentralize power and responsibilities, establish an evaluation and assessment system, and establish a mutual support system for personnel as needed.
- b. The resigned employees should immediately notify the computer center and cancel all permissions to use various system resources.
- c. On the basis of roles and functions, for different levels of personnel, conduct information security education, training and publicity according to actual needs, so that employees can understand the importance of information security, various possible security risks, improve employees' information security awareness, and promote their Comply with information security regulations.

#### C. Information Security Operations and Protection

- a. Establish operating procedures for handling information security incidents, and assign necessary responsibilities to relevant personnel so as to handle information security incidents quickly and effectively.

- b. Establish a change management notification mechanism for information facilities and systems to avoid loopholes in system security.
  - c. Establish system backup equipment, and regularly perform necessary data and software backups, so that operations can be quickly restored in the event of disasters or storage media failures.
- D. Network Security Management
- a. For the outlets connected to the external network, set up firewalls to control the data transmission and resource access of the external and internal networks, and perform rigorous identification operations.
  - b. Confidential and sensitive information or documents shall not be stored in the information system open to the outside world, and confidential documents shall not be transmitted by e-mail.
  - c. Regularly conduct anti-virus checks on internal network hosts and personal computers, and regularly update the virus patterns of the anti-virus system, as well as various security measures.
- E. System Access Management
- a. According to the operating system and security management requirements, formulate the password issuance and change procedures and make records.
  - b. When logging in to each operating system, according to the system access authority necessary for personnel at all levels to perform their tasks, the information room system administrator shall set up the account and password to grant the authority, and update it regularly.
2. List any losses suffered by the company in the most recent fiscal year and up to the Annual Report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

## VII. Important Contracts

Agreement	Counterparty	Period	Major Contents	Restrictions
Technical service agreement	Charoen Pokphand Group Co., Ltd.	1996/01~the date any of two parties intend to end the agreement.	Consulting for feed manufacturing, livestock raising, etc.	Non-disclosure of technic
Technical service agreement	Charoen Pokphand Group Co., Ltd.	The year-end of 2020 ~effective for 5years	Consulting for livestock raising	Non-disclosure of technic
Trademark licensing agreement	Charoen Pokphand Group Co., Ltd.	The year-end of 2020 ~effective for 5years	Authorizing to use Trademark "CP"	
Medium and long term loan	Taiwan Cooperative Bank	2017/10~2030/12	Medium and long term mortgage loan	
Medium and long term loan	Chang Hwa Bank	2019/04~2026/04	Medium and long term mortgage loan	
Medium and long term loan	Agricultural Bank of Taiwan	2020/09~2025/09	Medium and long term mortgage loan	
Medium and long term loan	Bank of Taiwan	2020/11~2030/10	Medium and long term mortgage loan	
Medium and long term loan	CTBC Bank	2021/04~2031/04	Medium and long term mortgage loan	

# Financial Information

## I. Five-Year Financial Summary

### 1. Condensed Balance Sheet

#### Consolidated Condensed Balance Sheet

Unit: NT\$1,000

Item	Year	Financial Summary for The Last Five Years (Note1)					As of March 31, 2022 (Note2)
		2017	2018	2019	2020	2021	
Current Assets		5,169,541	5,837,148	6,846,284	5,688,632	6,967,768	7,147,781
Property, Plant and Equipment		6,515,162	7,617,265	8,767,246	10,896,118	12,471,603	12,755,560
Intangible Assets		15,108	15,059	13,833	174	3,530	3,182
Other Assets		2,186,311	2,320,692	3,022,998	2,961,425	3,734,571	3,721,169
Total Assets		13,886,122	15,790,164	18,650,361	19,546,349	23,177,472	23,627,692
Current Liabilities	Before Allocation	5,143,742	6,384,425	6,450,161	5,840,107	7,007,632	8,304,040
	After Allocation	5,947,715	7,188,398	7,522,125	7,046,066	(Note3)	(Note3)
Non-current Liabilities		1,784,866	2,149,054	3,573,206	4,972,756	7,576,833	6,481,106
Total Liabilities	Before Allocation	6,928,608	8,533,479	10,023,367	10,812,863	14,584,465	14,785,146
	After Allocation	7,732,581	9,337,452	11,095,331	12,018,822	(Note3)	(Note3)
Equity attributable to owners of the parent		6,677,498	6,931,976	7,922,332	8,304,986	8,129,092	8,397,386
Common Stock		2,679,910	2,679,910	2,679,910	2,679,910	2,679,910	2,679,910
Capital Surplus		1,145	1,652	2,137	3,957	4,666	4,662
Retained Earnings	Before Allocation	2,831,268	2,980,267	3,641,000	4,212,921	4,377,398	4,705,138
	After Allocation	2,027,295	2,176,294	2,569,036	3,006,962	(Note3)	(Note3)
Other Equity		1,165,175	1,270,147	1,599,285	1,408,198	1,067,118	1,007,676
Treasury Shares		0	0	0	0	0	0
Non-controlling interest		280,016	324,709	704,662	428,500	463,915	445,160
Total Equity	Before Allocation	6,957,514	7,256,685	8,626,994	8,733,486	8,593,007	8,842,546
	After Allocation	6,153,541	6,452,712	7,555,030	7,527,527	(Note3)	(Note3)

Note1: The Company's parent company only condensed balance sheet for the last five years is prepared as follows.

Note2: Financial information regarding the first quarter of 2022 has been verified by independent auditors.

Note3: The Proposal of Distribution of 2021 Profits has not resolved yet by Annual General Shareholders' Meeting.

## Parent Company Only Condensed Balance Sheet

Unit: NT\$1,000

Item	Year	Financial Summary for The Last Five Years (Note1)					As of March, 31, 2022
		2017	2018	2019	2020	2021	
Current Assets		4,216,923	4,765,343	5,030,282	5,002,348	6,366,754	NA
Property, Plant and Equipment		6,109,595	6,988,772	7,752,623	9,237,343	10,267,826	
Intangible Assets		2,047	1,564	592	171	3,476	
Other Assets		2,680,285	2,803,622	3,943,793	3,529,896	4,199,847	
Total Assets		13,008,850	14,559,301	16,727,290	17,769,758	20,837,903	
Current Liabilities	Before Allocation	4,607,091	5,562,630	5,603,223	5,051,226	6,144,676	
	After Allocation	5,411,064	6,366,603	6,675,187	6,257,185	(Note1)	
Non-current Liabilities		1,724,261	2,064,695	3,201,735	4,413,546	6,564,135	
Total Liabilities	Before Allocation	6,331,352	7,627,325	8,804,958	9,464,772	12,708,811	
	After Allocation	7,135,325	8,431,298	9,876,922	10,670,731	(Note1)	
Equity attributable to owners of the parent		6,677,498	6,931,976	7,922,332	8,304,986	8,129,092	
Common Stock		2,679,910	2,679,910	2,679,910	2,679,910	2,679,910	
Capital Surplus		1,145	1,652	2,137	3,957	4,666	
Retained Earnings	Before Allocation	2,831,268	2,980,267	3,641,000	4,212,921	4,377,398	
	After Allocation	2,027,295	2,176,294	2,569,036	3,006,962	(Note1)	
Other Equity		1,165,175	1,270,147	1,599,285	1,408,198	1,067,118	
Treasury Shares		0	0	0	0	0	
Non-controlling interest		0	0	0	0	0	
Total Equity	Before Allocation	6,677,498	6,931,976	7,922,332	8,304,986	8,129,092	
	After Allocation	5,873,525	6,128,003	6,850,368	7,099,027	(Note1)	

Note1: The Proposal of Distribution of 2021 Profits has not resolved yet by Annual General Shareholders' Meeting.

## 2. Statements of Comprehensive Income

### Consolidated Condensed Statement of Comprehensive Income

Unit: NT\$1,000

Item	Year	Financial Summary of the Last Five Years (Note1)					As of March 31, 2022 (Note2)
		2017	2018	2019	2020	2021	
Operating Revenue		19,865,000	18,947,659	21,173,634	22,189,635	24,841,345	7,199,414
Net Operating Margin		3,327,986	2,686,148	3,022,377	3,524,723	3,400,226	924,034
Operating Profit		1,746,963	1,260,649	1,459,297	1,898,598	1,591,540	438,519
Non-operating Income and Expenses		88,325	5,566	743,733	150,601	53,210	(52,134)
Profit before Income Tax		1,835,288	1,266,215	2,203,030	2,049,199	1,644,750	386,385
Profit from Continuing Operations		1,477,381	964,645	1,822,607	1,642,126	1,313,657	308,985
Profit from Discontinued Operations		0	30,415	776	(2,250)	0	0
Profit for the period		1,477,381	995,060	1,823,383	1,639,876	1,313,657	308,985
Other Comprehensive Income (Loss) for the period		(359,808)	105,558	328,484	(204,431)	(325,316)	(59,442)
Comprehensive Income for the period		1,117,573	1,100,618	2,151,867	1,435,445	988,341	249,543
Profit, attributable to owners of parent		1,433,070	950,727	1,463,926	1,657,082	1,355,652	327,740
Profit, attributable to non-controlling interest		44,311	44,333	359,457	(17,206)	(41,995)	(18,755)
Comprehensive Income, attributable to owners of parent		1,075,223	1,057,944	1,793,844	1,452,798	1,029,939	268,298
Comprehensive Income, attributable to non-controlling interest		42,350	42,674	358,023	(17,353)	(41,598)	(18,755)
Earnings per Share (NT\$) (Note3)	Before Retroactive	5.35	3.55	5.46	6.18	5.06	1.22
	After Retroactive	5.35	3.55	5.46	6.18	(Note4)	(Note4)

Note1: The Company's parent company only condensed balance sheet for the last five years is prepared as follows.

Note2: Financial information regarding the first quarter of 2022 has been verified by independent auditors.

Note3: Based on weighted average number of outstanding shares after considering capital increase out of earnings or capital surplus during each year.

Note4: The Proposal of Distribution of 2021 Profits has not resolved yet by Annual General Shareholders' Meeting.

**Parent Company Only Condensed Statement of Comprehensive Income**

Unit: NT\$1,000

Item	Year	Financial Summary of the Last Five Years					As of March 31, 2022
		2017	2018	2019	2020	2021	
Operating Revenue		17,379,603	18,170,438	20,173,520	21,160,706	23,272,864	NA
Net Operating Margin		2,941,655	2,459,155	2,820,707	3,394,442	3,236,672	
Operating Profit		1,640,894	1,169,368	1,423,849	1,948,668	1,676,468	
Non-operating Income and Expenses		118,046	57,787	317,375	117,863	21,895	
Profit before Income Tax		1,758,940	1,227,155	1,741,224	2,066,531	1,698,363	
Profit from Continuing Operations		1,433,070	950,727	1,463,926	1,657,082	1,355,652	
Profit from Discontinued Operations		0	0	0	0	0	
Profit for the period		1,433,070	950,727	1,463,926	1,657,082	1,355,652	
Other Comprehensive Income (Loss) for the period		(357,847)	107,217	329,918	(204,284)	(325,713)	
Comprehensive Income for the period		1,075,223	1,057,944	1,793,844	1,452,798	1,029,939	
Profit, attributable to owners of parent		1,433,070	950,727	1,463,926	1,657,082	1,355,652	
Profit, attributable to non-controlling interest		-	-	-	-	-	
Comprehensive Income, attributable to owners of parent		1,075,223	1,057,944	1,793,844	1,452,798	1,029,939	
Comprehensive Income, attributable to non-controlling interest		-	-	-	-	-	
Earnings per Share (NT\$) (Note1)	Before Retroactive	5.35	3.55	5.46	6.18	5.06	
	After Retroactive	5.35	3.55	5.46	6.18	(Note2)	

Note1: Based on weighted average number of outstanding shares after considering capital increase out of earnings or capital surplus during each year.

Note2: The Proposal of Distribution of 2021 Profits has not resolved yet by Annual General Shareholders' Meeting.

**3. Auditors' Name and Opinions from 2017 to 2021**

Year	CPA		Audit Opinions
2021	Fu-Ming Liao	Yi-Fan Lin	With Unqualified Opinions
2020	Shih-Jung Weng	Yi-Fan Lin	With Unqualified Opinions
2019	Shih-Jung Weng	Yi-Fan Lin	With Unqualified Opinions
2018	Shih-Jung Weng	Yi-Fan Lin	With Unqualified Opinions
2017	Chih-Cheng Hsieh	Shih-Jung Weng	With Unqualified Opinions

## II. Five-Year Financial Analysis

### Consolidated Financial Analysis

Analysis Item		Year	Financial Analysis of the Last Five Years					As of March 31, 2022 (Note1)	
			2017	2018	2019	2020	2021		
Financial Structure (%)	Debt Ratio		49.90	54.04	53.74	55.32	62.93	62.58	
	Ratio of long-term capital to property, plant and equipment		134.19	123.48	139.16	125.79	129.65	120.13	
Solvency (%)	Current ratio		100.50	91.43	106.14	97.41	99.43	86.08	
	Quick ratio		68.40	61.70	77.46	67.25	66.83	53.85	
	Interest earned ratio		42.46	20.41	26.98	24.64	17.13	13.64	
Operating Performance	Accounts receivable turnover (times)		9.46	9.04	9.10	10.25	9.83	10.32	
	Average collection period		39	40	40	36	37	35	
	Inventory turnover (times)		13.86	14.50	12.48	12.75	13.33	12.35	
	Accounts payable turnover (times)		14.69	14.09	14.18	14.91	15.68	18.90	
	Average days in sales		26	25	29	29	27	30	
	Property, plant and equipment turnover (times)		3.67	3.01	2.58	2.26	2.13	2.28	
	Total assets turnover (times)		1.58	1.43	1.23	1.16	1.16	1.23	
Profitability	Return on total assets (%)		12.05	7.05	10.96	8.91	6.46	1.41	
	Return on owners' equity (%)		21.78	14.00	22.96	18.89	15.16	3.54	
	Ratio of profit before income tax to paid-in capital (%)		68.48	48.80	82.21	76.47	61.37	14.42	
	Profit margin (%)		7.44	4.69	8.61	7.39	5.29	4.29	
	Earnings per share (NT\$)(Note2)	Before Retroactive		5.35	3.55	5.46	6.18	5.06	1.22
		After Retroactive		5.35	3.55	5.46	6.18	(Note3)	(Note3)
Cash Flows	Cash flow ratio (%)		33.38	15.59	30.39	40.95	9.98	1.10	
	Cash flow adequacy ratio (%)		77.89	59.27	55.70	57.62	41.66	28.30	
	Cash reinvestment ratio (%)		7.42	1.44	7.35	7.44	(2.47)	0.46	
Leverage	Operating leverage		2.31	2.98	2.67	2.53	2.97	2.91	
	Financial leverage		1.02	1.05	1.05	1.04	1.05	1.06	
<p>Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)</p> <ol style="list-style-type: none"> <li>The decrease in interest coverage ratio, return on assets and net profit ratio were mainly due to the impact of the global epidemic and the increase in shipping prices, led to the continuous rise in international bulk raw material prices, which resulted in a substantial increase in the Group's cost of raw materials and made the cost of goods sold in 2021 increased by 14% compared with 2020. The Group continued to promote the vertical integration of the industrial chain and slightly increased the sales price to reflect the cost. The operating revenue in 2021 increased by 11% compared with 2020, but the operating profit still decreased by 3%; affected by the rising international oil prices, the associated management and selling expenses have also increased, resulted in a decrease in the Profit before Income Tax in 2021 compared with 2020.</li> <li>The decrease in cash flow ratio, cash flow equivalent ratio and cash reinvestment ratio was due to decrease in net cash inflow from operating activities, increase in current liabilities, and increase in investment in plant and equipment and increase in long-term investment. (For the related explanations refer to page 208 of Liquidity Analysis for the last two years)</li> </ol>									

**Parent Company Only Financial Analysis**

Analysis Item		Year	Financial Analysis of the Last Five Years					As of March 31, 2022 (Note1)	
			2017	2018	2019	2020	2021		
Financial Structure (%)	Debt ratio		48.67	52.39	52.64	53.26	60.99	NA	
	Ratio of long-term capital to property, plant and equipment		137.52	128.73	143.49	137.69	143.10		
Solvency (%)	Current ratio		91.53	85.67	89.77	99.03	103.61		
	Quick ratio		63.32	57.28	59.40	67.34	69.18		
	Interest earned ratio		41.98	20.26	23.49	28.40	20.82		
Operating Performance	Accounts receivable turnover (times)		9.37	9.46	10.02	10.47	10.06		
	Average collection period		39	39	36	35	36		
	Inventory turnover (times)		15.06	15.63	13.60	13.20	13.72		
	Accounts payable turnover (times)		15.43	15.92	16.19	15.08	16.15		
	Average days in sales		24	23	27	28	27		
	Property, plant and equipment turnover (times)		3.40	2.77	2.74	2.49	2.39		
	Total assets turnover (times)		1.47	1.32	1.29	1.23	1.21		
Profitability	Return on total assets(%)		12.37	7.24	9.74	9.93	7.32		
	Return on owners' equity(%)		21.91	13.97	19.71	20.42	16.50		
	Ratio of profit before income tax to paid-in capital(%)		65.63	45.79	64.97	77.11	63.37		
	Profit margin (%)		8.25	5.23	7.26	7.83	5.83		
	Earnings per share (NT\$)(Note2)	Before Retroactive		5.35	3.55	5.46	6.18		5.06
		After Retroactive		5.35	3.55	5.46	6.18		(Note3)
Cash Flows	Cash flow ratio (%)		37.25	16.98	29.36	49.73	11.78		
	Cash flow adequacy ratio (%)		76.14	58.94	55.93	62.70	46.06		
	Cash reinvestment ratio (%)		7.98	1.14	5.80	8.69	(2.55)		
Leverage	Operating leverage		2.18	2.86	2.69	2.32	2.65		
	Financial leverage		1.02	1.05	1.06	1.04	1.05		
<p>Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)</p> <p>1. The decrease in interest coverage ratio, return on assets and net profit ratio were mainly due to the impact of the global epidemic and the increase in shipping prices, led to the continuous rise in international bulk raw material prices, which resulted in a substantial increase in the Group's cost of raw materials and made the cost of goods sold in 2021 increased by 14% compared with 2020. The Group continued to promote the vertical integration of the industrial chain and slightly increased the sales price to reflect the cost. The operating revenue in 2021 increased by 11% compared with 2020, but the operating profit still decreased by 3%; affected by the rising international oil prices, the associated management and selling expenses have also increased, resulted in a decrease in the Profit before Income Tax in 2021 compared with 2020.</p> <p>2. The decrease in cash flow ratio, cash flow equivalent ratio and cash reinvestment ratio was due to decrease in net cash inflow from operating activities, increase in current liabilities, and increase in investment in plant and equipment and increase in long-term investment. (For the related explanations refer to page 208 of Liquidity Analysis for the last two years)</p>									



Note1: Financial information regarding the first quarter of 2022 has been verified by independent auditors.

Note2: Based on weighted average number of outstanding shares after considering capital increase out of earnings or capital surplus during each year.

Note3: The Proposal of Distribution of 2021 Profits has not resolved yet by Annual General Shareholders' Meeting.

Note4: 1. Financial Structure Analysis

(1) Debt Ratio = Total Liabilities / Total Assets

(2) Ratio of Long-term Capital to Property, Plant and Equipment = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment

2. Solvency Analysis

(1) Current ratio = Current Assets / Current Liabilities

(2) Quick ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities

(3) Interest earned ratio = Earnings before Interest and Taxes / Interest Expenses

3. Operating Performance Analysis

(1) Accounts receivable turnover (including accounts receivable and notes receivable related to operations) = Net Sales / Average Accounts Receivable (including accounts receivables and notes receivables related to operations).

(2) Average collection period = 365 / Accounts receivable Turnover

(3) Inventory turnover = Cost of Sales / Average Inventory

(4) Accounts payable turnover (including accounts payable and notes payable related to operations) = Cost of Sales / Average Accounts Payables (including accounts payable and notes payable related to operations).

(5) Average days in sales = 365 / Inventory Turnover

(6) Property, plant and equipment turnover = Net Sales / Average Net Property, Plant and Equipment

(7) Total assets turnover (times) = Net Sales / Average Total Assets

4. Profitability Analysis

(1) Return on total assets = (Net Income + Interest Expenses \* (1 - Effective Tax Rate)) / Average Total Assets

(2) Return on owners' equity = Net Income / Average Total Equity

(3) Profit margin = Net Income / Net Sales

(4) Earnings per share = (Profits Attributable to Owners of Parent - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding (Note5)

5. Cash Flows Analysis

(1) Cash flow ratio = Cash Flows from Operating Activities / Current Liabilities

(2) Cash flow adequacy ratio = Five-year Sum of Net Cash Flows from Operating Activities / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend

(3) Cash reinvestment ratio = (Net Cash Flows from Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capita) (Note6)

6. Leverage Analysis

(1) Operating leverage = (Net Sales - Variable Cost) / Operating Profit (Note7)

(2) Financial leverage = Operating Profits / (Operating Profits - Interest Expenses)

Note 5: The following shall be noted when using the above formula for earnings per share:

(1) It should be based on the weighted average number of shares of common stock rather than the number of issued shares at the end of the year.

(2) When there is a cash capital increase or treasury stock transaction, the period of time in circulation shall be considered in calculating the weighted average number of shares.

(3) In the case of capital increase out of earnings or capital surplus, the calculation of earnings per share for the past fiscal year and the fiscal half-year shall be retrospectively adjusted based on the capital increase ratio, without the need to consider the issuance period for the capital increase.

(4) If the preferred shares are non-convertible cumulative preferred shares, the dividend of the current year (whether issued or not) shall be subtracted from net profit after tax, or added to net loss after tax. In the case of non-cumulative preferred shares, if there is net profit after tax, dividend on preferred shares shall be subtracted from net profit after tax; no adjustment is required in case of loss.

Note 6: Special attention should be paid to the following matters when carrying out cash flow analysis:

(1) Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.

(2) Capital expenditures refer to the cash outflows for annual capital investment.

(3) The increase in inventory is counted only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory decreases at the end of the year, it is counted as zero.

(4) Cash dividend includes cash dividends from common stocks and preferred stocks.

(5) Gross property, plant and equipment value refers to the total value of property, plant and equipment before subtracting accumulated depreciation.

Note 7: The issuer shall classify the operating costs and operating expenses as fixed or variable according to their nature. If it involves estimation or subjective judgment, attention should be paid to its reasonableness and consistency.

Note 8: Where company shares have no par value or where the par value per share is not NT\$ 10, any calculations that involve paid-up capital ratio shall be replaced with the equity ratio attributable to the owners of the parent company as stated in the balance sheet.

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### III. Audit Committee's Report for the Most Recent Year

Charoen Pokphand Enterprise (Taiwan) Co., Ltd.

#### Audit Committee's Review Report

The Board of Directors has submitted the Company's Business Report, Financial Statements and Proposal for Distribution of Surplus Earnings for the year 2021 to Audit Committee. The CPA firm of PricewaterhouseCoopers, Taiwan had audited the Financial Statements and issued the Audit Report. The aforementioned Business Report, Financial Statements and Proposal for Distribution of Surplus Earnings had been reviewed by the Audit Committee and deemed that it is complied with the Company Act, related laws and regulations. In accordance with the Article 14-4 of the Securities and Exchange Act and the Article 219 of the Company Act, we hereby submit the report.

To:

The 2022 Annual General Shareholders' Meeting of the Company

Convener of Audit Committee: Li, Yen Sung

Date: May 9, 2022

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- IV. Consolidated Financial Statements for the Years Ended December 31, 2021, and Independent Auditors' Report : Please refer to page 74-145.
- V. Parent Company Only Financial Statements for the Years Ended December 31, 2021, and Independent Auditors' Report: Please refer to page 146-205.
- VI. Financial Difficulties of the Company and its Affiliates during the most recent year and as of the date of publication of the Annual Report:  
None.

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors and Shareholders of Charoen Pokphand Enterprise (Taiwan) Co., Ltd.

***Opinion***

We have audited the accompanying consolidated balance sheets of Charoen Pokphand Enterprise (Taiwan) Co., Ltd. and its subsidiaries (the "Group") as at December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

***Basis for opinion***

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

***Key audit matters***

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

Key audit matters for the Group's 2021 consolidated financial statements are stated as follows:

**Evaluation of net realisable value of inventories**

Description

Refer to Note 4(13) for accounting policies adopted for the valuation of inventories, Note 5(2) for uncertainty of accounting estimates and assumptions of valuation of inventories, and Note 6(4) for details of inventories. As at December 31, 2021, the carrying amount of inventories and allowance for inventory valuation losses amounted to NT\$1,888,860 thousand and NT\$11,634 thousand, respectively.

The main activities of the Group are the manufacturing and sales of animal feeds, fresh and processed meat products. As the market prices are affected by changes in macro-economic environment, there is a higher risk of inventory valuation losses. In addition, the evaluation of net realisable value of inventories is subject to management's judgement, and considering that feeds, fresh and processed meat products comprise most of the Group's inventories which is significant to the financial statements, the evaluation of net realisable value of inventories was identified as a key audit matter.

How our audit addressed the matter

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

1. Based on our understanding of the Group's operations and related industry, assessed the reasonableness of related policies and procedures applied to the net realisable value of inventories, and ascertained the consistent application.
2. Obtained statements of net realisable value of inventories as at balance sheet date, validated source data of merchandise prices and recalculated the provision for inventory valuation losses in order to confirm consistent application of respective procedures and policies.

## **Measurement of biological assets**

### Description

Refer to Note 4(15) for accounting policies adopted for biological assets, Note 5(2) for uncertainty of accounting estimates and assumptions in measuring fair value of biological assets, and Note 6(5) for details of biological assets. As at December 31, 2021, the carrying amount of biological assets amounted to NT\$2,059,679 thousand.

The Group's biological assets is mainly comprised of broiler chicken, breeder chicken, fattening swine and breeder swine, etc. Except when the fair value cannot be reliably measured, biological assets should be measured at fair value less costs to sell on initial recognition and at the end of each reporting period. As the market prices of fresh, processed meat, livestock and poultry are affected by animal epidemic and market demand in Taiwan, biological assets with active market prices have a higher risk of fluctuations in fair value. Since the amount of biological assets is significant to the financial statements and the methods adopted in measuring each category of biological assets, market prices applied and items accounted for as costs to sell are all subject to management's judgement and with high uncertainty, the measurement of biological assets was identified as a key audit matter.

### How our audit addressed the matter

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

1. Based on our understanding of the Group's operations and related industry, assessed the reasonableness of related policies and procedures applied in measuring biological assets, and ascertained the consistent application.
2. As at the balance sheet date, ascertained that all the active market prices information are available and reliable for biological assets measured at fair value less costs to sell. Also, validated source data of active market prices and the reasonableness of the major components of costs to sell.

### ***Other matter – Parent company only financial reports***

We have audited and expressed an unqualified opinion on the parent company only financial statements of Charoen Pokphand Enterprise (Taiwan) Co., Ltd. as at and for the years ended December 31, 2021 and 2020.

### ***Responsibilities of management and those charged with governance for the consolidated financial statements***

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

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

Those charged with governance, including the Audit Committee, are responsible for overseeing the Group's financial reporting process.

### ***Auditors' responsibilities for the audit of the consolidated financial statements***

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from

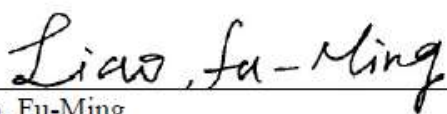
fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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.



Liao, Fu-Ming



Lin, Yi-Fan

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 28, 2022

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

**CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars)

ASSETS	December 31, 2021		December 31, 2020	
	AMOUNT	%	AMOUNT	%
<b>Current assets</b>				
Cash and cash equivalents	\$ 187,008	1	\$ 247,679	1
Notes receivable, net	416,032	2	280,767	2
Notes receivable - related parties	3,951	-	-	-
Accounts receivable, net	2,370,841	10	1,903,391	10
Accounts receivable - related parties	55,707	-	-	-
Other receivables	18,665	-	13,495	-
Current income tax assets	6,284	-	-	-
Inventories, net	1,877,226	8	1,316,392	7
Biological assets - current	1,614,838	7	1,434,043	7
Prepayments	407,566	2	444,931	2
Other current assets	9,650	-	47,934	-
<b>Total current assets</b>	<b>6,967,768</b>	<b>30</b>	<b>5,688,632</b>	<b>29</b>
<b>Non-current assets</b>				
Non-current financial assets at fair value through other comprehensive income	2,575,015	11	1,925,872	10
Investments accounted for using equity method	100,160	-	99,880	-
Property, plant and equipment, net	12,471,603	54	10,896,118	56
Right-of-use assets	371,480	2	345,915	2
Intangible assets	3,530	-	174	-
Biological assets - non-current	444,841	2	399,112	2
Deferred income tax assets	121,044	-	82,496	-
Other non-current assets	122,031	1	108,150	1
<b>Total non-current assets</b>	<b>16,209,704</b>	<b>70</b>	<b>13,857,717</b>	<b>71</b>
<b>Total assets</b>	<b>\$ 23,177,472</b>	<b>100</b>	<b>\$ 19,546,349</b>	<b>100</b>

(Continued)

**CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars)

LIABILITIES AND EQUITY	December 31, 2021		December 31, 2020	
	AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>				
Short-term borrowings	\$ 3,301,031	14	\$ 2,659,715	14
Short-term notes and bills payable	1,039,203	4	599,426	3
Notes payable	504,775	2	600,078	3
Notes payable - related parties	10,673	-	-	-
Accounts payable	850,500	4	746,284	4
Accounts payable - related parties	21,893	-	1,273	-
Other payables	810,907	4	738,247	4
Other payables - related parties	26,771	-	7,348	-
Current income tax liabilities	170,971	1	249,670	1
Current lease liabilities	31,158	-	24,816	-
Long-term liabilities, current portion	239,750	1	213,250	1
<b>Total current liabilities</b>	<b>7,007,632</b>	<b>30</b>	<b>5,840,107</b>	<b>30</b>
<b>Non-current liabilities</b>				
Long-term borrowings	7,129,750	31	4,515,250	23
Deferred income tax liabilities	29,802	-	19,351	-
Non-current lease liabilities	314,024	1	296,281	1
Other non-current liabilities	103,257	1	141,874	1
<b>Total non-current liabilities</b>	<b>7,576,833</b>	<b>33</b>	<b>4,972,756</b>	<b>25</b>
<b>Total liabilities</b>	<b>14,584,465</b>	<b>63</b>	<b>10,812,863</b>	<b>55</b>
<b>Equity attributable to owners of parent</b>				
Share capital				
Common stock	2,679,910	12	2,679,910	14
Capital surplus				
Capital surplus	4,666	-	3,957	-
Retained earnings				
Legal reserve	1,044,641	5	880,252	5
Unappropriated retained earnings	3,332,757	14	3,332,669	17
Other equity interest				
Other equity interest	1,067,118	4	1,408,198	7
<b>Equity attributable to owners of the parent</b>	<b>8,129,092</b>	<b>35</b>	<b>8,304,986</b>	<b>43</b>
Non-controlling interest	463,915	2	428,500	2
<b>Total equity</b>	<b>8,593,007</b>	<b>37</b>	<b>8,733,486</b>	<b>45</b>
Significant contingent liabilities and unrecognised contract commitments				
Significant events after the balance sheet date				
<b>Total liabilities and equity</b>	<b>\$ 23,177,472</b>	<b>100</b>	<b>\$ 19,546,349</b>	<b>100</b>

The accompanying notes are an integral part of these consolidated financial statements.  
Chairman: Wu Yeh, Cheng      CEO: Thong Chotirat      Chief Accountant: Su Hua Lee



**CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items	Year ended December 31			
	2021		2020	
	AMOUNT	%	AMOUNT	%
Operating revenue	\$ 24,841,345	100	\$ 22,189,635	100
Operating costs	( 21,441,119)	( 87)	( 18,664,912)	( 84)
Net operating margin	3,400,226	13	3,524,723	16
Operating expenses				
Selling and marketing expenses	( 1,067,159)	( 4)	( 998,409)	( 5)
General and administrative expenses	( 719,783)	( 3)	( 649,031)	( 3)
Expected credit impairment loss	( 9,006)	-	( 5,528)	-
Total operating expenses	( 1,795,948)	( 7)	( 1,652,968)	( 8)
Other income and expenses, net	( 12,738)	-	26,843	-
Operating profit	1,591,540	6	1,898,598	8
Non-operating income and expenses				
Interest income	359	-	902	-
Other income	88,904	-	65,806	-
Other gains and losses	45,705	-	160,802	1
Finance costs	( 82,038)	-	( 76,789)	-
Share of profit (loss) of associates and joint ventures accounted for using equity method	280	-	( 120)	-
Total non-operating income and expenses	53,210	-	150,601	1
<b>Profit before income tax</b>	1,644,750	6	2,049,199	9
Income tax expense	( 331,093)	( 1)	( 407,073)	( 2)
<b>Profit for the year from continuing operations</b>	1,313,657	5	1,642,126	7
Loss from discontinued operations	-	-	( 2,250)	-
<b>Profit for the year</b>	\$ 1,313,657	5	\$ 1,639,876	7

(Continued)

**CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items	Year ended December 31			
	2021		2020	
	AMOUNT	%	AMOUNT	%
<b>Other comprehensive income</b>				
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	\$ 19,705	-	(\$ 16,311)	-
Unrealised gain or loss on financial assets at fair value through other comprehensive income	( 316,380)	( 1)	( 75,598)	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	7,650	-	3,262	-
Other comprehensive loss that will not be reclassified to profit or loss	( 289,025)	( 1)	( 88,647)	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>				
Currency translation differences of foreign operations	( 36,291)	-	( 115,784)	( 1)
Other comprehensive loss that will be reclassified to profit or loss	( 36,291)	-	( 115,784)	( 1)
<b>Total other comprehensive loss for the year</b>	<b>( \$ 325,316)</b>	<b>( 1)</b>	<b>( \$ 204,431)</b>	<b>( 1)</b>
<b>Total comprehensive income for the year</b>	<b>\$ 988,341</b>	<b>4</b>	<b>\$ 1,435,445</b>	<b>6</b>
Profit (loss) attributable to:				
Owners of the parent	\$ 1,355,652	5	\$ 1,657,082	7
Non-controlling interest	( 41,995)	-	( 17,206)	-
	<u>\$ 1,313,657</u>	<u>5</u>	<u>\$ 1,639,876</u>	<u>7</u>
Comprehensive income (loss) attributable to:				
Owners of the parent	\$ 1,029,939	4	\$ 1,452,798	6
Non-controlling interest	( 41,598)	-	( 17,353)	-
	<u>\$ 988,341</u>	<u>4</u>	<u>\$ 1,435,445</u>	<u>6</u>
Earnings per share (in dollars)				
Basic earnings per share from continuing operations	\$	5.06	\$	6.19
Basic loss per share from discontinued operations		-	(	0.01)
Total basic earnings per share	<u>\$</u>	<u>5.06</u>	<u>\$</u>	<u>6.18</u>
Diluted earnings per share from continuing operations	\$	5.05	\$	6.18
Diluted loss per share from discontinued operations		-	(	0.01)
Total diluted earnings per share	<u>\$</u>	<u>5.05</u>	<u>\$</u>	<u>6.17</u>

The accompanying notes are an integral part of these consolidated financial statements.  
Chairman: Wu Yeh, Cheng      CEO: Thong Chotirat      Chief Accountant: Su Hua Lee

**CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent								Non-controlling interest	Total equity
	Retained earnings				Other equity interest			Total		
	Share capital - common stock	Capital surplus	Legal reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income				
<b>2020</b>										
Balance at January 1, 2020	\$ 2,679,910	\$ 2,137	\$ 733,781	\$ 2,907,219	(\$ 17,432)	\$ 1,616,717	\$ 7,922,332	\$ 704,662	\$ 8,626,994	
Profit for the year	-	-	-	1,657,082	-	-	1,657,082	( 17,206 )	1,639,876	
Other comprehensive loss	-	-	-	( 13,197 )	( 115,489 )	( 75,598 )	( 204,284 )	( 147 )	( 204,431 )	
Total comprehensive income (loss)	-	-	-	1,643,885	( 115,489 )	( 75,598 )	1,452,798	( 17,353 )	1,435,445	
Appropriations of 2019 earnings										
Legal reserve	-	-	146,471	( 146,471 )	-	-	-	-	-	
Cash dividends to shareholders	-	-	-	( 1,071,964 )	-	-	( 1,071,964 )	-	( 1,071,964 )	
Capital surplus-dividends not received by shareholders	-	591	-	-	-	-	591	-	591	
Cash dividends to non-controlling interest	-	-	-	-	-	-	-	( 332,670 )	( 332,670 )	
Change in ownership interests in subsidiaries	-	1,229	-	-	-	-	1,229	( 1,229 )	-	
Cash receipt from non-controlling interest of a subsidiary through capital increase in cash	-	-	-	-	-	-	-	138,000	138,000	
Change in non-controlling interests	-	-	-	-	-	-	-	( 62,910 )	( 62,910 )	
Balance at December 31, 2020	\$ 2,679,910	\$ 3,957	\$ 880,252	\$ 3,332,669	(\$ 132,921)	\$ 1,541,119	\$ 8,304,986	\$ 428,500	\$ 8,733,486	
<b>2021</b>										
Balance at January 1, 2021	\$ 2,679,910	\$ 3,957	\$ 880,252	\$ 3,332,669	(\$ 132,921)	\$ 1,541,119	\$ 8,304,986	\$ 428,500	\$ 8,733,486	
Profit for the year	-	-	-	1,355,652	-	-	1,355,652	( 41,995 )	1,313,657	
Other comprehensive income (loss)	-	-	-	15,367	( 36,291 )	( 304,789 )	( 325,713 )	397	( 325,316 )	
Total comprehensive income (loss)	-	-	-	1,371,019	( 36,291 )	( 304,789 )	1,029,939	( 41,598 )	988,341	
Appropriations of 2020 earnings										
Legal reserve	-	-	164,389	( 164,389 )	-	-	-	-	-	
Cash dividends to shareholders	-	-	-	( 1,205,959 )	-	-	( 1,205,959 )	-	( 1,205,959 )	
Capital surplus-dividends not received by shareholders	-	1,161	-	-	-	-	1,161	-	1,161	
Change in ownership interests in subsidiaries	-	( 452 )	-	( 583 )	-	-	( 1,035 )	1,035	-	
Cash receipt from non-controlling interest of a subsidiary through capital increase in cash	-	-	-	-	-	-	-	98,000	98,000	
Change in non-controlling interests	-	-	-	-	-	-	-	( 22,022 )	( 22,022 )	
Balance at December 31, 2021	\$ 2,679,910	\$ 4,666	\$ 1,044,641	\$ 3,332,757	(\$ 169,212)	\$ 1,236,330	\$ 8,129,092	\$ 463,915	\$ 8,593,007	

The accompanying notes are an integral part of these consolidated financial statements.  
Chairman: Wu Yeh, Cheng      CEO: Thong Chotirat      Chief Accountant: Su Hua Lee

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)

	Year ended December 31	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit from continuing operations before tax	\$ 1,644,750	\$ 2,049,199
Loss from discontinued operations before tax	-	( 3,000 )
Profit before tax	1,644,750	2,046,199
Adjustments		
Adjustments to reconcile profit (loss)		
Expected credit impairment loss	9,006	5,528
Depreciation	752,396	686,549
Depreciation of right-of-use assets	50,473	43,566
Amortization	4,551	4,137
Interest income	( 359 )	( 1,159 )
Interest expense	82,038	76,789
Dividend income	( 82,101 )	( 57,589 )
Gain on reversal of loss on inventory market price decline	( 127 )	( 49,248 )
Change in fair value less cost to sell of biological assets	12,738	( 26,843 )
Investment (income) loss recognised using equity method	( 280 )	120
Loss (gain) on disposal of property, plant and equipment	3,088	( 13,846 )
Gain arising from lease modifications	-	( 2 )
Impairment loss of non-financial assets	-	13,331
Gain on disposal of investment	-	( 84,145 )
Gain on financial assets at fair value through other comprehensive income	( 888 )	-
Changes in operating assets and liabilities		
Changes in operating assets		
Notes receivable	( 135,265 )	35,433
Notes receivable - related parties	( 3,951 )	-
Accounts receivable	( 476,456 )	( 86,300 )
Accounts receivable - related parties	( 55,707 )	( 11,913 )
Other receivables	( 5,170 )	( 10,658 )
Other receivables - related parties	-	( 2,813 )
Inventories	( 560,707 )	242,543
Biological assets	( 239,262 )	( 123,225 )
Prepayments	37,160	( 125,208 )
Changes in operating liabilities		
Notes payable	( 95,303 )	126,165
Notes payable - related parties	10,673	-
Accounts payable	104,216	94,812
Accounts payable - related parties	20,620	( 58,908 )
Other payables	59,156	37,295
Other payables - related parties	19,423	( 15,402 )
Net defined benefit liability	( 18,912 )	( 19,154 )
Cash inflow generated from operations	1,135,800	2,726,054
Cash paid for income tax	( 442,837 )	( 334,408 )
Refund of income tax	6,314	-
Net cash flows from operating activities	699,277	2,391,646

(Continued)

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)

	Year ended December 31	
	2021	2020
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Acquisition of financial assets at fair value through profit or loss	( \$ 138,653 )	\$ -
Proceeds from disposal of financial assets at fair value through profit or loss	139,541	-
Acquisition of investments accounted for using equity method	-	( 100,000 )
Decrease (increase) in other current assets	38,284	( 40,234 )
Acquisition of financial assets at fair value through other comprehensive income	( 999,544 )	-
Acquisition of property, plant and equipment	( 2,326,005 )	( 2,816,141 )
Proceeds from disposal of property, plant and equipment	6,960	40,007
Acquisition of intangible assets	( 4,089 )	( 83 )
Increase in other non-current assets	( 17,699 )	( 15,108 )
Cash receipt of interest	359	1,295
Cash receipt of dividends	82,101	57,589
Loss of control in subsidiaries	-	( 257,374 )
Proceeds from disposal of subsidiaries	-	246,654
Net cash flows used in investing activities	( 3,218,745 )	( 2,883,395 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Increase in short-term borrowings	641,316	316,227
Increase (decrease) in short-term notes and bills payable	439,777	( 379,233 )
Proceeds from long-term borrowings	7,684,250	6,364,000
Payment of long-term borrowings	( 5,043,250 )	( 5,325,250 )
Payment of lease liabilities	( 51,953 )	( 53,615 )
Cash payment for interest	( 80,255 )	( 76,182 )
Cash dividends paid	( 1,205,959 )	( 1,071,964 )
Cash receipt from non-controlling interest of a subsidiary through capital increase establishment	98,000	138,000
Cash dividends paid to non-controlling interest	( 22,022 )	( 332,670 )
Capital surplus - dividends not received by shareholders	1,161	591
Net cash flows from financing activities	2,461,065	( 420,096 )
Effects of changes in foreign exchange rate	( 2,268 )	( 13,225 )
Net decrease in cash and cash equivalents	( 60,671 )	( 925,070 )
Cash and cash equivalents at beginning of year	247,679	1,172,749
Cash and cash equivalents at end of year	\$ 187,008	\$ 247,679

The accompanying notes are an integral part of these consolidated financial statements.  
Chairman: Wu Yeh, Cheng      CEO: Thong Chotirat      Chief Accountant: Su Hua Lee

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars)

1. HISTORY AND ORGANISATION

Charoen Pokphand Enterprise (Taiwan) Co., Ltd. (the “Company”) was incorporated on August 22, 1977 as a company limited by shares under the Statute for Investment by Overseas Chinese and the provisions of the Company Act of the Republic of China. The main activities of the Company and its subsidiaries (collectively referred herein as the “Group”) are the manufacture and sale of animal feeds, livestock, chicken and processed meat products. The Company’s common stock has been traded on the Taiwan Stock Exchange since July 27, 1987. Charoen Pokphand Foods Public Company Limited (“CPF”), which was incorporated in Thailand, indirectly holds 39% equity interest in the Company.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on March 28, 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:

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

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

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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 above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### (1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

##### (2) Basis of preparation

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

- (a) Financial assets at fair value through other comprehensive income.
- (b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- (c) Biological assets measured at fair value less costs to sell.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

##### (3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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



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

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Note
			December 31, 2021	December 31, 2020	
The Company	Plenty Type Limited (Cayman Islands)	Management of producing and non-producing business investments	100.00	100.00	Note 5
The Company	Charoen Pokphand (Taiwan) Corp., Ltd.	Management of importing and exporting business	90.00	90.00	
The Company	Arbor Acres Taiwan Co., Ltd.	Husbandry, management of chickens to produce breeder chicken and daily chicken	50.00	50.00	Note 1
The Company	Rui Mu Foods Co., Ltd.	Management of layers and related business	68.00	68.00	Note 4
The Company	Rui Fu Foods Co., Ltd.	Management of layers and related business	51.00	51.00	Note 6
Plenty Type Limited (Cayman Islands)	Chia Tai Lianyungang Co., Ltd.	Management of producing and non-producing business investments	99.99	99.99	
Chia Tai Lianyungang Co., Ltd.	Lianyungang Chia Tai Agro-industry Development Co., Ltd.	Feeds producing, poultry raising, processing and sales	-	-	Note 2
Rui Fu Foods Co., Ltd.	Sheng Da Foods Co., Ltd.	Management of layers and related business	75.00	60.00	Note 3

Note 1: The Company's direct or indirect shareholding ratio does not exceed 50%. However, the Company holds more than half of the seats of the Board of Directors. Thus, the subsidiary was included in the consolidation.

Note 2: On January 22, 2020, Chia Tai Lianyungang Co., Ltd. completed the disposal of its 70% equity interest in Lianyungang Chia Tai Agro-industry Development Co., Ltd. Refer to Note 6(6) for more details.

Note 3: In February 2020 and December 2020, Sheng Da Foods Co., Ltd. increased its capital by cash and the 2 million preferred shares were fully subscribed by Jih Ching Egg Co., Ltd. and Li-Chun Farm Product Co., Ltd., respectively, in line with the joint venture agreement entered into between Rui Fu Foods Co., Ltd. and Jih Ching Egg Co., Ltd. as well as Li-Chun Farm Product Co., Ltd. Therefore, the shareholding ratio of Rui Fu Foods Co., Ltd. decreased to 60% from 100%. On December 28, 2020, Jih Ching Egg Co., Ltd. and Li-Chun Farm Product Co., Ltd. converted all preferred shares to ordinary shares totalling 4,000,000 shares. The Board of Directors of Sheng Da Foods Co., Ltd. resolved to increase its capital by cash in June 2021. Rui Fu Foods Co., Ltd. subscribed 6,000,000 ordinary shares for a total amount of \$60,000 in July 2021, and the registration had been completed in June 2021. The shareholding ratio of Rui Fu Foods Co., Ltd increased to 75% from 60%.

Note 4: In April 2020, Rui Mu Foods Co., Ltd. increased its capital by cash and the 10 million ordinary shares were fully subscribed by the Company. Therefore, the shareholding ratio of the Company increased to 68% from 52%.

Note 5: In October 2020 and October 2021, the Board of Directors of Plenty Type Limited (Cayman Islands) resolved to decrease its capital and the number of shares reduced were 15,151,515 shares and 23,376,623, shares, totaling \$99,978 and \$150,012, respectively.

Note 6: Rui Fu Foods Co., Ltd. increased its capital by cash in January 2021 and July 2021, and the Company subscribed ordinary shares proportionately to its ownership in the amount of 5,100,000 shares, equivalent to \$102,000. The registration for the changes had been completed in July 2021.

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

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

E. Significant restrictions: None.

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

#### (4) Foreign currency translation

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

#### (5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
  - (a) Assets arising from operating activities that are expected to be 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.

(6) 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.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at 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 Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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

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

- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value.

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group 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.

(10) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for 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 Group recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

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

(12) Operating leases (lessor)

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.

(13) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads allocated based on normal operating capacity. It excludes borrowing costs. 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 estimated cost of completion and applicable variable selling expenses.

(14) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

(15) Biological assets

Biological assets are measured at their fair value less costs to sell. Except for the case where the fair value cannot be measured reliably, they are measured at its cost less accumulated depreciation and impairment losses. Gains or losses on changes in fair value less costs to sell are recognised in profit or loss.

(16) Investment accounted for using equity method - joint ventures

The Group accounts for its interest in a joint venture using equity method. Unrealised profits and losses arising from the transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture. However, when the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, all such losses shall be recognised immediately. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture together with any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

(17) 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 Group 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:

Land improvements	3~30 years
Buildings and structures	3~60 years
Machinery and equipment	2~20 years
Transportation equipment	6 years
Leasehold improvements	3~20 years
Other equipment	3~20 years

(18) 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 Group. 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 fixed payments, less any lease incentives receivable.

The Group 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 following:
- (a) The amount of the initial measurement of lease liability; and
  - (b) Any lease payments made at or before the commencement date.

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.

(19) Intangible assets

- A. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 years.

- B. Goodwill

Goodwill arises from business combination accounted for by applying the acquisition method.

(20) Impairment of non-financial assets

- A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is 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 recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.
- B. The recoverable amounts of goodwill are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired from a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination.

(21) Borrowings

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 measured over the period of the borrowings using the effective interest method.

(22) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes and accounts 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.

(23) Derecognition of financial liabilities

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

(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 Group in current period or prior period. 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. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' 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 consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred 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; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(28) Revenue recognition

A. Sales of goods

- (a) The Group manufactures and sells animal feeds, cooked food, agricultural livestock products and related consumable food products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the

products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

- (b) Revenue from sales of goods is recognised based on the price specified in the contract, net of the estimated volume discounts, sales discounts and allowances. Accumulated experience is used to estimate and provide for the volume discounts, 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 deduction of accounts receivable is recognised for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term of 3 to 120 days, 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.

#### B. Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

#### (29) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

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

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

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

None.

## (2) Critical accounting estimates and assumptions

### A. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. The Group 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.

As of December 31, 2021, the carrying amount of inventories was \$1,877,226.

### B. Measurement of fair value of biological assets

Except when fair value cannot be reliably measured, biological assets should be measured at fair value less costs to sell on initial recognition and at the end of each reporting period. The Group has to identify whether the active market prices are available for each category of biological assets, to determine the relevance between the nature of biological assets and the chosen market, and to decide which major items should be accounted for as costs to sell. The Group then estimates the fair value less costs to sell based on the information mentioned above. Any fluctuations in market price and costs to sell could materially affect the carrying amount of biological assets.

As of December 31, 2021, the carrying amount of biological assets was \$2,059,679.

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand and revolving funds	\$ 9,360	\$ 4,363
Checking accounts	4,135	4,262
Demand deposits	173,513	239,054
	<u>\$ 187,008</u>	<u>\$ 247,679</u>

- A. The Group 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 Group has restricted cash and cash equivalents pledged as collateral totalling \$9,650 and \$8,200, respectively, classified as other current financial assets and shown as ‘other current assets’. Please refer to Note 8 for details.
- C. As of December 31, 2021 and 2020, the Group has restricted cash and cash equivalents under the Regulations Governing the Management, Utilisation, and Taxation of Repatriated Offshore Funds totalling \$0 and \$39,734, respectively, classified as other current financial assets and shown as ‘other current assets’.

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

<u>Items</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Non-current items:		
Equity instruments		
Listed stocks	\$ 1,461,863	\$ 471,176
Valuation adjustment	<u>1,113,152</u>	<u>1,454,696</u>
	<u>\$ 2,575,015</u>	<u>\$ 1,925,872</u>

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

	<u>2021</u>	<u>2020</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ <u>304,789</u> )	(\$ <u>75,598</u> )
Dividend income recognised in profit or loss held at end of year	<u>\$ 82,101</u>	<u>\$ 57,589</u>

B. The Company and the subsidiary, Plenty Type Limited (Cayman Islands), holds CPF's shares, which are traded on the Thailand Stock Exchange. CPF is the ultimate parent company of the Group.

C. The Group has elected to classify equity investments that are considered to be strategic investments and steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$2,575,015 and \$1,925,872 as at December 31, 2021 and 2020, respectively.

(3) Notes and accounts receivable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes receivable	<u>\$ 416,032</u>	<u>\$ 280,767</u>
Accounts receivable	\$ 2,387,003	\$ 1,910,619
Less: Allowance for uncollectible accounts	<u>( 16,162)</u>	<u>( 7,228)</u>
	<u>\$ 2,370,841</u>	<u>\$ 1,903,391</u>

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current	\$ 2,305,648	\$ 1,863,893
Up to 120 days	71,336	42,342
121 to 365 days	840	3,253
Over one year	<u>9,179</u>	<u>1,131</u>
	<u>\$ 2,387,003</u>	<u>\$ 1,910,619</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2021 and 2020, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2020, the balance of accounts receivable and notes receivable from contracts with customers amounted to \$2,138,379.

C. As of December 31, 2021 and 2020, all the Group's notes receivable were not past due.

D. The credit quality of accounts receivable was in the following category based on the Group's Credit Quality Control Policy:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
With guarantee	\$ 153,934	\$ 130,299
Without guarantee	<u>2,233,069</u>	<u>1,780,320</u>
	<u>\$ 2,387,003</u>	<u>\$ 1,910,619</u>

The Group holds commercial papers, real estate and deposits as collateral for accounts receivable.

E. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable were \$416,032 and \$280,767, respectively, while the amount that best represents the Group's accounts receivable were \$2,370,841 and \$1,903,391, respectively.

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

#### (4) Inventories

	<u>December 31, 2021</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 1,051,158	\$ -	\$ 1,051,158
Packing supplies	36,673	( 247)	36,426
Work in progress	28,046	-	28,046
Finished goods	707,157	( 7,502)	699,655
General merchandise	52,399	( 3,885)	48,514
Inventory in transit	13,427	-	13,427
	<u>\$ 1,888,860</u>	<u>(\$ 11,634)</u>	<u>\$ 1,877,226</u>

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 747,851	(\$ 238)	\$ 747,613
Packing supplies	33,402	( 995)	32,407
Work in progress	29,550	-	29,550
Finished goods	454,351	( 9,250)	445,101
General merchandise	54,127	( 1,278)	52,849
Inventory in transit	8,872	-	8,872
	<u>\$ 1,328,153</u>	<u>(\$ 11,761)</u>	<u>\$ 1,316,392</u>

The cost of inventories recognised as expense for the year:

	2021	2020
Cost of goods sold	\$ 21,434,983	\$ 18,799,712
Gain on reversal of decline in market value	( 127)	( 49,248)
Others	6,263	( 7,013)
Less: Operating costs from discontinued operations	-	( 78,539)
	<u>\$ 21,441,119</u>	<u>\$ 18,664,912</u>

- A. The cost of goods sold includes the cost of selling biological assets.
- B. Others pertain mainly to gain and loss on physical inventory count, loss on scrapped inventory and income from disposal of leftovers and scraps.
- C. The Group reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold because of the increase in market prices of certain finished goods.

(5) Biological assets

A. Biological assets

	December 31, 2021	December 31, 2020
Biological assets - current:		
Consumable biological assets	\$ 1,281,083	\$ 1,075,447
Consumable biological assets - changes in fair value less costs to sell	38,229	50,967
Bearer biological assets	835,009	667,659
Bearer biological assets - accumulated depreciation	( 539,483)	( 360,030)
	<u>\$ 1,614,838</u>	<u>\$ 1,434,043</u>
Biological assets-non-current:		
Bearer biological assets	\$ 531,928	\$ 488,466
Bearer biological assets - accumulated depreciation	( 87,087)	( 89,354)
	<u>\$ 444,841</u>	<u>\$ 399,112</u>

Consumable biological assets are those that are to be harvested as agricultural products or sold as biological assets. Bearer biological assets are those other than consumable biological assets.

B. Movements of biological assets are as follows:

	<u>2021</u>	<u>2020</u>
At January 1	\$ 1,833,155	\$ 1,683,087
Purchases	1,536,504	1,051,702
Costs and expenses input	7,812,052	6,960,769
Sales	( 3,427,142)	( 3,104,690)
(Loss) gain on changes in fair value less costs to sell	( 12,738)	26,843
Transferred to inventories	( 5,673,743)	( 4,781,387)
Others	( 8,409)	( 3,169)
At December 31	<u>\$ 2,059,679</u>	<u>\$ 1,833,155</u>

C. Biological assets are comprised of broiler chicken, breeder chicken, fattening swine, and breeder swine, etc. Biological assets, other than fattening swine which are measured at fair value less costs to sell at each reporting date, are measured at cost less accumulated depreciation and impairment losses. The fair value of fattening swine is measured using quoted market prices as references.

The market prices or fair values at the present condition of breeders are unavailable due to short production cycle; the market prices or fair values at present condition of broiler chickens are difficult to obtain. The valuation based on a discounted cash flow method is considered unreliable given the uncertainty with respect to external factors such as climate, weather, diseases etc. Therefore, breeders and broiler chicken are measured using the cost approach. Cost of biological assets includes all costs incurred during the growth cycle such as costs of new-born animals, feeds, and other farm costs.

Bearer biological assets are depreciated using the straight-line method through the productive period of each biological asset. The productive period of breeder swine is approximately 24 ~ 36 months; the productive period of breeder chickens is approximately 30 weeks ~ 1 year. For the years ended December 31, 2021 and 2020, depreciation expense on biological assets amounted to \$509,511 and \$397,312, respectively.

D. Estimates of physical quantities of biological assets are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Livestock production:		
Estimates of physical quantities (Units: heads)	<u>5,385,387</u>	<u>5,681,548</u>

E. Financial risk management policies

The Group is exposed to commodity risks arising from changes in market prices of chickens and swine. The Group does not anticipate that the prices of the agricultural products will decline significantly in the foreseeable future and there is no available derivative or other contracts. The Group reviews the predictions of the prices of the agriculture products regularly, and considers such predictions in assessing financial risk.



(6) Non-current assets held for sale and discontinued operations

A. The assets and liabilities related to Lianyungang Chia Tai Agro-industry Development Co., Ltd. have been reclassified as held for sale and presented as discontinued operations as they meet the definition of discontinued operations following the approval of Chia Tai Lianyungang Co., Ltd.'s Board of Directors on February 18, 2019 to sell all shares held in Lianyungang Chia Tai Agro-industry Development Co., Ltd. to the related party, Chia Tai (China) Investment Co., Ltd. The proceeds from disposal amounted to CNY 61,768 thousand and the actual proceeds received amounted to CNY 57,725 thousand after deducting the withholding tax of CNY 4,043 thousand in accordance with the Enterprise Income Tax Law of the People's Republic of China. The transaction procedures were completed in January 2020. The gain on disposal of the shares in Lianyungang Chia Tai Agro-industry Development Co., Ltd. amounted to \$84,145.

B. The cash flow information of the discontinued operations is as follows:

	<u>2021</u>	<u>2020</u>
Operating cash flows	\$ -	(\$ 40,567)
Investing cash flows	-	( 794)
Effect of foreign exchange	-	( 363)
Total cash flows	<u>\$ -</u>	<u>(\$ 41,724)</u>

C. Analysis of the result of discontinued operations, and the result recognised on the remeasurement of disposal group, is as follows:

	<u>2021</u>	<u>2020</u>
Operating revenue	\$ -	\$ 86,391
Operating costs	-	( 78,539)
Operating expenses	-	( 10,393)
Total non-operating income and expenses	-	( 459)
Loss before tax from discontinued operations	-	( 3,000)
Income tax benefit	-	750
Loss after tax from discontinued operations	<u>\$ -</u>	<u>(\$ 2,250)</u>
Attributable to:		
Discontinued operations of parent company	\$ -	(\$ 1,575)
Non-controlling interest	-	( 675)
Loss after tax from discontinued operations	<u>\$ -</u>	<u>(\$ 2,250)</u>

No impairment loss occurred based on the remeasurement of the disposal group held for sale at the lower of its carrying amount or fair value less costs to sell.

D. For the profit from continuing and discontinued operations attributable to owners of the parent, please refer to Note 6(28) Earnings per share for the details.

(7) Investment accounted for using equity method – joint ventures

The carrying amount of the Group's interests in all individually immaterial joint ventures and the Group's share of the operating results are summarised below:

As of December 31, 2021 and 2020, the carrying amount of the Group's individually immaterial joint ventures amounted to \$100,160 and \$99,880, respectively.

	<u>2021</u>	<u>2020</u>
Profit (loss) for the year from continuing operations	\$ 280	(\$ 120)
Other comprehensive income, net of tax	<u>-</u>	<u>-</u>
Total comprehensive income (loss)	<u>\$ 280</u>	<u>(\$ 120)</u>

The Company jointly established a joint venture, Feng Sheng Livestock Co., Ltd., with a joint venture party on July 20, 2020. The authorised capital was \$600,000. As of December 31, 2021, the paid-in capital was \$200,000, equivalent to 20 million shares of common stock. Both the Company and the joint venture party invested in the joint venture in the amount of \$100,000 and each held 50% equity interest in the joint venture.

(8) Property, plant and equipment

	Land	Land improvements	Buildings and structures	Machinery and equipment	Transportation equipment	Leasehold improvements	Other equipment	Construction in progress and equipment to be inspected	Total
<u>At January 1, 2021</u>									
Cost	\$ 2,700,970	\$ 185,876	\$ 3,948,001	\$ 3,891,542	\$ 358,829	\$ 1,018,486	\$ 1,016,864	\$ 2,633,662	\$ 15,754,230
Accumulated depreciation	-	( 59,810)	( 1,395,534)	( 2,212,956)	( 163,656)	( 610,083)	( 416,073)	-	( 4,858,112)
	<u>\$ 2,700,970</u>	<u>\$ 126,066</u>	<u>\$ 2,552,467</u>	<u>\$ 1,678,586</u>	<u>\$ 195,173</u>	<u>\$ 408,403</u>	<u>\$ 600,791</u>	<u>\$ 2,633,662</u>	<u>\$ 10,896,118</u>
<u>2021</u>									
Opening net book amount as at January 1	\$ 2,700,970	\$ 126,066	\$ 2,552,467	\$ 1,678,586	\$ 195,173	\$ 408,403	\$ 600,791	\$ 2,633,662	\$ 10,896,118
Additions	9,969	13,015	89,859	128,523	38,999	16,843	63,285	1,977,436	2,337,929
Disposals	-	-	( 5,224)	-	( 4,084)	-	( 740)	-	( 10,048)
Reclassifications	307,355	47,839	443,015	307,449	49,874	5,863	139,060	( 1,300,455)	-
Depreciation	-	( 17,829)	( 219,575)	( 275,565)	( 56,228)	( 88,567)	( 94,632)	-	( 752,396)
Closing net book amount as at December 31	<u>\$ 3,018,294</u>	<u>\$ 169,091</u>	<u>\$ 2,860,542</u>	<u>\$ 1,838,993</u>	<u>\$ 223,734</u>	<u>\$ 342,542</u>	<u>\$ 707,764</u>	<u>\$ 3,310,643</u>	<u>\$ 12,471,603</u>
<u>At December 31, 2021</u>									
Cost	\$ 3,018,294	\$ 243,735	\$ 4,317,427	\$ 4,256,052	\$ 430,389	\$ 1,020,888	\$ 1,190,493	\$ 3,310,643	\$ 17,787,921
Accumulated depreciation	-	( 74,644)	( 1,456,885)	( 2,417,059)	( 206,655)	( 678,346)	( 482,729)	-	( 5,316,318)
	<u>\$ 3,018,294</u>	<u>\$ 169,091</u>	<u>\$ 2,860,542</u>	<u>\$ 1,838,993</u>	<u>\$ 223,734</u>	<u>\$ 342,542</u>	<u>\$ 707,764</u>	<u>\$ 3,310,643</u>	<u>\$ 12,471,603</u>

	Land	Land improvements	Buildings and structures	Machinery and equipment	Transportation equipment	Leasehold improvements	Other equipment	Construction in progress and equipment to be inspected	Total
<u>At January 1, 2020</u>									
Cost	\$ 2,377,957	\$ 160,084	\$ 3,782,534	\$ 4,035,713	\$ 299,461	\$ 987,956	\$ 947,640	\$ 1,066,646	\$ 13,657,991
Accumulated depreciation	-	( 45,681)	( 1,347,834)	( 2,305,232)	( 178,436)	( 530,653)	( 361,849)	-	( 4,769,685)
	2,377,957	114,403	2,434,700	1,730,481	121,025	457,303	585,791	1,066,646	8,888,306
Less: Transferred non-current assets held for sale	-	-	( 34,474)	( 76,664)	( 2,934)	-	( 6,988)	-	( 121,060)
	<u>\$ 2,377,957</u>	<u>\$ 114,403</u>	<u>\$ 2,400,226</u>	<u>\$ 1,653,817</u>	<u>\$ 118,091</u>	<u>\$ 457,303</u>	<u>\$ 578,803</u>	<u>\$ 1,066,646</u>	<u>\$ 8,767,246</u>
<u>2020</u>									
Opening net book amount as at January 1	\$ 2,377,957	\$ 114,403	\$ 2,434,700	\$ 1,730,481	\$ 121,025	\$ 457,303	\$ 585,791	\$ 1,066,646	\$ 8,888,306
Additions	18,330	17,978	122,801	102,386	78,094	34,752	64,595	2,402,630	2,841,566
Disposals	( 22,964)	-	-	( 860)	( 2,337)	-	-	-	( 26,161)
Reclassifications	327,647	9,384	222,094	184,652	45,194	5,974	39,618	( 834,563)	-
Depreciation	-	( 15,699)	( 192,838)	( 262,138)	( 43,924)	( 89,626)	( 82,324)	-	( 686,549)
Loss of control in subsidiaries	-	-	( 34,129)	( 75,580)	( 2,866)	-	( 6,855)	( 1,042)	( 120,472)
Net exchange differences	-	-	( 161)	( 355)	( 13)	-	( 34)	( 9)	( 572)
Closing net book amount as at December 31	<u>\$ 2,700,970</u>	<u>\$ 126,066</u>	<u>\$ 2,552,467</u>	<u>\$ 1,678,586</u>	<u>\$ 195,173</u>	<u>\$ 408,403</u>	<u>\$ 600,791</u>	<u>\$ 2,633,662</u>	<u>\$ 10,896,118</u>
<u>At December 31, 2020</u>									
Cost	\$ 2,700,970	\$ 185,876	\$ 3,948,001	\$ 3,891,542	\$ 358,829	\$ 1,018,486	\$ 1,016,864	\$ 2,633,662	\$ 15,754,230
Accumulated depreciation	-	( 59,810)	( 1,395,534)	( 2,212,956)	( 163,656)	( 610,083)	( 416,073)	-	( 4,858,112)
	<u>\$ 2,700,970</u>	<u>\$ 126,066</u>	<u>\$ 2,552,467</u>	<u>\$ 1,678,586</u>	<u>\$ 195,173</u>	<u>\$ 408,403</u>	<u>\$ 600,791</u>	<u>\$ 2,633,662</u>	<u>\$ 10,896,118</u>

- A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	2021	2020
Amount capitalised	\$ 18,758	\$ 9,502
Interest rate range	0.46%~1.40%	0.99%~1.56%

- B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

- C. As of December 31, 2021 and 2020, the Group held 207 parcels and 208 parcels of agricultural land, respectively. The carrying amounts of land registered under the title of others amounted to \$1,055,111 and \$1,046,317, respectively. The titles of these parcels of land are registered under the title of individuals, however, the Group has agreements with those individuals to pledge these agricultural land to the Group.

(9) Leasing arrangements - lessee

- A. The Group leases various assets including land, buildings, business vehicles, and other equipment. Rental contracts are typically made for periods of 1 to 22 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

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

	December 31, 2021	December 31, 2020
	Carrying amount	Carrying amount
Land	\$ 299,768	\$ 298,184
Buildings	35,331	16,061
Transportation equipment (Cargo truck)	25,472	22,047
Other equipment	10,909	9,623
	<u>\$ 371,480</u>	<u>\$ 345,915</u>

	2021	2020
	Depreciation charge	Depreciation charge
Land	\$ 27,608	\$ 26,357
Buildings	10,026	7,291
Transportation equipment (Cargo truck)	6,037	2,868
Other equipment	6,802	7,050
	<u>\$ 50,473</u>	<u>\$ 43,566</u>

- C. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were \$76,038 and \$43,533, respectively.

- D. The Group has no significant profit or loss in relation to lease contracts for the years ended December 31, 2021 and 2020.

E. For the years ended December 31, 2021 and 2020, the Group's total cash outflow for leases were \$51,953 and \$53,615, respectively.

(10) Intangible assets

	<u>Software</u>	<u>Goodwill</u>	<u>Total</u>
<u>At January 1, 2021</u>			
Cost	\$ 10,651	\$ -	\$ 10,651
Accumulated amortisation and impairment	( 10,477)	-	( 10,477)
	<u>\$ 174</u>	<u>\$ -</u>	<u>\$ 174</u>
<u>2021</u>			
At January 1	\$ 174	\$ -	\$ 174
Additions	4,089	-	4,089
Amortisation	( 733)	-	( 733)
At December 31	<u>\$ 3,530</u>	<u>\$ -</u>	<u>\$ 3,530</u>
<u>At December 31, 2021</u>			
Cost	\$ 14,740	\$ -	\$ 14,740
Accumulated amortisation and impairment	( 11,210)	-	( 11,210)
	<u>\$ 3,530</u>	<u>\$ -</u>	<u>\$ 3,530</u>
	<u>Software</u>	<u>Goodwill</u>	<u>Total</u>
<u>At January 1, 2020</u>			
Cost	\$ 10,568	\$ 13,208	\$ 23,776
Accumulated amortisation and impairment	( 9,943)	-	( 9,943)
	<u>\$ 625</u>	<u>\$ 13,208</u>	<u>\$ 13,833</u>
<u>2020</u>			
At January 1	\$ 625	\$ 13,208	\$ 13,833
Additions	83	-	83
Amortisation	( 534)	-	( 534)
Impairment loss	-	( 13,331)	( 13,331)
Net exchange differences	-	123	123
At December 31	<u>\$ 174</u>	<u>\$ -</u>	<u>\$ 174</u>
<u>At December 31, 2020</u>			
Cost	\$ 10,651	\$ -	\$ 10,651
Accumulated amortisation and impairment	( 10,477)	-	( 10,477)
	<u>\$ 174</u>	<u>\$ -</u>	<u>\$ 174</u>

(11) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Unsecured borrowings	\$ 3,090,000	0.95%~1.55%	None
Letters of credit	211,031	0.94%~1.12%	None
	<u>\$ 3,301,031</u>		

<u>Type of borrowings</u>	<u>December 31, 2020</u>	<u>Interest rate range</u>	<u>Collateral</u>
Unsecured borrowings	\$ 2,497,000	0.95%~1.58%	None
Letters of credit	162,715	0.64%~1.16%	None
	<u>\$ 2,659,715</u>		

(12) Short-term notes and bills payable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Commercial paper payable	\$ 1,040,000	\$ 600,000
Less: Unamortised discounts	( 797)	( 574)
	<u>\$ 1,039,203</u>	<u>\$ 599,426</u>
Interest rate range	0.14%~0.84%	0.28%~0.89%

The short-term notes and bills payable were guaranteed by certain financial institutions.

(13) Other payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accrued salary	\$ 432,804	\$ 417,022
Payables for machinery and equipment	73,068	61,144
Contract liabilities	159	-
Others	304,876	260,081
	<u>\$ 810,907</u>	<u>\$ 738,247</u>

(14) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period</u>	<u>Interest rate range</u>	<u>December 31, 2021</u>
Secured loans	2017.10.05~2031.04.07	0.1%-1.43%	\$ 1,879,500
Unsecured credit loans	2017.09.06~2028.09.29	0.79%-1.35%	5,490,000
			<u>7,369,500</u>
Less: Current portion			( 239,750)
			<u>\$ 7,129,750</u>

Type of borrowings	Borrowing period	Interest rate range	December 31, 2020
Secured loans	2017.10.5~2030.12.15	0.1%-1.4%	\$ 1,198,500
Unsecured credit loans	2017.9.6~2023.12.31	0.79%-1.35%	3,530,000
			4,728,500
Less: Current portion			( 213,250)
			\$ 4,515,250

Information on collaterals pledged for long-term borrowings is provided in Note 8.

(15) Pensions

A. Defined benefit plans

(a) The Company and its domestic subsidiaries have defined benefit pension plans 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 Labor Standards Act. Under the defined benefit plans, 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 and its domestic subsidiaries contribute monthly an amount equal to specific percentage of the employees' monthly salaries and wages to the retirement fund deposited with the Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balances are insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions to cover 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	(\$ 399,078)	(\$ 448,438)
Fair value of plan assets	295,821	306,564
Net defined benefit liability	(\$ 103,257)	(\$ 141,874)



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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<b>2021</b>			
Balance at January 1	(\$ 448,438)	\$ 306,564	(\$ 141,874)
Current service cost	( 2,328)	-	( 2,328)
Interest (expense) income	( 1,289)	890	( 399)
	<u>( 452,055)</u>	<u>307,454</u>	<u>( 144,601)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	4,631	4,631
Change in demographic assumptions	( 552)	-	( 552)
Change in financial assumptions	10,539	-	10,539
Experience adjustments	<u>5,087</u>	<u>-</u>	<u>5,087</u>
	<u>15,074</u>	<u>4,631</u>	<u>19,705</u>
Pension fund contribution	-	21,639	21,639
Paid pension	<u>37,903</u>	<u>( 37,903)</u>	<u>-</u>
Balance at December 31	<u><u>(\$ 399,078)</u></u>	<u><u>\$ 295,821</u></u>	<u><u>(\$ 103,257)</u></u>
<b>2020</b>			
Balance at January 1	(\$ 463,700)	\$ 318,983	(\$ 144,717)
Current service cost	( 2,560)	-	( 2,560)
Interest (expense) income	( 2,917)	2,033	( 884)
	<u>( 469,177)</u>	<u>321,016</u>	<u>( 148,161)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	10,701	10,701
Change in demographic assumptions	( 60)	-	( 60)
Change in financial assumptions	( 11,997)	-	( 11,997)
Experience adjustments	<u>( 14,955)</u>	<u>-</u>	<u>( 14,955)</u>
	<u>27,012</u>	<u>10,701</u>	<u>( 16,311)</u>
Pension fund contribution	-	22,598	22,598
Paid pension	<u>47,752</u>	<u>( 47,752)</u>	<u>-</u>
Balance at December 31	<u><u>(\$ 448,437)</u></u>	<u><u>\$ 306,563</u></u>	<u><u>(\$ 141,874)</u></u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' 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 Labour 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 securitization 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 authorized by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are 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:

	<u>2021</u>	<u>2020</u>
Discount rate	0.65%	0.30%
Future salary increases	2.00%	2.00%

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:

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
<u>2021</u>				
Effect on present value of defined benefit obligation	(\$ <u>28,107</u> )	<u>\$ 31,712</u>	<u>\$ 30,944</u>	(\$ <u>28,015</u> )
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
<u>2020</u>				
Effect on present value of defined benefit obligation	(\$ <u>32,953</u> )	<u>\$ 37,366</u>	<u>\$ 36,324</u>	(\$ <u>32,739</u> )

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

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

- (f) Expected contributions to the defined benefit pension plans of the Company and domestic subsidiaries for the year ending December 31, 2022 amount to \$16,446.
- (g) As of December 31, 2021, the weighted average duration of the retirement plan is 4~7 years.

#### B. Defined contribution plans

- (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established defined contribution pension plans (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 and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs for the aforementioned defined contribution pension plans of the Group for the years ended December 31, 2021 and 2020 were \$56,639 and \$51,400, respectively.
- (b) The Company’s Mainland China subsidiary, Lianyungang Chia Tai Agro-industry Development Co., Ltd., has a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. The contribution percentage has been adjusted to 16% since May 1, 2019. Other than the monthly contributions, the Group has no further obligations. The pension costs for the aforementioned defined contribution pension plan of this subsidiary for the years ended December 31, 2021 and 2020 were \$0 and \$451, respectively.

#### (16) Share capital - common stock

As of December 31, 2021, the Company’s authorised capital was \$3,579,000, consisting of 357,900 thousand shares of common stock, and the paid-in capital was \$2,679,910, consisting of 267,991 thousand shares of common stock with a par value of \$10 (in dollars) per share. All proceeds from shares issuance have been collected.

For the years ended December 31, 2021 and 2020, there were no changes in the number of the Company’s ordinary shares outstanding.

(17) Capital surplus

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. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(18) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. A special reserve is set aside or reversed in accordance with related laws or regulations by the Competent Authority. The remainder, if any, along with the accumulated unappropriated earnings in prior years, shall be distributed as shareholders' bonus as resolved by the shareholders. Cash dividends to shareholders shall account for at least 10% of the total dividends distributed to shareholders. If cash dividend is lower than \$0.1 (in dollars) per share, dividends are distributed using share dividends.
- 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 appropriations of earnings for 2020 passed the statutory resolution threshold through electronic voting on June 21, 2021, and the appropriations of earnings for 2019 had been resolved at the shareholders' meeting on June 23, 2020. The appropriations of earnings for 2020 have been resolved at the shareholders' meeting on July 22, 2021.

	2020		2019	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 164,389		\$ 146,471	
Cash dividends	1,205,959	\$ 4.5	1,071,964	\$ 4.0

The effective dates for the above distribution of cash dividends are July 4, 2021 and July 5, 2020, respectively.

E. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(26).

(19) Operating revenue

	<u>2021</u>	<u>2020</u>
Revenue from contracts with customers	\$ 24,841,345	\$ 22,276,026
Less: Operating revenue from discontinued operations	-	( 86,391)
	<u>\$ 24,841,345</u>	<u>\$ 22,189,635</u>

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time in the following geographical regions:

<u>2021</u>	<u>Domestic</u>	<u>Asia</u>	<u>Total</u>
Total segment revenue	\$ 25,455,436	\$ -	\$ 25,455,436
Inter-segment revenue	( 614,091)	-	( 614,091)
Revenue from external customer contracts	<u>\$ 24,841,345</u>	<u>\$ -</u>	<u>\$ 24,841,345</u>
Timing of revenue recognition			
At a point in time	\$ 24,841,345	\$ -	\$ 24,841,345
Less: Operating revenue from discontinued operations	-	-	-
	<u>\$ 24,841,345</u>	<u>\$ -</u>	<u>\$ 24,841,345</u>
<u>2020</u>	<u>Domestic</u>	<u>Asia</u>	<u>Total</u>
Total segment revenue	\$ 22,620,853	\$ 86,391	\$ 22,707,244
Inter-segment revenue	( 431,218)	-	( 431,218)
Revenue from external customer contracts	<u>\$ 22,189,635</u>	<u>\$ 86,391</u>	<u>\$ 22,276,026</u>
Timing of revenue recognition			
At a point in time	\$ 22,189,635	\$ 86,391	\$ 22,276,026
Less: Operating revenue from discontinued operations	-	( 86,391)	( 86,391)
	<u>\$ 22,189,635</u>	<u>\$ -</u>	<u>\$ 22,189,635</u>

B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Contract liabilities:		
Contract liabilities - advance receipts	<u>\$ 159</u>	<u>\$ -</u>

C. Information on revenue categorised by nature is provided in Note 14(3).

(20) Other income and expenses, net

Other income and expenses, net are (losses) gains on changes in fair value less costs to sell of biological assets.

	<u>2021</u>	<u>2020</u>
Other income and expenses, net	(\$ 12,738)	\$ 26,843

(21) Interest income

	<u>2021</u>	<u>2020</u>
Interest income from bank deposits	\$ 359	\$ 1,159
Less: Interest income from discontinued operations	-	( 257)
	<u>\$ 359</u>	<u>\$ 902</u>

(22) Other income

	<u>2021</u>	<u>2020</u>
Rental income	\$ 6,803	\$ 8,217
Dividend income	82,101	57,589
	<u>\$ 88,904</u>	<u>\$ 65,806</u>

(23) Other gains and losses

	<u>2021</u>	<u>2020</u>
(Loss) gain on disposal of property, plant and equipment	(\$ 3,088)	\$ 13,846
Gain on disposal of investment	-	84,145
Gain on financial assets at fair value through profit or loss	888	-
Impairment loss on non-financial assets	-	( 13,331)
Net foreign exchange gains	31,326	23,713
Other gains and losses	16,579	51,713
Less: Other gains and losses from discontinued operations	-	716
	<u>\$ 45,705</u>	<u>\$ 160,802</u>

(24) Finance costs

	<u>2021</u>	<u>2020</u>
Interest expense:		
Bank borrowings and lease liabilities	\$ 82,038	\$ 76,789

(25) Expenses by nature (Including discontinued operations)

	2021		
	<u>Operating cost</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefit expense	\$ 1,421,590	\$ 804,129	\$ 2,225,719
Depreciation on property, plant and equipment	677,813	74,583	752,396
Depreciation on right-of-use assets	37,812	12,661	50,473
Amortisation	3,958	593	4,551
	<u>\$ 2,141,173</u>	<u>\$ 891,966</u>	<u>\$ 3,033,139</u>

	2020		
	<u>Operating cost</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefit expense	\$ 1,362,544	\$ 726,118	\$ 2,088,662
Depreciation on property, plant and equipment	632,581	53,968	686,549
Depreciation on right-of-use assets	34,184	9,382	43,566
Amortisation	3,460	677	4,137
	<u>\$ 2,032,769</u>	<u>\$ 790,145</u>	<u>\$ 2,822,914</u>

(26) Employee benefit expense (Including discontinued operations)

	2021		
	<u>Operating cost</u>	<u>Operating expenses</u>	<u>Total</u>
Wages and salaries	\$ 1,187,334	\$ 725,954	\$ 1,913,288
Labor and health insurance	129,360	47,550	176,910
Pension costs	37,478	21,888	59,366
Other personnel expenses	67,418	8,737	76,155
	<u>\$ 1,421,590</u>	<u>\$ 804,129</u>	<u>\$ 2,225,719</u>

	2020		
	<u>Operating cost</u>	<u>Operating expenses</u>	<u>Total</u>
Wages and salaries	\$ 1,147,045	\$ 657,062	\$ 1,804,107
Labor and health insurance	114,322	39,928	154,250
Pension costs	35,031	20,264	55,295
Other personnel expenses	66,146	8,864	75,010
	<u>\$ 1,362,544</u>	<u>\$ 726,118</u>	<u>\$ 2,088,662</u>

Other personnel expenses include meal allowance, training expenses and employee benefits.

A. According to the Articles of Incorporation of the Company, an amount equal to at least 1% of the Company's distributable profit of the current year should be appropriated as employees' compensation expense. If the Company has an accumulated deficit, earnings should be reserved to cover the accumulated losses in advance.

B. For the years ended December 31, 2021 and 2020, employees' compensation was accrued at \$17,194 and \$20,711, respectively. The aforementioned amounts were recognised in wages and salaries expense.

For the year ended December 31, 2021, the employees' compensation was estimated and accrued based on 1% (as prescribed by the Company's Articles of Incorporation) of distributable profit of current year as of the end of reporting period.

For 2020, the difference of \$178 between employees' compensation of \$20,889 resolved by the Board of Directors and the amount of \$20,711 recognised in the 2020 financial statements, mainly resulting from a variance in estimation, had been adjusted in profit or loss for 2021.

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

(27) Income tax

A. Income tax expense

(a) Components of income tax expense:

	<u>2021</u>	<u>2020</u>
Current tax:		
Current tax on profits for the year	\$ 356,504	\$ 400,985
Tax on undistributed surplus earnings	13,677	12,333
Prior year income tax (over)		
underestimation	( 18,640)	229
Total current tax	<u>351,541</u>	<u>413,547</u>
Deferred tax:		
Origination and reversal of temporary differences	( 20,448)	( 7,224)
Total deferred tax	<u>( 20,448)</u>	<u>( 7,224)</u>
Income tax expense	\$ 331,093	\$ 406,323
Less: Income tax expense from discontinued operations	<u>-</u>	<u>750</u>
Income tax expense	<u>\$ 331,093</u>	<u>\$ 407,073</u>

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

	<u>2021</u>	<u>2020</u>
Changes in fair value of financial assets at fair value through other comprehensive income	(\$ <u>11,591</u> )	<u>\$ -</u>
Remeasurement of defined benefit obligations	<u>\$ 3,941</u>	<u>(\$ 3,262)</u>



B. Reconciliation between income tax expense and accounting profit

	<u>2021</u>	<u>2020</u>
Tax calculated based on profit before tax and statutory tax rate (Note)	\$ 322,501	\$ 396,752
Tax exempt income by tax regulation/ Expenses disallowed by tax regulation	13,555 (	17,340)
Change in assessment of realisation of deferred tax assets	-	1,101
Tax on undistributed surplus earnings	13,677	12,333
Prior year income tax (over) underestimation	( 18,640)	229
Separate taxation (Repatriated Offshore Funds)	-	13,248
Less: Income tax expense of discontinued operations	-	750
Income tax expense	<u>\$ 331,093</u>	<u>\$ 407,073</u>

Note: The basis of applicable tax rate was calculated by using the tax rate of Taiwan (20%) and Mainland China (25%).

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Temporary differences:		
Accrued sales discounts	\$ 20,698	\$ 18,908
Provision for loss on spare parts	3,962	3,784
Pension expense in excess of the limit for tax purpose	20,651	28,375
Provision for inventory valuation loss and change in fair value of biological assets	( 5,319)	( 7,841)
Unrealised foreign investment income	( 18,374)	( 7,073)
Unrealised exchange gain	( 326)	( 43)
Loss carryforward	57,494	27,067
Changes in fair value of financial assets at fair value through other comprehensive income	11,591	-
Others	865	( 32)
	<u>\$ 91,242</u>	<u>\$ 63,145</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Deferred tax assets	\$ 121,044	\$ 82,495
Deferred tax liabilities	( 29,802)	( 19,350)
	<u>\$ 91,242</u>	<u>\$ 63,145</u>

(b) Amounts recognised in profit or loss and in other comprehensive income as a result of temporary differences and tax losses are as follows:

	2021	2020
Recognised in profit or loss	\$ 20,448	\$ 6,474
Recognised in other comprehensive income	\$ 7,650	\$ 3,262

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets of the Company and its subsidiaries - Rui Fu Foods Co., Ltd., Rui Mu Foods Co., Ltd. and Sheng Da Foods Co., Ltd. are as follows:

December 31, 2021				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2017	\$ 14,351	\$ 3,124	\$ -	2027
2019	25,527	25,527	-	2029
2020	106,681	106,681	-	2030
2021	152,136	152,136	-	2031
	<u>\$ 298,695</u>	<u>\$ 287,468</u>	<u>\$ -</u>	

December 31, 2020				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2017	\$ 14,351	\$ 3,808	\$ -	2027
2019	24,842	24,842	-	2029
2020	106,684	106,684	-	2030
	<u>\$ 145,877</u>	<u>\$ 135,334</u>	<u>\$ -</u>	

E. The income tax returns through 2019 of the Company and its subsidiaries - Arbor Acres Taiwan Co., Ltd., and Sheng Da Foods Co., Ltd. have been assessed and approved by the Tax Authority. The income tax returns through 2020 of the subsidiary - Charoen Pokphand (Taiwan) Co., Ltd. Rui Mu Foods Co., Ltd., Rui Fu Foods Co., Ltd. have been assessed and approved by the Tax Authority.

(28) Earnings per share

	2021		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 1,355,652	267,991	\$ 5.06
<u>Diluted earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders	\$ 1,355,652	267,991	
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	-	300	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 1,355,652	268,291	\$ 5.05

	2020		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders	\$ 1,658,657	<u>267,991</u>	\$ 6.19
Loss from discontinued operations	( 1,575)		( 0.01)
Profit attributable to ordinary shareholders	<u>\$ 1,657,082</u>		<u>\$ 6.18</u>
<u>Diluted earnings per share</u>			
Profit from continuing operations attributable to ordinary shareholders	\$ 1,658,657	267,991	
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	<u>-</u>	<u>379</u>	
Profit from continuing operations attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	1,658,657	<u>268,370</u>	\$ 6.18
Loss from discontinued operations	( 1,575)		( 0.01)
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 1,657,082</u>	<u>268,370</u>	<u>\$ 6.17</u>

(29) Supplemental cash flow information

A. Investing activities with partial cash payment are as follows:

	<u>2021</u>	<u>2020</u>
Acquisition of property, plant and equipment	\$ 2,337,929	\$ 2,841,566
Add: Opening balance of payable on equipment	61,144	35,719
Less: Ending balance of payable on equipment	( 73,068)	( 61,144)
Cash paid during the year	<u>\$ 2,326,005</u>	<u>\$ 2,816,141</u>

## 7. RELATED PARTY TRANSACTIONS

### (1) Parent and ultimate controlling party

CPF (incorporated in Thailand) indirectly held 39% of the Company's equity shares. The remaining shares were held by the general public. CPG is the major shareholder of CPF.

### (2) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Charoen Pokphand Foods Public Co., Ltd. (CPF)	Ultimate parent company
Charoen Pokphand Group Co., Ltd. (CPG)	Other related party
C.P. Consumer Products Company Limited	"
C.P. Merchandising Company Limited	"
Chia Tai Feedmill Pte. Ltd.	"
Ta Chung Investment Co., Ltd.	"
Chun Ta Investment Co., Ltd.	"
Perfect Companion (Taiwan) Co., Ltd.	"
Ningbo Beston Plastics Co., Ltd.	"
Aviagen Incorporation	"
Mu Da Egg Co.	"
Fu Ding International Corporation	"
Fu Ting Foods Co., Ltd.	"
Li - Chun Farm Product Co., Ltd.	"
Jih Ching Egg Co., Ltd.	"
Shandong C.P. Livestock Co., Ltd.	"
Chia Tai Aquaculture (Nantong) Co., Ltd.	"
Chia Tai Investment Co., Ltd. (Formerly Chia Tai (China) Investment Co., Ltd.)	"
Chia Tai Food (Suqian) Co., Ltd.	"
Chia Tai Animal Husbandry Investment (Beijing) Co., Ltd.	"
Chia Tai Electronic Commerce (Zhejiang) Co., Ltd.	"
C.P. Premix (Nantong) Co., Ltd.	"
Jiangsu C.T. & Suken Swine Co., Ltd.	"
Jiangsu Huai Yin Chia Tai Co., Ltd.	"
Pizhou Chia Tai Food Co., Ltd.	"
Qingdao Chia Tai Agricultural Development Co., Ltd.	"
Qingdao C.P. Swine Business Co., Ltd.	"
Nantong Chia Tai Co., Ltd.	"
Nantong Chia Tai Agriculture Development Co., Ltd.	"
Xuzhou Chia Tai Feed Co., Ltd.	"
Taizhou Chia Tai Feed Co., Ltd.	"
Huaian C.P. Livestock Co., Ltd.	"

Names of related parties	Relationship with the Group
Fuzhou Da Fu Co., Ltd.	Other related party
Hung Peng-Da	"
Hung Yu-Chun	"
Huang Wei-I	"
Lu Yi-Feng	"
Lu Xiang-Da	"
Lu Pei-Lun	"
Lan Fu-Shi	"
Zhang Jian-Wen	"

(3) Significant related party transactions and balances

A. Operating revenue

	2021	2020
Sales of goods:		
Other related parties	\$ 403,608	\$ 22,992
Less: Operating revenue from discontinued operations	-	( 22,992)
	<u>\$ 403,608</u>	<u>\$ -</u>

Goods are sold based on the price lists in force and terms that would be available to third parties.

B. Purchases

	2021	2020
Purchases of goods:		
Ultimate parent company	\$ 41,593	\$ 35,150
Other related parties	202,482	40,144
Less: Purchases from discontinued operations	-	( 19,764)
	<u>\$ 244,075</u>	<u>\$ 55,530</u>

Goods are purchased from related parties on normal commercial terms and conditions.

C. Receivables from related parties

	December 31, 2021	December 31, 2020
Notes and accounts receivable:		
Other related parties	\$ 59,658	\$ -

The receivables from related parties arise mainly from sale transactions. The receivables are unsecured in nature and bear no interest. No allowance for uncollectible accounts was provided for receivables from related parties.

D. Payables to related parties

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes and accounts payable:		
Ultimate parent company	\$ 3,115	\$ -
Other related parties	29,451	1,273
Other payables:		
Other related parties	<u>1,616</u>	<u>-</u>
	<u>\$ 34,182</u>	<u>\$ 1,273</u>

The payables to related parties arise mainly from purchase transactions. Other payables arise mainly from freight, processing fees and farm-member remuneration for joint collaboration for contractual breeding. The payables bear no interest.

E. Prepayments:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other related parties	\$ -	\$ 185

The above prepayments pertain to the advance payment.

F. Property transactions

(a) Acquisition of property, plant and equipment

In December 2021, the Board of Directors of Sheng Da Foods Co., Ltd. resolved to acquire land, buildings and ancillary facilities from a related party for a total consideration of \$88,999 for the operational needs and expansion of production capacity. A payment of \$20,000 was made in 2021.

(b) On April 14, 2020, the Board of Directors of Rui Mu Foods Co., Ltd. resolved to dispose the land located at Daochang Section, Houbi District, Tainan City to other related party for the purpose of activating the idle assets due to suspension of the plan to establish a chicken manure processing plant. The total transaction amount and gain on disposal were \$23,642 and \$678, respectively. The payment arising from the disposal had been collected in May 2020.

G. Rental income (shown as ‘Other income’)

	<u>2021</u>	<u>2020</u>
Rental income:		
Other related parties	<u>\$ 722</u>	<u>\$ 722</u>

The rental receivables are collected annually or monthly based on the contracts.

#### H. Leasing arrangements — lessee

- (a) The Company's subsidiaries leases farm buildings and equipment from other related parties.
- (b) For the year ended December 31, 2021, the Group recognised rent expense amounting to \$18,000. As of December 31, 2021, the outstanding balance was \$0.

#### I. Joint contractual breeding

- (a) The Company's subsidiaries signed the joint contractual breeding agreements with other related parties to provide techniques for the husbandry management of layers, as well as farm buildings and equipment for the breeding.
- (b) For the year ended December 31, 2021, the farm-member remuneration for joint collaboration for contractual breeding recognised amounted to \$39,950. As of December 31, 2021, the outstanding balance was \$1,187.

#### J. Technical service agreement

- (a) The Company signed a technical service agreement with CPG since 1996. CPG helps the Company to manufacture feeds, raise animals and to process meat products, and the Company pays compensation of THB12 million (net value) for the services annually. The commitment shall not be terminated except when any of the two parties would agree to end the agreement. For the years ended December 31, 2021 and 2020, the Company recognised technical service expenses amounting to \$11,392 and \$13,001, respectively. As of December 31, 2021 and 2020, the outstanding balances were approximately \$0 and \$55, respectively, shown as 'other payables to related parties'.
- (b) The Company signed a technical service agreement with CPG at the end of 2015. CPG helps the Company to raise animals and provides consulting services of related technical skills, and the Company pays compensation of \$700 for the services monthly. The contract is effective for 5 years. The contract term was extended to five years effective from the end of 2020. For the years ended December 31, 2021 and 2020, the Company recognised technical service expense amounting to \$8,400 and \$8,400, respectively. As of December 31, 2021 and 2020, the outstanding balances were \$2,100 and \$700, respectively, shown as 'other payables to related parties'.

#### K. Trademark licensing agreement

The Company signed a trademark license agreement with CPG at the end of 2015. The contract authorises the Company to use 'CP' as trademark in the designated area (Republic of China). Royalties are paid monthly based on 1.5% of the net amount of sales. The contract is effective for 5 years. The contract term was extended to five years effective from the end of 2020. For the years ended December 31, 2021 and 2020, the Company recognised royalties amounting to \$82,709 and \$79,529, respectively. As of December 31, 2021 and 2020, the outstanding balances were \$21,332 and \$6,593, respectively, shown as 'other payables to related parties'.



#### (4) Key management compensation

	2021	2020
Salaries and other short-term employee benefits	\$ 195,503	\$ 194,470
Post-employment benefits	1,661	1,595
Total	<u>\$ 197,164</u>	<u>\$ 196,065</u>

#### 8. PLEDGED ASSETS

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

Pledged assets	Book value		Purpose
	December 31, 2021	December 31, 2020	
Time deposits (shown as 'Other current assets')	\$ 9,650	\$ 8,200	Guarantee deposit
Property, plant and equipment			
Land	1,069,003	979,811	Long-term borrowings
Buildings and structures	221,276	226,483	Long-term borrowings
Construction in progress	1,192,933	621,642	Long-term borrowings
	<u>\$ 2,492,862</u>	<u>\$ 1,836,136</u>	

#### 9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

##### (1) Contingencies

The Group subsequently invested to establish chicken farms in Hualien County starting from 2018, and had submitted an application to the Hualien County Government for approval based on the Group's building and feeding project. However, the Hualien County Government issued a letter on July 10, 2020 to terminate the Group's application for the building of farming facilities on agricultural land without taking into consideration the measures and goodwill that the Group took in order to reach consensus with local residents and resolve controversy. The Group has appointed lawyers and filed an appeal as administrative remedy. For the administrative appeal filed against the administrative action concerning the revocation of the permission letter to use the land in dispute, the Council of Agriculture of Executive Yuan revoked the aforesaid administrative action in accordance with the Appeal Resolution Letter Order No. Nong-Su-Zi-1090727273, dated January 12, 2021. On July 26, 2021, the Hualien County Government sent another letter alleging that the Group did not obtain permission for agricultural use in accordance with the regulations and revoking the permission in accordance with Article 117 of the Administrative Procedures Act. The Group has appointed a lawyer to file an appeal. As for the administrative appeal filed against the administrative action concerning the disapproval Jingzhong Section, Shoufeng Township, Hualien County, the Council of Agriculture of Executive Yuan revoked the aforesaid administrative action in accordance with the Appeal Resolution Letter Order No. Nong-Su-Zi-1090721271, dated January 12, 2021, and requested the Hualien County Government to take other legitimate actions. As of December 31, 2021, the related costs incurred by the Group amounted to \$71,281, excluding the cost of land.

(2) Commitments

A. As of December 31, 2021 and 2020, the Group had opened unused letters of credit for purchases of raw materials and machinery of \$1,226,945 and \$504,107, respectively.

B. As of December 31, 2021 and 2020 the Group had several outstanding construction contracts and equipment purchase agreements amounting to \$740,967 and \$1,378,909, respectively, which will be paid based on the percentage of completion.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In February 2021, the Group acquired 4 tracts of land located at Dashulin Section, Taoyuan District, Taoyuan City from a third party for a cost of approximately \$225,000. The Group plans to build a Taoyuan Processing Plant on the aforementioned location and expects to invest approximately \$402,000 for the construction of plant and equipment.

12. OTHERS

(1) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

(2) Financial risk of financial instruments

A. Financial instruments by category

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial assets measured at fair value through other comprehensive income		
Designation of equity instrument	\$ 2,575,015	\$ 1,925,872
Financial assets at amortised cost		
Cash and cash equivalents	187,008	247,679
Notes receivable (including related parties)	419,983	280,767
Accounts receivable (including related parties)	2,426,548	1,903,391
Other receivables	18,665	13,495
Refundable deposits	43,408	49,402
Other financial assets - current	9,650	47,934
	<u>\$ 5,680,277</u>	<u>\$ 4,468,540</u>

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 3,301,031	\$ 2,659,715
Short-term notes and bills payable	1,039,203	599,426
Notes payable (including related parties)	515,448	600,078
Accounts payable (including related parties)	872,393	747,557
Other payables (including related parties)	837,678	745,595
Long-term borrowings (including current portion)	7,369,500	4,728,500
	<u>\$ 13,935,253</u>	<u>\$ 10,080,871</u>
Lease liability	<u>\$ 345,182</u>	<u>\$ 321,097</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units.

## C. Financial risks and degrees of financial risks

### (a) Market risk

#### Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD, HKD and CNY. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.
- ii. Management has set up a policy to require the group to manage their foreign exchange risk against their functional currency.
- iii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.
- iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: CNY and HKD). 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)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	USD 12	27.63	\$ 319
USD:HKD	USD 111	7.80	3,071
CNY:HKD	CNY 685	1.23	2,987
<u>Non-monetary item</u>			
THB:HKD	THB 1,958,400	0.23	\$ 1,633,426
THB:NTD	THB 1,129,214	0.83	941,589
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	USD 11,686	27.73	\$ 324,040
EUR:NTD	EUR 262	31.52	8,261

		December 31, 2020			
		Foreign currency amount (in thousands)		Exchange rate	Book value (NTD)
(Foreign currency : functional currency)					
<u>Financial assets</u>					
<u>Monetary items</u>					
	USD:NTD	USD	110	28.43	\$ 3,131
	USD:HKD	USD	3,461	7.80	97,828
	CNY:HKD	CNY	685	1.19	2,948
<u>Non-monetary item</u>					
	THB:HKD	THB	2,054,400	0.26	\$ 1,925,872
<u>Financial liabilities</u>					
<u>Monetary items</u>					
	USD:NTD	USD	7,546	28.53	\$ 215,295
	EUR:NTD	EUR	155	35.22	5,459

Note: The functional currency of certain subsidiaries belonging to the Group is HKD. Thus, this information has to be considered when reporting.

- v. Total exchange gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2021 and 2020 amounted to \$31,326 and \$23,713, respectively.

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

		2021		
		Sensitivity analysis		
		Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	3	\$ -
USD : HKD	1%		31	-
CNY : HKD	1%		30	-
<u>Non-monetary item</u>				
THB : HKD	1%	\$	-	\$ 16,334
THB : NTD	1%		-	9,416
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%	(\$	3,240)	\$ -
EUR : NTD	1%	(	83)	-
		2020		
		Sensitivity analysis		
		Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$	31	\$ -
USD : HKD	1%		978	-
CNY : HKD	1%		29	-
<u>Non-monetary item</u>				
THB : HKD	1%	\$	-	\$ 19,259
<u>Financial liabilities</u>				
<u>Monetary item</u>				
USD : NTD	1%	(\$	2,153)	\$ -
EUR : NTD	1%	(	55)	-

### Price risk

- i. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet as financial assets at fair value through other comprehensive income. Please refer to Note 6(2).
- ii. For the Group's strategies for biological assets price risk, please refer to Note 6(5).
- iii. The Group's investment in equity securities comprise foreign listed stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other equity for the years ended December 31, 2021 and 2020 would have increased/decreased by \$23,867 and \$19,259, respectively, as a result of post-tax gains/losses on equity securities classified as equity investment at fair value through other comprehensive income.

### Cash flow and fair value interest rate risk

- i. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group 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 Group to fair value interest rate risk. During the years ended December 31, 2021 and 2020, the Group's borrowings at variable rate were denominated in NTD.
- ii. The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios run only for liabilities that represent the major interest-bearing positions.
- iii. For the years ended December 31, 2021 and 2020, if interest rates on NTD-denominated borrowings at that date had been 1% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2021 and 2020, would have been \$58,956 and \$37,828 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

### (b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is the contract cash flows when counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Group manages its credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the

credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

- iii. Based on the Group's historical experience, if the contract payments were past due over 17 days, there has been a significant increase in credit risk on that instrument since initial recognition. As a result, the Group should strengthen controls and make follow-up procedures.
- iv. The Group pays attention on specific customers whose payments were past due to confirm the debts and recognises the allowance for bad debts when there is a concern about default based on the assessment of customers' credit risk.
- v. The Group classifies customers' accounts receivable in accordance with customer types. The Group applies the simplified approach using loss rate methodology to estimate expected credit loss impairment under the provision matrix basis.
- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. For the years ended December 31, 2021 and 2020, the Group's written-off financial assets that are still under recourse procedures and recovered amounted to \$1,645 and \$720, respectively.
- vii. (i) The expected loss rate for well-reputed customers is 0.03%. As of December 31, 2021 and 2020, the total book value of accounts receivable and loss allowance amounted to \$888,551 and \$0; \$705,100 and \$0, respectively.
- (ii) The Group used the forecastability of the global economy to adjust historical and timely information to assess the default possibility of accounts receivable in accordance with customers' credit. As of December 31, 2021 and 2020, the expected loss rate is as follows:

	<u>Group A</u>	<u>Group B</u>	<u>Total</u>
<u>December 31, 2021</u>			
Expected loss rate	0%~100%	0.003%~10%	
Total book value	\$ 30,244	\$ 1,523,915	\$ 1,554,159
Loss allowance	15,595	567	16,162
	<u>Group A</u>	<u>Group B</u>	<u>Total</u>
<u>December 31, 2020</u>			
Expected loss rate	0%~100%	0.003%~10%	
Total book value	\$ 20,492	\$ 1,185,027	\$ 1,205,519
Loss allowance	6,327	901	7,228



Note: Customers are categorised into Group A and B based on their credit rating. The expected loss rate is assessed on an individual basis under each group.

viii. Movements in relation to the Group applying the simplified approach to provide loss allowance for notes and accounts receivable are as follows:

	<u>2021</u>
	Notes and accounts receivable (including related parties)
At January 1	\$ 7,228
Provision for impairment loss	9,006
Write-offs	( 72)
At December 31	<u>\$ 16,162</u>
	<u>2020</u>
	Notes and accounts receivable (including related parties)
At January 1	\$ 1,700
Provision for impairment loss	5,528
At December 31	<u>\$ 7,228</u>

The provision for impairment loss arising from customers' contracts for the years ended December 31, 2021 and 2020 amounted to \$9,006 and \$5,528, respectively.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Group's financial ratio targets, covenant compliance and applicable external regulatory or legal requirements.
- ii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities

December 31, 2021	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 3,301,031	\$ -	\$ -
Short-term notes and bills payable	1,040,000	-	-
Notes payable (including related parties)	515,448	-	-
Accounts payable (including related parties)	872,393	-	-
Other payables (including related parties)	837,678	-	-
Lease liabilities	33,694	151,439	185,464
Long-term borrowings (including current portion)	312,743	6,066,963	1,201,453

Non-derivative financial liabilities

December 31, 2020	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 2,659,715	\$ -	\$ -
Short-term notes and bills payable	600,000	-	-
Notes payable	600,078	-	-
Accounts payable (including related parties)	747,557	-	-
Other payables (including related parties)	745,595	-	-
Lease liabilities	27,300	132,940	187,744
Long-term borrowings (including current portion)	260,238	4,251,158	322,740

iii. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value are provided in Note 12(2) A.

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

<u>December 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Biological assets	\$ -	\$ 974,696	\$ -	\$ 974,696
Financial assets at fair value through other comprehensive income:				
Equity securities	\$ 2,575,015	\$ -	\$ -	\$ 2,575,015
<u>December 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Biological assets	\$ -	\$ 828,736	\$ -	\$ 828,736
Financial assets at fair value through other comprehensive income:				
Equity securities	\$ 1,925,872	\$ -	\$ -	\$ 1,925,872

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

(a) The instruments the Group used quoted market prices as their fair values (that is, Level 1) are listed stocks, whose quoted market prices are based on the closing prices which are classified as financial assets at fair value through other comprehensive income.

(b) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

(c) Details of methods for measuring Level 2 - Biological assets are provided in Note 6(5).

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

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

(4) Other matter

The Group was able to maintain its normal operations during the Covid-19 outbreak and has implemented several preventive measures imposed by the government. The Group assessed that the pandemic has no significant impact on the Group's ability to continue as a going concern, assets impairment and financing risks.

### 13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others during the year ended December 31, 2021: None.

C. Holding of marketable securities at December 31, 2021 (not including subsidiaries, associates and joint ventures):

Securities held by	Marketable securities		Relationship with the securities issuer	General ledger account	As of December 31, 2021				Footnote
	Types	Name			Number of shares	Book value	Ownership	Fair value (Note 1)	
The Company	Common share	CHAROEN POKPHAND FOODS PUBLIC COMPANY LIMITED	(Note 2)	Financial assets at fair value through other comprehensive income	44,282,900	\$ 941,589	0.51%	\$ 941,589	
Plenty Type Limited (Cayman Islands)	Common share	CHAROEN POKPHAND FOODS PUBLIC COMPANY LIMITED	(Note 2)	Financial assets at fair value through other comprehensive income	76,800,000	1,633,426	0.89%	1,633,426	

Note 1: The numbers filled in for market value are as follows:

- (1) Where there is a quoted market price, the fair value is based on the closing price at the balance sheet date, the fair value of open-end funds is based on the net asset value at the balance sheet date.
- (2) Where there is no quoted market price, this column is filled in with the book value per share for stocks or left blank for other instruments.

Note 2: Investee company accounted for as financial assets at fair value through other comprehensive income by the Company and Plenty Type Limited (Cayman Islands), which is ultimate parent entity of the Company

D. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300,000 or 20% of the Company's paid-in capital during the year ended December 31, 2021:

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Balance as at January 1, 2021 (Note 4)		Acquisition (Note 3)		Disposal (Note 3)			Balance as at December 31, 2021 (Note 4)		
				Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
The Company	CHAROEN POKPHAND FOODS PUBLIC COMPANY LIMITED	Financial assets at fair value through other comprehensive income	-	-	\$ -	44,282,900	\$ 999,544	-	\$ -	\$ -	\$ -	44,282,900	\$ 999,544
The Company	CHAROEN POKPHAND FOODS PUBLIC COMPANY LIMITED	Financial assets at fair value through profit or loss	-	-	-	6,200,000	138,653	6,200,000	139,541	138,653	888	-	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT\$300,000 or 20% of paid-in capital or more.

Note 4: The original cost without considering amortisation and adjustments for fair values.

E. Acquisition of real estate reaching NT\$300,000 or 20% of paid-in capital or more during the year ended December 31, 2021: None.

F. Disposal of real estate reaching NT\$300,000 or 20% of paid-in capital or more during the year ended December 31, 2021: None.

G. Purchases or sales of goods from or to related parties reaching NT\$100,000 or 20% of paid-in capital or more during the year ended December 31, 2021:

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to transactions		Notes/accounts receivable (payable)		
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)
The Company	Rui Fu Foods Co., Ltd.	Subsidiary	Sales revenue	\$230,579	0.93%	60 days	The same as general transactions	None	\$ 41,266	1.45%
The Company	Rui Mu Foods Co., Ltd.	Subsidiary	Sales revenue	130,758	0.53%	90 days	The same as general transactions	None	48,034	1.69%
Sheng Da Foods Co., Ltd.	Li - Chun Farm Product Co., Ltd.	Other related parties	Sales revenue	134,451	0.54%	35-90 days	The same as general transactions	None	20,975	0.74%

H. Receivables from related parties reaching NT\$100,000 or 20% of paid-in capital or more as at December 31, 2021: None.

I. Trading in derivative instruments undertaken during the year ended December 31, 2021: None

J. Significant inter-company transactions during the year ended December 31, 2021:

The inter-company transactions below 1% of consolidated assets or revenue are not disclosed.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China):

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as of December 31, 2021			Investment income		Footnote
				Balance as of December 31, 2021	Balance as of December 31, 2020	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee	(loss) recognised by the Company	
The Company	Plenty Type Limited (Cayman Islands)	Cayman Islands	Management of producing and non-producing business investments	\$ 470,459	\$ 620,471	57,841,941	100.00	\$ 1,639,683	\$ 56,505	\$ 56,505	Subsidiary (Note 1)
The Company	Charoen Pokphand (Taiwan) Corp., Ltd.	Taiwan	Management of importing and exporting businesses	20,086	20,086	2,443,716	90.00	46,027	17,591	15,832	Subsidiary
The Company	Arbor Acres Co., Ltd.	Taiwan	Husbandry management of chickens to produce breeder chicken and daily chicken	60,131	60,131	1,600,000	50.00	85,650	30,860	15,430	Subsidiary
The Company	Rui Mu Foods Co., Ltd.	Taiwan	Husbandry management of layers and related business	193,860	193,860	20,400,000	68.00	155,442	( 42,198)	( 28,694)	Subsidiary
The Company	Rui Fu Foods Co., Ltd.	Taiwan	Husbandry management of layers and related business	357,000	255,000	35,700,000	51.00	280,850	( 76,130)	( 38,826)	Subsidiary (Note 1)
The Company	Feng Sheng Livestock Co., Ltd.	Taiwan	Electric livestock slaughter	100,000	100,000	10,000,000	50.00	100,160	560	280	Investment accounted for using equity method - joint ventures
Plenty Type Limited (Cayman Islands)	Chia Tai Lianyungang Co., Ltd.	Hong Kong	Management of producing and non-producing business investments	HKD 19,910	HKD 19,910	999,999	99.99	3,810	( 284)	-	Indirectly owned subsidiary (Note 2)
Rui Fu Foods Co., Ltd.	Sheng Da Foods Co., Ltd.	Taiwan	Husbandry management of layers and related business	120,000	60,000	12,000,000	75.00	90,497	( 30,621)	-	Indirectly owned subsidiary (Note 2)

Note 1: Including recognition of current profit of its investees.

Note 2: Current period income (loss) has been recognised by subsidiaries and indirectly owned subsidiaries.

(3) Information on investments in Mainland China

None.



(4) Major shareholders information

<u>Name of major shareholders</u>	<u>Shares</u>	
	<u>Name of shares held</u>	<u>Ownership (%)</u>
Charoen Pokphand (Taiwan) Investment Ltd., Bermuda	26,802,733	10.00
Bright Excel Investments Limited, BVI	24,832,500	9.26
Giant Crown Investments Limited, BVI	16,946,479	6.32
Chun Ta Investment Co., Ltd.	15,176,525	5.66

14. OPERATING SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Chief Operating Decision-Maker that are used to make strategic decision.

The Group's Chief Operating Decision-Maker considers the business from a product type perspective. The main activities of the Group are feeds business, meat processing business, food processing business, management of importing and exporting animal medicine and husbandry business. The reportable segments are as follows:

- A. Feeds business: Manufacture and sale of animal feeds and wholesale of commodity;
- B. Meat processing business;
- C. Food processing business; and
- D. Husbandry business: Husbandry management of chickens to produce eggs and meat.

There is no material change in the basis for formation of entities and division of segments in the Group or in the measurement basis for segment information in this year.

(2) Measurement of segment information

The Chief Operating Decision-Maker evaluates the performance of the operating segments based on revenue and a measure of profit before income tax. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as goodwill impairment. The measurement also excludes the effects of unrealised gains/losses on financial instruments, interest expense and foreign exchange gain or loss, since the action are managed by central management department, operating department are not included.

(3) Segment information

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	2021					
	<u>Feeds</u>	<u>Meat processing</u>	<u>Food processing</u>	<u>Husbandry</u>	<u>Others</u>	<u>Total</u>
Revenues from third parties	\$ 13,305,798	\$ 5,583,139	\$ 3,984,589	\$ 1,887,696	\$ 80,123	\$ 24,841,345
Revenues from the Group	392,908	43,840	953	120,901	55,489	614,091
Total segment revenue	<u>\$ 13,698,706</u>	<u>\$ 5,626,979</u>	<u>\$ 3,985,542</u>	<u>\$ 2,008,597</u>	<u>\$ 135,612</u>	<u>\$ 25,455,436</u>
Segment income (loss)	<u>\$ 1,520,830</u>	<u>\$ 209,751</u>	<u>\$ 176,534</u>	<u>(\$ 109,521)</u>	<u>(\$ 102,132)</u>	<u>\$ 1,695,462</u>

	2020					
	<u>Feeds</u>	<u>Meat processing</u>	<u>Food processing</u>	<u>Husbandry</u>	<u>Others</u>	<u>Total</u>
Revenues from third parties (Note 1)	\$ 11,745,355	\$ 5,424,238	\$ 3,812,560	\$ 1,212,334	\$ 81,539	\$ 22,276,026
Revenues from the Group	263,174	43,139	639	75,948	48,318	431,218
Total segment revenue	<u>\$ 12,008,529</u>	<u>\$ 5,467,377</u>	<u>\$ 3,813,199</u>	<u>\$ 1,288,282</u>	<u>\$ 129,857</u>	<u>\$ 22,707,244</u>
Segment income (loss) (Note 2)	<u>\$ 1,754,985</u>	<u>\$ 285,592</u>	<u>\$ 231,142</u>	<u>(\$ 50,694)</u>	<u>(\$ 121,750)</u>	<u>\$ 2,099,275</u>

Note 1 : The Feeds segment includes operating revenue from discontinued operations.

Note 2 : The Feeds segment includes profit (loss) from discontinued operations.

(4) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The operating revenue from external customers reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income.

A reconciliation of reportable segment income to the income before tax from continuing operations for the years ended December 31, 2021 and 2020 is provided as follows:

	2021	2020
Reportable segment income	\$ 1,797,594	\$ 2,221,025
Other segment loss	( 102,132)	( 121,750)
Total segment	1,695,462	2,099,275
Interest expense	( 82,038)	( 76,789)
Foreign exchange gains, net	31,326	23,713
Income before tax from discontinued segment	-	3,000
Income before tax from continuing segment	<u>\$ 1,644,750</u>	<u>\$ 2,049,199</u>

(5) Information on products and services

Please refer to Note 14(3) for the related information.

(6) Geographical information

Geographical information for the years ended December 31, 2021 and 2020 is as follows:

<u>2021</u>	<u>Domestic</u>	<u>Asia</u>	<u>Total</u>
Revenues from third parties	\$ 24,841,345	\$ -	\$ 24,841,345
Revenues from the Group	614,091	-	614,091
Total revenue	<u>\$ 25,455,436</u>	<u>\$ -</u>	<u>\$ 25,455,436</u>
Segment assets –non-current	<u>\$ 13,413,485</u>	<u>\$ -</u>	<u>\$ 13,413,485</u>
<u>2020</u>	<u>Domestic</u>	<u>Asia</u>	<u>Total</u>
Revenues from third parties	\$ 22,189,635	\$ 86,391	\$ 22,276,026
Revenues from the Group	431,218	-	431,218
Total revenue	<u>\$ 22,620,853</u>	<u>\$ 86,391</u>	<u>\$ 22,707,244</u>
Segment assets –non-current	<u>\$ 11,749,469</u>	<u>\$ -</u>	<u>\$ 11,749,469</u>

(7) Major customer information

For the years ended December 31, 2021 and 2020, the Group has no customers accounting for more than 10% of consolidated sales revenue. Therefore, no additional disclosure is required.

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors and Shareholders of Charoen Pokphand Enterprise (Taiwan) Co., Ltd.

***Opinion***

We have audited the accompanying parent company only balance sheets of Charoen Pokphand Enterprise (Taiwan) Co., Ltd. (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 financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant 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 judgement, 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:

**Evaluation of net realisable value of inventories**

Description

Refer to Note 4(12) for accounting policies adopted for the valuation of inventories, Note 5(2) for uncertainty of accounting estimates and assumptions of valuation of inventories, and Note 6(4) for details of inventories. As at December 31, 2021, the carrying amount of inventories and allowance for inventory valuation losses amounted to NT\$1,728,997 thousand and NT\$6,120 thousand, respectively.

The main activities of the Company are the manufacturing and sales of animal feeds, fresh and processed meat products. As the market prices are affected by changes in macro-economic environment, there is a higher risk of inventory valuation losses. In addition, the evaluation of net realisable value of inventories is subject to management's judgement, and considering that feeds, fresh and processed meat products comprise most of the Company's inventories which is significant to the financial statements, the evaluation of net realisable value of inventories was identified as a key audit matter.

How our audit addressed the matter

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

1. Based on our understanding of the Company's operations and related industry, assessed the reasonableness of related policies and procedures applied to the net realisable value of inventories and ascertained the consistent application.
2. Obtained statements of net realisable value of inventories as at balance sheet date, validated source data of merchandise prices and recalculated the provision for inventory valuation losses in order to confirm consistent application of respective procedures and policies.

## Measurement of biological assets

### Description

Refer to Note 4(14) for accounting policies adopted for biological assets, Note 5(2) for uncertainty of accounting estimates and assumptions in measuring fair value of biological assets, and Note 6(6) for details of biological assets. As at December 31, 2021, the carrying amount of biological assets amounted to NT\$1,919,539 thousand.

The Company's biological assets is mainly comprised of broiler chicken, breeder chicken, fattening swine and breeder swine, etc. Except when the fair value cannot be reliably measured, biological assets should be measured at fair value less costs to sell on initial recognition and at the end of each reporting period. As the market prices of fresh, processed meat, livestock and poultry are affected by animal epidemic and market demand in Taiwan, biological assets with active market prices have a higher risk of fluctuations in fair value. Since the amount of biological assets is significant to the financial statements and the methods adopted in measuring each category of biological assets, market prices applied and items accounted for as costs to sell are all subject to management's judgement and with high uncertainty, the measurement of biological assets was identified as a key audit matter.

### How our audit addressed the matter

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

1. Based on our understanding of the Company's operations and related industry, assessed the reasonableness of related policies and procedures applied in measuring biological assets, and ascertained the consistent application.
2. As at the balance sheet date, ascertained that all the active market prices information are available and reliable for biological assets measured at fair value less costs to sell. Also, validated source data of active market prices and the reasonableness of the major components of costs to sell.

### ***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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of 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

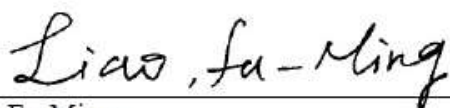
appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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.

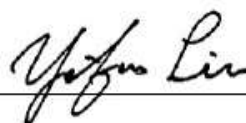
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.



Liao, Fu-Ming



Lin, Yi-Fan

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 28, 2022

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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.

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)

Assets	December 31, 2021		December 31, 2020	
	AMOUNT	%	AMOUNT	%
<b>Current assets</b>				
Cash and cash equivalents	\$ 126,478	1	\$ 61,011	-
Notes receivable, net	394,952	2	264,934	2
Notes receivable - related parties	3,951	-	-	-
Accounts receivable, net	2,104,778	10	1,700,313	10
Accounts receivable - related parties	112,548	1	29,548	-
Other receivables	17,775	-	12,081	-
Other receivables - related parties	64	-	-	-
Current income tax assets	6,284	-	-	-
Inventories, net	1,722,877	8	1,185,187	7
Biological assets - current	1,474,698	7	1,285,888	7
Prepayments	392,699	2	415,452	2
Other current assets	9,650	-	47,934	-
<b>Total Current Assets</b>	<b>6,366,754</b>	<b>31</b>	<b>5,002,348</b>	<b>28</b>
<b>Non-current assets</b>				
Non-current financial assets at fair value through other comprehensive income	941,589	4	-	-
Investments accounted for using equity method	2,307,812	11	2,662,155	15
Property, plant and equipment, net	10,267,826	49	9,237,343	52
Right-of-use assets	339,095	2	316,989	2
Intangible assets	3,476	-	171	-
Biological assets - non-current	444,841	2	399,113	2
Deferred income tax assets	58,711	-	52,208	-
Other non-current assets	107,799	1	99,431	1
<b>Total non-current assets</b>	<b>14,471,149</b>	<b>69</b>	<b>12,767,410</b>	<b>72</b>
<b>Total assets</b>	<b>\$ 20,837,903</b>	<b>100</b>	<b>\$ 17,769,758</b>	<b>100</b>

(Continued)

**CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD.**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
**DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	December 31, 2021		December 31, 2020	
	AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>				
Short-term borrowings	\$ 2,771,030	13	\$ 2,092,716	12
Short-term notes and bills payable	989,319	5	599,426	3
Notes payable	431,664	2	541,034	3
Notes payable - related parties	4,255	-	470	-
Accounts payable	775,496	4	692,047	4
Accounts payable - related parties	26,249	-	9,884	-
Other payables	734,295	3	669,376	4
Other payables - related parties	23,615	-	7,348	-
Current income tax liabilities	164,002	1	239,195	1
Current lease liabilities	24,751	-	19,730	-
Long-term liabilities, current portion	200,000	1	180,000	1
<b>Total Current Liabilities</b>	<b>6,144,676</b>	<b>29</b>	<b>5,051,226</b>	<b>28</b>
<b>Non-current liabilities</b>				
Long-term borrowings	6,130,000	29	3,970,000	22
Deferred income tax liabilities	29,036	-	18,822	-
Non-current lease liabilities	301,884	2	284,587	2
Other non-current liabilities	103,215	1	140,137	1
<b>Total non-current liabilities</b>	<b>6,564,135</b>	<b>32</b>	<b>4,413,546</b>	<b>25</b>
<b>Total Liabilities</b>	<b>12,708,811</b>	<b>61</b>	<b>9,464,772</b>	<b>53</b>
<b>Equity attributable to owners of parent</b>				
Share capital				
Common stock	2,679,910	13	2,679,910	15
Capital surplus				
Capital surplus	4,666	-	3,957	-
Retained earnings				
Legal reserve	1,044,641	5	880,252	5
Unappropriated retained earnings	3,332,757	16	3,332,669	19
Other equity interest				
Other equity interest	1,067,118	5	1,408,198	8
<b>Total equity</b>	<b>8,129,092</b>	<b>39</b>	<b>8,304,986</b>	<b>47</b>
Significant contingent liabilities and unrecognised contract commitments				
Significant events after the balance sheet date				
<b>Total liabilities and equity</b>	<b>\$ 20,837,903</b>	<b>100</b>	<b>\$ 17,769,758</b>	<b>100</b>

The accompanying notes are an integral part of these parent company only financial statements.  
Chairman: Wu Yeh, Cheng      CEO: Thong Chotirat      Chief Accountant: Shu Hua Lee



**CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD.**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

Items	Year ended December 31			
	2021		2020	
	AMOUNT	%	AMOUNT	%
Operating revenue	\$ 23,272,864	100	\$ 21,160,706	100
Operating costs	( 20,036,192)	( 86)	( 17,766,264)	( 84)
Net operating margin	<u>3,236,672</u>	<u>14</u>	<u>3,394,442</u>	<u>16</u>
Operating expenses				
Selling and marketing expenses	( 893,721)	( 4)	( 883,541)	( 4)
General and administrative expenses	( 652,493)	( 3)	( 584,406)	( 3)
Expected credit impairment loss	( 1,252)	-	( 4,670)	-
Total operating expenses	( 1,547,466)	( 7)	( 1,472,617)	( 7)
Other income and expense, net	( 12,738)	-	26,843	-
Operating profit	<u>1,676,468</u>	<u>7</u>	<u>1,948,668</u>	<u>9</u>
Non-operating income and expenses				
Interest income	265	-	287	-
Other income	24,036	-	8,378	-
Other gains and losses	49,590	-	78,872	-
Finance costs	( 72,523)	-	( 68,827)	-
Share of profit of associates and joint ventures accounted for using equity method	20,527	-	99,153	1
Total non-operating income and expenses	<u>21,895</u>	<u>-</u>	<u>117,863</u>	<u>1</u>
<b>Profit before income tax</b>	<u>1,698,363</u>	<u>7</u>	<u>2,066,531</u>	<u>10</u>
Income tax expense	( 342,711)	( 1)	( 409,449)	( 2)
<b>Profit for the year</b>	<u>\$ 1,355,652</u>	<u>6</u>	<u>\$ 1,657,082</u>	<u>8</u>
<b>Other comprehensive income</b>				
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
Other comprehensive income, before tax, actuarial gain (loss) on defined benefit plan	\$ 18,346	-	( \$ 16,540)	-
Unrealised loss on financial assets at fair value through other comprehensive income	( 57,955)	( 1)	-	-
Share of other comprehensive loss of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	( 257,735)	( 1)	( 75,563)	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>7,922</u>	<u>-</u>	<u>3,308</u>	<u>-</u>
Other comprehensive loss that will not be reclassified to profit or loss	( 289,422)	( 2)	( 88,795)	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>				
Currency translation differences of foreign operations	( 36,291)	-	( 115,489)	( 1)
Other comprehensive loss that will be reclassified to profit or loss	( 36,291)	-	( 115,489)	( 1)
<b>Total other comprehensive loss for the year</b>	<u>( \$ 325,713)</u>	<u>( 2)</u>	<u>( \$ 204,284)</u>	<u>( 1)</u>
<b>Total comprehensive income for the year</b>	<u>\$ 1,029,939</u>	<u>4</u>	<u>\$ 1,452,798</u>	<u>7</u>
Earnings per share(in dollars)				
Basic earnings per share	\$ 5.06		\$ 6.18	
Diluted earnings per share	\$ 5.05		\$ 6.17	

The accompanying notes are an integral part of these parent company only financial statements.  
Chairman: Wu Yeh, Cheng      CEO: Thong Chotirat      Chief Accountant: Shu Hua Lee

**CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD.**  
**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		Total equity
	Share capital - common stock	Capital Surplus	Legal reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	
<u>2020</u>							
Balance at January 1, 2020	\$ 2,679,910	\$ 2,137	\$ 733,781	\$ 2,907,219	( \$ 17,432 )	\$ 1,616,717	\$ 7,922,332
Profit for the year	-	-	-	1,657,082	-	-	1,657,082
Other comprehensive loss	-	-	-	( 13,197 )	( 115,489 )	( 75,598 )	( 204,284 )
Total comprehensive income (loss)	-	-	-	1,643,885	( 115,489 )	( 75,598 )	1,452,798
Appropriations of 2019 earnings							
Legal reserve	-	-	146,471	( 146,471 )	-	-	-
Cash dividends to shareholders	-	-	-	( 1,071,964 )	-	-	( 1,071,964 )
Capital surplus - dividends not received by shareholders	-	591	-	-	-	-	591
Change in ownership interests in subsidiaries	-	1,229	-	-	-	-	1,229
Balance at December 31, 2020	<u>\$ 2,679,910</u>	<u>\$ 3,957</u>	<u>\$ 880,252</u>	<u>\$ 3,332,669</u>	<u>( \$ 132,921 )</u>	<u>\$ 1,541,119</u>	<u>\$ 8,304,986</u>
<u>2021</u>							
Balance at January 1, 2021	\$ 2,679,910	\$ 3,957	\$ 880,252	\$ 3,332,669	( \$ 132,921 )	\$ 1,541,119	\$ 8,304,986
Profit for the year	-	-	-	1,355,652	-	-	1,355,652
Other comprehensive income (loss)	-	-	-	15,367	( 36,291 )	( 304,789 )	( 325,713 )
Total comprehensive income (loss)	-	-	-	1,371,019	( 36,291 )	( 304,789 )	1,029,939
Appropriations of 2020 earnings							
Legal reserve	-	-	164,389	( 164,389 )	-	-	-
Cash dividends to shareholders	-	-	-	( 1,205,959 )	-	-	( 1,205,959 )
Capital surplus - dividends not received by shareholders	-	1,161	-	-	-	-	1,161
Changes in ownership interests in subsidiaries	-	( 452 )	-	( 583 )	-	-	( 1,035 )
Balance at December 31, 2021	<u>\$ 2,679,910</u>	<u>\$ 4,666</u>	<u>\$ 1,044,641</u>	<u>\$ 3,332,757</u>	<u>( \$ 169,212 )</u>	<u>\$ 1,236,330</u>	<u>\$ 8,129,092</u>

The accompanying notes are an integral part of these parent company only financial statements.  
Chairman: Wu Yeh, Cheng      CEO: Thong Chotirat      Chief Accountant: Shu Hua Lee

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2021 AND 2020  
(Expressed in thousands of New Taiwan dollars)

	Year ended December 31	
	2021	2020
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Profit before tax	\$ 1,698,363	\$ 2,066,531
Adjustments		
Adjustments to reconcile profit (loss)		
Expected credit impairment loss	1,252	4,670
Depreciation	692,831	638,240
Depreciation of right-of-use assets	42,259	39,481
Amortization	4,531	4,085
Interest income	( 265 )	( 287 )
Dividend income	( 14,712 )	-
Interest expense	72,523	68,827
Gain on reversal of loss on inventory market price decline	( 880 )	( 53,000 )
Change in fair value less cost to sell of biological assets	12,738	( 26,843 )
Share of profit or loss of associates and joint ventures accounted for using equity method	( 20,527 )	( 99,153 )
Loss (gain) on disposal of property, plant and equipment	3,346	( 12,535 )
Gain arising from lease modifications	-	( 2 )
Gain on financial assets at fair value through other comprehensive income	( 888 )	-
Changes in operating assets and liabilities		
Changes in operating assets		
Notes receivable	( 130,018 )	36,187
Notes receivable - related parties	( 3,951 )	-
Accounts receivable	( 405,717 )	7,488
Accounts receivable - related parties	( 83,000 )	( 3,053 )
Other receivables	( 5,694 )	( 4,945 )
Other receivables - related parties	( 64 )	-
Inventories	( 536,810 )	306,626
Biological assets	( 247,276 )	( 85,150 )
Prepayments	22,606	( 152,237 )
Changes in operating liabilities		
Notes payable	( 109,370 )	85,093
Notes payable - related parties	3,785	( 350 )
Accounts payable	83,449	50,651
Accounts payable - related parties	16,365	( 5,494 )
Other payables	43,907	( 3,303 )
Other payables - related parties	16,267	( 15,402 )
Net defined benefit liability	( 18,576 )	( 18,806 )
Cash inflow generated from operations	1,136,474	2,827,319
Cash paid for income tax	( 418,869 )	( 315,389 )
Cash received for income tax refund	6,314	-
Net cash flows from operating activities	<u>723,919</u>	<u>2,511,930</u>

(Continued)

**CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD.**  
**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**  
(Expressed in thousands of New Taiwan dollars)

	Year ended December 31	
	2021	2020
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Acquisition of financial assets at fair value through profit or loss	( \$ 138,653 )	\$ -
Proceeds from disposal of financial assets at fair value through profit or loss	139,541	-
Acquisition of investment accounted for using the equity method	( 102,000 )	( 302,000 )
Return of capital from investments accounted for using the equity method	150,012	99,978
Decrease (increase) in other current assets	38,284	( 40,234 )
Acquisition of financial assets at fair value through other comprehensive income	( 999,544 )	-
Acquisition of property, plant and equipment	( 1,713,296 )	( 2,110,402 )
Proceeds from disposal of property, plant and equipment	6,368	15,615
Acquisition of intangible assets	( 4,017 )	( 83 )
Increase in other non-current assets	( 12,186 )	( 13,708 )
Cash receipt for interest	265	287
Cash receipt of dividends	46,509	508,353
Net cash flows used in investing activities	( 2,588,717 )	( 1,842,194 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Increase in short-term borrowings	678,314	22,716
Increase (decrease) in short-term notes and bills payable	389,893	( 379,233 )
Proceeds from long-term borrowings	7,030,000	6,050,000
Payment of long-term borrowings	( 4,850,000 )	( 5,210,000 )
Cash payment for interest	( 71,096 )	( 68,390 )
Cash dividends paid to owners of parent	( 1,205,959 )	( 1,071,964 )
Payment of lease liabilities	( 42,048 )	( 38,822 )
Capital surplus - dividends not received by shareholders	1,161	591
Net cash flows from (used in) financing activities	1,930,265	( 695,102 )
Net increase (decrease) in cash and cash equivalents	65,467	( 25,366 )
Cash and cash equivalents at beginning of year	61,011	86,377
Cash and cash equivalents at end of year	\$ 126,478	\$ 61,011

The accompanying notes are an integral part of these parent company only financial statements.  
Chairman: Wu Yeh, Cheng      CEO: Thong Chotirat      Chief Accountant: Shu Hua Lee

CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD.  
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2021 AND 2020

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

1. HISTORY AND ORGANISATION

Charoen Pokphand Enterprise (Taiwan) Co., Ltd. (the “Company”) was incorporated on August 22, 1977 as a company limited by shares under the Statute for Investment by Overseas Chinese and the provisions of the Company Act of the Republic of China. The main activities of the Company are the manufacture and sale of animal feeds, livestock, chicken and processed meat products. The Company’s common stock has been traded on the Taiwan Stock Exchange since July 27, 1987. Charoen Pokphand Foods Public Company Limited (“CPF”), which was incorporated in Thailand, indirectly holds 39% equity interest in the Company.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on March 28, 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:

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(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 at fair value through other comprehensive income.
  - (b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
  - (c) Biological assets measured at fair value less costs to sell.
- B. The preparation of financial statements in conformity with 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 parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

- A. The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional currency.
- B. 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'.

(4) Classification of current and non-current items

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

- (a) Assets arising from operating activities that are expected to be 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 fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
  - (a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and
  - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value.

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(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 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) Operating leases (lessor)

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

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads allocated based on normal operating capacity. It excludes borrowing costs. 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 estimated cost of completion and applicable variable selling expenses.

(13) Investments accounted for using equity method / subsidiaries and joint ventures

- A. Subsidiaries and joint ventures 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. Investments in subsidiaries and joint ventures are accounted for using equity method in these parent company only financial statements.
- B. In the case that a subsidiary or a joint venture issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the subsidiary or the joint venture but maintains significant influence on the subsidiary or the joint venture, then 'capital surplus' and 'investments accounted for using equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the subsidiary or the joint venture, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the subsidiary or the joint venture are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- C. Unrealised gains on transactions between the Company and its subsidiaries or joint ventures are eliminated. The accounting policies of the subsidiaries or joint ventures have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- D. The Company's share of its subsidiaries' or joint ventures' 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 or a joint venture equals or exceeds its interest in the subsidiary or the joint venture, the Company continues to recognise losses proportionate to its ownership.

E. Pursuant to the “Regulations Governing the Preparation of Financial Reports 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 financial statements prepared with basis for consolidation. Owners’ equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation.

(14) Biological assets

Biological assets are measured at their fair value less costs to sell. Except for the case where the fair value cannot be measured reliably, they are measured at its cost less accumulated depreciation and impairment losses. Gains or losses on changes in fair value less costs to sell are recognised in profit or loss.

(15) 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:

Land improvements	3~30 years
Buildings and structures	3~60 years
Machinery and equipment	2~20 years
Transportation equipment	6 years
Leasehold improvements	3~20 years
Other equipment	3~20 years

(16) 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 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 following:
  - (a) The amount of the initial measurement of lease liability; and
  - (b) Any lease payments made at or before the commencement date.

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.

(17) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 years.

(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. 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

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 measured over the period of the borrowings using the effective interest method.

(20) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes and accounts 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) 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 plan

For defined contribution plan, 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 plan

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

ii. Remeasurements arising on defined benefit plan 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. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' 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.

(23) 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 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 Company's balance sheet. However, the deferred tax is accounted of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, 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.

(24) 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.

(25) 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; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(26) Revenue recognition

A. Sales of goods

- (a) The Company manufactures and sells animal feeds, cooked food, agricultural livestock products and related consumable food products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- (b) Revenue from sales of goods is recognised based on the price specified in the contract, net of the estimated volume discounts, sales discounts and allowances. Accumulated experience is used to estimate and provide for the volume discounts, 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 deduction of accounts receivable is recognised for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term of 3 to 120 days, 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.

B. Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

## 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

None.

### (2) Critical accounting estimates and assumptions

#### A. 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.

As of December 31, 2021, the carrying amount of inventories was \$1,722,877.

#### B. Measurement of fair value of biological assets

Except when fair value cannot be reliably measured, biological assets should be measured at fair value less costs to sell on initial recognition and at the end of each reporting period. The Company has to identify whether the active market prices are available for each category of biological assets, to determine the relevance between the nature of biological assets and the chosen market, and to decide which major items should be accounted for as costs to sell. The Company then estimates the fair value less costs to sell based on the information mentioned above. Any fluctuations in market price and costs to sell could materially affect the carrying amount of biological assets.

As of December 31, 2021, the carrying amount of biological assets was \$1,919,539.

## 6. DETAILS OF SIGNIFICANT ACCOUNTS

### (1) Cash

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand and revolving funds	\$ 8,434	\$ 3,686
Checking accounts	981	1,334
Demand deposits	<u>117,063</u>	<u>55,991</u>
Total	<u>\$ 126,478</u>	<u>\$ 61,011</u>



- 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 has restricted cash and cash equivalents pledged as collateral totalling \$9,650 and \$8,200, respectively, classified as other current financial assets and shown as 'other current assets'. Please refer to Note 8 for details.
- C. As of December 31, 2021 and 2020, the Company has restricted cash and cash equivalents under the Regulations Governing the Management, Utilisation, and Taxation of Repatriated Offshore Funds totalling \$0 and \$39,734, respectively, classified as other current financial assets and shown as 'other current assets'.

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

Items	December 31, 2021	December 31, 2020
Non-current items:		
Equity instruments		
Listed stocks	\$ 999,544	\$ -
Valuation adjustment	( 57,955)	-
	\$ 941,589	\$ -

- A. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	2021	2020
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 46,364)	\$ -
Dividend income recognised in profit or loss held at end of year	\$ 14,712	\$ -

- B. The Company holds CPF's shares, which are traded on the Thailand Stock Exchange. CPF is the ultimate parent company of the Group.
- C. The Company has elected to classify equity investments that are considered to be strategic investments and steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$941,589 at December 31, 2021.

(3) Notes and accounts receivable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes receivable	\$ 394,952	\$ 264,934
Accounts receivable	\$ 2,112,356	\$ 1,706,639
Less: Allowance for uncollectible accounts	( 7,578)	( 6,326)
	<u>\$ 2,104,778</u>	<u>\$ 1,700,313</u>

A. The aging analysis of accounts receivable is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current	\$ 2,048,950	\$ 1,674,797
Up to 120 days	60,822	29,630
121 to 365 days	431	1,123
Over one year	2,153	1,089
	<u>\$ 2,112,356</u>	<u>\$ 1,706,639</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2021 and 2020, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2020, the balance of accounts receivable and notes receivable from contracts with customers amounted to \$2,013,591.
- C. As of December 31, 2021 and 2020, all the Company's notes receivable were not past due.
- D. The credit quality of accounts receivable was in the following category based on the Company's Credit Quality Control Policy:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
With guarantee	\$ 153,522	\$ 129,984
Without guarantee	1,958,834	1,576,655
	<u>\$ 2,112,356</u>	<u>\$ 1,706,639</u>

The Company holds commercial papers, real estate and deposits collateral as security for accounts receivable.

- E. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes receivable were \$394,952 and \$264,934, respectively, while the amount that best represents the Company's accounts receivable were \$2,104,778 and \$1,700,313, respectively.
- F. Information relating to credit risk is provided in Note 12(2).

(4) Inventories

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,039,258	\$ -	\$ 1,039,258
Packing supplies	26,940	-	26,940
Work in progress	26,805	-	26,805
Finished goods	635,994	( 6,120)	629,874
	<u>\$ 1,728,997</u>	<u>(\$ 6,120)</u>	<u>\$ 1,722,877</u>

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 735,393	\$ -	\$ 735,393
Packing supplies	26,667	-	26,667
Work in progress	26,637	-	26,637
Finished goods	403,490	( 7,000)	396,490
	<u>\$ 1,192,187</u>	<u>(\$ 7,000)</u>	<u>\$ 1,185,187</u>

The cost of inventories recognised as expense for the year:

	2021	2020
Cost of goods sold	\$ 20,035,336	\$ 17,827,404
Gain on reversal of decline in market value	( 880)	( 53,000)
Others	1,736	( 8,140)
	<u>\$ 20,036,192</u>	<u>\$ 17,766,264</u>

- A. The cost of goods sold includes the cost of selling biological assets.
- B. Others pertain mainly to gain and loss on physical inventory count and income from disposal of leftover and scraps.
- C. The Company reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold because of the increase in market prices of certain finished goods.

(5) Investments accounted for using equity method

A. Details of investments accounted for using equity method-subidiaries and joint ventures are provided as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Plenty Type Limited (Cayman Islands)	\$ 1,639,683	\$ 2,027,906
Charoen Pokphand (Taiwan) Corp., Ltd.	46,027	40,862
Arbor Acres Taiwan Co., Ltd.	85,650	90,660
Rui Mu Foods Co., Ltd.	155,442	184,136
Rui Fu Foods Co., Ltd.	280,850	218,711
Feng Sheng Livestock Co., Ltd.	100,160	99,880
	<u>\$ 2,307,812</u>	<u>\$ 2,662,155</u>

B. Share of profit (loss) of subsidiaries and joint ventures accounted for using equity method:

	<u>2021</u>	<u>2020</u>
Plenty Type Limited (Cayman Islands)	\$ 56,505	\$ 116,048
Charoen Pokphand (Taiwan) Corp., Ltd.	15,832	11,970
Arbor Acres Taiwan Co., Ltd.	15,430	22,519
Rui Mu Foods Co., Ltd.	( 28,694)	( 26,326)
Rui Fu Foods Co., Ltd.	( 38,826)	( 24,938)
Feng Sheng Livestock Co., Ltd.	280	( 120)
	<u>\$ 20,527</u>	<u>\$ 99,153</u>

C. Share of other comprehensive income (loss) of subsidiaries accounted for using equity method:

Components of other comprehensive income that will not be reclassified to profit or loss

	<u>2021</u>	<u>2020</u>
Plenty Type Limited (Cayman Islands)	(\$ 258,425)	(\$ 75,598)
Charoen Pokphand (Taiwan) Corp., Ltd.	330	( 127)
Arbor Acres Taiwan Co., Ltd.	360	162
	<u>(\$ 257,735)</u>	<u>(\$ 75,563)</u>

Items may be subsequently reclassified to profit or loss

	<u>2021</u>	<u>2020</u>
Plenty Type Limited (Cayman Islands)	(\$ 36,291)	(\$ 115,489)

D. Details of the subsidiaries are provided in Note 4(3) in the Company's consolidated financial statements for the year ended December 31, 2021.

(6) Biological assets

A. Biological assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Biological assets - current:		
Consumable biological assets	\$ 1,268,038	\$ 1,067,953
Consumable biological assets - changes in fair value less costs to sell	38,229	50,967
Bearer biological assets	284,425	237,880
Bearer biological assets - accumulated depreciation	( 115,994)	( 70,912)
	<u>\$ 1,474,698</u>	<u>\$ 1,285,888</u>
Biological assets - non-current:		
Bearer biological assets	\$ 531,928	\$ 488,467
Bearer biological assets - accumulated depreciation	( 87,087)	( 89,354)
	<u>\$ 444,841</u>	<u>\$ 399,113</u>

Consumable biological assets are those that are to be harvested as agricultural products or sold as biological assets. Bearer biological assets are those other than consumable biological assets.

B. Movements of biological assets are as follows:

	<u>2021</u>	<u>2020</u>
At January 1	\$ 1,685,001	\$ 1,573,008
Purchases	1,599,328	1,097,062
Costs and expenses input	7,157,718	6,465,591
Sales	( 3,411,821)	( 3,056,190)
Gain (loss) on change in fair value less cost to sell	( 12,738)	26,843
Transfer to inventories	( 5,092,461)	( 4,420,137)
Others	( 5,488)	( 1,176)
At December 31	<u>\$ 1,919,539</u>	<u>\$ 1,685,001</u>

C. Biological assets are comprised of broiler chicken, breeder chicken, fattening swine, and breeder swine, etc. Biological assets, other than fattening swine which are measured at fair value less costs to sell at each reporting date, are measured at cost less accumulated depreciation and impairment losses. The fair value of fattening swine is measured using quoted market prices as references.

The market prices or fair values at the present condition of breeders are unavailable due to short production cycle; the market prices or fair values at present condition of broiler chickens are difficult to obtain. The valuation based on a discounted cash flow method is considered unreliable given the uncertainty with respect to external factors such as climate, weather, diseases etc. Therefore, breeders and broiler chicken are measured using the cost approach. Cost of biological assets includes all costs incurred during the growth cycle such as cost of new-born animals, feed costs, and other farm costs.

Bearer biological assets are depreciated using the straight-line method through the productive period of each biological asset. The productive period of breeder swine is approximately 24 ~ 36 months; the productive period of breeder chickens is approximately 30 weeks. For the years ended December 31, 2021 and 2020, depreciation expense on biological assets amounted to \$311,527 and \$258,109, respectively.

D. Estimates of physical quantities of biological assets are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Estimates of physical quantities (Units: heads)	<u>4,668,702</u>	<u>4,985,902</u>

E. Financial risk management policies

The Company is exposed to commodity risks arising from changes in market prices of the chickens and swine. The Company does not anticipate that the prices of the agricultural products will decline significantly in the foreseeable future and there is no available derivative or other contracts. The Company reviews the predictions of the prices of the agriculture products regularly, and considers such predictions in assessing financial risk.

(7) Property, plant and equipment

	Land	Land improvements	Buildings and structures	Machinery and equipment	Transportation equipment	Leasehold improvements	Other equipment	Construction in progress and equipment to be inspected	Total
<u>At January 1, 2021</u>									
Cost	\$ 2,233,138	\$ 172,336	\$ 3,496,707	\$ 3,721,622	\$ 300,909	\$ 1,014,946	\$ 989,190	\$ 1,933,606	\$ 13,862,454
Accumulated depreciation and impairment	-	( 56,335)	( 1,273,946)	( 2,137,907)	( 146,187)	( 607,972)	( 402,764)	-	( 4,625,111)
	<u>\$ 2,233,138</u>	<u>\$ 116,001</u>	<u>\$ 2,222,761</u>	<u>\$ 1,583,715</u>	<u>\$ 154,722</u>	<u>\$ 406,974</u>	<u>\$ 586,426</u>	<u>\$ 1,933,606</u>	<u>\$ 9,237,343</u>
<u>2021</u>									
Opening net book amount as at January 1	\$ 2,233,138	\$ 116,001	\$ 2,222,761	\$ 1,583,715	\$ 154,722	\$ 406,974	\$ 586,426	\$ 1,933,606	\$ 9,237,343
Additions	9,963	12,671	86,228	122,009	36,125	16,844	57,216	1,391,972	1,733,028
Disposals	-	-	( 5,226)	-	( 3,837)	-	( 651)	-	( 9,714)
Reclassifications	300,981	47,122	412,177	255,420	37,383	5,863	135,608	( 1,194,554)	-
Depreciation	-	( 16,624)	( 197,165)	( 255,486)	( 45,587)	( 88,249)	( 89,720)	-	( 692,831)
Closing net book amount as at December 31	<u>\$ 2,544,082</u>	<u>\$ 159,170</u>	<u>\$ 2,518,775</u>	<u>\$ 1,705,658</u>	<u>\$ 178,806</u>	<u>\$ 341,432</u>	<u>\$ 688,879</u>	<u>\$ 2,131,024</u>	<u>\$ 10,267,826</u>
<u>At December 31, 2021</u>									
Cost	\$ 2,544,082	\$ 229,134	\$ 3,834,137	\$ 4,027,590	\$ 357,413	\$ 1,017,348	\$ 1,153,516	\$ 2,131,024	\$ 15,294,244
Accumulated depreciation and impairment	-	( 69,964)	( 1,315,362)	( 2,321,932)	( 178,607)	( 675,916)	( 464,637)	-	( 5,026,418)
	<u>\$ 2,544,082</u>	<u>\$ 159,170</u>	<u>\$ 2,518,775</u>	<u>\$ 1,705,658</u>	<u>\$ 178,806</u>	<u>\$ 341,432</u>	<u>\$ 688,879</u>	<u>\$ 2,131,024</u>	<u>\$ 10,267,826</u>

	<u>Land</u>	<u>Land improvements</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Leasehold improvements</u>	<u>Other equipment</u>	<u>Construction in progress and equipment to be inspected</u>	<u>Total</u>
<u>At January 1, 2020</u>									
Cost	\$ 1,976,636	\$ 149,175	\$ 3,257,734	\$ 3,578,256	\$ 261,488	\$ 985,924	\$ 905,225	\$ 808,824	\$ 11,923,262
Accumulated depreciation and impairment	-	( 43,092)	( 1,145,774)	( 1,960,598)	( 155,707)	( 528,620)	( 336,848)	-	( 4,170,639)
	<u>\$ 1,976,636</u>	<u>\$ 106,083</u>	<u>\$ 2,111,960</u>	<u>\$ 1,617,658</u>	<u>\$ 105,781</u>	<u>\$ 457,304</u>	<u>\$ 568,377</u>	<u>\$ 808,824</u>	<u>\$ 7,752,623</u>
<u>2020</u>									
Opening net book amount as at January 1	\$ 1,976,636	\$ 106,083	\$ 2,111,960	\$ 1,617,658	\$ 105,781	\$ 457,304	\$ 568,377	\$ 808,824	\$ 7,752,623
Additions	9,230	17,978	102,835	92,418	67,164	33,243	59,232	1,743,940	2,126,040
Disposals	-	-	-	( 859)	( 2,221)	-	-	-	( 3,080)
Reclassifications	247,272	6,755	181,463	120,820	20,240	5,973	36,635	( 619,158)	-
Depreciation	-	( 14,815)	( 173,497)	( 246,322)	( 36,242)	( 89,546)	( 77,818)	-	( 638,240)
Closing net book amount as at December 31	<u>\$ 2,233,138</u>	<u>\$ 116,001</u>	<u>\$ 2,222,761</u>	<u>\$ 1,583,715</u>	<u>\$ 154,722</u>	<u>\$ 406,974</u>	<u>\$ 586,426</u>	<u>\$ 1,933,606</u>	<u>\$ 9,237,343</u>
<u>At December 31, 2020</u>									
Cost	\$ 2,233,138	\$ 172,336	\$ 3,496,707	\$ 3,721,622	\$ 300,909	\$ 1,014,946	\$ 989,190	\$ 1,933,606	\$ 13,862,454
Accumulated depreciation and impairment	-	( 56,335)	( 1,273,946)	( 2,137,907)	( 146,187)	( 607,972)	( 402,764)	-	( 4,625,111)
	<u>\$ 2,233,138</u>	<u>\$ 116,001</u>	<u>\$ 2,222,761</u>	<u>\$ 1,583,715</u>	<u>\$ 154,722</u>	<u>\$ 406,974</u>	<u>\$ 586,426</u>	<u>\$ 1,933,606</u>	<u>\$ 9,237,343</u>



A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	<u>2021</u>	<u>2020</u>
Amount capitalised	\$ 12,550	\$ 6,363
Interest rate range	0.99%~1.04%	0.99%~1.13%

B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

C. As of December 31, 2021 and 2020, the Company held 129 parcels and 131 parcels of agricultural land, respectively. The carrying amounts of land registered under the title of others amounted to \$755,059 and \$752,645, respectively. The titles of these parcels of land are registered under the title of individuals, however, the Company has agreements with those individuals to pledge these agricultural land to the Company.

(8) Leasing arrangements - lessee

A. The Company leases various assets including land, buildings, business vehicles, and other equipment. Rental contracts are typically made for periods of 1 to 22 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 299,480	\$ 297,860
Buildings	28,706	9,506
Other equipment	10,909	9,623
	<u>\$ 339,095</u>	<u>\$ 316,989</u>

	<u>2021</u>	<u>2020</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 27,572	\$ 26,321
Buildings	7,885	6,045
Transportation equipment (Cargo Truck)	-	65
Other equipment	6,802	7,050
	<u>\$ 42,259</u>	<u>\$ 39,481</u>

C. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets were \$64,365 and \$15,070, respectively.

D. The Company has no significant profit or loss in relation to lease contracts for the years ended December 31, 2021 and 2020.

E. For the years ended December 31, 2021 and 2020, the Company's total cash outflow for leases were \$42,048 and \$38,822, respectively.

(9) Intangible assets

Software

	<u>2021</u>	<u>2020</u>
<u>At January 1</u>		
Cost	\$ 10,557	\$ 10,474
Accumulated amortisation and impairment	( 10,386)	( 9,882)
	<u>\$ 171</u>	<u>\$ 592</u>
At January 1	\$ 171	\$ 592
Additions	4,017	83
Amortisation	( 712)	( 504)
At December 31	<u>\$ 3,476</u>	<u>\$ 171</u>
<u>At December 31</u>		
Cost	\$ 14,574	\$ 10,557
Accumulated amortisation and impairment	( 11,098)	( 10,386)
	<u>\$ 3,476</u>	<u>\$ 171</u>

(10) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Unsecured borrowings	\$ 2,560,000	0.95%~1.10%	None
Letters of credit	211,030	0.94%~1.12%	None
	<u>\$ 2,771,030</u>		

<u>Type of borrowings</u>	<u>December 31, 2020</u>	<u>Interest rate range</u>	<u>Collateral</u>
Unsecured borrowings	\$ 1,930,000	0.95%~1.10%	None
Letters of credit	162,716	0.64%~1.16%	None
	<u>\$ 2,092,716</u>		

(11) Short-term notes and bills payable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Commercial paper payable	\$ 990,000	\$ 600,000
Less: Unamortised discounts	( 681)	( 574)
	<u>\$ 989,319</u>	<u>\$ 599,426</u>
Interest rate range	0.14%~0.84%	0.28%~0.89%

The short-term notes and bills payable were guaranteed by certain financial institutions.

(12) Long-term borrowings

Type of borrowings	Borrowing period	Interest rate range	December 31, 2021
Secured loans	2020.11.12~2030.10.15	0.50%~1.00%	\$ 1,130,000
Unsecured credit loans	2017.9.6~2028.9.29	0.79%~1.25%	5,200,000
			6,330,000
Less: Current portion			( 200,000)
			\$ 6,130,000

Type of borrowings	Borrowing period	Interest rate range	December 31, 2020
Secured loans	2020.11.12~2030.10.15	0.50%~1.00%	\$ 900,000
Unsecured credit loans	2017.9.6~2023.6.30	0.79%~1.25%	3,250,000
			4,150,000
Less: Current portion			( 180,000)
			\$ 3,970,000

Information on collaterals pledged for long-term borrowings is provided in Note 8.

(13) Pensions

A. Defined benefit plan

- (a) The Company has 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 Labor Standards Act. Under the defined benefit plans, 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 specific percentage of the employees' monthly salaries and wages to the retirement fund deposited with the 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 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 to cover the deficit by next March.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligations	(\$ 376,613)	(\$ 420,022)
Fair value of plan assets	<u>273,398</u>	<u>279,885</u>
Net defined benefit liability	<u>(\$ 103,215)</u>	<u>(\$ 140,137)</u>

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

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
<u>2021</u>			
Balance at January 1	(\$ 420,022)	\$ 279,885	(\$ 140,137)
Current service cost	( 2,271)	-	( 2,271)
Interest (expense) income	( 1,210)	<u>815</u>	( 395)
	<u>( 423,503)</u>	<u>280,700</u>	<u>( 142,803)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	4,247	4,247
Change in demographic assumptions	( 532)	-	( 532)
Change in financial assumptions	10,101	-	10,101
Experience adjustments	<u>4,530</u>	<u>-</u>	<u>4,530</u>
	<u>14,099</u>	<u>4,247</u>	<u>18,346</u>
Pension fund contribution	-	21,242	21,242
Paid pension	<u>32,791</u>	<u>( 32,791)</u>	<u>-</u>
Balance at December 31	<u>(\$ 376,613)</u>	<u>\$ 273,398</u>	<u>(\$ 103,215)</u>

	Present value of defined <u>benefit obligations</u>	Fair value of <u>plan assets</u>	Net defined <u>benefit liability</u>
<u>2020</u>			
Balance at January 1	(\$ 436,190)	\$ 293,788	(\$ 142,402)
Current service cost	( 2,502)	-	( 2,502)
Interest (expense) income	( 2,741)	1,871	( 870)
	<u>( 441,433)</u>	<u>295,659</u>	<u>( 145,774)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	9,801	9,801
Change in demographic assumptions	( 60)	-	( 60)
Change in financial assumptions	( 11,433)	-	( 11,433)
Experience adjustments	<u>( 14,848)</u>	<u>-</u>	<u>( 14,848)</u>
	<u>( 26,341)</u>	<u>9,801</u>	<u>( 16,540)</u>
Pension fund contribution	-	22,177	22,177
Paid pension	<u>47,752</u>	<u>( 47,752)</u>	<u>-</u>
Balance at December 31	<u>(\$ 420,022)</u>	<u>\$ 279,885</u>	<u>(\$ 140,137)</u>

- (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 Labour 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 securitization 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 authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	<u>2021</u>	<u>2020</u>
Discount rate	0.65%	0.30%
Future salary increases	2.00%	2.00%

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:

	<u>Discount rate</u>		<u>Future salary increases</u>	
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
<u>2021</u>				
Effect on present value of defined benefit obligation	( <u>\$ 26,932</u> )	<u>\$ 30,397</u>	<u>\$ 29,661</u>	( <u>\$ 26,884</u> )
<u>2020</u>				
Effect on present value of defined benefit obligation	( <u>\$ 31,398</u> )	<u>\$ 35,627</u>	<u>\$ 34,633</u>	( <u>\$ 31,194</u> )

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

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

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2022 amount to \$16,097.

(g) As of December 31, 2021, the weighted average duration of the retirement plan is 7 years.

#### B. Defined contribution plan

Effective July 1, 2005, the Company has established defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs for the aforementioned defined contribution pension plans of the Company for the years ended December 31, 2021 and 2020 were \$47,343 and \$44,052, respectively.

(14) Share capital - common stocks

As of December 31, 2021, the Company's authorised capital was \$3,579,000, consisting of 357,900 thousand shares of common stock, and the paid-in capital was \$2,679,910, consisting of 267,991 thousand shares of common stock with a par value of \$10 (in dollars) per share. All proceeds from shares issuance have been collected.

For the years ended December 31, 2021 and 2020, there are no changes in the number of the Company's ordinary shares outstanding.

(15) Capital surplus

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. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(16) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. A special reserve is set aside or reversed in accordance with related laws or regulations by the Competent Authority. The remainder, if any, along with the accumulated unappropriated earnings in prior years, shall be distributed as shareholders' bonus as resolved by the shareholders. Cash dividends to shareholders shall account for at least 10% of the total dividends to shareholders. If cash dividend is lower than \$0.1 (in dollars) per share, dividends are distributed using share dividends.
- 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 appropriations of earnings for 2020 passed the statutory resolution threshold through electronic voting on June 21, 2021, and the appropriations of earnings for 2019 had been resolved at the shareholders' meeting on June 23, 2020. The appropriations of earnings for 2020 have been resolved at the shareholders' meeting on July 22, 2021:

	2020		2019	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 164,389		\$ 146,471	
Cash dividends	1,205,959	\$ 4.5	1,071,964	\$ 4

The effective dates for the above distribution of cash dividends are July 4, 2021 and July 5, 2020, respectively.

E. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(23).

(17) Operating revenue

	2021	2020
Revenue from contracts with customers	\$ 23,272,864	\$ 21,160,706

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods at a point in time.

B. Contract liabilities

The Company has recognised the following revenue-related contract liabilities:

	December 31, 2021	December 31, 2020
Contract liabilities:		
Contract liabilities - advance receipts	\$ 98	\$ -

(18) Other income and expenses, net

Other income and expenses, net are gains (losses) on change in fair value less costs to sell of biological assets.

	2021	2020
Other income and expenses, net	(\$ 12,738)	\$ 26,843

(19) Interest income

	2021	2020
Interest income	\$ 265	\$ 287



(20) Other income

	2021	2020
Rental income	\$ 9,324	\$ 8,378
Dividend income	14,712	-
	<u>\$ 24,036</u>	<u>\$ 8,378</u>

(21) Other gains and losses

	2021	2020
Gain on financial assets at fair value through profit or loss	\$ 888	\$ -
Net foreign exchange gains	30,744	23,531
(Loss) gain on disposal of property, plant and equipment	( 3,346)	12,535
Miscellaneous income	21,304	42,806
	<u>\$ 49,590</u>	<u>\$ 78,872</u>

(22) Finance costs

	2021	2020
Interest expense:		
Bank borrowings and lease liabilities	<u>\$ 72,523</u>	<u>\$ 68,827</u>

(23) Expenses by nature

	2021			2020		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefit expense						
Wages and salaries	\$ 1,067,475	\$ 607,636	\$ 1,675,111	\$ 1,058,411	\$ 551,220	\$ 1,609,631
Labor and health insurance	116,763	40,231	156,994	104,862	34,867	139,729
Pension costs	31,547	18,462	50,009	30,102	17,322	47,424
Directors' remuneration	-	36,504	36,504	-	37,343	37,343
Other personnel expenses (Note)	62,918	7,298	70,216	62,118	7,162	69,280
Depreciation on fixed assets	626,140	66,691	692,831	590,238	48,002	638,240
Depreciation on right-of-use assets	34,443	7,816	42,259	33,161	6,320	39,481
Amortisation	3,958	573	4,531	3,461	624	4,085

Note: Other personnel expenses include meal allowance, training expenses and employee benefits.

A. As of December 31, 2021 and 2020, the Company had 2,193 and 2,229 employees, respectively, and had 5 directors for both years.

B. For the years ended December 31, 2021 and 2020, the average employee benefits were \$892 and \$839, and the average salary expenses were \$766 and \$724, respectively. The change in adjustment on average salary expenses was 5.80%.

- C. According to the Articles of Incorporation of the Company, an amount equal to at least 1% of the Company's distributable profit of the current year should be appropriated as employees' compensation expense. If the Company has an accumulated deficit, earnings should be reserved to cover the accumulated losses in advance.
- D. For the years ended December 31, 2021 and 2020, employees' compensation was accrued at \$17,194 and \$20,711, respectively. The aforementioned amounts were recognised in wages and salaries expense.

For the year ended December 31, 2021, the employees' compensation was estimated and accrued based on 1% (as prescribed by the Company's Articles of Incorporation) of distributable profit of current year as of the end of reporting period.

For 2020, the difference of \$178 between employees' compensation of \$20,889 resolved by the Board of Directors and the amount of \$20,711 recognised in the 2020 financial statements, mainly resulting from a variance in estimation, was adjusted in profit or loss for 2021.

- E. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.
- F. The Company sets up the audit committee and therefore had no supervisors' remuneration for the years ended December 31, 2021 and 2020.
- G. The Company's overall salary is positioned above the market levels to cultivate and attract outstanding talents. The Company takes into consideration its operating situation and refers to the Consumer Price Index, economic growth rate, national income, and market and industry salary levels to ensure a highly competitive salary structure to motivate and retain high performance talents. In addition to strictly complying with the Labor Standards Act of the local government, the Company also pays attention to the correlation and design rationalisation between the Company's operating performance and employees' salaries.

Directors' remuneration is determined by the Board of Directors based on the pay levels of listed companies in the same industry and their contribution. Independent directors' remuneration is determined based on the market pay levels. Managers' salaries are highly correlated with the Company's operating results and performance, and managers' compensation and bonuses are determined based on their performance indicators every year.

Employees' compensation includes monthly salaries and bonuses. Employees' salary standards are determined based on their positions, education and work experience, professional expertise and market value. The base salaries and bonuses are determined in compliance with the Act of Gender Equality in Employment and are not different due to gender, religion, political stance and marital status, etc. The annual budget for salary adjustment is approximately 2% or more (depending on the Company's operating results and performance) and the salaries are adjusted to be in line with the market levels and based on the principle of fairness. The employees' bonuses are determined based on their positions and performance as encouragement. The vision is for

employees to work as a team with the Company for mutual benefits and common prosperity to operate the business as a going concern.

(24) Income tax

A. Income tax expense

(a) Components of income tax expense:

	<u>2021</u>	<u>2020</u>
Current tax:		
Current tax on profits for the year	\$ 336,027	\$ 381,691
Tax on undistributed surplus earnings	13,677	12,314
Prior year income tax overestimation	( 18,626)	( 1,055)
Total current tax	<u>331,078</u>	<u>392,950</u>
Deferred tax:		
Origination and reversal of temporary differences	11,633	16,499
Total deferred tax	<u>11,633</u>	<u>16,499</u>
Income tax expense	<u>\$ 342,711</u>	<u>\$ 409,449</u>

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

	<u>2021</u>	<u>2020</u>
Changes in fair value of financial assets at fair value through other comprehensive income	(\$ 11,591)	\$ -
Remeasurement of defined benefit obligations	<u>\$ 3,669</u>	<u>(\$ 3,308)</u>

B. Reconciliation between income tax expense and accounting profit

	<u>2021</u>	<u>2020</u>
Tax calculated based on profit before tax and statutory tax rate	\$ 339,673	\$ 413,306
Expenses disallowed by tax regulation	792	354
Tax exempt income by tax regulation	7,195	( 29,812)
Change in assessment of realisation of deferred tax assets	-	1,094
Prior year income tax overestimation	( 18,626)	( 1,055)
Tax on undistributed surplus earnings	13,677	12,314
Separate taxation (Repatriated Offshore Funds)	-	13,248
Income tax expense	<u>\$ 342,711</u>	<u>\$ 409,449</u>

C. (a) Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Temporary differences:		
Accrued sales discounts	\$ 19,158	\$ 17,731
Provision for loss on spare parts	3,704	3,567
Pension expense in excess of the limit for tax purpose	20,643	28,027
Provision for inventory valuation loss and change in fair value of biological assets	( 6,422)	( 8,793)
Unrealised foreign investment income	( 18,374)	( 7,073)
Unrealised exchange loss	( 317)	( 41)
Changes in fair value of financial assets at fair value through other comprehensive income	11,591	-
Others	( 308)	( 32)
	<u>\$ 29,675</u>	<u>\$ 33,386</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Deferred tax assets	\$ 58,711	\$ 52,208
Deferred tax liabilities	( 29,036)	( 18,822)
	<u>\$ 29,675</u>	<u>\$ 33,386</u>

(b) Amounts recognised in profit or loss and in other comprehensive income as a result of temporary differences are as follows:

	<u>2021</u>	<u>2020</u>
Recognised in profit or loss	(\$ 11,633)	(\$ 16,499)
Recognised in other comprehensive income (loss)	\$ 7,922	\$ 3,308

D. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.



(26) Supplemental cash flow information

Investing activities with partial cash payment are as follows:

	2021	2020
Acquisition of property, plant and equipment	\$ 1,733,028	\$ 2,126,040
Add: Opening balance of payable on equipment	50,220	34,582
Less: Ending balance of payable on equipment	( 69,952)	( 50,220)
Cash paid during the year	<u>\$ 1,713,296</u>	<u>\$ 2,110,402</u>

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

CPF (incorporated in Thailand) indirectly held 39% of the Company's equity shares. The remaining shares were held by the general public.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Company
Charoen Pokphand Foods Public Co., Ltd. (CPF)	Ultimate parent company
Charoen Pokphand (Taiwan) Corp., Ltd.	Subsidiaries
Arbor Acres Taiwan Co., Ltd.	"
Rui Mu Foods Co., Ltd.	"
Rui Fu Foods Co., Ltd. and its subsidiaries	"
Sheng Da Foods Co., Ltd.	"
Charoen Pokphand Group Co., Ltd. (CPG)	Other related parties
C.P. Consumer Products Company Limited	"
C.P. Merchandising Company Limited	"
Ta Chung Investment Co., Ltd.	"
Chun Ta Investment Co., Ltd.	"
Perfect Companion (Taiwan) Co., Ltd.	"
Hung Yu-Chun	"
Lu Xiang-Da	"
Lu Yi-Feng	"
Lan Fu-Shi	"

(3) Significant related party transactions and balances

A. Operating revenue

	2021	2020
Sales of goods:		
Subsidiaries	\$ 393,861	\$ 263,813
Other related parties	188,420	-
	<u>\$ 582,281</u>	<u>\$ 263,813</u>

Goods are sold based on the price lists in force and terms that would be available to third parties.

## B. Purchases

	<u>2021</u>	<u>2020</u>
Purchases of goods:		
Ultimate parent company	\$ 41,593	\$ 35,150
Subsidiaries	178,481	139,112
Other related parties	23,264	10,577
	<u>\$ 243,338</u>	<u>\$ 184,839</u>

Goods are purchased from related parties on normal commercial terms and conditions.

## C. Receivables from related parties

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes and accounts receivable:		
Subsidiaries	\$ 95,141	\$ 29,548
Other related parties	21,358	-
	<u>116,499</u>	<u>29,548</u>
Other receivable:		
Subsidiaries	64	-
	<u>64</u>	<u>-</u>
	<u>\$ 116,563</u>	<u>\$ 29,548</u>

The receivables from related parties arise mainly from sales transactions. The receivables are unsecured in nature and bear no interest. There are no provisions held against receivables from related parties.

## D. Payables to related parties

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Notes and accounts payable:		
Ultimate parent company	\$ 3,115	\$ -
Subsidiaries	24,342	10,354
Other related parties	3,047	-
	<u>30,504</u>	<u>10,354</u>
Other payable:		
Subsidiaries	183	-
	<u>183</u>	<u>-</u>
	<u>\$ 30,687</u>	<u>\$ 10,354</u>

The payables to related parties arise mainly from purchase transactions. The payables bear no interest.

#### E. Prepayments

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other related parties	\$ -	\$ 185

#### F. Rental income (shown as ‘Other income’)

<u>Lessee</u>	<u>2021</u>	<u>2020</u>
Subsidiaries	\$ 4,320	\$ 1,800
Other related parties	86	86
	<u>\$ 4,406</u>	<u>\$ 1,886</u>

The rental receivables are collected annually based on the contracts.

#### G. Technical service agreement

- (a) The Company signed a technical service agreement with CPG since 1996. CPG helps the Company to manufacture feeds, raise animals and to process meat products, and the Company pays compensation of THB12 million (net value) for the services annually. The commitment would not be terminated except when any of the two parties would agree to end the agreement. For the years ended December 31, 2021 and 2020, the Company recognised technical service expenses amounting to \$11,392 and \$13,001, respectively. As of December 31, 2021 and 2020, the outstanding balance were approximately \$0 and \$55, respectively.
- (b) The Company signed a technical service agreement with CPG at the end of 2015. CPG helps the Company to raise animals and provides consulting services of related technical skills, and the Company pays compensation of \$700 for the services monthly. The contract is effective for 5 years. The contract term was extended to five years effective from the end of 2020. For the years ended December 31, 2021 and 2020, the Company recognised technical service expense amounting to \$8,400 for both years. As of December 31, 2021 and 2020, the outstanding balance were \$2,100 and \$700, respectively.

#### H. Trademark licensing agreement

The Company signed a trademark license agreement with CPG at the end of 2015. The contract authorises the Company to use ‘CP’ as trademark in the designated area (Republic of China). Royalties are paid monthly based on 1.5% of the net amount of sales. The contract is effective for 5 years. The contract term was extended to five years effective from the end of 2020. For the years ended December 31, 2021 and 2020, the Company recognised royalties amounting to \$82,709 and \$79,529, respectively. As of December 31, 2021 and 2020, the outstanding balance were \$21,332 and \$6,593, respectively.



(4) Key management compensation

	<u>2021</u>	<u>2020</u>
Salaries and other short-term employee benefits	\$ 191,566	\$ 190,533
Post-employment benefits	1,661	1,595
Total	<u>\$ 193,227</u>	<u>\$ 192,128</u>

8. PLEGGED ASSETS

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

<u>Pledged assets</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>	
Time deposits - shown as 'Other current assets'	\$ 9,650	\$ 8,200	Guarantee deposit
Land	862,987	862,987	Long-term borrowings
Construction in progress	<u>908,053</u>	<u>602,961</u>	Long-term borrowings
	<u>\$ 1,780,690</u>	<u>\$ 1,474,148</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT  
COMMITMENTS

Other than those stated in Note 7, the significant commitments and contingent liabilities of the Company were as follows:

- (1) As of December 31, 2021 and 2020, the Company had opened unused letters of credit for purchases of raw materials and machinery of \$1,226,945 and \$504,107, respectively.
- (2) As of December 31, 2021 and 2020, the Company had several outstanding construction contracts and equipment purchase agreements amounting to \$463,682 and \$1,005,503, respectively, which will be paid on the basis of percentage of completion.
- (3) The Company subsequently invested to establish chicken farms in Hualien County starting from 2018, and had submitted an application to the Hualien County Government for approval based on the Group's building and feeding project. However, the Hualien County Government issued a letter on July 10, 2020 to terminate the Company's application for the building of farming facilities on agricultural land without taking into consideration the measures and goodwill that the Company took in order to reach consensus with local residents and resolve controversy. The Company has appointed lawyers and filed an appeal as administrative remedy. For the administrative appeal filed against the administrative action concerning the revocation of the permission letter to use the land in dispute, the Council of Agriculture of Executive Yuan revoked the aforesaid administrative action in accordance with the Appeal Resolution Letter Order No. Nong-Su-Zi-1090727273, dated January 12, 2021. On July 26, 2021, the Hualien County Government sent another letter alleging that the Company did not

obtain permission for agricultural use in accordance with the regulations and revoking the permission in accordance with Article 117 of the Administrative Procedures Act. The Company has appointed a lawyer to file an appeal. As of December 31, 2021, the related costs incurred by the Company amounted to \$71,281, excluding the cost of land.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In February 2021, the Company acquired 4 tracts of land located at Dashulin Section, Taoyuan District, Taoyuan City from a third party for a cost of approximately \$225,000. The Company plans to build a Taoyuan Processing Plant on the aforementioned location and expects to invest approximately \$402,000 for the construction of plant and equipment.

12. OTHERS

(1) Capital risk 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.

(2) Financial risk of financial instruments

A. Financial instruments by category

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial assets measured at fair value through other comprehensive income		
Designation of equity instrument	\$ 941,589	\$ -
Financial assets at amortised cost		
Cash and cash equivalents	126,478	61,011
Notes receivable (including related parties)	398,903	264,934
Accounts receivable (including related parties)	2,217,326	1,729,861
Other accounts receivable (including related parties)	17,839	12,081
Refundable deposits	39,299	47,216
Other financial assets - current	9,650	47,934
	<u>\$ 3,751,084</u>	<u>\$ 2,163,037</u>

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 2,771,030	\$ 2,092,716
Short-term notes and bills payable	989,319	599,426
Notes payable (including related parties)	435,919	541,504
Accounts payable (including related parties)	801,745	701,931
Other accounts payable (including related parties)	757,910	676,724
Long-term borrowings (including current portion)	6,330,000	4,150,000
	<u>\$ 12,085,923</u>	<u>\$ 8,762,301</u>
Lease liability	<u>\$ 326,635</u>	<u>\$ 304,317</u>

#### B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units.

#### C. Financial risks and degrees of financial risks

##### (a) Market risk

##### Foreign exchange risk

- i. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and HKD. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.
- ii. Management has set up a policy to require the Company to manage its foreign exchange risk against its functional currency.
- iii. The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

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

December 31, 2021				
	Foreign currency amount		Exchange rate	Book value (NTD)
	(in thousands)			
(Foreign currency : functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	USD	12	27.63	\$ 319
<u>Non-monetary item</u>				
HKD:NTD	HKD	461,193	3.56	1,639,683
THB:NTD	THB	1,129,214	0.83	941,589
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	USD	11,020	27.73	\$ 305,575
EUR:NTD	EUR	133	31.52	4,192
JPY:NTD	JPY	5,085	0.24	1,233
December 31, 2020				
	Foreign currency amount		Exchange rate	Book value (NTD)
	(in thousands)			
(Foreign currency : functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	USD	110	28.43	\$ 3,131
<u>Non-monetary item</u>				
HKD:NTD	HKD	559,667	3.62	2,027,906
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	USD	7,163	28.53	\$ 204,346

- v. Total exchange gain, 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 \$30,744 and \$23,531, respectively.

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

		2021		
		Sensitivity analysis		
		Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)				
<u>Financial assets</u>				
<u>Monetary item</u>				
USD : NTD	1%	\$	3	\$ -
<u>Non-monetary item</u>				
HKD : NTD	1%		-	16,397
THB : NTD	1%		-	9,416
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%	(\$	3,056)	\$ -
EUR : NTD	1%	(	42)	-
JPY : NTD	1%	(	12)	-
		2020		
		Sensitivity analysis		
		Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency : functional currency)				
<u>Financial assets</u>				
<u>Monetary item</u>				
USD : NTD	1%	\$	31	\$ -
<u>Non-monetary item</u>				
HKD : NTD	1%		-	20,279
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%	(\$	2,043)	\$ -

Price risk

- i. The Company is exposed to equity securities price risk because of investments held by the Company and classified on the balance sheet as financial assets at fair value through other comprehensive income. Please refer to Note 6(2).

- ii. For the Company's strategies for biological assets price risk, please refer to Note 6(6).
- iii. The Company's investment in equity securities comprise foreign listed stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other equity for the years ended December 31, 2021 would have increased/decreased by \$7,533, as a result of post-tax gains/losses on equity securities classified as equity investment at fair value through other comprehensive income.

#### Cash flow and fair value interest rate risk

- i. The Company's interest rate risk arises from long-term borrowings. 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. During the years ended December 31, 2021 and 2020, the Company's borrowings at variable rate were denominated in NTD.
- ii. The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios run only for liabilities that represent the major interest-bearing positions.
- iii. For the years ended December 31, 2021 and 2020, if interest rates on NTD-denominated borrowings at that date had been 1% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2021 and 2020, would have been \$50,640 and \$33,200 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

#### (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 the contract cash flows when counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Company manages its credit risk taking into consideration the entire Company's concern. According to the Company's credit policy, the Company is responsible for managing and analysing the credit risk for each of the new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

- iii. Based on the Company's historical experience, if the contract payments were past due over 17 days, there has been a significant increase in credit risk on that instrument since initial recognition. As a result, the Company should strengthen controls and make follow-up procedures.
- iv. The Company pays attention on specific customers whose payments were past due to confirm the debts and recognises the allowance for bad debts when there is a concern about default based on the assessment of customers' credit risk.
- v. The Company classifies customers' accounts receivable in accordance with customer types. The Company applies the simplified approach using loss rate methodology to estimate expected credit loss impairment under the provision matrix basis.
- 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. For the years ended December 31, 2021 and 2020, the Company's written-off financial assets that are still under recourse procedures amounted to \$1,645 and \$720, respectively.
- vii. (i) The expected loss rate for well-reputed customers is 0.03%. As of December 31, 2021 and 2020, the total book value of accounts receivable and loss allowance amounted to \$945,392 and \$0, and \$696,006 and \$0, respectively.
- (ii) The Company used the forecastability of the global economy to adjust historical and timely information to assess the default possibility of accounts receivable in accordance with customers' credit. As of December 31, 2021 and 2020, the expected loss rate is as follows:

	<u>Group A</u>	<u>Group B</u>	<u>Total</u>
<u>December 31, 2021</u>			
Expected loss rate	0%~100%	0.003%~10%	
Total book value	\$ 20,900	\$ 1,258,612	\$ 1,279,512
Loss allowance	7,578	-	7,578
	<u>Group A</u>	<u>Group B</u>	<u>Total</u>
<u>December 31, 2020</u>			
Expected loss rate	0%~100%	0.003%~10%	
Total book value	\$ 20,492	\$ 1,019,690	\$ 1,040,182
Loss allowance	6,326	-	6,326

Note: Customers are categorised into Group A and B based on their credit rating. The expected loss rate is assessed on an individual basis under each group.

viii. Movements in relation to the Company applying the simplified approach to provide loss allowance for notes and accounts receivable are as follows:

	<u>2021</u>	<u>2020</u>
	Notes and accounts receivable (including related parties)	Notes and accounts receivable (including related parties)
At January 1	\$ 6,326	\$ 1,656
Provision for impairment loss	<u>1,252</u>	<u>4,670</u>
At December 31	<u>\$ 7,578</u>	<u>\$ 6,326</u>

The provision for impairment loss arising from customers' contracts for the years ended December 31, 2021 and 2020 amounted to \$1,252 and 4,670, respectively.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Company's financial ratio targets, covenant compliance and applicable external regulatory or legal requirements.
- ii. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities

December 31, 2021	<u>Less than 1 year</u>	<u>Between 1 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 2,771,030	\$ -	\$ -
Short-term notes and bills payable	990,000	-	-
Notes payable (including related parties)	435,919	-	-
Accounts payable (including related parties)	801,745	-	-
Other payables (including related parties)	757,910	-	-
Lease liabilities	27,096	139,094	185,464
Long-term borrowings (including current portion)	263,862	5,233,640	1,016,414



Non-derivative financial liabilities

December 31, 2020	Less than 1 year	Between 1 and	
		5 years	Over 5 years
Short-term borrowings	\$ 2,092,716	\$ -	\$ -
Short-term notes and bills payable	600,000	-	-
Notes payable (including related parties)	541,504	-	-
Accounts payable (including related parties)	701,931	-	-
Other payables (including related parties)	676,724	-	-
Lease liabilities	22,024	121,044	187,744
Long-term borrowings (including current portion)	220,186	3,751,188	266,847

iii. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. Details of the fair value of the Company's financial assets and financial liabilities not measured at fair value are provided in Note 12(2) A.

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

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

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

Level 3: Unobservable inputs for the asset or liability.

C. The related information on 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 is as follows:

<u>December 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Biological assets	\$ -	\$ 974,696	\$ -	\$ 974,696
Financial assets at fair value through other comprehensive income:				
Equity securities	\$ 941,589	\$ -	\$ -	\$ 941,589
<u>December 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Biological assets	\$ -	\$ 828,736	\$ -	\$ 828,736

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

- (a) The instruments the Company used quoted market prices as their fair values (that is, Level 1) are listed stocks, whose quoted market prices are based on the closing prices and which are classified as available-for-sale financial assets.
- (b) The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.
- (c) Details of methods for measuring Level 2 - Biological assets are provided in Note 6(6).

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

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

(4) Other matter

The Company was able to maintain its normal operations during the Covid-19 outbreak and has implemented several preventive measures imposed by the government. The Company assessed that the pandemic has no significant impact on the Company's ability to continue as a going concern, assets impairment and financing risks.

### 13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others during the year ended December 31, 2021: None.

C. Holding of marketable securities at December 31, 2021 (not including subsidiaries, associates and joint ventures):

Securities held by	Marketable securities		Relationship with the securities issuer	General ledger account	As of December 31, 2021				Footnote
	Types	Name			Number of shares	Book value	Ownership	Fair value (Note 1)	
The Company	Common share	CHAROEN POKPHAND FOODS PUBLIC COMPANY LIMITED	(Note 2)	Financial assets at fair value through other comprehensive income	44,282,900	\$ 941,589	0.51%	\$ 941,589	
Plenty Type Limited (Cayman Islands)	Common share	CHAROEN POKPHAND FOODS PUBLIC COMPANY LIMITED	(Note 2)	Financial assets at fair value through other comprehensive income	76,800,000	1,633,426	0.89%	1,633,426	

Note 1: The numbers filled in for market value are as follows:

(1) Where there is a quoted market price, the fair value is based on the closing price at the balance sheet date, the fair value of open-end funds is based on the net asset value at the balance sheet date.

(2) Where there is no quoted market price, this column is filled in with the book value per share for stocks or left blank for other instruments.

Note 2: Investee company accounted for as financial assets at fair value through other comprehensive income by the Company and Plenty Type Limited (Cayman Islands), which is ultimate parent entity of the Company

D. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300,000 or 20% of the Company's paid-in capital during the year ended December 31, 2021:

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Balance as at January 1, 2021 (Note 4)		Acquisition (Note 3)		Disposal (Note 3)				Balance as at December 31, 2021 (Note 4)		
				Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount	
The Company	CHAROEN POKPHAND FOODS PUBLIC COMPANY LIMITED	Financial assets at fair value through other comprehensive income	-	-	\$ -	44,282,900	\$ 999,544	-	\$ -	\$ -	\$ -	-	44,282,900	\$ 999,544
The Company	CHAROEN POKPHAND FOODS PUBLIC COMPANY LIMITED	Financial assets at fair value through profit or loss	-	-	-	6,200,000	138,653	6,200,000	139,541	138,653	888	-	-	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT\$300,000 or 20% of paid-in capital or more.

Note 4: The original cost without considering amortisation and adjustments for fair values.

E. Acquisition of real estate reaching NT\$300,000 or 20% of paid-in capital or more during the year ended December 31, 2021: None.

F. Disposal of real estate reaching NT\$300,000 or 20% of paid-in capital or more during the year ended December 31, 2021: None.

G. Purchases or sales of goods from or to related parties reaching NT\$100,000 or 20% of paid-in capital or more during the year ended December 31, 2021:

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third transactions			Notes/accounts receivable (payable)	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)
The Company	Rui Fu Foods Co., Ltd.	Subsidiary	Sales revenue	\$230,579	0.93%	60 days	The same as general transactions	None	\$ 41,266	1.45%
The Company	Rui Mu Foods Co., Ltd.	Subsidiary	Sales revenue	130,758	0.53%	90 days	The same as general transactions	None	48,034	1.69%
Sheng Da Foods Co., Ltd.	Li - Chun Farm Product Co., Ltd.	Other related parties	Sales revenue	134,451	0.54%	35-90 days	The same as general transactions	None	20,975	0.74%

H. Receivables from related parties reaching NT\$100,000 or 20% of paid-in capital or more as at December 31, 2021: None.

I. Trading in derivative instruments undertaken during the year ended December 31, 2021: None

J. Significant inter-company transactions during the year ended December 31, 2021:

The inter-company transactions below 1% of consolidated assets or revenue are not disclosed.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China):

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as of December 31, 2021			Investment income		Footnote
				Balance as of December 31, 2021	Balance as of December 31, 2020	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee	(loss) recognised by the Company	
The Company	Plenty Type Limited (Cayman Islands)	Cayman Islands	Management of producing and non-producing business investments	\$ 470,459	\$ 620,471	57,841,941	100.00	\$ 1,639,683	\$ 56,505	\$ 56,505	Subsidiary (Note 1)
The Company	Charoen Pokphand (Taiwan) Corp., Ltd.	Taiwan	Management of importing and exporting businesses	20,086	20,086	2,443,716	90.00	46,027	17,591	15,832	Subsidiary
The Company	Arbor Acres Co., Ltd.	Taiwan	Husbandry management of chickens to produce breeder chicken and daily chicken	60,131	60,131	1,600,000	50.00	85,650	30,860	15,430	Subsidiary
The Company	Rui Mu Foods Co., Ltd.	Taiwan	Husbandry management of layers and related business	193,860	193,860	20,400,000	68.00	155,442	( 42,198)	( 28,694)	Subsidiary
The Company	Rui Fu Foods Co., Ltd.	Taiwan	Husbandry management of layers and related business	357,000	255,000	35,700,000	51.00	280,850	( 76,130)	( 38,826)	Subsidiary (Note 1)
The Company	Feng Sheng Livestock Co., Ltd.	Taiwan	Electric livestock slaughter	100,000	100,000	10,000,000	50.00	100,160	560	280	Investment accounted for using equity method - joint ventures
Plenty Type Limited (Cayman Islands)	Chia Tai Lianyungang Co., Ltd.	Hong Kong	Management of producing and non-producing business investments	HKD 19,910	HKD 19,910	999,999	99.99	3,810	( 284)	-	Indirectly owned subsidiary (Note 2)
Rui Fu Foods Co., Ltd.	Sheng Da Foods Co., Ltd.	Taiwan	Husbandry management of layers and related business	120,000	60,000	12,000,000	75.00	90,497	( 30,621)	-	Indirectly owned subsidiary (Note 2)

Note 1: Including recognition of current profit of its investees.

Note 2: Current period income (loss) has been recognised by subsidiaries and indirectly owned subsidiaries.

(3) Information on investments in Mainland China

None.

(4) Major shareholder information

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
Charoen Pokphand (Taiwan) Investment Ltd., Bermuda	26,802,733	10.00
Bright Excel Investments Limited, BVI	24,832,500	9.26
Giant Crown Investments Limited, BVI	16,946,479	6.32
Chun Ta Investment Co., Ltd.	15,176,525	5.66

14. OPERATING SEGMENT INFORMATION

None

# Review of Financial Conditions, Financial Performance, and Risk Management

## I. Analysis of Financial Status

Unit: NT\$ 1,000

Item	Year	2021	2020	Difference		Note
				Amount	%	
Current assets		\$ 6,967,768	\$ 5,688,632	1,279,136	22.49	2.(1)
Non-current financial assets at fair value through other comprehensive income		2,575,015	1,925,872	649,143	33.71	2.(2)
Property, plant and equipment, net		12,471,603	10,896,118	1,575,485	14.46	
Intangible assets		3,530	174	3,356	1,928.74	
Other assets		1,159,556	1,035,553	124,003	11.97	
Total assets		23,177,472	19,546,349	3,631,123	18.58	
Current liabilities		7,007,632	5,840,107	1,167,525	19.99	
Non-current liabilities		7,576,833	4,972,756	2,604,077	52.37	2.(3)
Total liabilities		14,584,465	10,812,863	3,771,602	34.88	
Equity attributable to owners of parent		8,129,092	8,304,986	(175,894)	(2.12)	
Share capital		2,679,910	2,679,910	-	-	
Capital surplus		4,666	3,957	709	17.92	
Retained earnings		4,377,398	4,212,921	164,477	3.90	
Other equity interest		1,067,118	1,408,198	(341,080)	(24.22)	2.(4)
Non-controlling interest		463,915	428,500	35,415	8.26	
Total equity		8,593,007	8,733,486	(140,479)	(1.61)	

Note 1: Please refer to the Explanation (Note 2) about variance of items above when the variation is 20% or more and the amount is equal or larger than 20 million.

Note 2: Explanation

- (1) Current assets increased, the main changes are (1) affected by the continuously increasing in the cost of international raw materials, the adjustment of the price of main products led to an increase in operating revenue. So, the accounts receivables increased. (2) in response to the continuously increasing in cost of international raw materials, increase the purchasing amount of raw material to improve the advantage of procurement which led to the increase in inventories. (3) with the expansion of the business scale, the breeding volume of various livestock and poultry products increased, so the biological assets increased.
- (2) Non-current financial assets at fair value through other comprehensive income increased mainly due to increase in investing in the stock of the Parent Company.
- (3) Non-current liabilities increased mainly due to increase in long-term borrowings. The purposes were to increase in acquisition of property, plant and equipment around NT\$2,326 million and increase in investment of the stocks of the Parent Company around NT\$1 billion.
- (4) Other equity interest decreased, the Group held the listed stock of the Thailand Parent Company, which were affected by the decrease in stock price and fluctuations of exchange rate.



## II. Analysis of Financial Performance

Unit: NT\$ 1,000

Item	Year	2021	2020	Difference		Explanation of variance
				Amount	%	
Operating revenue		\$24,841,345	\$22,189,635	\$2,651,710	11.95	
Operating costs		(21,441,119)	(18,664,912)	2,776,207	14.87	
Net operating margin		3,400,226	3,524,723	(124,497)	(3.53)	
Operating expenses		(1,795,948)	(1,652,968)	142,980	8.65	
Other income and expense, net		(12,738)	26,843	(39,581)	(147.45)	1
Operating profit		1,591,540	1,898,598	(307,058)	(16.17)	
Non-operating income and expenses		53,210	150,601	(97,391)	(64.67)	2
Profit before income tax		1,644,750	2,049,199	(404,449)	(19.74)	
Income tax expense		(331,093)	(407,073)	(75,980)	(18.66)	
Profit for the year from continuing operations		1,313,657	1,642,126	(328,469)	(20.00)	3
Profit from discontinued operations		0	(2,250)	2,250	100.00	
Profit for the year		\$ 1,313,657	\$ 1,639,876	(326,219)	(19.89)	

Note1: Please refer to the explanation of variance when the variation is 20% or more and the amount is equal or larger than 20 million.

Note2: The Company's business scope has not changed significantly. The Company has adopted the following countermeasures, which are expected to gradually receive positive benefits.

- (1) Use the Parent Company's existing global commodity procurement information to enhance procurement advantage and competitiveness.
- (2) Establish stable marketing channels by setting up brand channels, expanding cooperation with outstanding distributors, and building regional distribution and sales centers.
- (3) Focus on the major business and expand livestock production lines.
- (4) Introduce the Group's technology, R&D and managerial personnel to assist the Company to gain higher profits.

Note 3: The annual sales quantity in the coming year is expected to show slight growth compared to 2021 mainly due to:

- (1) The existing production equipment has been continuously improved in recent years, while contract farms and self-owned farms have increased and will gradually commence production.
- (2) In addition to the continuous construction of brand channels, the Company has actively invested in e-commerce platform channel recently.
- (3) The sales team will be actively promoted and strengthened.

Explanation of variance:

1. Other income and expense, net decreased mainly resulted from the gains (losses) on change in fair value less cost to sell of biological assets. Affected by the continuously rising price of international raw materials, the feed cost of 2021 increased compared with 2020, resulting in increase in raise cost affected by the factor of feed. So, change in fair value less cost to sell of biological assets decreased compared with 2020.
2. Non-operating income decreased is mainly because the Company had gains of NT\$ 84 million on disposal of Lianyungang Chia Tai Agro-industry Development Co., Ltd. in 2020. So, Non-operating income of 2021 was lower than non-operating income of 2020.
3. Profit for the year from continuing operations decreased mainly affected by the sharply increasing in the cost of raw materials, and the sale price did not fully reflect the increase in cost, resulting in a decrease of 3.5% in Net operating margin of 2021 compared with 2020. In addition, the Operating expenses of 2021 increased 8.7% compared with 2020, resulting in a decrease of 20% in Profit for the year from continuing operations compared with 2020.

### III. Analysis of Cash Flow

#### 1. Liquidity Analysis for the last two years

Item	Year		
	Dec. 31, 2021	Dec. 31, 2020	Variance (%)
Cash Flow Ratio (%)	9.98%	40.95%	(75.63%)
Cash Flow Adequacy Ratio (%)	41.66%	57.62%	(27.70%)
Cash Reinvestment Ratio (%)	(2.47%)	7.44%	(133.20%)
Analysis of variance: The Cash flow ratio, Cash flow adequacy ratio and Cash reinvestment ratio decreased which resulted from decreasing net cash flows from operating activities, increasing current liabilities, increasing investments in plant and equipment and increasing in long-term investment. The main reasons are as follows: 1. Decreasing net cash inflow from operating activities: (1) In response to the continuous rising cost of raw materials, in order to effectively control costs, increased procurement of raw materials which led increase in inventories (2) The production and sales of the Group's main products continued to expand and operating income grew steadily, resulting in increase in accounts receivables (3) Profit for the year of 2021 decreased compared with the same period of 2020. 2. Increasing in plant and equipment and long-term investments: Continuously improving existing plant and equipment and purchasing automation equipment to expand the capacity of existing production lines, increase market shares and enhance the visibility of its own brand; increasing investment in stock of parent company to share the investment gains of the parent company's global network. 3. Increasing current liabilities: provided the funds of inventory and short-term operations, payment of dividends, and replacement of old equipment, and increased short-term borrowings to cover the needs of operations and partial investments.			

#### 2. Cash Flow Analysis for the Coming Year

Estimated Cash and Cash Equivalents, Beginning of Year (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (Inflow) (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
187,008	4,992,591	5,154,766	24,833	—	—

### IV. Major Capital Expenditure Items

#### 1. Major Capital Expenditure Items and Sources of Capital

2021 Major Capital Expenditure was NT\$2,337,929 thousand, mainly investing in construction and improvements of chicken farms and pig farms, and the rest was invested in construction and improvements of Taichung Plant, Kaohsiung Plant, and Nantou Plant.

Sources of Capital are the Company's operating revenue and bank loan.

#### 2. Expected Benefits : Increase production capacity and quantity, and enhance quality.

## V. Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year

### 1. Investment Policy and Operating Profits of Subsidiaries:

The group joint-ventured with other company to establish “Feng Sheng Livestock Co., Ltd.” in 2020 in order to satisfy the demand of chicken slaughtering capacity, and still at the plant-building stage so far.

### 2. Investment Plan for the Coming Year: There’s no specific investment plan currently.

## VI. Analysis of Risk Management

### 1. Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures:

In response to the fluctuations of the Exchange Rate of the NT dollar to the US dollar, the Company will strictly control the foreign exchange liability position, grasp market trend, and timely pre-purchase forward foreign exchange to reduce the effects of the change in Foreign Exchange Rate on the Company.

Recently, the Interest Rates raised that may result in higher interest expenses. The Company continuously negotiates with banks closely to obtain more favorable Interest Rates.

As of the publication date of the Annual Report, although there is pressure of inflation, it has no immediate and significant impact on the profit or loss of the Company.

### 2. Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions:

The Company did not engage in any high-risk, high-leveraged investments, nor engage in any activities of lending or endorsement guarantees, and derivatives transactions.

### 3. Future Research & Development Projects and Corresponding Budget

(1) Research the manufacturing technology of clean label products and reduce the use of additives, with an estimated NT\$2 million to be input into R&D.

(2) Implement technologies of Thailand prepared foods and develop various countries’ cuisine product series, with an estimated NT\$1 million to be input into R&D.

(3) Introduce cutting-edge automatic equipment from abroad and strengthen the application of manufacturing technology to improve the quality and efficiency of production, with an estimated NT\$1 million to be input into R&D.

### 4. Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response: None.

### 5. Effects of and Response to Changes in Technology (including cyber security risks) and the Industry Relating to Corporate Finance and Sales:

Assessment and Countermeasures of Information Security and Risk

#### (1) Information Asset Categories which shall be Protected

A. Information Records: Databases, data files, system planning and design documents, instructions and operating manuals, business processes, contracts, education training materials, system documents, guidelines for internal control and management, and other relevant rules and regulations.

- 
- B. Computer systems: Computer operating systems, application systems, development tools, package software, utilities, etc.
  - C. Personnel:
    - Internal personnel: Application system development and maintenance personnel, application system development and maintenance personnel, system management personnel, information and equipment owners and custodians, information/document production personnel and general users, including official and unofficial personnel.
    - External personnel: Contractors and business partners.
  - D. Infrastructure services: Power services, air conditioning services, network services, telecommunication services.
  - E. Physical areas: Employee office, host control room, control area and access control room.
  - F. Physical equipment: Hosts, communication equipment, storage media, utilities equipment.
- (2) Countermeasures:
- A. The information security policies shall be regularly evaluated in an independent and objective manner in order to follow the latest government's information security management policies, laws, and techniques, to ensure practical operations of information security in compliance with information security policies, and to check the feasibility and effectiveness of those operations.
  - B. Information security policy assessments may be carried out by internal audit department, independent and objective senior supervisors, or professional and fair organizations and groups.
  - C. Regularly perform security assessments on persons and departments they belong with information system and technical application to ensure they are in compliance with information security policies and regulations.
    - a. Targets shall be included in information security assessment: Information facilities and system providers, information and data owners, users, and managers, system maintenance personnel and other relevant personnel.
    - b. Information system owners shall regularly cooperate with information security assessments and review whether or not relevant personnel comply with information security policies and related regulations.
    - c. Regularly review and assess the safety of the software and hardware to ensure the compliance of safety standards formulated by Authorities. Assessment of operating system shall be included to ensure the accuracy and effectiveness of the safety measures for software and hardware.
    - d. In case of inadequate professional manpower and experience, professional private organizations, groups, scholars or experts may be commissioned to provide assistance.
    - e. System security assessments shall be carried out manually by well-experienced system engineers with professional knowledge and under the supervision of authorized supervisors or automated software tools may be adopted to perform security checks and generate technical assessment reports that facilitate future interpretation and analysis.

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#### D. Announcement of Information Security Policies and Regulations

- a. Information security policies, the roles and responsibilities of personnel in information security, and relevant provisions shall be explained in work instructions and relevant operational manuals.
  - b. Information security policies, explanations, and regulations provisioned in work instructions or operational manuals should include general responsibilities for implementing and maintaining information security policies, and special responsibilities for protecting specific information assets, and executing specific security procedures and practices.
  - c. Employees who violate information security policies will be punished in accordance with the provisions.
6. The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures: None.
  7. Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans: None.
  8. Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans: The Company projected to invest NT\$ 1.3 billion to build an AI-automatic feedmill with a drug-free feed production line in Yunlin Technology-based Industrial Park in Douliou City, Yunlin County. The feedmill is expected to produce 240 thousand tons in the first year and to be planned with a yearly capacity of 480 thousand tons. The feedmill is expected to commence mass production after completion in the second quarter of 2022 and will be a new driving force for operating performance.
  9. Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration: None.
  10. Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%: None.
  11. Effects of, Risks Relating to and Response to the Changes in Management Rights: None.
  12. Litigation or Non-litigation Matters:  
The Company and its directors, CEO, management team, major shareholders with over 10% shareholdings and subsidiaries are not involved in lawsuits, non-lawsuits or administrative lawsuits.
  13. Other Major Risks: None.

#### VII. Other Important Matters: None.

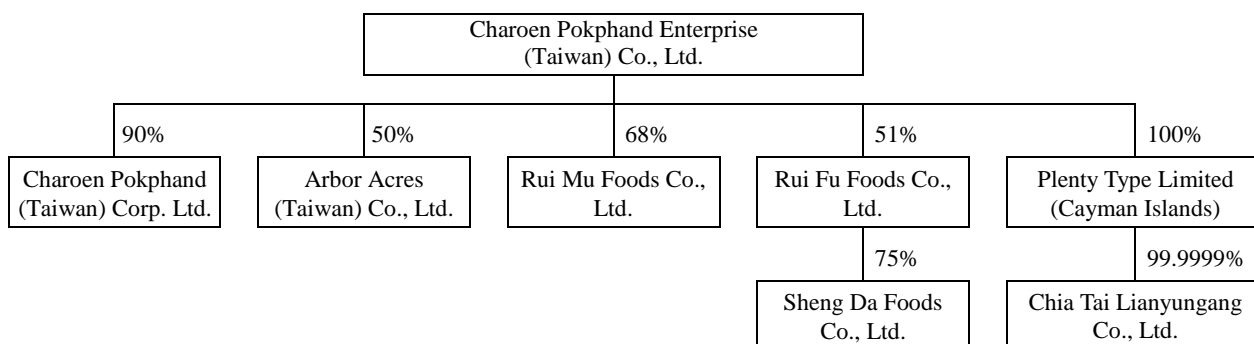
# Special Disclosure

## I. Summary of Affiliated Companies

### 1. Consolidated Business Report of Affiliated Companies

#### (1) Affiliated Companies Overview

##### A. Affiliates' Organization Chart



##### B. Basic Information of Affiliates

Unit: NT\$1,000

Entity Name	Date of Incorporation	Address	Paid-in Capital	Main Business Activities
Plenty Type Limited (Cayman Islands)	Aug. 15, 1996	P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, British West Indies	470,459	Management of producing and non-producing business investments.
Charoen Pokphand (Taiwan) Corp. Ltd.	Jan. 16, 1970	17F, No.87, Songjiang Rd., Taipei City	27,152	Management of importing and exporting business
Arbor Acres (Taiwan) Co., Ltd.	Mar. 5, 1973	17F, No.87, Songjiang Rd., Taipei City	32,000	Husbandry management of chickens to produce breeder chicken and daily chicken.
Rui Mu Foods Co., Ltd.	Sep. 19, 2016	17F, No.87, Songjiang Rd., Taipei City	300,000	Management of layers and related business
Rui Fu Foods Co., Ltd.	Dec. 21, 2016	17F, No.87, Songjiang Rd., Taipei City	700,000	Management of layers and related business
Sheng Da Foods Co., Ltd.	Dec. 13, 2019	17F, No.87, Songjiang Rd., Taipei City	160,000	Management of layers and related business.
Chia Tai Lianyungang Co., Ltd.	Jan. 30, 1992	21F., Far East Finance Centre, 16 Harcourt Road, Hong Kong	3,349	Management of producing and non-producing business investments.

##### C. Presumed Control and Be-controlled Relation Information: NA.

##### D. Line of business for the inter-companies:

The lines of business for the inter-companies cover feeds manufacture, livestock culture, butchery and food processing, poultry and livestock breeding, import-export trade, restaurants and investments. All inter-companies operate independently and form the whole channel of the vertical integration. Through mutual support in technology, production, marketing and service network, to create the great benefit of this group, keep expanding and offer the best products to consumers to ensure its leadership in Taiwan.

## E. Information regarding Directors, Supervisors, and President of Affiliates

Unit: Shares ; %

Entity Name	Position	Name or Representative	Shareholding	
			Shares	%
Plenty Type Limited (Cayman Islands)	1 Director	Wu Yeh Cheng	0	0.00
	2 Director	Chu Hsiung Lin	0	0.00
	3 Director	Monchai Leelaharat (1~3 are Representatives of Charoen Pokphand Enterprise (Taiwan) Co., Ltd.)	0 57,841,941	0.00 100.00
Charoen Pokphand (Taiwan) Corp., Ltd.	1 Chairman	Chu Hsiung Lin	0	0.00
	2 Director	Thong Chotirat (1~2 are Representatives of Charoen Pokphand Enterprise (Taiwan) Co., Ltd.)	0 2,443,716	0.00 90.00
	3 Director	Wu Yeh Cheng	271,524	10.00
	4 Supervisor	Monchai Leelaharat	0	0.00
Arbor Acres (Taiwan) Co., Ltd.	1 Chairman	Chu Hsiung Lin	0	0.00
	2 Director	Thong Chotirat (1~2 are Representatives of Charoen Pokphand Enterprise (Taiwan) Co., Ltd.)	0 1,600,000	0.00 50.00
	3 Director	Rafael Monleon Soria (3 is Representative of Aviagen Inc.)	0 1,024,000	0.00 32.00
	4 Supervisor	Wu Yeh Cheng	504,000	15.75
Rui Mu Foods Co., Ltd.	1 Chairman	Yen Chun Liu	0	0.00
	2 Director	Monchai Leelaharat (1~2 are Representatives of Charoen Pokphand Enterprise (Taiwan) Co., Ltd.)	0 20,400,000	0.00 68.00
	3 Director	Wei Yi Huang (3 is Representative of Muda Egg Products Company Limited)	0 9,600,000	0.00 32.00
	4 Supervisor	Chao Jen Chen	0	0.00
	5 Supervisor	Chin Cheng Hung	0	0.00
Rui Fu Foods Co., Ltd.	1 Chairman	Chao Jen Chen	0	0.00
	2 Director	Monchai Leelaharat (1~2 are Representatives of Charoen Pokphand Enterprise (Taiwan) Co., Ltd.)	0 35,700,000	0.00 51.00
	3 Director	Yi Feng Lu (3 is Representative of Chensan Development Company)	0 29,400,000	0.00 42.00
	4 Director	Ji Wei Zeng (4 is Representative of Chensan Poultry Farm & Co., Ltd.)	0 4,900,000	0.00 7.00
	5 Supervisor	Wei Yueh Chang	0	0.00
Sheng Da Foods Co., Ltd.	1 Chairman	Monchai Leelaharat	0	0.00
	2 Director	Chih Cheng Liu (1~2 are Representatives of Rui Fu Foods Co., Ltd.)	0 12,000,000	0.00 75.00
	3 Director	Yung Ching Chiu (3 is Representative of Jih Ching Egg Co., Ltd.)	2,000,000	12.50
	4 Supervisor	Chao Jen Chen	0	0.00
Chia Tai Lianyungang Co., Ltd.	1 Director	Thirayut Phitya-Isarakul	0	0.00
	2 Director	Ping-Hsien Ho (1~2 are Representatives of Plenty Type Limited (Cayman Islands))	0 999,999	0.00 99.99

(2) Operating Highlight of Affiliated Companies

Financial Status and Operating Results of Affiliated Companies

Unit: NT\$ 1,000

Entity Name	Capital	Total Assets	Total Liabilities	Total Equity	Operating Revenue	Operating Profit	Profit for the period	EPS (NT\$) (After income tax)
Plenty Type Limited (Cayman Islands)	470,459	1,640,061	379	1,639,682	67,105	63,222	56,506	0.74
Charoen Pokphand (Taiwan) Corp. Ltd.	27,152	86,019	34,878	51,141	135,612	20,838	17,591	6.48
Arbor Acres Taiwan Co., Ltd.	32,000	233,322	62,022	171,300	192,130	43,653	30,860	9.64
Rui Mu Foods Co., Ltd.	300,000	1,004,260	775,669	228,591	666,810	(49,058)	(42,198)	(1.41)
Rui Fu Foods Co., Ltd.	700,000	1,413,779	863,093	550,686	463,160	(63,317)	(76,130)	(1.19)
Sheng Da Foods Co., Ltd.	160,000	396,368	275,706	120,662	724,861	(37,256)	(30,621)	(2.37)
Chia Tai Lianyungang Co., Ltd.	3,349	3,929	119	3,810	0	(358)	(284)	(0.28)

2. Consolidated Financial Statements of Affiliated Companies & Affiliation Report:  
Please refer to the following statement.

**Charoen Pokphand Enterprise (Taiwan) Co., Ltd.  
Representation Letter**

In connection with the Consolidated Financial Statements of Affiliated Enterprises of CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. and subsidiaries (the “Consolidated FS of the Affiliates”), we represent to you that, the entities required to be included in the Consolidated FS of the Affiliates as of and for the year ended December 31, 2021 in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those required to be included in the Consolidated Financial Statements of CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. and subsidiaries (the “Consolidated FS of the Group”) in accordance with International Financial Reporting Standards 10, as well as that, the information required to be disclosed in the Consolidated FS of Affiliates is disclosed in the Consolidated FS of the Group. Consequently, CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. and subsidiaries did not prepare a separate set of Consolidated FS of Affiliates.

Very truly yours,  
CHAROEN POKPHAND ENTERPRISE (TAIWAN) CO., LTD. and subsidiaries  
By

Cheng, Wu Yeh, Chairman  
March 28, 2022



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II. Private Placement Securities in the Most Recent Years and to the publish date of the Annual Report: None.

III. The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years and to the publish date of the Annual Report: None.

IV. Other Essential Supplement: None.

The Items with Material Impact on Shareholder's Equity or Stock Market Price in accordance with the Article 36, paragraph 3, subparagraph 2 of Securities and Exchange Act: None.