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Great Wall Enterprise Co., Ltd.

2020 Annual Report

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One, Letter to Shareholders

Dear Shareholders,

First of all, I would like to thank you all for participating in our Shareholders' Meeting as the world is ravaged by COVID-19. I would also like to express my sincere gratitude to you who have been supported the Dachan Great Wall Group over the years.

In the past year, COVID-19 forced strict border control in most of the countries. Along with the Brexit, the trade war between China and the US, trade disputes in EU, trade protectionism, and African swine fever, Dachan encountered more violent fluctuations in business operation, raw material procurement, and currency swaps for risk hedging. Despite all the darkness over the past 12 months, the Company still created outstanding performance.

Adhering to business integrity, Dachan puts people's health in priority, providing healthy and trustworthy food products to customers. We also issue a Corporate Social Responsibility Report every year. We are dedicated to the adoption of traceable agricultural products (TAP) and implement the sales concept of "from farm to table". Dachan Quality Control Center even obtained the Food Safety Inspection Certification from the Ministry of Health and Welfare. By joining the Food Safety Alliance organized by the government, we hope that people can feel safe towards Dachan's food.

The Company's 2020 consolidated revenue was NT\$81.7 billion, increased by NT\$3.9 billion (5.0%) compared to the last year. 2020 profit attributed to the owner of the company amounted to NT\$3.12 billion, an increase of NT\$840 million (36.8%) compared to 2019.

Dachan's factories have obtained all domestic and global quality certifications, which include HACCP, ISO22000, and other food inspection certifications from the Ministry of Health and Welfare as well as the national laboratory. With the advanced facilities and well-established systems, Machouhou Food Processing Plant is about to operate. By collaborating with Showa Sangyo Co., Ltd., we conducted major investments in egg and flour businesses, such as Automatic Egg Washing & Sorting Plant and Liquid Egg Inventory Factory in Erlin Township, Changhua Country, hoping to enhance the quality and strengthen the relevant regulations on egg washing, sorting, and liquid egg production. We also improved the flour mixing technique and added on our edges to meet the highest standard of food safety. The Company builds the corporate image relentlessly so as to earn more trusts from our clients and customers.

Business Operation Report

I.2020 Business and Financial Performance

(I) Business Performance

Unit: NT\$1,000

| Items | 2020 | 2019 | Difference % |
|---------------------------|------------|------------|--------------|
| Business revenue | 81,650,892 | 77,769,986 | 4.99% |
| Operating profit | 4,211,948 | 3,721,214 | 13.19% |
| Profit(loss) before taxes | 4,983,488 | 3,852,569 | 29.35% |
| EPS | NT\$3.99 | NT\$2.93 | 36.18% |

(II) Implementation of Business Plan and Budget

The Company didn't disclose financial analysis, and there was no major discrepancy between the business implementation and internal plan.

(III) Financial Position and Profitability Analysis

(1) Financial Position

- (a) 2020 interest income amounted to NT\$ 16,558 thousand. The interest mainly came from saving and commercial papers.
- (b) 2020 interest expense amounted to NT\$ 279,627 thousand. The expense mainly came from long and short term borrowings.

(2) Profitability

| Items | 2020 | 2019 |
|---|----------|----------|
| Return on Assets (ROA) (%) | 8.68% | 7.35% |
| Return on Equity (ROE) (%) | 15.6% | 12.78% |
| Ratio of Income to Paid-in Capital (%) | 50.91% | 44.98% |
| Ratio of Net Profit Before Tax to Paid-in Capital (%) | 60.24% | 46.57% |
| Net Profit Margin (%) | 4.99% | 3.82% |
| EPS after taxes (NT\$) | NT\$3.99 | NT\$2.93 |

(IV) Research and Development

Dachan has long been dedicated to the development of poultry, aquaculture, feed, oil, and eggs, acquiring a fundamental role in each market. The Company also pursues vertical integration to expand the market share and its scale. In recent year, Dachan heads toward food product image building, shaping its image as a safe, healthy, and delicious food provider as well as a reliable supplier of poultry, eggs, and household food.

In addition, as people value more on green products and environmental sustainability, the Company invested in the development of agri-meat, and entered into new fields such as poultry wastes treatment and pet food production. Dachan hopes that through these efforts, we can recycle the resources, decrease the

environmental burdens, and take real actions on sustainability.

In response to the Group business objectives, the research and development mainly focus on animal nutrition study. Other than that, animal health products, animal vaccines, pet food, waste treatment, waste reuse, and waste reduction have all been Dachan's emphasis.

To ensure the technology is the latest and state-of-the-art, experimenting facilities have been implemented other than R&D resources and talents. The facilities include egg-based vaccine production farm, poultry experimental farm, pig experimental farm, and aquaculture experimental farm. Collaborations with domestic/international research institutes, such as National Taiwan University, National Cheng Kung University, National Chung Hsing University, National Pingtung University of Science and Technology, National Taiwan Ocean University, Tainan Livestock Research Institute, Danshui National Institute for Animal Health, and Schothorst Feed Research, have been carried out to acquire key technologies and applications.

II. 2021 Business Plan Overview

(I) Operating Strategy

Dachan has long committed to feed products for poultry and aquaculture, meat, and the establishment of the restaurant brand. Its market share in complete feed and automated slaughtered chickens have outperformed its competitors. Other than the sales growth, the Company strictly controls the feed quality and puts customers' health at its priority. The Company also works in the biotech field to develop animal nutrition products for different animals in different environmental conditions. In terms of egg products, Dachan follows egg washing and sorting policies enacted by the government. From the extensive monitoring of feed nutrition, regular inspections on layer, sampling egg quality check, to final product review, the Company offers high-quality egg products to end customers with professional cold chain logistics. The Company also established Food Development Center to advance its technology in production facilities and production procedures, as well as the sales, marketing, and production of agri-meat. Pet food is another key development for Dachan .

In terms of value-added food plants, the new modern food processing plant in Machouhou Industrial Park is about to be completed this year. It will provide the safest and high-quality food products for people in Taiwan with functional machines in quality control, frying, grilling, steaming, stewing, and automatic filling and packaging.

In the spirit of corporate social responsibility, Dachan continues to focus on core businesses in agriculture and poultry. The Company will pursue its pioneering vision with honesty and humility by paying major contributions in vertical integration, safe product quality, and customer satisfaction.

(II) Sales Volume Forecast and Its Basis

Based on the past performances and market change, the 2021 sales forecast is shown down below:

| Items | Volume (ton) |
|---------------------------------------|------------------|
| Feed | 3,600,000 |
| Meat (broiler + indigenous chickens) | 400,000 |
| Bulk supplies | 514,000 |

(III) Important Sales Strategies

In the oil business, Dachan Oil is well-known for its good quality and oil products for commercial use are commonly used in night markets and different food vendors. The domestic demand for soybean has been stable. Despite the African swine fever, Taiwan successfully prevents the outbreak of the disease, which leads to solid growth of the porker industry and strong demand for soybean. COVID-19 once disrupted global logistics, which caused a short supply of soybean. However, after the relentless efforts made by the Company, we provided sufficient soybean to produce soy flour and soybean oil. This led to a steady profit.

In the Taiwan market, the competition is fierce as the free trade agreement allows free imports of poultry products and the demand for animal protein came to a downturn. The Company consolidates the resources in R&D, production, and marketing to enhance product quality, generate product differentiation, and overcome the low-price pressure. As the biotech center has been studied on animal protein, it is expected that Dachan will provide high-quality products without antibiotics.

In the porker business, the Company has offered technical supports to porker farmers to improve livestock management, in order to respond to the substitution effect of the imported pork. Leveraging the biotech department's products, the Company optimized the feeding efficiency and decreased the cost, ensuring the profit and labor cost on each porker is reasonable. A win-win situation for the Company and the farmers is what Dachan pursues.

In the indigenous chicken business, the Company consolidated the renowned food-processing technologies from broiler slaughtering plants and deli-meat processing plants, releasing products like sous vide chicken, chicken soup, and sugarcane chicken to satisfy Taiwanese's preference of eating indigenous chickens and providing more convenient ways to eat chicken. By leveraging the IoT network and various channels, Dachan promoted and sold Dachan Indigenous Chicken products to the malls and supermarkets with vertical integration.

In recent years, the Company stepped into the markets of lunar new year dishes ordering and home meal replacements. The brand, Yummy Dots, was therefore established and had made outstanding performance. In terms of food processing, food safety inspection and production techniques are planned to be improved,

fulfilling the goals of safety and good taste. Due to the changes in consumer behavior, in addition to the traditional marketing channels, Dachan also sell its products via e-commerce platforms, and some products are the top-selling items online.

(IV)Future Strategies

1. As the domestic and global markets put more attention on clenbuterol, drug residue, and the pandemic, customers value more on food safety and health. Apart from the never-ending emphasis on food safety, the Company established Food Development Center to facilitate the update of machines and facilities, improvement of the production process, and production and sales of agri-meat. For feed business, the Company will design a complete product structure to separate the operating risk. The Company will also adopt biotech products to enhance breeding efficiency; The Company will strengthen its role in the supply chain and stretch out to more industries. After long-term research and analysis, Dachan Feed didn't use any antibiotics in broiler feed, porkers, and chickens, fulfilling the goal of zero drug residue. This has pushed the Company and the whole industry to operate in a virtuous cycle, enhancing Dachan's competency in the feed business.

In the meat business, the Company adopts a vertical integration strategy in slaughtered meat. The brand, Dachan Chicken, handles each procedure from the breeding, contract farming, feed consulting, automated slaughter, final processing, and selling channels. This effectively reduces cost, guarantees quality, and ensure a stable chicken supply.

In terms of food processing, chicken processing can be divided into different types of products: room-temperature products, refrigerated products, and frozen products, which are sold to different channels nationwide.

2. Dachan not only continues to develop the animal businesses, it also combines existing R&D resources to develop biotechnology in replacing the usage of antibiotics. The Company also established aquaculture development plants and pilot plants for feed production and biotech research. Real-time ultrasound inspection technology was adopted to conduct carcass meat inspection in the pig farm. The study becomes the reference for breeding. Leveraging biotechnology, the Company maintains its advantage in technology by creating animal nutrition that balances and pre-digests protein to replace fishmeal, which is becoming more expensive. The high-quality protein has high peptide content, low anti-nutritional factors, and can be digested easily.

(V)External Competitive Environment, Regulations, and Overall Economy

Regional markets have been integrated as various trade agreements have been signed around the globe. Regional boundaries have been overcome as products, services, and information circulating seamlessly. Therefore, our rivals come from the globe. In addition to product competition in the market, the raw material must be sought from the world to reach low cost. In face of such fierce competition,

Dachan leverages its edge in global procurement to reduce the material price, further enhancing the product quality and after-sales service.

As the consumers constantly worry about drug residue, avian flu, and food safety, the Company carries out vertical integration to separate the operating risk and maintain business profit. Dachan continues to promote traceable poultries, chickens, processing food, and eggs, taking pride in the spirit of "attentive journey, safe food." The outcomes have met the requirements set by the government and satisfied the needs of customers. We hope that with reliable products as our solid basis, Dachan can establish a positive image in food safety and gain more recognition from the customers.

We wish you good health, happiness, and success in the coming year.

Chairman: Chia-Yau Han

President: Kun-Yen Chuang

Vice President: Chien-Chung Liu

Two, Corporate Profile

I. Date of Incorporation

Date: December 28, 1960.

II. Company History

- Founded in 1960 under the name of "Dachan Oil Company" at Yunong Road in Tainan City, Dachan was committed to manufacturing various edible oils, soybean powder, and soybean cakes. Dachan's management vision is to "safeguard everyone's health through better nutrition".
- In 1966, the Company was renamed "Dachan Agricultural and Industrial Enterprise". A new plant, YongKang Plant I, was set up to produce various balanced animal nutrition.
- In 1969, YongKang Plant II was established and the latest oil extraction equipment from the US-based Crown brand to produce the well-beloved Dachan Soybean Oil.
- In 1973, Dachan merged with Great Wall Flour and changed its name to "Dachan Great Wall Group".
- In 1975, Dachan purchased a plastics plant in Chiayi to produce various containers and packaging needed in its operations.
- In 1976, a second animal nutrition plant was set up and a set of centralized feed productions facility was purchased from the U.S.-based Sprout Waldron.
- In 1978, Dachan became listed on the Taiwan Stock Exchange and began offering its shares to the public.
- In 1980, Shanhua Oils Plant was acquired.
- In 1981, a third animal nutrition plant was built. (Currently named No. 1 Animal Nutrition Plant).
- In May 1984, Dachan formed MeiChan Foods Company Limited, a joint venture with the U.S.-based Pillsbury Co. to actively develop consumer foods.
- In May 1987, Dachan formed Total Nutrition Technologies Co., Ltd. with U.S.-based Central Soya to actively cater to the demand from the on-farm feed market.
- In April 1988, Dachan's Essential Oils Plant No. 2 began production.
- In 1988, Dachan formed an animal food company in Indonesia through reinvestment to actively expand to the Southeast Asian market.
- In 1989, Dachan acquired an animal nutrition plant in Guantian to expand its production capacity for livestock feed.
- In June 1990, Chairman Han, Ho-jan resigned from his concurrent position as the President, Vice President Han, Jia-Hwan was voted to become the President through a unanimous vote from the Board of Directors.
- In July 1990, Dachan launched a line of beverages.
- In June 1993, the newly constructed Changhua Livestock Feed Plant began

operation.

- In September 1993, a meat processing plant was constructed.
- In June 1995, Mr. Han, Jia-Yu was voted to become the Vice Chairman by the Board of Directors.
- In March 1996, Dachan began to collaborate with Northern Taiwan Broiler Distribution and Sales Co-operative, and in October that year, collaboration with Southern Taiwan Broiler Distribution and Sales Co-operative also commenced.
- In January 1997, Dachan signed contract with an investment company of the Singaporean Government to jointly produce and sell livestock feed, farm and distribution of broilers, and oils at the northeastern region of China.
- In April 1998, the newly constructed Pingtung Livestock Feed Plant began operation.
- In 1999, Dachan acquired the management rights of broiler farming and distribution for Wanda company in Tianjin.
- In September 1999, Yunlin Plant began operation.
- In March 2000, Dachan purchased equipment facilities from Southern Taiwan Broiler Distribution and Sales Co-operative.
- In November 2000, Dachan acquired Li-Da Shanghai Meat Processing Plant.
- In June 2001, a call center was formally introduced to the Livestock Feed Department.
- In June 2001, upon unanimous resolution from the Board of Directors, Chairman Mr. Han, Hao-jan was named Honorary Chairman, Vice Chairman Mr. Han, Jia-Yu was named the new Chairman, Executive Assistant to the Chairman Mr. Han, Jia-Chen was named the new Vice Chairman, President Mr. Han, Jia-Hwan was named the CEO and Senior Executive Vice President Mr. Chang, Tzee Shen was named the President.
- In December 2001, a Chicken Essence Plant was established.
- In July 2002, Dachan acquired the management rights over Dalian Lianghong Co., Ltd. and formed the Dachan Lianghong (Dalian) Foods Co., Ltd. to produce quality flour.
- In January 2003, Asia Nutritional Technology (Hanoi) Co., Ltd. was formed in Hanoi, Vietnam in response to the increased demand for livestock feed market in Vietnam.
- In February 2003, Dachan co-founded Dachan Showa Foods Tianjin Co., Ltd. with Nissho Iwai Corporation and Showa Corporation to produce batter powder.
- In March 2003, Dachan co-founded May Lan Lei Co., Ltd. with Land O'Lake Co. to increase its market share for the feeds of dairy cattle.
- In April 2003, Ta Chiang Spinning Co., Ltd. was dismissed as a Company Director.
- In September 2003, Han, Chia-Yin was promoted as Executive Vice President.

- In December 2003, Dachan acquired shareholding of Dacheng Nongmu (Yingkou) Limited Company from China Animal Husbandry Group in Liaoning Province.
- In March 2004, Yongkang Processing Plant was expanded.
- In June 2004, Mr. Chang, Tie Shen was promoted to be Vice CEO, and Wu, Chi-Lin was promoted to be President.
- In July 2004, Dachan purchased shareholding of Dacheng Nongmu (Yingkou) Limited Company from China Animal Husbandry Industry Co., Ltd. (CAHIC).
- In October 2005, Yongkang Biotech Plant began operation.
- In May 2006, the operations and management of prepared food, meat, and oil businesses were assumed by May Lan Lei Co., Ltd.
- In December 2006, a livestock feed plant was set up in Taoyuan.
- In December 2006, Dachan co-founded Kouchan Mill Co., Ltd. with Kou Feng Industrial Co., Ltd.
- In December 2007, An-Hsin-Chiao-Chu was set up as a dedicated meat supplier for department stores.
- In November 2008, Hao-Ran Farm was founded.
- In January 2011, the core swine farm at Xinbei was formally named "Tong-De Farm".
- In December 2011, the Remuneration Committee was set up.
- In March 2012, Mr. Han, Chia-Yin resigned as Vice CEO and was appointed as CEO of Dachan Food (Asia) Limited.
- In July 2012, Mr. Wu, Chi-Lin resigned as President and was appointed as the Chairman of a subsidiary company; Mr. Chuang, Kun-Yen was appointed as President.
- In May 2013, flour plant, batter powder plant, and prepared foods plant began operations at Jinghai, Tianjin.
- In October 2013, Dachan TongDe Hotel was founded.
- In June 2014, the Biotech Animal Nutrition Plant was constructed at Liuying and began operation.
- In December 2014, Dachan signed purchase agreement for hennery at Yizhu.
- In March 2016, Dachan purchased a livestock farm at Nanjiu, Guantian.
- In May 2017, Dachan acquired shares of Taiwan Quality Egg Industry Co., Ltd.
- In December 2017, Wonder Vax Company Limited was founded.
- In January 2018, Dachan invested NT\$1.7 billion to build a food processing plant at Machouhou, Chiayi.
- In February 2018, Z.Y. Food Company Limited was established.
- In February 2019, Dachan purchased land at Yangmei, Taoyuan in order to expand its business scale.
- In December 2019, Dachan signed partnership agreement with Showa Sangyo Co., Ltd. on flour manufacturing and sales, poultry farming, and egg processing and sales.

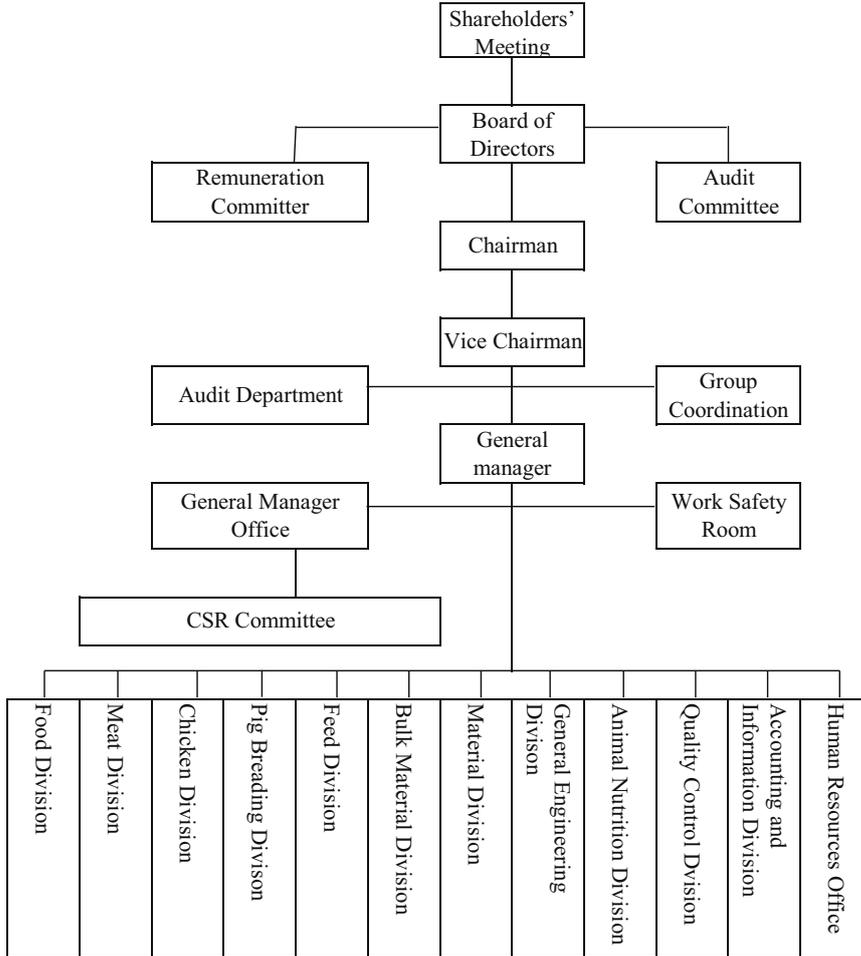
- In January 2020, Dachan invested in Neo Foods Company Limited to expand into the research, development, and manufacturing of plant based meat.
- In June 2020, Showa Sangyo Co., Ltd. invested in Kouchan Mill Co., Ltd. and Z.Y. Food Company Limited and joins Dachan in catering to Taiwan's flour and egg market.

Three, Corporate Governance Report

I. Organization

(I) Corporate Organization

(1) Organizational structure



Feed Division includes Feed Production Department and Feed Business Department

Food division includes R & D Department, Production Department and Food Business Department

Meat Division includes Meat Production Department, Meat Business Department and Feeding Contract Department

Chicken Division includes Chicken Production Department, Chicken Breeding Department and Chicken Contract Department

Pig Breeding Division includes Pig Breeding Department and Contract Department

(2) Business of main departments

- R&D Department
Product formula design, product technical after-sales service and new technology and new product development
- Animal Nutrition Division
Feed formula, animal nutrition and veterinary services
- Accounting Office
Accounting information collection, stock operations and capital control, business performance analysis, etc.
- Materials Office
Project contracting, hardware miscellaneous and other commissioned items such as procurement and repairing operations
- Information Office
Erection and maintenance of information software and hardware, assist in the planning and construction of ERP
- Human Resources Office
Planning the overall development of human resources, education and training and knowledge base management
- Industrial Safety Office
Plant environmental protection design planning and industrial safety system implementation
- General Engineering Office
Planning and design of new plants and commissioned projects, supervision of manufacturing and other related technical services
- Quality Control Department
Quality inspection of raw materials and finished products and implementation of

ISO system, etc.

- Native Chicken Business Office
Contract breeding, electric slaughter and sales of native chickens
- Food Business Department
Marketing of fresh meat processed products
- Bulk Materials Office
Procurement and transportation of raw materials, production and sales of oil powder
- Feed Production Department
Responsible for the manufacture of feed products
- Feed Business Department
Responsible for the sales of feed products
- Meat Production Department
Plan the direction and strategy of fresh meat production process and overall operation
- Meat Business Department
Drafting of Fresh Meat Sales Strategy
- Breeding Contract Department
Broiler chicken scheduling, white broiler contract breeding and trading
- Pig Breeding Business Office
Breeding pig breeding, piglet breeding and scheduling, contract breeding of pigs

II. Director of, Supervisor, General Manager, Vice General Manager, Associate, Heads of Departments and Branches
1. Director of and Supervisor

April 13, 2021

| Title | Nationality/ place of registration | Name | Gender | Date elected | Date first elected | Term | Shareholding when elected | | Current shareholding | | Spouse & Minor shareholding arrangement | | Shareholding by nominee arrangement | | Experience (education) | Other position | Supervisors, directors, or managers who are spouses or within the second degree of kinship | | | Note |
|---|--|---|--------|-----------------|-----------------------|------------|------------------------------|-------|-------------------------|-------|--|---|---|---|---|--|---|-------------------------------------|-----------------------|------|
| | | | | | | | Shares | % | Shares | % | Shares | % | Shares | % | | | Title | Name | Relationship | |
| Director (institutional shareholder) | R.O.C. | Fu-lu Investment Company Limited | - | 2019.05.31 | 1984.06.30 | 3 years | 65,434,232 | 8.30% | 71,086,943 | 8.59% | - | - | - | - | N/A | N/A | N/A | N/A | | |
| Chairman (representative of institutional shareholder) | R.O.C. | Chia Yau Han | Male | 2019.05.31 | 1984.06.30 | 3 years | 59,383 | 0.01% | 62,352 | 0.01% | - | - | - | - | Master's degree, University of Connecticut, U.S.A. | Chairman of Fu-lu Investment Company Limited, Chairman of Huang-Ho Invest. Company Limited, Chairman of Total Nutrition Technology Company Limited, Chairman of Great Wall FeedTech Enterprise Company Limited, Chairman of City Chain Company Limited, Chairman of NISSHI CHAIN CO LTD, Chairman of Saboten Company Limited, Chairman of Oriental Best Foods Company Limited Chairman of Honolulu Chain Food & Beverage Co.Ltd. Chairman of Wonder Vax Company Limited Chairman of Neo Foods Company Limited Chairman of San-Min Investment Company Limited Director of An Hsin Chiao Chu Company Limited, Director of Tiet Union Corporation De-Jia Investment, Director of Company Limited Supervisor of Fu-Rui Investment Company Limited | Vice Chairman Director | Han Jia-Chen, Han Chia-Yin | Brothers, brothers | |

| Title | Nationality/ place of registration | Name | Gender | Date elected | Date first elected | Term | Shareholding when elected | | Current shareholding | | Spouse & Minor shareholding | | Shareholding by nominee arrangement | | Experience (education) | Other position | Supervisors, directors, or managers who are spouses or within the second degree of kinship | | | Note |
|---|--|--------------|--------|-----------------|-----------------------|------------|------------------------------|-------|-------------------------|-------|-----------------------------------|---|---|---|---|--|---|---|--|------|
| | | | | | | | Shares | % | Shares | % | Shares | % | Shares | % | | | Title | Name | Relationship | |
| Vice Chairman (representative of institutional shareholder) | R.O.C. | Jia Chen Han | Male | 2019.05.31 | 1984.06.30 | 3 years | 63,784 | 0.01% | 66,973 | 0.01% | - | - | - | - | Master's degree, University of New Haven, U.S.A. | Chairman of Fu-Rui Investment Company Limited Chairman of Great Wall FeedTech Enterprise Company Limited Director of Huang-Ho Invest. Company Limited, Director of Fu-Ju Investment Company Limited Director of Honolulu Chain Food & Beverage Co.Ltd. Supervisor of De-Jia Investment Company Limited | Chairman Director Vice General Manage | Han Chia-Yau Han Chia-Yin Han Fang-Hao | Brothers, brothers father and son | |
| Director (representative of institutional shareholder) | R.O.C. | Chia Yin Han | Male | 2019.05.31 | 1984.06.30 | 3 years | - | - | - | - | - | - | - | Master's degree, University of New Haven, U.S.A. | Executive Director of Great Wall Food (Asia) Company Limited, Chairman of An Hsin Chiao Chu Company Limited Chairman of Ma Cheng Co., LTD Chairman of Xiang Cheng Co., LTD Chairman of De-Jia Investment Company Limited, Director of Oriental Best Foods Company Limited, Director of City Chain Company Limited, Director of NISSHI CHAIN CO LTD, Director of Saboten Company Limited, Director of Huang-Ho Invest. Company Limited, Director of Fu-Ju Investment Company Limited Director of Fu-Rui Investment Company Limited, Director of Honolulu Chain Food & Beverage Co.Ltd. Director of San-Min Investment Company Limited | Chairman Vice Chairman | Han Chia-Yau Han Jia-Chen | Brothers, brothers | | |

| Title | Nationality/ place of registration | Name | Gender | Date elected | Date first elected | Term | Shareholding when elected | | Current shareholding | | Spouse & Minor shareholding | | Shareholdin g by nominee arrangement | | Experience (education) | Other position | Supervisors, directors, or managers who are spouses or within the second degree of kinship | | | Note |
|--|--|---|--------|-----------------|-----------------------|------------|------------------------------|-------|-------------------------|-------|--------------------------------|-------|--|---|--|---|---|-----|-------|------|
| | | | | | | | Shares | % | Shares | % | Shares | % | Shares | % | | | Shares | % | Title | |
| Director (institutional shareholder) | R.O.C. | Lien Hwa Industrial Holdings Corp. | - | 2019.05.31 | 1977.04 | 3 years | 16,742,884 | 2.12% | 17,580,028 | 2.12% | - | - | - | - | N/A | N/A | N/A | N/A | N/A | |
| Director (institutional shareholder) | R.O.C. | Chiao Thai Hsing Investment Company Limited | - | 2019.05.31 | 2007.06.15 | 3 years | 10,959,071 | 1.39% | 11,507,024 | 1.39% | - | - | - | - | N/A | N/A | N/A | N/A | N/A | |
| Director | R.O.C. | Pen Jung Tseng | Male | 2019.05.31 | 1995.05.19 | 3 years | 3,751,764 | 0.48% | 3,939,352 | 0.48% | 1,910,974 | 0.23% | - | - | Kaohsiung Medical University | N/A | N/A | N/A | N/A | |
| Director | R.O.C. | Zi Lin Wang | Male | 2019.05.31 | 1989.05.17 | 3 years | 3,128,171 | 0.40% | 3,284,579 | 0.40% | 65,748 | 0.01% | - | - | High school of commerce | Responsible person of New Spring Shop | N/A | N/A | N/A | |
| Independent Director | R.O.C. | Yu Shan Ting | | | | | | | | | | | | | Independent executive director of Great Wall Food (Asia) Company Limited, Member of the Audit Committee, Great Wall Food (Asia) Company Limited, Chair of the Remuneration Committee, Great Wall Food (Asia) Company Limited | | | | | |
| Independent Director | R.O.C. | Chuang Chen Tao | Male | 2019.05.31 | 2016.06.24 | 3 years | - | - | - | - | 224,700 | 0.03% | - | - | Master's degree of administration management, University of San Francisco, U.S.A. | Chairman of Tao Ye Culture and Art Foundation | N/A | N/A | N/A | |
| Independent Director | R.O.C. | Chien Ming Wei | Male | 2019.05.31 | 2016.06.24 | 3 years | - | - | - | - | - | - | - | - | Doctor's degree, University of Connecticut, U.S.A. | Member of Remuneration Committee, ASIX Electronics Corp. Ltd. Individual Director of ASIX Electronics Corp. Ltd. | N/A | N/A | N/A | |

Note: Lien Hwa Industrial Holdings Corp. and Chiao Thai Hsing Investment Company Limited didn't assign representatives. Designation of representative were submitted in every Board meeting and shareholders' meeting.

1-1: Major shareholders of corporate shareholders

April 13, 2021

| Name of corporate shareholder (Note 1) | Major shareholders of legal persons (Note 2) | |
|--|---|--------------------|
| | Shareholder name | Shareholding ratio |
| Fu-Ju Investment Co., Ltd. | Fei Tai Investment CO., LTD. | 18.53% |
| | Chia Yau Han | 14.81% |
| | Jia Chen Han | 14.81% |
| | Jia Hwan Han | 14.81% |
| | Chia Yin Han | 14.81% |
| Lien Hwa Industrial Holdings Corp | UPC TECHNOLOGY CORPORATION | 9.68% |
| | Yiyuan Investment CO., LTD. | 9.14% |
| | Yifeng Investment CO., LTD. | 4.86% |
| | Tsu An Chou | 3.32% |
| | Feng Kang Miao | 3.19% |
| | Feng Chuan Miao | 3.02% |
| | Feng Sheng Miao | 3.01% |
| | Yuxiu Education Foundation | 3.00% |
| | Employee Welfare Committee of Lien Hwa Industrial Holdings Corp | 2.82% |
| | MITAC INTERNATIONAL CORP | 2.79% |
| Chiao Thai Hsing Investment CO., LTD. | Fang Ching Chen Chao | 86.00% |

Note 1: For director or supervisor who acts as a corporate shareholder's representative, please specify the corporate shareholder's name.

Note 2: The name of the main shareholder of the legal person shareholder (the top ten shareholders in terms of shareholding ratio) and the shareholding ratio should be filled in. Where the major shareholder is a legal person, please complete the following Table 2.

Note 3: If the legal person shareholder is not organized as a company, the "names of shareholders" and the "ratio of shareholding" in the preceding paragraph shall be "names of funders or donors" and the "ratio of fund or donation".

Note 4: The major shareholders of Lien Hwa Industrial Holdings Corp and Kiu Tai Hing Investment Co., Ltd. legal person shareholders are the latest information available as of the deadline for the preparation of the annual report of the Company.

1-2: Table 1 Main shareholders of legal persons whose main shareholders are legal persons

April 13, 2021

| Name of corporate shareholder (Note 1) | Major shareholders of legal persons (Note 2) | | Shareholding ratio |
|---|---|--|--------------------|
| | Shareholder name | | |
| Fei Tai Investment Co., Ltd. | British Virgin Islands Merchant Fei Smith CO., LTD. | | 100.00% |
| UPC TECHNOLOGY CORPORATION | Lien Hwa Industrial Holdings Corp | | 31.89% |
| | Synnex Technology International Corporation | | 5.18% |
| | Yiyuan Investment CO., LTD. | | 1.62% |
| | Liberty Stationery Corp. | | 1.55% |
| | Tongda Investment CO., LTD. | | 1.46% |
| | Mei An Investment CO., LTD. | | 1.35% |
| | Zifeng Investment CO., LTD. | | 1.23% |
| | MITAC INTERNATIONAL CORP | | 1.21% |
| | Thaishang Huamao CO., LTD. | | 1.12% |
| | Investment account of The Goldman Investment Fund managed by HSBC(Taiwan) | | 1.10% |
| Yiyuan Investment Co., Ltd. | B.V.I Shang Quanneng Co., Ltd. | | 100.00% |
| Yifeng Investment Co., Ltd. | B.V.I Shang Heng Fu Co., Ltd. | | 100.00% |
| MITAC INTERNATIONAL CORP | MITAC Holdings Corporation | | 100.00% |
| | Synnex Technology International Corporation | | 20% |
| Yuxiu Education Foundation | Lien Hwa Industrial Holdings Corp | | 20% |
| | UPC TECHNOLOGY CORPORATION | | 20% |
| | Mix System Holdings Ltd. | | 20% |
| | MITAC INTERNATIONAL CORP | | 10% |
| Employee Welfare Committee of Lien Hwa Industrial Holdings Corp | Getac Technology Corporation | | 6% |
| | Handa Precision Technology Co., Ltd. | | 4% |
| | Unincorporated organization (not applicable) | | — |

Note 1: If the main shareholder of the above table 1 is a legal person, the name of the legal person shareholder should be filled in.

Note 2: Fill in the name of the main shareholder of the legal person (top ten shareholders) and the ratio of shareholding.

Note 3: If the legal person shareholder is not organized as a company, the "names of shareholders" and the "ratio of shareholding" in the preceding paragraph shall be "names of funders or donors" and the "ratio of fund or donation".

2. Information of Director and Supervisors

| Qualifications | Meeting One of the Following Professional Qualification Requirements, Together with At Least Five Years of Work Experience | | Independence Criteria (Note 2) | | | | | | | | | | Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director | | |
|----------------|--|--|--------------------------------|---|---|---|---|---|---|---|---|----|--|----|----|
| | Name | Requirements, Together with At Least Five Years of Work Experience | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | | 11 | 12 |
| (Note 1) | | An Instructor or Higher A Judge, Public Prosecutor, Having Work Position in a Department Attorney, Certified Public Experience in of Commerce, Law, Accountant, or Other the Areas of Finance, Accounting, or Professional or Technical Commerce, Other Academic Specialist who Has Passed Law, Finance, Department Related to a National Examination or Accounting, the Business Needs in a and Has Been Awarded a or Otherwise Public or Private Junior Certificate in a Profession Necessary for College, or Necessary for the Business the Business University | | | | | | | | | | | | | |
| | Chia Yau Han | | | ✓ | | | | | | | | | ✓ | | 0 |
| | Jia Chen Han | | | ✓ | | | | | | | | | ✓ | | 0 |
| | Chia Yin Han | | | ✓ | | | | | | | | | ✓ | | 0 |
| | Zi Lin Wang | | | ✓ | | | | | ✓ | | | | ✓ | | 0 |
| | Pen Jung Tseng | | | ✓ | | | | | ✓ | | | | ✓ | | 0 |
| | Yu Shan Ting | ✓ | | ✓ | | | | | ✓ | | | | ✓ | | 0 |
| | Chuang Chen Tao | | | ✓ | | | | | ✓ | | | | ✓ | | 0 |
| | Chien Ming Wei | | | ✓ | | | | | ✓ | | | | ✓ | | 1 |

Note 1: The number of spaces shall be adjusted subject to the actual circumstances.

Note 2: Please check "✓", the corresponding boxes if the directors or supervisors meet the following conditions during the two years prior to the nomination and during the term of office.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the Company or any of its affiliates (except for independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at the Company and its parent or subsidiary or a subsidiary of the same parent).
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding (1) subparagraph, or of any of the persons in the preceding (2) and (3) subparagraphs.
- (5) Not a Director, Supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total outstanding shares of the Company or ranks among the top 5 corporate shareholders in the terms of share volume held or is assigned according to the Item 1 or 2, Article 27 of the Company Act. (This does not apply in cases where the person is an Independent Director of the Company, its parent or subsidiary established in pursuant to this law or local laws).
- (6) Not a director, supervisor or employee of a company controlled by the same person who has shares over half of the Company's director seats or voting rights (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at the Company and its parent or subsidiary or a subsidiary of the same parent).
- (7) Not a director, supervisor, or employee of another company or institution who, or whose spouse, is a chairman, president, or person holding an equivalent position of the Company (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at the Company and its parent or subsidiary or a subsidiary of the same parent).
- (8) Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the Company (except for a specific company or institution holding more than 20% but less than 50% of the total issued shares of the Company and concurrently serving as an independent director, as appointed in accordance with the Act or the laws and regulations of the local country, at the Company and its parent or subsidiary or a subsidiary of the same parent).
- (9) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for the Company or any of its affiliates, or provides commercial, legal, financial, or accounting service with cumulative remuneration less than NT\$500,000 in the past two years. However, this does not apply in cases where members of the Remuneration Committee, the Review Committee for Public Tender Offer or the Special Committee for Mergers and Acquisitions perform their functions in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act.
- (10) Not a spouse or a relative within the second degree of kinship to any other director of the Company.
- (11) None of the circumstances in the subparagraphs of Article 30 of the Company Act apply.
- (12) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.

3. General Manager, Vice General Manager, Associate, Heads of Departments and Branches

April 13, 2021

| Title | Nationality | Name | Gender | Date Elected | Shareholding | | Spouse & Minor Shareholding | | Shareholding by Nominees | | Experience (Education) | Other Position Concurrently Held at the Company and Other Companies | Managerial Officer who Are Spouses or within the Second Degree of Kinship | | | Note |
|--------------------------|-------------------|-----------------|--------|--------------|------------------|--------------------|-----------------------------|--------------------|--------------------------|--------------------|--|--|---|------|--------------|------|
| | | | | | Number of Shares | Shareholding ratio | Number of Shares | Shareholding ratio | Number of Shares | Shareholding ratio | | | Title | Name | Relationship | |
| President | Republic of China | Kun Yen Chuang | Male | 2012.7.1 | 15,235 | 0.00% | - | - | - | - | Department of Business Management, Chenggong University | Chairman of MAY LAN LEI CO., LTD. Director of TOTAL NUTRITION TECHNOLOGIES CO., LTD. Director of GREAT WALL FEEDTECH CO., LTD. Director of Wonder Vax Company Limited | None | None | None | - |
| Executive Vice President | Republic of China | Tien Fu Tseng | Male | 2006.06.26 | 3,123 | 0.00% | - | - | - | - | Department of Business Management, Chenggong University | Director of MAY LAN LEI CO., LTD. | None | None | None | - |
| Senior Vice President | Republic of China | Chien Kuo Liang | Male | 2001.03.01 | 41,277 | 0.00% | 20,250 | 0.00% | - | - | Institute of Veterinary Medicine, National Pingtung University of Science and Technology | Director of Wonder Vax Company Limited Director of TOTAL NUTRITION TECHNOLOGIES CO., LTD. | None | None | None | - |
| Senior Vice President | Republic of China | Bo Jun Wu | Male | 2007.09.01 | 94,240 | 0.01% | - | - | - | - | Agricultural Extension Office of National Taiwan University | None | None | None | None | - |
| Vice President | Republic of China | Tung Chun Lai | Male | 2006.03.01 | 390 | 0.00% | - | - | - | - | Department of Industrial Management, Chenggong University | Director of Anxin Qiaochu CO., LTD. Director of MAY LAN LEI CO., LTD. Director of SAN INN ABATTOIR CORPORATION General Manager of SAN INN ABATTOIR CORPORATION | None | None | None | - |

| Title | Nationality | Name | Gender | Date Elected | Shareholding | | Spouse & Minor Shareholding | | Shareholding by Nominees | | Experience (Education) | Other Position Concurrently Held at the Company and Other Companies | Managerial Officer who Are Spouses or within the Second Degree of Kinship | | | Note |
|----------------|-------------------|-----------------|--------|--------------|------------------|--------------------|-----------------------------|--------------------|--------------------------|--------------------|---|--|---|-------------|----------------|------|
| | | | | | Number of Shares | Shareholding ratio | Number of Shares | Shareholding ratio | Number of Shares | Shareholding ratio | | | Title | Name | Relationship | |
| Vice President | Republic of China | Hsueh Min Wu | Female | 2007.08.01 | 94,878 | 0.01% | - | - | - | - | Institute of Business Administration, University of Chicago | Supervisor of MAY LAN LEI CO., LTD. Director of CITY CHAIN FOOD LTD. Independent Director of Princeton Corporation Supervisor of ORIENTAL BEST FOODS CO., LTD. Supervisor of GREAT WALL FEEDTECH CO., LTD. KOUCHAN MILL CO., LTD. Supervisor | None | None | None | - |
| Vice President | Republic of China | Chien Chung Liu | Male | 2007.08.01 | 200 | 0.00% | - | - | - | - | Research Institute of Jinan University | Supervisor of Anxin Qiaochu CO., LTD. Supervisor of Z.Y. Food Company Limited | None | None | None | - |
| Vice President | Republic of China | Chin Tung Huang | Male | 2014.08.01 | - | - | - | - | - | - | Institute of Business Management, National Chengchi University. | None | None | None | None | - |
| Vice President | Republic of China | Hsien Yu Hsia | Male | 2020.08.01 | - | - | - | - | - | - | Department of Finance and Economics, State University of New York | Director of Z.Y. Food Company Limited Director of Ma Cheng CO., LTD. Director of GREATWALL | None | None | None | - |
| Vice President | Republic of China | Fang Hao Han | Male | 2020.08.01 | - | - | - | - | - | - | MBA of Tsinghua University in Beijing | Z.Y. Food Company Limited Chairman of KOUCHAN MILL CO., LTD. Director of Gino Pasco | Vice Chairman | Ka-Chen Hon | father and son | - |

| Title | Nationality | Name | Gender | Date Elected | Shareholding | | Spouse & Minor Shareholding | | Shareholding by Nominees | | Experience (Education) | Other Position Concurrently Held at the Company and Other Companies | Managerial Officer who Are Spouses or within the Second Degree of Kinship | | | Note |
|----------------|-------------------|--------------|--------|--------------|------------------|--------------------|-----------------------------|--------------------|--------------------------|--------------------|---|---|---|------|--------------|------|
| | | | | | Number of Shares | Shareholding ratio | Number of Shares | Shareholding ratio | Number of Shares | Shareholding ratio | | | Title | Name | Relationship | |
| Vice President | Republic of China | Ming Chi Loi | Male | 2020.08.01 | - | - | - | - | - | - | Institute of Industrial Engineering and Engineering Management Department, National Tsinghua University | None | None | None | - | |
| Vice President | Republic of China | Shu Tai Wang | Female | 2021.02.01 | - | - | - | - | - | - | Doctor of Food Science, Ohio State University | None | None | None | - | |

*Vice President Ming Chi Loi assumed the position on August 1, 2020, and has been released of duty on January 31, 2021.

*Senior Vice President Bo Jun Wu has been released of duty on June 30, 2020.

III. The Compensation of Director, Supervisor, General Manager and Vice General Manager

1. Remuneration Paid to General Director and Independent Director (Summarized in accordance with the Range of Remuneration and name disclosed)

December 31, 2020 Unit: NTD Thousand

| Title | Name | Remuneration Paid to Directors | | | | | | Total A, B, C, D as % of EAIT | | | Relevant Remuneration Received by Directors who Are Also Employees | | | | Total A, B, C, D, E, F, G as % of EAIT | | Withdrawal from the subsidiary company Remuneration from Invested Companies or the Parent Company | |
|----------------------|--|--------------------------------|--|-------------------------------|--|---------------|--|---------------------------------|--|----------------------------------|--|-------------------------------|--------------|---------------------------|--|-------------|---|--|
| | | Base Compensation (A) | | Severance Pay and Pension (B) | | Directors (C) | | Business Execution Expenses (D) | | Salaries Bonus and Allowance (C) | | Severance Pay and Pension (F) | | Employee Compensation (G) | | The Company | | All Companies in Consolidated Financial Statements |
| | | The Company | All Companies in Consolidated Financial Statements | The Company | All Companies in Consolidated Financial Statements | The Company | All Companies in Consolidated Financial Statements | The Company | All Companies in Consolidated Financial Statements | The Company | All Companies in Consolidated Financial Statements | Cash amount | Stock amount | The Company | All Companies in Consolidated Financial Statements | | | |
| Chairman | Fuju Investment CO., LTD. Representative: Chia You Han | - | - | - | - | 34,000 | 900 | 1,905 | 26,149 | 216 | 3,620 | - | - | 2.08% | 2.15% | | | |
| Vice Chairman | Fuju Investment CO., LTD. Representative: Jia Chen Han | - | - | - | - | 34,000 | 900 | 1,905 | 26,149 | 216 | 3,620 | - | - | 2.08% | 2.15% | | | |
| Director | Fuju Investment CO., LTD. Representative: Chia Yin Han | - | - | - | - | 34,000 | 900 | 1,905 | 26,149 | 216 | 3,620 | - | - | 2.08% | 2.15% | | | |
| Director | Lien Hwa Industrial Corporation Representative: Feng Sheng Miao | - | - | - | - | 34,000 | 900 | 1,905 | 26,149 | 216 | 3,620 | - | - | 2.08% | 2.15% | | None | |
| Director | KIU THAI HSING ENTERPRISE CO., LTD. Representative: Tien Hsing Chao | - | - | - | - | 6,000 | 1,800 | 1,800 | - | - | - | - | - | 0.25% | 0.25% | | None | |
| Director | Pen Jung Tseng Zi Lim Wang | - | - | - | - | 6,000 | 1,800 | 1,800 | - | - | - | - | - | 0.25% | 0.25% | | None | |
| Independent Director | Yu Shan Ting | - | - | - | - | 6,000 | 1,800 | 1,800 | - | - | - | - | - | 0.25% | 0.25% | | None | |
| Independent Director | Chuang Chen Tao | - | - | - | - | 6,000 | 1,800 | 1,800 | - | - | - | - | - | 0.25% | 0.25% | | None | |
| Independent Director | Chien Ming Wei | - | - | - | - | 6,000 | 1,800 | 1,800 | - | - | - | - | - | 0.25% | 0.25% | | None | |

1. As mentioned in points 6 and 7, the remuneration policy, system, standard and structure of general directors and independent directors are related to the amount of remuneration according to the responsibilities, risks, investment time and other factors stated.
2. Other than disclosures in the above table, remuneration paid to directors for providing services (e.g., providing consulting services as a non-employee) for all companies in consolidated financial statements in the most recent year: 0.

Note: Mr. Ka Yu Hon, Mr. Ka-Chen Hon and Mr. Ka Yan Hon are the legal representatives of Fuju Investment CO., LTD.; Mr. Tien-Hsing Chao is the legal representative of KIU THAI HSING ENTERPRISE CO., LTD. representative of Lien Hwa Industrial Holdings Corp.; Mr. Feng-Sheng Miao is the legal representative of KIU THAI HSING ENTERPRISE CO., LTD.

* Amount of Director's remuneration to be allotted for the 2019 surplus distribution determined by the Director's meeting in 2020.

* Refers to business fees paid to the director directors in 2020 (including carriage fees, special expenses, various allowances, dormitories, car allocation, etc.). If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, disclose compensation paid to the driver in a note; however, do not calculate such as part of executive compensation.

* Refers to payments that include salaries, supervisors' allowances, severance pay, bonuses, incentive payment, traveling expense, special allowances, subsidies, dormitory, company cars, in kind payments, etc. paid to the directors who were also the Company's employees in 2020 (include the president, vice presidents, other managers and employees). If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, disclose compensation paid to the driver in a note; however, do not calculate such as part of executive compensation.

* The remuneration contents disclosed in this table are different from the concept of income specified in the Income Tax Act, thus the purpose of this table is for information disclosure only, rather than taxation.

2. Range of Remuneration of Director

| Range of Remuneration Paid to Directors of the Company | Name of Director | | |
|--|---|---|---|
| | Total Amount of Remuneration (A+B+C+D) | Total Amount of Remuneration (A+B+C+D+E+F+G) | All companies in the financial report J |
| Less than NT\$1,000,000 | The Company Chia Yau Han, Jia Chen Han, Chia Yin Han, Feng Sheng Miao | The Company Feng Sheng Miao | Feng Sheng Miao |
| NT\$1,000,000 (inclusive) ~ NT\$2,000,000 | | | |
| NT\$2,000,000 (inclusive) ~ NT\$3,500,000 | Yu Shan Ting, Chuang Chen Tao, Chien Ming Wei | Yu Shan Ting, Chuang Chen Tao, Chien Ming Wei | Yu Shan Ting, Chuang Chen Tao, Chien Ming Wei |
| NT\$3,500,000 (inclusive) ~ NT\$5,000,000 | Pen Jung Tseng, Zi Lin Wang, Lien Hwa Industrial Holdings Corp, KIU THAI HSING ENTERPRISE CO., LTD. | Pen Jung Tseng, Zi Lin Wang, Lien Hwa Industrial Holdings Corp, KIU THAI HSING ENTERPRISE CO., LTD. | Pen Jung Tseng, Zi Lin Wang, Lien Hwa Industrial Holdings Corp, KIU THAI HSING ENTERPRISE CO., LTD. |
| NT\$5,000,000 (inclusive) ~ NT\$10,000,000 | | | Jia Chen Han, Chia Yin Han |
| NT\$10,000,000 (inclusive) ~ NT\$15,000,000 | | | Chia Yau Han |
| NT\$15,000,000 (inclusive) ~ NT\$30,000,000 | Fuju Investment | Fuju Investment | Fuju Investment |
| NT\$30,000,000 (inclusive) ~ NT\$50,000,000 | | | |
| NT\$50,000,000 (inclusive) ~ NT\$100,000,000 | | | |
| NTD 100,000,000 or above | | | |
| Total | 12 | 12 | 12 |

Note: As the company has not paid the directors' remuneration and dividends, the range of remuneration is calculated based on the actual amount paid in 2019.

3. Remuneration paid to General Manager and Vice General Manager(Summarized in accordance with the Range of Remuneration and name disclosed)

December 31, 2020
Unit: NTD Thousand

| Title | Name | Salary (A) | | Severance Pay and Pension (B) | | Bonus and Allowance (C) | | Employee Compensation (D) | | | | Total A. B. C. D as % of EAIT | Remuneration from Invested Companies or the Parent Company Other than Subsidiaries | |
|--------------------------|-----------------|-------------|--|-------------------------------|--|-------------------------|--|---------------------------|--|-------------|--------------|-------------------------------|--|-------------|
| | | The Company | All Companies in Consolidated Financial Statements | The Company | All Companies in Consolidated Financial Statements | The Company | All Companies in Consolidated Financial Statements | The Company | All Companies in Consolidated Financial Statements | Cash amount | Stock amount | | | Cash amount |
| President | Kun Yen Chuang | 48,490 | 49,485 | 1,048 | 1,048 | - | - | 8,895 | - | 8,895 | - | 1.87% | 1.90% | None |
| Executive Vice President | Tien Fu Tseng | | | | | | | | | | | | | |
| Senior Vice President | Chien Kuo Liang | | | | | | | | | | | | | |
| Senior Vice President | Bo Jun Wu | | | | | | | | | | | | | |
| Vice President | Tung Chun Lai | | | | | | | | | | | | | |
| Vice President | Hsueh Min Wu | | | | | | | | | | | | | |
| Vice President | Chien Chung Liu | | | | | | | | | | | | | |
| Vice President | Chin Tung Huang | | | | | | | | | | | | | |
| Vice President | Hsien Yu Hsia | | | | | | | | | | | | | |
| Vice President | Fang Hao Han | | | | | | | | | | | | | |
| Vice President | Ming Chi Loi | | | | | | | | | | | | | |

* Any positions correspondent to General Manager · Vice General Manager (e.g. President, CEO or Director, et al.) shall be disclosed, irrelevant with job titles.

4. Range of Remuneration of General Manager Vice General Manager

| Range of Remuneration paid to General Manager and Vice General Manager of the Company | Name of General Manager and Vice General Manager | |
|---|--|--|
| | The Company | All Companies in Consolidated Financial Statements |
| Less than NT\$1,000,000 | | |
| NT\$1,000,000 (inclusive) ~ NT\$2,000,000 | Bo Jun Wu | Bo Jun Wu |
| NT\$2,000,000 (inclusive) ~ NT\$3,500,000 | Ming Chi Loi | Ming Chi Loi |
| NT\$3,500,000 (inclusive) ~ NT\$5,000,000 | Hsueh Min Wu . Hsien Yu Hsia Fang Hao Han | Hsueh Min Wu . Hsien Yu Hsia Fang Hao Han |
| NT\$5,000,000 (inclusive) ~ NT\$10,000,000 | Chien Kuo Liang . Tung Chun Lai Tien Fu Tseng. Chin Tung Huang Chien Chung Liu | Chien Kuo Liang . Tung Chun Lai Tien Fu Tseng. Chin Tung Huang Chien Chung Liu |
| NT\$10,000,000 (inclusive) ~ NT\$15,000,000 | Kun Yen Chuang | Kun Yen Chuang |
| NT\$15,000,000 (inclusive) ~ NT\$30,000,000 | | |
| NT\$30,000,000 (inclusive) ~ NT\$50,000,000 | | |
| NT\$50,000,000 (inclusive) ~ NT\$100,000,000 | | |
| NTD 100,000,000 or above | | |
| Total | 11 | 11 |

Note: Since the company has not yet paid employee bonuses, the remuneration scale is calculated based on the actual amount paid in 2019.

* The remuneration contents disclosed in this table are different from the concept of income specified in the Income Tax Act, thus the purpose of this table is for information disclosure only, rather than taxation.

5. Employee Compensation Paid to Managerial Officers and Their Name

December 31, 2020

Unit: NTD Thousand

| | Title | Name | Stock amount | Cash amount | Total | Ratio of Total Amount to Net Income (%) |
|--------------------|--------------------------|-----------------|--------------|-------------|-------|---|
| Managerial Officer | Chairman | Chia Yau Han | - | 3,620 | 3,620 | 0.12% |
| | Vice Chairman | Jia Chen Han | | | | |
| | Vice President | Chia Yin Han | | | | |
| | President | Kun Yen Chuang | - | 8,895 | 8,895 | 0.28% |
| | Executive Vice President | Tien Fu Tseng | | | | |
| | Senior Vice President | Chien Kuo Liang | | | | |
| | Senior Vice President | Bo Jun Wu | | | | |
| | Vice President | Tung Chun Lai | | | | |
| | Vice President | Hsueh Min Wu | | | | |
| | Vice President | Chien Chung Liu | | | | |
| | Vice President | Chin Tung Huang | | | | |
| | Vice President | Hsien Yu Hsia | | | | |
| | Vice President | Fang Hao Han | | | | |
| | Vice President | Ming Chi Loi | | | | |

6. Compare and explain the analysis of the total remuneration paid to Director. Supervisor. General Manager and Vice General Manager of the company in the most recent two years by the company and all companies in the consolidated statement as a percentage of the net profit after tax. And explain the remuneration policies, standards and combinations, the procedures for setting remuneration and the relevance of business performance

| Title | Proportion of total remuneration to net profit after tax | | | |
|--|--|--|-------------|--|
| | 2020 | | 2019 | |
| | The Company | Companies in the consolidated financial statements | The Company | Companies in the consolidated financial statements |
| Director | 2.33% | 2.40% | 2.69% | 3.19% |
| General Manager and Vice General Manager | 1.87% | 1.90% | 2.09% | 2.18% |

7. Remuneration distribution policy for Director, Supervisor and Managerial Officer

Remuneration distribution policy for directors and supervisors

In the Company's Articles of Association, the director and supervisor's remuneration will be deducted from the annual surplus and the tax will be deducted to make up for the loss. After depositing 10% as a statutory surplus reserve, it will be allocated to directors and supervisors whose remuneration is not higher than 2%. It shall be proposed by the board of directors and distributed by the resolution of the shareholders meeting.

Remuneration distribution policy for Managerial Officer

The salary of the Managerial Officer of the company is determined based on individual performance and contribution. Remuneration for employees is not lower than 2%, which is allocated according to grade and performance.

IV Implementation of Corporate Governance

(I) Operations of Board of Director

1. A total of five (5) meetings of the Board of Directors were held in 2020. The attendance of Directors (including independent director) was as follows:

| Title | Name | Attendance in Person | Proxy Attendance | Attendance Rate (%) | Remarks |
|----------------------|--|----------------------|------------------|---------------------|---------|
| Chairman | Fu-Ju Investment Co., Ltd. Representative: Chia Yau Han | 5 | 0 | 100% | |
| Vice Chairman | Fu-Ju Investment Co., Ltd. Representative: Jia Chen Han | 5 | 0 | 100% | |
| Director | Fu-Ju Investment Co., Ltd. Representative: Chia Yin Han | 5 | 0 | 100% | |
| Director | Pen Jung Tseng | 5 | 0 | 100% | |
| Director | Lien Hwa Industrial Holdings Corp Representative: Feng-Sheng Miao | 5 | 0 | 100% | |
| Director | Zi Lin Wang | 5 | 0 | 100% | |
| Director | Chiao Thai Hsing Investment Co., Ltd. Representative: Tien-Hsing Chao | 5 | 0 | 100% | |
| Independent director | Chuang Chen Tao | 5 | 0 | 100% | |
| Independent director | Yu Shan Ting | 5 | 0 | 100% | |
| Independent director | Chien Ming Wei | 5 | 0 | 100% | |

Other matters to be recorded:

I. Should any of the following take place in a board meeting, the date and number of the meeting, the content of proposal, Independent Director's opinions and the Company's response to such opinions should be recorded:

(I) For matters listed in Article 14-3 of the Securities and Exchange Act:

| Date of Board of Directors | Term (xx meeting of xx term) | Major Resolutions | Results | Opinions of all Independent Directors | The Company's handling of opinions of Independent Directors |
|----------------------------|------------------------------|---|-------------------------------------|---------------------------------------|---|
| Mar 3, 2020 | 16th Session 4th term | Handle the extension of this year's credit contract with various financial institutions | Approved by all attending directors | None | None |
| Mar 3, 2020 | 16th Session 4th term | Short-term financing turnover of subsidiaries provided | Approved by all attending directors | None | None |
| Mar 27, 2020 | 16th Session 5th term | Signed the internal control statement | Approved by all attending directors | None | None |
| Mar 27, 2020 | 16th Session 5th term | Increasing the Option Quota of Corn Futures | Approved by all attending directors | None | None |
| May 12, 2020 | 16th Session 6th term | Amend some provisions of the company's "Audit Committee Organizational Rules" | Approved by all attending directors | None | None |
| Aug 12, 2020 | 16th Session 7th term | The second proposal for the remuneration distribution of employee and the remuneration distribution of director in 2019 | Approved by all attending directors | None | None |
| Aug 12, 2020 | 16th Session 7th term | Public expenses paid to Anhou Jianye Joint Accounting Firm in 2020 | Approved by all attending directors | None | None |
| Aug 12, 2020 | 16th Session 7th term | Independence and Competency Assessment of CPA | Approved by all attending directors | None | None |
| Nov 12, 2020 | 16th Session 8th term | Annual Audit plan for 2021 of this Company. | Approved by all attending directors | None | None |
| Nov 12, 2020 | 16th Session 8th term | Amend the "Method of Performance Evaluation of Board of Directors" | Approved by all attending directors | None | None |

(II) Other resolutions of the Board, which the Independent Director(s) voiced objection or reservation that are documented or issued through a written statement in addition to the above: None.

II. Directors abstaining in certain proposals for being a stakeholder: None.

III. The company listed on TWSE/TPEX shall disclose the evaluation cycle and duration, scope of evaluation, methodology, and evaluation contents of the self (peer) evaluation of the Board of Directors, and please refer to the "Board of Directors Evaluation Status" in the following table ":

| Evaluation cycle | Evaluation duration | Scope of evaluation | Evaluation method | Evaluation Content [Note] |
|------------------------------|--------------------------------------|---|---|--|
| Execute at least once a year | January 1, 2020 to December 31, 2020 | Performance evaluation of the entire Board, individual director, and the functional committee | Internal self-assessment by the Board of Directors, self-assessment of members of the board, internal self-assessment by the functional committee | Evaluation of performance for the he Board of Directors, evaluation of performance for the individual board members , Evaluation of performance for the functional board members |

[Note]

(I) Evaluation Content:

1. Five major items for Evaluation of performance for the he Board of Directors (43 evaluation indicators in total):
 - (1) Participation in the operation of the Company
 - (2) the improvement of the quality of the Board of Directors' decision making
 - (3) composition and structure of the Board of Directors
 - (4) election and continuing education of the directors
 - (5) internal control
2. Six major items for Evaluation of performance for the individual board members (23 evaluation indicators in total):
 - (1) Mastery of goals and missions of the Company
 - (2) awareness of the duties of a director
 - (3) Participation in the operation of the Company
 - (4) Management of internal relationship and communication
 - (5) The director's professionalism and continuing education
 - (6) internal control
3. Five major items for Performance evaluation of the functional committee (24 evaluation indicators in total):
 - (1) Participation in the operation of the Company
 - (2) awareness of the duties of the functional committee
 - (3) the quality of decisions made by the functional committee,
 - (4) The composition of the functional committee and the selection of its members
 - (5) internal control

(II) Evaluation results:

The three evaluations include performance evaluation of the board, board member performance self-evaluation, and functional committee performance evaluation. All measurement indicators meet the standards, and the evaluation results exceed the standards. The results of director performance evaluation shall be submitted to the board of directors on March 31, 2021.

IV. Evaluation of the objectives and implementation of strengthening the functions of the board of directors in the current and recent years: The company has fully re-elected directors and supervisors at the shareholders meeting on June 24, 2015, and established an Audit Committee, adding 3 independent directors to strengthen the company's corporate governance and board functions. According to the announcement issued by the competent authority, the company has stipulated that "listed companies shall conduct self- or peer evaluation by the board of directors every year starting from 2020, and complete the declaration of performance evaluation results before the end of the first quarter of the following year". On November 8, 2019, the third meeting of the sixteenth board of directors passed a resolution to "determine the company's "Method of Performance Evaluation of Board of Directors", which is implemented on January 1, 2020.

2. Independent director

A total of five (5) meetings of the Board of Directors were held in 2020.

The attendance independent directors was as follows◎: Attendance in Person ; ☆: Proxy Attendance ; * : Not attending

| 2020 | 2 Mar | 27 Mar | 12 May | 12 Aug | 12 Nov |
|-----------------|-------|--------|--------|--------|--------|
| Chuang Chen Tao | ◎ | ◎ | ◎ | ◎ | ◎ |
| Yu Shan Ting | ◎ | ◎ | ◎ | ◎ | ◎ |
| Chien Ming Wei | ◎ | ◎ | ◎ | ◎ | ◎ |

Other matters to be recorded:

At least one independent director shall attend in person any meeting of the Board. With respect to a matter prescribed in the following that must be approved by resolution at a Board meeting, all independent directors shall attend the meeting in person or appoint another independent director to attend the meeting as a proxy. Any objection or reservation made by an independent director shall be set forth in the minutes of the Board meeting; if an independent director is unable to attend the Board meeting in person to express his objections or reservations, he shall, unless he has valid reasons, give a written opinion in advance and set it out in the minutes of the Board meeting:

I. Business Plan

II. Annual financial reports and semi-annual financial reports ◦ With the exception of semi-annual financial reports, which, under relevant laws and regulations, need not be audited and attested by a CPA.

III. Establish or amend the internal control system in accordance with Article 14-3 of the Securities and Exchange Act, and evaluate the effectiveness of the internal

- control system.
- IV. In accordance with the provisions of Article 36 of the Securities and Exchange Act, stipulate or amend 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.
- V. Matters bearing on the personal interest of a director or supervisor.
- VI. Major assets or derivatives trading.
- VII. Major loaning of funds, and provision of endorsements/guarantees.
- VIII. Raising, issuing or private placement of equity securities.
- IX. Appointment, discharge or compensation of a certified public accountant (CPA).
- X. Appointment or discharge of financial, accounting or internal audit supervisors.
- XI. Donations to a related party or major donations to a non-related party. provided that a donation for charity or disaster relief for a material natural disaster may be submitted to the following Board of Directors meeting for ratification.
- XII. Other matters that shall be decided by the Shareholders' Meetings or submitted to the Board of Directors or major matters specified by the competent authority in accordance with the law or the articles of association.

(II) Operations of the Audit Committee

The Audit Committee held 5 meetings during 2020; the attendance of independent directors is summarized as follows:

| Title | Name | Attendance in Person | Proxy Attendance | Attendance Rate (%) | Remarks |
|----------------------|-----------------|----------------------|------------------|---------------------|---------|
| Independent director | Chuang Chen Tao | 5 | 0 | 100% | |
| Independent director | Yu Shan Ting | 5 | 0 | 100% | |
| Independent director | Chien Ming Wei | 5 | 0 | 100% | |

Other matters to be recorded:

- I. With regard to the implementation of the Audit Committee, if any of the following circumstances occur, the dates, terms of the meetings, contents of motions, all Audit Committee resolutions, and the Company's handling of such resolutions shall be specified:
- (I) Matters referred to in Article 14-5 of the Securities and Exchange Act: Submit to the board of directors after approval by the Audit Committee.

| Audit Committee Date | Term (xx meeting of xx term) | Major Resolutions | Results | Objections or Reservations by Audit Committee Member | Company's handling of opinions of Audit Committee |
|----------------------|------------------------------|--|---|--|---|
| Mar 3, 2020 | 2nd Session 3rd term | Short-term financing turnover of subsidiaries provided | The proposals were passed unanimously by the all attending committee members. | None | None |
| Mar 27, 2020 | 2nd Session 4th term | 2019 Individual Financial Statements and Consolidated Financial Statements prepared by the company and verified by an accountant | The proposals were passed unanimously by the all attending committee members. | None | None |
| Mar 27, 2020 | 2nd Session 4th term | Signed the internal control statement | The proposals were passed unanimously by the all attending committee members. | None | None |
| Mar 27, 2020 | 2nd Session 4th term | Increasing the Option Quota of Corn Futures | The proposals were passed unanimously by the all attending committee members. | None | None |
| Aug 12, 2020 | 2nd Session 6th term | The company's Consolidated Financial Statements for the second quarter of 2020 | The proposals were passed unanimously by the all attending committee members. | None | None |
| Aug 12, 2020 | 2nd Session 6th term | Public expenses paid to Anhou Jianye Joint Accounting Firm in 2020 | The proposals were passed unanimously by the all attending committee members. | None | None |

(II) In addition to the items in the preceding items, other resolutions passed by two-thirds of all the Directors but yet to be approved by the Audit Committee: None.

II. For independent director ' implementation on the avoidance of interest-related motions: None.

III. Independent Directors' communication with internal auditors and CPAs (including communication over the Company's financial and business status and the methods and results, etc.)

1. Deliver audit reports and tracking reports to independent directors for review at least once a month. It also reports the audit results of the current month, the improvement of audit deficiencies, and the company's financial and business conditions. Independent directors shall approve review opinions on audit reports.

2. There are direct channels between independent directors and accountants.

(III) Implementation of corporate governance and the deviations from the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies," and the reasons thereof

| Evaluation Item | Implementation Status | | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|--|-----------------------|----|---|
| | Yes | No | |
| (I). Conformity to the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and disclosure of Corporate Governance Best-Practice Principles | | V | Neither the Company nor related enterprises have yet to establish the code of practice for corporate governance. However, for the relevant governance matters in the code, it is currently implemented step by step according to the current situation and laws of the Company, and measures such as modifying relevant management measures, enhancing information transparency and strengthening the functions of the board of directors are adopted to promote corporate governance. |
| II. Shareholding structure & shareholders' rights (I) Does the Company establish internal operating procedures or policies to handle shareholder suggestions, doubts disputes and lawsuits and implemented such procedures or policies? | | V | (I) Neither the Company nor the related enterprises have formulated "Internal Operating Procedures" for dealing with shareholders' suggestions, doubts, disputes and litigation related matters, but there are spokesmen and acting spokesmen to deal with shareholders' suggestions or disputes, and the related enterprises are also dealt with by the Company. (II) Through interaction with major shareholders, the company can keep track of the list of major shareholders and ultimate controllers of major shareholders, as well as the increase or decrease of equity or mortgage changes of shareholders holding shares and shareholders serving as directors and supervisors, which should be input into the "Public Information Observatory" for public disclosure in accordance with the regulations, and the information of their related enterprises should also be mastered by the |
| (II) Does the Company possess a list of major shareholders and list of ultimate owners of these major shareholders? | V | | (I)None (II)None |

| Evaluation Item | Implementation Status | | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|---|-----------------------|----|--|
| | Yes | No | |
| (III) Does the company establish and enforce risk control and firewall systems with its affiliate companies? (IV) Does the Company adopt internal rules prohibiting company insiders from trading securities using information not disclosed to the market? | V | | (III)None |
| | V | | (IV)None |
| III. Composition and responsibilities of the Board of Directors (I) Is the composition of the Board of Directors determined by taking appropriate policy based on diversity and ensure the actual implementation? (II) In addition to the Remuneration Committee and Audit Committee, does the Company voluntarily establish other functional committees? | V | | (I)None |
| | V | | (II)None |

| Evaluation Item | Implementation Status | | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|---|-----------------------|--|--|
| | Yes | No | |
| <p>(III) Does the Company establish standards to measure the performance of the Board, and does the Company implement such annually? Does it report the results of the performance evaluation to the BOD and use them as a reference for each Director's remuneration and nomination of term renewal?</p> | V | <p>meetings to discuss issues related to safety and health or health management, convey the Company's safety and health policies, and continuously track the completion of resolutions, so as to promote relevant systems; Other functional committees will be set up according to the actual needs of the Company.</p> <p>(III) On November 8, 2019, the board of directors of the company formulated the "Rules Governing the Performance Evaluation of the Board of Directors" and disclosed it on the company website. The board of directors and individual directors are subject to self or peer evaluation on a regular basis every year. The results of directors' performance evaluation in 2020 will be submitted to the board of directors on March 31, 2021. Every three years, an external professional independent organization or an external team of experts and scholars shall conduct the evaluation and disclose the results of the performance evaluation in the annual report.</p> <p>The Company should consider the company's situation and needs to develop the measurement items of board performance evaluation, which should at least include the following five aspects:</p> <p>I. Degree of participation in CMP's operations. II. Improvement in the Board's decision making quality III. Composition and structure of the Board IV. Election and continuing education of the</p> | (III)None |

| Evaluation Item | Implementation Status | | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|---|-----------------------|----|--|
| | Yes | No | |
| (IV) Does the Company regularly assess on the independence of CPAs? | V | | (IV)None |

| Evaluation Item | Implementation Status | | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|--|-----------------------|----|---|
| | Yes | No | |
| | | | discusses the appointment of audit and certification accountants for the assessment of their independence and competency every year. On August 12, 2020, the board of directors passed the evaluation of the independence and competency of certified public accountants, and the implementation is as follows: according to Article 47 of the accounting law and No. 10 Bulletin of the code of professional ethics for accountants, both the certified public accountants and the company meet the requirements of independence, are qualified to be the financial certified public accountants of the company, and have obtained the declaration of independence and the evaluation form of the independence and competency of accountants, and the accounting independence and competency assessment form is posted on the company's website. |
| IV. Does the company appoint adequate persons and a chief governance officer to be in charge of corporate governance matters (including but not limited to providing directors and supervisors required information for business execution, assisting directors and supervisors in following laws and regulations, handling matters in relation to the Board meetings and shareholders' meetings and keeping minutes at the Board meetings and shareholders' meetings according to law)? | | V | No significant difference. |
| V. Does the company establish communication channels and a dedicated section on the | V | | No significant difference. |

| Evaluation Item | Implementation Status | | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof |
|---|-----------------------|----|---|
| | Yes | No | |
| company website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers) to respond to material corporate social responsibility issues in a proper manner? | | | and announced the information to the public information observatory in accordance with regulations; At the same time, it is also published on the website for investors to inquire, and its related enterprises are also represented by our company. |
| VI. Does the company appoint a professional shareholder service agency to deal with shareholder affairs? | V | | The Company has commissioned Transfer Agency Service of CTBC Bank to hold shareholders' meetings and other relevant affairs. |
| VII. Information disclosure | V | | (I) The company has set up an investor service website and disclosed financial business and corporate governance information in accordance with regulations. Website-- http://www.dachan.com The related information of the related enterprises can be obtained from the consolidated financial statements. |
| (II) Does the Company establish any other information disclosure channels (e.g. maintaining a website in English, designating people to handle information collection and disclosure, appointing spokespersons, webcasting investors' conference, etc.)? | V | V | (II) The Company has designated personnel responsible for information collection and disclosure, and its related enterprises are also represented by the Company. |
| (III) Does the Company announce and declare the annual financial report within two months after the end of the fiscal year? Does it announce and declare the first, second and third quarter financial reports and operating conditions of each month as soon as possible before the prescribed period? | | | (III) At present, Sercomm declares our financial statements and monthly operating status according to the dates stipulated in the "List of Matters Required to Be Handled by Issuers of Listed Securities." Sercomm has yet to announce and declare annual financial statements within two months after the end of the fiscal year, as well as to make such |

| Evaluation Item | Implementation Status | | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|---|-----------------------|---|--|
| | Yes | No | |
| VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, Directors' and Supervisors' training records, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance by Directors and Supervisors)? | V | <p>announcements earlier than the prescribed period.</p> <p>(1) Employee rights and interests: the company and related enterprises have established employee welfare matters (such as various subsidies, group insurance, office nursing room, employee welfare building - gym, rhythm classroom, bathing facilities, etc.), and the company's love club will also give certain support to employee care in a timely manner, and also calculate performance bonus and formulate distribution method to distribute employee bonus.</p> <p>(2) Employee care: the Company and related enterprises regularly hold labor unions to strengthen the harmony between the two sides, and clearly regulate the labor relations and working conditions between employees, and protect the rights and interests of employees.</p> <p>(3) Investor relationship: the Company publishes important information at the public information observatory in accordance with the law to protect the rights and interests of investors, and has a spokesperson to give appropriate explanation for the investment consultation.</p> <p>(4) Supplier relationship: keep close interaction with suppliers at any time, so that the Company and related enterprises can get a balance between purchasing cost and supplier profit.</p> <p>(5) Rights of interested parties: in order to protect the rights and interests of interested parties, the Company and related enterprises have established various good and smooth communication</p> | No significant difference. |

| Evaluation Item | Implementation Status | | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|-----------------|-----------------------|----|---|
| | Yes | No | |
| | Description | | |
| | | | <p>channels, and respect and safeguard their legitimate rights and interests.</p> <p>(6) Further education for directors and supervisors: professional and continuing education for directors has been included in the Company's "Performance Evaluation Method for the Board of Directors". For further education in 2020, please refer to the attached table (8) below for other important information that can enhance the understanding of the operation of Corporate Governance: (2) managers participate in further education and training related to the governance of the Company or its related enterprises.</p> <p>(7) Implementation of risk management policies and standards: The company has established various internal regulations to conduct various types of internal regulations, and implemented various risk management and assessment.</p> <p>(8) Implementation of customer policy: listen to the inner voice of customers, understand the real meaning of "Customer-oriented", and then turn into specific product and service advantages.</p> <p>(9) The liability insurances that the Company have purchased for the Directors and Supervisors: the Company and related enterprises have purchased liability insurance for directors, supervisors and managers, so as to reduce and disperse the serious damage to the company and shareholders caused by illegal acts of directors and supervisors.</p> <p>(10) Other corporate governance issues will be gradually implemented based on the current situation of the company and related enterprises</p> |

| Evaluation Item | Implementation Status | | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|--|---|--|---|
| | Yes | No | |
| IX. Improvements made in the most recent fiscal year in response to the results of corporate governance evaluation conducted by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and improvement measures and plans for items yet to be improved. | V | and the provisions of laws and regulations. See the attached table - Corporate Governance Evaluation in 2020. | No significant difference. |
| No. | Question | | |
| 2.17 | Does the Company's board of directors evaluate the independence of Certified Public Accountants regularly (at least once a year) and disclose the evaluation procedures in detail in the annual report? | | Improvement description The CPA firm and CPA appointed by the Company have no conflicts of interest with the Company and strictly maintain their independence. On August 8, 2019, the board of directors of the company formulated the "measures for the evaluation of the independence and competency of CPAs", and the board of directors regularly discusses the appointment of audit and certification accountants for the assessment of their independence and competency every year. On August 12, 2020, the board of directors passed the evaluation of the independence and competency of certified public accountants, and the implementation is as follows: according to Article 47 of the accounting law and No. 10 Bulletin of the code of professional ethics for accountants, both the certified public accountants and the company meet the requirements of independence, are qualified to be the financial certified public accountants of the company, and have obtained the declaration of independence and the evaluation form of the independence and competency of accountants, and the accounting independence and competency assessment form is posted on the company's website. |
| 2.23 | Has the Company's Rules Governing the Performance Evaluation of the Board of Directors been approved by the Board of Directors? Has the Company stated that an external evaluation shall be | | On November 8, 2019, the Board of Directors of the Company formulated the "Rules Governing the Performance Evaluation of the Board of Directors" and disclosed it on the company website. |

| Evaluation Item | Implementation Status | | Description | Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|-----------------|-----------------------|----|--|--|
| | Yes | No | | |
| | | | The board of directors and individual directors are subject to self or peer evaluation on a regular basis every year. The results of directors' performance evaluation in 2020 will be submitted to the board of directors on March 31, 2021. Every three years, an external professional independent organization or an external team of experts and scholars shall conduct the evaluation and disclose the results of the performance evaluation in the annual report. | |
| 4.9 | | | Does the Company's annual report and website disclose employee welfare, pension system and their implementations? | The Company has disclosed relevant information on the Company's website and annual report. |
| 4.10 | | | Does the company website disclose employees' working environment, safety protection measures, and their implementation? | The Company has disclosed in the annual report. |

Note 1: individual directors' implementation of the policy of diversification of board members

| Diversified Core Competences | Name of Director | Gender | Business Administration | Decision-Making | Industrial Knowledge | Finance and Accounting | Law |
|------------------------------|------------------|--------|-------------------------|-----------------|----------------------|------------------------|-----|
| | | | | | | | |
| Jia Chen Han | Male | V | V | V | V | | |
| Chia Yin Han | Male | V | V | V | V | | |
| Pen Jung Tseng | Male | V | V | V | V | | |
| Feng Sheng Miao | Male | V | V | V | V | | |
| Zi Lin Wang | Male | V | V | V | V | | |
| Tien-Shin Chao | Male | V | V | V | V | | |
| Chuang Chen Tao | Male | V | V | V | V | | |
| Yu Shan Ting | Male | V | V | V | V | V | |
| Chien Ming Wei | Male | V | V | V | V | | |

Attached table - Dacheng Great Wall Enterprise Co., Ltd. - Corporate Governance Evaluation in 2020

| Question Number | Indicator | Points | Top priority items to be improved and measures |
|-----------------|---|--------|--|
| 1.2 | Does the Company record the results of consent, dissent and forfeiture of rights of shareholders for each proposal in the minutes of the meeting and input the results to the designated Internet information reporting system on the date of the shareholders' meeting? | 1 | |
| 1.3 | Do more than half of the Company's Directors (including at least one Independent Director) and, where Supervisors are established, at least one Supervisor attend the Shareholders' Meeting, in which the names of such Directors and Supervisors are disclosed in the meeting minutes? | 1 | |
| 1.4 | Does the chairman of the board of directors attend the regular meeting of shareholders in person? | 1 | |
| 1.5 | Has the general meeting of shareholders failed to pass an interim motion and change the agenda within 7 days before the meeting? | 1 | |
| 1.6 | Does the Company hold the regular shareholders' meeting by the end of May? | 0 | |
| 1.7 | Does the company upload the shareholders' meeting manual and supplementary information 30 days before the Annual General Meeting? | 1 | |
| 1.8 | Does the company upload its annual report 16 days before the Annual General Meeting? | 1 | |
| 1.9 | Does the Company upload the English version of the meeting notice 30 days prior to the Annual General Meeting? | 0 | The English version of the meeting notice will be compiled according to the actual needs in the future. |
| 1.10 | Does the Company upload an English version of the handbook and supplementing materials 30 days prior to the convention date of the Annual General Meeting? | 0 | The English version of the meeting handbook and supplementary information for the meeting are being planned one after another. |
| 1.11 | Does the Company upload the English version of the annual report 7 days prior to the Annual General Meeting? | 0 | The English version of the annual report are being planned one after another. |
| 1.12 | Does the company not distribute only directors' and supervisors' remuneration but not dividends? | 1 | |
| 1.13 | Does the company pay cash dividends in the year under review within 30 days after the ex dividend base date? | 1 | |

| Question Number | Indicator | Points | Top priority items to be improved and measures |
|-----------------|--|--------|--|
| 1.14 | Does the Company disclose information regarding implementation of the resolutions made at the annual general meeting of the previous year? | 1 | |
| 1.15 | Does the company formulate and disclose on the company website the internal rules and implementation of which prohibit directors, employees and other insiders from making profits from information that is not available in the market? | 0 | The company has formulated relevant internal rules, but the website has not yet disclosed the specific situation of implementing the prohibition of insider trading. The company will gradually implement it in the future to enhance the information transparency of the company's website. |
| 1.16 | Does the average ratio of pledge set by directors, supervisors and major shareholders in the year under review not exceed 50%? | 1 | |
| 1.17 | Is it true that the Company does not have any government agency or a single listed company and its subsidiaries accounting for more than one third of the board? | 1 | |
| 2.1 | Has the company formulated the corporate governance code and passed it by the board of directors? | 0 | It will be implemented in a step-by-step manner, and through the revision of relevant management measures, so as to enhance information transparency and strengthen the functions of the board of directors and other measures to promote corporate governance. |
| 2.2 | Has the company formulated the policy of diversification of board members, and disclosed its specific management objectives and Implementation on the company's website and annual report? | 0 | The members of the board of directors of the company have met the requirements, and according to the actual needs of the company, this requirement will be added to the requirement for the election of directors in the future. |
| 2.3 | Is the chairman of the board of directors and the general manager of the company or any other person of equivalent rank (highest managerial position) not the same person or spouse or first relative? | 1 | |
| 2.4 | Do not more than two directors of the company have spouse or relative relationship within second degree? | 0 | It will be implemented step by step in the future. |
| 2.5 | Are the number the Directors of the company, the number of employees of the company, the company's parent, subsidiary, or brother companies less than one-third of the total number of Directors? | 1 | |
| 2.6 | Does the board of directors include at least one female director? | 0 | |
| 2.7 | Is the number of independent directors more than half of the number of directors? | 0 | The company has set up three independent directors. |
| 2.8 | Does the company have at least two independent directors whose | 1 | |

| Question Number | Indicator | Points | Top priority items to be improved and measures |
|-----------------|---|--------|--|
| | terms of office do not exceed three consecutive terms? | | |
| 2.9 | Does the company make succession plans for board members and key management, and disclose its operation in the company website or annual report? | 0 | It will be implemented step by step in the future. |
| 2.10 | Does the company disclose the annual focus and operation of the audit committee? | 1 | |
| 2.11 | Does the Company disclose in detail in its Annual Report the discussions and resolution results of the Audit Committee, as well as the Company's handling of members' opinions? | 1 | |
| 2.12 | Does the Company set up a Remuneration Committee with more than half of the members being independent directors? | 1 | |
| 2.13 | Did the members of the Company's Remuneration Committee attend at least two meetings a year, as well as disclose and regularly review the policies, systems, standards, and structure of performance evaluation and remuneration for directors, supervisors, and managers? | 0 | It will be implemented step by step in the future. |
| 2.14 | Does the company set up functional committees other than the statutory Committee with at least three members, more than half of whom are independent directors, and more than one member has the professional competence required by the committee, and disclose its composition, responsibilities and operation? | 0 | |
| 2.15 | Does the company disclose the independent director's separate communication with the internal audit director and the CPAs (such as the way, matters and results of communication on the company's financial report and financial business status, etc.) on the company website? | 1 | |
| 2.16 | Has the chairman of the board, the general manager or the manager in charge of financial or accounting affairs not worked in the firm of the current certified public accountant or its related enterprises in the past year? | 1 | |
| 2.17 | Does the Company's board of directors evaluate the independence of Certified Public Accountants regularly (at least once a year) and disclose the evaluation procedures in detail in the annual report? | 1 | After the board of directors of the company formulated the "measures for the evaluation of the independence and competency of CPAs" on August 8, 2019, the independence of CPAs was evaluated annually. The board of directors approved the implementation results of the evaluation on the independence and competency of |

| Question Number | Indicator | Points | Top priority items to be improved and measures |
|-----------------|---|---------|--|
| | | | Certified Public Accountants on August 12, 2020, which were published in the annual report and the company website. |
| 2.18 | Has the Company in review held at least six board meetings in a year? | 0 | The Company has held six board meetings from 2018 to 2019. |
| 2.19 | Has the average attendance rate of the entire Board of Directors in the annual evaluation reached 85% or more? | 1 | |
| 2.20 | Are there at least two independent directors present in person at each board meeting of the Company? | 1 | |
| 2.21 | Does the Company appoint a Corporate Governance Officer to be responsible for related corporate governance affairs and disclose the scope of functional authority, key business implementation items, and continuing education on its website and annual report? | 0 | It shall be implemented in the future according to laws. |
| 2.22 | Does the Company formulate risk management policies and procedures approved by the Board, which disclose the scope, the organizational structure, and the operations of risk management, and report to the Board at least once a year? | 0 | The Company has formulated various internal rules and regulations in accordance with the law, conducted various risk management and assessment, and implemented them accordingly. |
| 2.23 | Has the Company's Rules Governing the Performance Evaluation of the Board of Directors been approved by the Board of Directors? Has the Company stated that an external evaluation shall be conducted at least every three years and executed the evaluation accordingly within the prescribed period? Has the Company disclosed the execution process and evaluation results on the Company website or in the annual report? | 0 | On November 8, 2019, the Board of Directors of the Company formulated the "Rules Governing the Performance Evaluation of the Board of Directors" and disclosed it on the company website. The board of directors and individual directors are subject to self or peer evaluation on a regular basis every year. The results of directors' performance evaluation in 2020 will be submitted to the board of directors on March 31, 2021. Every three years, an external professional independent organization or an external team of experts and scholars shall conduct the evaluation and disclose the results of the performance evaluation in the annual report. |
| 2.24 | Does the company establish information security risk management structure, information security policy and specific management measures, and disclose it on company website or annual report? | 0 | On May 10, 2019, the board of directors of the company passed some amendments to the provisions of "criteria for handling internal control system - electronic computer cycle (including asset communication security)", which will be planned in line with the provisions of laws and regulations in the future. |
| 2.25 | Are the independent directors of the company trained in accordance | 1/Total | |

| Question Number | Indicator | Points | Top priority items to be improved and measures |
|-----------------|---|---------------|--|
| | with the hours specified in the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies"? | points plus 1 | |
| 2.27 | Does the Company establish an intellectual property management plan which is linked to operational targets, disclose the execution process on the Company's website or the Annual Report, and report to the Board of Directors at least once a year? | 0 | It will be implemented step by step in the future. |
| 2.28 | Does the Company establish appointment, removal, appraisal, and remuneration policy of the Company's internal auditors, which have been either submitted to the Board of Directors or signed by the audit supervisor and submitted to the Chairman of the Board for approval? And is the preceding policy disclosed on the Company website? | 0 | It will be implemented step by step in the future. |
| 2.29 | Whether the control operations related to the internal control system implemented by the company have not been punished by the competent authority or have not been found missing by the stock exchange or counter buying center requesting personnel to attend the publicity courses organized by the designated units of the competent authority? | 1 | |
| 2.30 | Does at least one of the Company's internal auditors being an international internal auditor, international computer auditor or certified public accountant having obtained an accredited certificate? | 1 | |
| 3.1 | Does the company follow the procedures for verification and disclosure of material information of TPEX Listed Companies without penalty? | 1 | |
| 3.2 | Has the Company announced major news and information in English simultaneously? | 0 | Major information in English will be reported according to actual needs in the future. |
| 3.3 | Does the company comply with the relevant provisions of the operating procedures for information declaration of TPEX Listed Companies without penalty? | 1 | |
| 3.4 | Does the company publish the annual financial reports within two months after the end of the fiscal year? | 0 | It shall be implemented in the future according to laws. |
| 3.5 | Does the Company upload the English version of the annual financial report 7 days prior to the Annual General Meeting? | 0 | Annual financial reports in English are being planned one after another. |

| Question Number | Indicator | Points | Top priority items to be improved and measures |
|-----------------|--|--------|---|
| 3.6 | Does the company disclose the interim financial report in English within two months after the reporting period of the Chinese version of the interim financial report? | 0 | It will be planned according to the actual needs in the future. |
| 3.7 | Has the company not redrafted its financial report in the year under review? | 1 | |
| 3.8 | Does the company voluntarily disclose its financial forecast quarterly, without having any corrections ordered by the competent authority or having any demerits imposed by the TWSE or TPEX? | 0 | It will be implemented step by step in the future. |
| 3.9 | Does the company disclose the trends and developments of the industry in which the company operates from macroeconomic perspectives in its annual report? | 1 | |
| 3.10 | Has the financial report been approved or submitted to the Board of Directors 7 days before the date of announcement and published within 1 day after the date of approval or submission? | 0 | It will be implemented step by step in the future. |
| 3.11 | Does the company's annual report disclose the future R & D plan and estimated investment? | 0 | It will be implemented step by step in the future. |
| 3.12 | Does the annual report of the company disclose the specific and clear dividend policy? | 0 | It will be implemented step by step in the future. |
| 3.13 | Does the Company's annual report voluntarily disclose Directors' and Supervisors' remuneration? | 0 | The remuneration has been disclosed in the annual report according to the scale. |
| 3.14 | Does the company's annual report disclose the link between directors' and managers' performance appraisal and remuneration? | 0 | It will be implemented step by step in the future. |
| 3.15 | Does the company's annual report disclose the amount and nature of non audit fees paid to CPAs and their affiliated enterprises? | 1 | |
| 3.16 | Does the Company disclose the list of major shareholders, including names, number of shares and shareholding ratios of the shareholders with a shareholding ratio above 5% or top 10 shareholders in terms of shareholding ratio, in the Annual Report or website? | 1 | |
| 3.17 | Does the company website disclose information relating to finance, business, and corporate governance? | 0 | It will be implemented step by step in the future. |
| 3.18 | Does the company set up an English company website and disclose information related to finance, business and corporate governance? | 0 | The English company website will be set up according to the actual needs in the future. |
| 3.19 | Does the Company's website provide relevant information related to the Shareholders' Meeting and include at least the most recent annual general meeting, meeting notices, procedural handbooks, and minutes of meetings? | 1 | |

| Question Number | Indicator | Points | Top priority items to be improved and measures |
|-----------------|--|--------|---|
| 3.20 | Does the company invite (voluntarily) to hold at least two investor conferences at an interval of more than three months between the first and last two investor conferences of the evaluation year? | 0 | The number of corporate presentation meetings will depend on the actual needs. |
| 3.21 | Does the annual report of the company disclose the individual remuneration of the general manager and the deputy general manager? | 0 | The remuneration has been disclosed in the annual report according to the scale. |
| 4.1 | Does the Company set up a full-time (part-time) unit to promote corporate social responsibility, carry out risk assessment on environmental, social or corporate governance issues related to the Company's operation in accordance with the principle of materiality, formulate relevant risk management policies or strategies, establish an appropriate governance structure, and disclose it on the Company website and annual report? | 0 | The Company has set up the corporate social responsibility committee on April 23, 2015. The ISO, HACCP and other relevant quality certification promotion and implementation personnel of each unit are members to assist in promoting corporate social responsibility, and the corporate social responsibility report is issued at the end of each year for implementation, which is disclosed on the Company website. |
| 4.2 | Does the company set up a full-time (Part-time) unit to promote the integrity management of enterprises, which is responsible for formulating and supervising the implementation of integrity management policies and prevention plans, explaining the operation and implementation of the unit on the company's website and annual report, and reporting to the board of directors at least once a year? | 0 | The company has formulated the operation procedures and conduct guidelines for ethical operation, which are disclosed on the company website. The human resources department is responsible for the formulation and supervision of ethical management policies and prevention points, and reports to the board of directors regularly. |
| 4.3 | Does the company regularly disclose the specific promotion plan and implementation effect of corporate social responsibility on the company website or annual report? | 1 | |
| 4.4 | Does the company refer to the international guidelines for the preparation of corporate social responsibility reports by the end of September and upload corporate social responsibility reports to the public information observatory and the company website? | 1 | |
| 4.5 | Has the CSR report prepared by the company been verified by a third party? | 1 | |
| 4.6 | Does the company formulate human rights protection policies and specific management programs in accordance with international human rights conventions and disclose them on the company website or annual report? | 0 | It shall be implemented in the future according to laws. |
| 4.7 | Does the Company sign a collective agreement with its labor union pursuant to the "Collective Agreement Act"? | 0 | It shall be implemented in the future according to laws. |
| 4.8 | Does the Company formulate policies to properly reflect the | 1 | |

| Question Number | Indicator | Points | Top priority items to be improved and measures |
|-----------------|---|--------|---|
| | operating performance or results in the employee compensation and disclose the information on the Company website or annual report? | | |
| 4.9 | Does the Company's annual report and website disclose employee welfare, pension system and their implementations? | 1 | |
| 4.10 | Does the company website disclose employees' working environment, safety protection measures, and their implementation? | 1 | |
| 4.11 | Does the Company disclose its annual emissions of CO2 or other greenhouse gases for the past two years? | 0 | It will be implemented step by step in the future. |
| 4.12 | Does the Company formulate policies on energy conservation and carbon reduction, GHG reduction, water reduction or waste management? | 0 | It will be implemented step by step in the future. |
| 4.13 | Has the Company obtained ISO 14001, ISO 50001 or similar environmental or energy management system verification? | 0 | It will be implemented step by step in the future. |
| 4.14 | Does the Company's website or the annual report disclose the identity of stakeholders, issues of concern, communication channels, and response methods? | 0 | It will be implemented step by step in the future. |
| 4.15 | Does the Company disclose its ethical corporate management policy approved by the Board, specify measures and plans to prevent unethical behaviors, and state its implementation results on company website or in its annual report? | 0 | The company has formulated the operation procedures and conduct guidelines for ethical operation, which are disclosed on the company website. |
| 4.16 | Does the Company establish and disclose a reporting system for the internal and external employees of the Company to report illegal (including corruption) and unethical acts? | 0 | The company has formulated the company's rules and regulations such as operation procedures and conduct guidelines for ethical operation, which are disclosed on the company website. |
| 4.17 | Does the Company's website or corporate social responsibility disclose the supplier management policies formulated, and require suppliers to follow relevant norms in environmental protection, occupational safety and health, labor and human rights issues, and explain the specific implementation? | 0 | The company has developed supplier management procedures and disclosed some of them in the annual report. |

(IV) Operations of the Compensation Committee established by the Company

I. On May 31, 2019, the board of directors of the Company was fully re elected and approved the appointment proposal of the fourth remuneration committee. Mr. Ding Yushan, Mr. Tao Chuanzheng and Mr. Wei Jianming were appointed as members of the 4th Remuneration Committee of the Company. The members of the 4th remuneration committee are as follows:

| Title (Note 1) | Whether have more than five years working experience and the following professional qualifications | | Independence Criteria (Note 2) | | | | | | | | | | Note |
|----------------------|---|---|--------------------------------|---|---|---|---|---|---|---|---|----|------|
| | Qualifications | Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | |
| | An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs in a Public or Private Junior College, College or University | Judges, prosecutors, lawyers, accountants or other professional and technical personnel who have passed the national examinations and obtained the certificates required for conducting business of the company | | | | | | | | | | | |
| Independent Director | Yu Shan Ting | | | | | | | | | | | | 1 |
| Independent Director | Chuang Chen Tao | | | | | | | | | | | | 0 |
| Independent Director | Chien Ming Wei | | | | | | | | | | | | 1 |

Note 1: For the title, please fill in director, independent director, or others.

Note 2: Please check "✓" the corresponding boxes if the members meet the following conditions during the two years prior to the nomination and during the term of office.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not directors or supervisors of non company or its related enterprises (except for independent directors set up by the company and its parent company, subsidiary company or subsidiary company of the same parent company in accordance with this law or local laws and regulations).
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company, or ranking in the top 10 in holdings.

- (4) Not a spouse of the manager listed in (1) or the personnel not listed in (2) or (3), the relatives within the second pillar or the lineal blood relatives within the third tier.
- (5) Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company, or who holds shares ranking in the top five holdings or any of the authorized representatives of a company referred to in Paragraphs I and II of Article 27 of the Company Act. (However, the aforementioned does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent)
- (6) Not a director, supervisor, or employee of other company who has a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person. (However, the aforementioned does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.)
- (7) Not a director (or governor), supervisor, or employee of other company or institutions who is the chairperson, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses. (The aforementioned does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.)
- (8) Does not have financial or business relationships with the Company or with directors (executive), supervisors, managers, or major shareholders with over 5% shareholdings (but specific companies or institutions with 20% of issued shares held, but no more than 50%, and are a related company to the parent, subsidiary, or associated company in accordance to local rules & regulations, as independent directors of related companies, are excluded).
- (9) Does not provide the Company or associated companies with auditing or in the past 2 years, obtained compensation cumulated over NT\$500,000 in business, legal, financial, accounting services, by professionals, sole proprietorships, partnerships, companies, or institutional owners, partners, directors, supervisors, managers, and spouses. However, this does not apply in cases where members of the Remuneration Committee, the Review Committee for Public Tender Offer or the Special Committee for Mergers and Acquisitions perform their functions in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act.
- (10) Not under any of the categories stated in Article 30 of the Company Law.

2. Implementation Status

- a. The Remuneration Committee of the Company was established on November 23, 2011 with three members.
- b. Term of office of the third member: June 24, 2016 to June 23, 2019 -- member Ding Yushan, Wei Jianming and Tao Chuanzheng;
Term of office of the fourth member: May 31, 108 to May 30, 111 member Ding Yushan, Wei Jianming and Tao Chuanzheng.

The Remuneration Committee held two meetings (A) in 2020. The qualifications and attendance of the members are as follows:

| Position | Name | Actual Attendance (B) | Attendance by Proxy | Actual Attendance Rate (%) (B/A) | Note |
|---|---------------|-----------------------|---------------------|----------------------------------|---------------------------------|
| Convener | Ding Yu Shan | 2 | 0 | 100% | Re elected on May 31, 2019 |
| Committee Member | Tao Fu Zheng | 2 | 0 | 100% | Re elected on May 31, 2019 |
| Committee Member | Wei Jian Ming | 2 | 0 | 100% | Newly appointed on May 31, 2019 |
| Other matters to be recorded: | | | | | |
| <p>I. If the Board of Directors refuses to adopt or amends a recommendation of the Remuneration Committee, 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 (e.g., if 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) shall be specified: None.</p> <p>II. If there are resolutions of the Remuneration Committee to which members object or express reservations, and for which there is a record or declaration in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion shall be specified: None.</p> | | | | | |

3. The meeting date, session, discussion item, decisions, and remuneration committee member comments of the Remuneration Committee in the latest year.

Treatment:

| Remuneration Committee | Content of Motion and Follow-up | Resolution | The Company's treatment of the Remuneration Committee's opinion |
|--|---|---|---|
| The 3rd meeting of the 4th term 109.8.12 | 1. The second employee remuneration distribution of the Company in 2019. 2. The director remuneration distribution of the Company in 2019. | Passed by the agreement of all committee members. | Reported to the Board of Directors and approved by all the directors present. |
| The 4th meeting of the 4th term 109.11.12 | 1. Year end bonus of the company in 2020. 2. The 1st employee remuneration distribution of the Company in 2020. | Passed by the agreement of all committee members. | Reported to the Board of Directors and approved by all the directors present. |

4. Responsibilities:

- (1) Responsible for formulating and regularly reviewing the policies, systems, standards and structures of performance evaluation and compensation for directors, supervisors and managers.
- (2) To regularly assess and determine remuneration to directors, supervisors and managerial personnel.

(V) Performance of social responsibility and differences between the performance and "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and reasons thereof

| Evaluation Item | Implementation Status | | Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|---|-----------------------|----|--|
| | Yes | No | |
| I. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies? | V | | The Company has issued the first edition of "Corporate Social Responsibility Report" on December 23, 2015, and implemented social responsibility. In the future, the Company will regularly issue the previous year's corporate social responsibility report and publish it on the official website of Dacheng Great Wall. |
| II. Does the company establish an exclusively (or concurrently) dedicated unit to implement corporate social responsibility and have management appointed by the Board of Directors to be in charge of corporate social responsibility and to report the implementation status to the Board of Directors? | V | | The Company has established the "Corporate Social Responsibility Committee" on April 23, 2015, and the ISO, HACCP and other relevant quality certification promotion and implementation personnel of each unit are members to assist in promoting corporate social responsibility. |
| III. Environmental issues (I) Does the company establish proper environmental management systems based on the characteristics of their industries? | V | | (I) a. In terms of wastewater treatment, after treatment by sewage treatment facilities, water pollution control measures shall be reported in accordance with environmental protection regulations, and the permit shall be obtained, and the water shall be directly discharged to irrigation ditches according to law. The quality of the wastewater discharged meets the requirements of the competent authorities, has no impact on the ecological environment and has no significant impact on the local water sources. In order to ensure that the quality of the discharged wastewater is stable and meets the discharge |

| Evaluation Item | Implementation Status | | Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|--|-----------------------|----|---|
| | Yes | No | |
| | | | |
| | | | |
| (II) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment? | V | | (II)None |

| Evaluation Item | Implementation Status | | Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|---|-----------------------|----|--|
| | Yes | No | |
| (III) Does the company evaluate the 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 | | recycled materials are not used to avoid cross contamination; Other recyclable packaging materials are sold to the resource recovery center for recycling, so as to maximize resource utilization. The packaging materials used by our Company have been adjusted to the appropriate size after many tests, and the color number has been adjusted on the food packaging materials, so as to minimize the cost and reduce the impact on the environment. (III) In recent years, climate change is very frequent, which has significantly increased the damage probability of the company's plant, equipment and goods. In view of this, the Company has increased the relevant insurance items and insured amount to reduce the losses caused by natural disasters. |
| (IV) 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 | | (IV) a. the company and its subsidiaries are actively committed to reducing waste and recycling, and further improving energy efficiency, so as to improve the management environment, reduce the impact of production on the environment, and make a positive connection between environmental improvement and economic benefits. For example, in Taiwan, we use biotechnology to improve the breeding environment and professional breeding technology to improve animal welfare; In addition to purchasing electric induction machine, instant high-temperature heat pump, replacing fuel oil with high-efficiency gas boiler and other energy-saving equipment, the head office advocates off peak electricity |

| Evaluation Item | Implementation Status | | Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|-----------------|-----------------------|----|---|
| | Yes | No | |
| | Description | | |
| | | | <p>production, and is recycling waste water and rain water separately, in an attempt to achieve the high standard of zero discharge of sewage from livestock farms. In Indonesia, we use the natural environment in a pollution-free way to cooperate with shrimp farmers to raise shrimp; In China, we participated in the desert greening action, took the lead in marking the carbon footprint on food packaging, and took the reduction of carbon emissions as the future goal in the production process, so as to reduce the impact of animal husbandry and food production activities on the environment.</p> <p>b. In terms of procurement and transportation of raw materials, the company mainly purchases raw materials such as soybeans and corn by adopting energy-saving and carbon reducing transportation mode, and imports them together with the same industry in the South as much as possible, so as to reduce the burden of transportation costs and make efforts to slow down climate change; In addition, in the domestic transportation sector, the company has also made every effort to achieve the adjustment of return vehicles in order to reduce fuel charges.</p> |

| Evaluation Item | Implementation Status | | Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|---|-----------------------|--|---|
| | Yes | No | |
| IV. Social issues (I) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights? | V | (I) Both the company and its subsidiaries formulate personnel management rules and working rules in accordance with the labor standard law, and handle labor insurance, national health insurance and pension for employees in accordance with relevant laws and regulations to protect their rights and interests. | (I)None |
| (II) Has the Company established and offered proper employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation appropriately? | V | (II) The company has a diversified welfare system and a perfect retirement system in line with the law. There is also a staff welfare committee, which provides necessary welfare measures through public institutions and employees. According to the performance appraisal operation standard, employees' work performance and objectives are comprehensively considered, and the promotion management method is formulated to reflect employees' salary. In addition, the articles of association clearly stipulates that the pre tax benefits of the current year shall be used to deduct the benefits before the distribution of employees' remuneration and directors' and supervisors' remuneration. If there is still a balance after the accumulated losses are retained, no less than 2% shall be allocated to employees' remuneration, which shall be distributed by shares or cash as decided by the board of directors. | (II)None |
| (III) 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 | (III)The company and its subsidiaries provide safe and healthy workplaces for employees and the office is equipped with central air conditioning system, adequate lighting equipment, emergency escape routes and exits, regular maintenance of elevator | (III)None |

| Evaluation Item | Implementation Status | | Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|--|-----------------------|----|---|
| | Yes | No | |
| (IV) Does the company provide its employees with career development and training sessions? | V | | equipment, fire-fighting facilities, regular fire-fighting performance, regular disinfection and cleaning of working environment and water quality testing. Other personal safety protection measures are also in accordance with the labor related laws and regulations and the company's internal welfare measures. In addition, in accordance with the occupational safety and health law, the Company also regularly arranges colleagues to participate in various legal training, including: stacker operation, high pressure gas, first aid, etc. The human resources department also cultivates talents through training courses and job transfer. (IV) In order to strengthen the professional ability and management ability of employees, cooperate with the personal career planning and the company's successor cultivation and rotation policy, the company has specially formulated the "Implementation measures of education and training system of Dacheng Great Wall Company" and the education and training system. Some employees of all departments of the Company will cooperate with the work content to participate in external training to improve their professional functions, and there is also internal lecturer training;The human resources department will also hold "New employees training" every quarter to invite new employees to each factory to understand the actual situation of production and operation. |
| (V) Does the Company's product and service comply | V | | (V)a. In November 1990 (soybean salad oil) was (V)None |

| Evaluation Item | Implementation Status | | Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|---|-----------------------|---|---|
| | Yes | No | |
| with related regulations and international rules for customers' health and safety, privacy, sales, labelling and set polices to protect consumers' rights and consumer appeal procedures? | | <p>verified by the Bureau of Standards, Metrology and Inspection, MOEA - GMP</p> <p>b. Verified by the Bureau of Standards, Metrology and Inspection, MOEA in September 2002 - ISO 9001:2000</p> <p>c. Passed the SGS certification in February 2006, and in April 2006, it gave priority to obtain the official SAS certification of Switzerland - ISO 22000:2005</p> <p>d. Passed TAF laboratory quality certification in June 2010 -- ISO 17025:2005</p> <p>e. The company formally applied for the laboratory test of ionic anticoccidial drugs by the Food and Drug Administration of the Ministry of Health and Welfare, and obtained its laboratory certification (TFDA).2015年9月29日2016年2月22日</p> <p>f. Obtained ISO 22000 and HACCP verification from Intertek in June 2016.</p> <p>g. Dacheng quality control center passed the inspection of ionic anticoccidial drugs of Ministry of Health and Welfare in November 2018.</p> <p>h. Dacheng quality control center passed the inspection of beta adrenoreceptors of the Ministry of Health and Welfare in May, 2019.</p> <p>i. The company maintains good communication with manufacturers and customers, and provides customer complaint handling for R & D, procurement, production, operation and service. For example, the company has a consumer (0800) free line, which enables both</p> | |

| Evaluation Item | Implementation Status | | Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|---|-----------------------|----|--|
| | Yes | No | |
| (VI) Does the Company establish the supplier management policies requesting suppliers to comply with relevant laws and regulations related to environmental protection, occupational safety and health or labor rights and supervised its implementation? | V | | None |
| | | | <p>parties to communicate immediately and maintain a good relationship and the Company regards "Consumer Satisfaction" as an important part of the quality policy, and reviews and improves it in the production and marketing meetings from time to time. In addition, consumers can input the production and marketing record safety code label on the company's meat product packaging to Dacheng Guji website www.gugugu.com.tw to get the production and marketing traceability information.</p> <p>(VI) a. The purchasing department of the Company has formulated "Feed supplier management procedure", which includes--</p> <p>1. Supplier evaluation survey: the suppliers cooperating with our company for the first time should be evaluated by the purchasing unit first, which mainly includes the written and quality inspection of the suppliers. In case of meeting the requirements, the purchasing unit should fill in the "new supplier evaluation questionnaire", which can be listed as qualified suppliers after being signed and entered into the list of qualified suppliers.</p> <p>2. Regular evaluation of qualified suppliers: 2-1 Frequency: the purchasing unit shall arrange the "Supplier Evaluation Date Schedule" to evaluate the quality, price, service, coordination degree and delivery time of the goods or services provided by</p> |

| Evaluation Item | Implementation Status | | Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|---|-----------------------|---|---|
| | Yes | No | |
| | | <p>the qualified suppliers in the previous year after the approval of the supervisor for the important domestic and foreign suppliers in the previous year (no significant quality related), and record them in the "Supplier Performance Evaluation Form";</p> <p>2-2 Evaluation personnel: the audit team shall be composed of at least two personnel from purchasing unit, quality control unit, public works unit, R & D unit and user unit to evaluate the supplier performance. If it is found that the quality of the goods provided by the evaluation supplier is unstable in the evaluation year, the Company can evaluate the supplier again in that year and record it in the "Supplier Performance Evaluation Form".</p> <p>Up to now, there is no environmental and social impact record of the suppliers with Dacheng Great Wall.</p> <p>b. The contract signed between the Company and its main suppliers states the code of ethics: both parties shall abide by the principle of ethics and good faith, and shall not commit any illegal acts beyond the normal trading conditions (such as kickbacks, cash gifts, etc.) for any reason. Once the investigation is true, the Company has the right to stop trading with the seller and impose a fine.</p> | |
| V. Does the company refer to internationally-used standards or guidelines for the preparation of reports such as CSR reports to disclose non- | V | | No significant difference. |

| Evaluation Item | Implementation Status | | Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|--|-----------------------|----|--|
| | Yes | No | |
| financial information? Are the reports certified or assured by a third-party accreditation body? | | | Disclosures to prepare the corporate social responsibility report and has been obtained from Anhou Jianye United Accounting Firm and published on the company website. |
| <p>VI. If the company has established corporate social responsibility best-practice principles based on the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies," please describe the implementation and any deviations from such principles: The head office has established the Corporate Social Responsibility Committee on April 23, 2015, and ISO, HACCP and other relevant quality certification promoters and executors of each unit are members to assist in promoting corporate social responsibility. The sixth report on corporate social responsibility was issued in September 2020, to implement the implementation of social responsibility and there is no significant difference between its operation and the established code.</p> <p>VII. Other important information to facilitate a better understanding of corporate social responsibility practices:</p> <p>(1) Environmental protection:</p> <p>a. Both the Company and its subsidiaries make environmental capital expenditure budgets to improve wastewater / gas treatment equipment, so as to create a good image of environmental protection, enhance competitive advantage and fulfill the responsibility of ecological protection.</p> <p>b. The company has invested in the development of contract farming, established its own sow farm and conservation farm, and provided piglets to pig farmers for sale. The collocation of the core pig farms is based on high specification and low carbon environment. The three stage sewage treatment facilities are set up, and the water resources are recyclable and the treated wastewater can be recycled into daily water. In addition, the company also pioneered pig toilet, which is trained by professionals to train pigs to drain in pig toilets, collocation with automatic transportation system, separating urine from excrement, so that the excrement does not produce ammonia pollution air, thus creating a modern pig farm with zero pollution, zero discharge and park, which was highly affirmed by IOWA State University, environmental protection department and Pingtung County Environmental Protection Bureau.</p> <p>(2) Friendly community relations:</p> <p>a. The head office has a good interaction with the local community development association and provides appropriate support for its activities (such as community development association funding, cultural and educational foundation funding, etc.);</p> <p>b. Dacheng Great Wall cooperates with the social Bureau of Tainan Municipal government to hold small-scale farmers' market through its own channel "Dacheng Anxinggou", and vigorously supports local young farmers and from time to time, Dacheng Great Wall donates the proceeds from the charity sale to Tainan Xinyuan Association, Huashan Foundation and Shanmu Foundation.</p> <p>c. In addition to sponsoring and responding to public interest activities, Dacheng Great Wall also actively cooperated with the government's infrastructure construction and offered assistance. For example, the Dacheng Great Wall Tainan Head Office is located next to Yongkang interchange, National Highway No. 1, which is not safe for pedestrians due to the design flaws of the local traffic line. In view of this, the Company cooperates with the government to provide free land for public use and remove the fence for road improvement works, so as to enhance traffic guidance, safety maintenance and community development.</p> | | | |

| Evaluation Item | Implementation Status | | Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|--|-----------------------|----|---|
| | Yes | No | |
| d. The company has been providing strong support to the local community and social welfare. In 2020, the Company cooperated with the Tainan meat market company's own "Shangpintun" pork processing brand. After the combination of Tainan high-quality meat products and local enterprises, it is believed that a win-win situation can be achieved. The relevant products have been sold on the shelves in Dacheng Anxingou and Exhibition Center of Dacheng Great Wall company, hoping to let the public taste more diversified agricultural and livestock processing products and support domestic high-quality meat products. | | | |
| (3) Participate in social contributions and public welfare activities: | | | |
| a. In 2020, the head office donated money to Fangliao Middle School education activities, the Chicken Raising Association of the Republic of China, the Life and Social Service Association of Liuying Township, Tainan County, the Hongdao Elderly Foundation, the Genesis Foundation, the Pengsong Community Development Association, Liuying District Public Adoption Plan, Liuying District Baweng Community Development Association, Taitung Christian Hospital, Taitung Zhiben Primary School, etc. sponsored the Taipei City Development Exchange Promotion Association Winter Care Activities - Noodles, Huashan Foundation - Nutritional Noodles, Yunlin Huasheng Qineng Development Center - Salad Oil and Nutritional Noodles, Mindaojiayuan - Salad Oil and Nutritional Noodles, Liuying Community Elderly Association - Chicken Floss and Nutritional Noodles. In addition, the company regularly cooperates with the blood donation center every year, and encourages employees to participate in blood donation activities. | | | |
| b. The company and the Bureau of Agriculture of Tainan Municipal Government jointly held the "Dacheng Happy New Year Fair", and invited more than 70 stalls to gather at Yongkang head office from January 4 to January 5, 2020 to promote the concept of food safety. In addition, combined with public welfare, the company also invited blood donation vehicles to come to the site, donated invoices for second-hand goods, charity sale, etc., donated all the rental income, and then added extra money to purchase 150 cases of Dacheng iron man noodles and 77 new year dishes, which were donated to Tainan Xinyuan Association and the Catholic Shanmu Foundation - Ningxinyuan. | | | |
| c. In cooperation with TSMC charity foundation, the company presented Dacheng slow boiled chicken essence as a gift for the hard work of all the quarantine personnel in Taiwan, and provided nutrition for the epidemic prevention personnel. They were sent to the CDC, Taipei Xinguang Hospital, National Taiwan University Hospital, Tri-Service General Hospital, Wanfang Hospital, Tainan Qimei Hospital and Chengda Hospital and also sent to the quarantine stations in Xinbei City, Taoyuan, Taichung, Changhua, Jiayi, Kaohsiung and Hualien. | | | |
| (4) Consumer rights and interests: the Company and its subordinate enterprises actively carry out vertical integration, establish a complete production record, strengthen the quality control ability, and insist on controlling the quality of feed, meat and other products from farm to table, so as to make consumers feel more at ease. | | | |
| (5) Safeguard human rights of employees and implement safety and health measures: in order to improve safety and health management and create a safe working environment, the company and its subordinate enterprises continue to implement the occupational safety and health management system (TOSHMS). At the same time, in order to prevent occupational disasters and ensure labor safety and health, according to the provisions of Article 25 of the labor safety and health law, the Company has also formulated the code of practice on safety and health. | | | |

(VI) Implementation of ethical corporate management and difference between the implementation and the "Ethical Corporate Management Best Practice Principles for TWSE & TPEX Listed Companies" and reasons thereof

| Evaluation Item | Implementation Status | | Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|--|-----------------------|----|--|
| | Yes | No | |
| I. Establishment of ethical corporate management policies and programs (I) Does the Company establish the ethical corporate management policies approved by the Board of Directors and specify in its rules and external documents the ethical corporate management policies and practices and the commitment of the Board of Directors and senior management to rigorous and thorough implementation of such policies? | V | | (I)None |
| (II) Does the company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include those specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"? | V | | (II)None |
| (III) Has the Company provided any solutions to prevent the unethical conducts, stipulate the definite procedures, conduct guidelines, punishment for | V | | (III)None |

| Evaluation Item | Implementation Status | | Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|---|-----------------------|----|--|
| | Yes | No | |
| violation as well as appeals system and put into practice, and review and revise on a regular basis the aforesaid solutions? | | | treatment of various dishonest behaviors, and requires the company's personnel to pay special attention to abide by them when handling various businesses to avoid violation. The human resources department of the company is responsible for formulating and supervising the implementation of integrity management policies and prevention points, and reporting to the board of directors regularly. |
| II. Fulfillment of ethical corporate management | | | |
| (I) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts? | V | | (I) The rights and obligations of both parties shall be listed in the contracts in detail, and the terms of good faith behavior shall be clearly stipulated when the Company makes contracts with its customers and suppliers. |
| (II) Does the Company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct? | V | | (II) None |
| (III) Does the Company establish policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly? | V | | (III) None |
| (IV) Has the Company established effective accounting systems and internal control systems to implement | V | | (IV) None |

| Evaluation Item | Implementation Status | | Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|--|-----------------------|----|---|
| | Yes | No | |
| <p>ethical corporate management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?</p> <p>(V) Does the company regularly hold internal and external educational trainings on operational integrity?</p> | V | | (VI) The relevant personnel of the Company shall participate in the education and training of integrity operation organized by the competent authority or external professional institutions in accordance with the regulations; In addition, according to the actual business needs, relevant internal training courses shall be planned every year to improve the legal compliance awareness of colleagues through education and training, so as to reduce the risk of business behavior violating the law. |
| <p>III. Operation of the whistle-blowing system</p> <p>(I) 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?</p> | V | | (I) None |

| Evaluation Item | Implementation Status | | Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|---|-----------------------|---|--|
| | Yes | No | |
| (II) Does the Company establish the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms? | V | <p>e. Complaint channel Tel: 0800-253-111 Appeal Fax: 06-2531686 Appeal Email:hrm04@ms.greatwall.com.tw.</p> <p>(II) The company announced the relevant operation of employees' appeal on August 19, 2016. The company's colleagues can submit a written appeal, and the relevant personnel shall also handle the reported cases in strict confidentiality, and set up the methods and procedures of employee opinion box.</p> <p>(III) The company shall keep confidential all relevant information complained by colleagues. In case of violation, the company shall deal with it in accordance with the company's reward and punishment measures, and the company shall formulate a prevention plan for illegal infringement in the performance of duties.</p> | (II)None (III)None |
| (III) Does the company provide proper whistleblower protection? | V | | |
| IV. Enhanced disclosure of ethical corporate management information Does the company disclose the ethical corporate management policies and the results of its implementation on the company website and MOPS? | V | | No significant difference. |
| V. 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 human resources department of the company and its subsidiaries drafted the "Operation procedures and behavior guidelines for integrity management of Dacheng Great Wall enterprises Co., Ltd." on March 31, 2016 which came into effect on August 10, 2016. There is no significant difference between the operation and the established code. | | | |
| VI. Other important information to facilitate better understanding of the Company's ethical corporate management (e.g., review of and amendments to ethical corporate management policies) | | | |

| Evaluation Item | Implementation Status | | Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof |
|---|-----------------------|----|--|
| | Yes | No | |
| <p>Integrity is the ethics that enterprises must adhere to, and it is also the principle that individuals can never compromise. When working in the Company and its subsidiaries, we should act in accordance with the law and make everything transparent; In the implementation of business, upstream and downstream handover and cross department cooperation, we must uphold the highest principle of good faith and give full play to the maximum benefits; To be honest with shareholders, suppliers and customers, we must fulfill our promises and communicate with each other honestly in case of difficulties. Enterprises have the civic responsibility to defend social morality, Dacheng Great Wall and its subsidiaries will strive to cultivate every colleague to be an honest and trustworthy person, convey the concept and requirements of integrity to other people in the society, avoid moral disputes, improve the social atmosphere, and influence more people from colleagues, customers, suppliers to shareholders.</p> <p>※Ethics Code --</p> <p>(I) Individual: adhere to integrity and present the truth. Do best to keep the promise.</p> <p>(II) Team -- team communication, open and honest, give full play to the competitiveness of the team. Team work, sincerity, mutual respect, work together to maximize efficiency.</p> <p>(III) Supplier--take the best interests of the company as the priority, choose the reliable cooperative manufacturer. Establish honest and reliable relationship with suppliers and conduct transparent and fair cooperation and transaction.</p> <p>(IV) Customers and society: truly deliver business management, product service and other enterprise information to customers and the public. Try to maintain social ethics and enhance the reputation of enterprise management.</p> | | | |

(VII) Corporate Governance Codes and related Regulations

In order to establish a system and improve the organization, the company announced the revision of the working rules of Dacheng Great Wall Enterprise (stock) Company on September 7, 2016 in accordance with the Labor Standards Law, Gender Work Equality Law and relevant laws and regulations. All colleagues of the company shall abide by the rules; It is applicable to all employees who are employed and paid by the company and shall apply to the company as a whole. You can visit our website (<https://www.dachan.com/index.action> ; Dacheng Home > Investment Dacheng > Corporate Governance > Company Rules) to inquire about the Company's corporate governance related rules and regulations.

The relevant regulations are as follows:

- (1) Articles of Association
- (2) Procedures for Ethical Management and Guidelines for Conduct
- (3) Implementation measures of education and training system of Dacheng Great Wall Company
- (4) Rules and Procedures of the Shareholders' Meeting

- (5) Rules of Procedure of the Board
- (6) Organizational Rules of Remuneration Committee
- (7) Rules for Director and Supervisor Elections
- (8) Procedures for Preventing Insider Trading
- (9) Stock Trading Halt and Resumption Application Procedures
- (10) Operation procedure of capital loan
- (11) Operation procedure of endorsement guarantee
- (12) Procedures for Acquisition or Disposal of Assets
- (13) Procedures for dealing with derivatives
- (14) Accounting professional judgment management procedure
- (15) Sexual harassment prevention act
- (16) Workplace maternal protection plan
- (17) Performance evaluation method of board of directors
- (18) Organization rules of audit committee
- (19) Prevention plan on illegal harm during execution of duties

(VIII) Other Information Provides a Better Understanding of the Company's Corporate Governance Status

- (1) Licenses acquired by personnel related to financial information transparency:
 - a. Domestic certifications: Certified Public Accountant - 1 person; Certified International Internal Auditor - 1 person.
 - b. Other certifications: 1 person with CPA license in mainland China.

(2) Participation in the further education and training related to the governance of the company or its related enterprises for managers:

| Position | Name | Course Name | Training Period | Training Hours | Organizer |
|---------------|-----------------|--|-----------------|----------------|---|
| Chairman | Chia Yau Han | Tax disputes on salary of expatriate employees in mainland China: from the perspective of corporate and personal tax | Aug 12, 2020 | 3 hours | Taiwan Corporate Governance Association |
| Chairman | Chia Yau Han | The tips to M & A for decision makers-Law compliance practices | Nov 12, 2020 | 3 hours | Taiwan Corporate Governance Association |
| Vice Chairman | Jia Chen Han | Tax disputes on salary of expatriate employees in mainland China: from the perspective of corporate and personal tax | Aug 12, 2020 | 3 hours | Taiwan Corporate Governance Association |
| Vice Chairman | Jia Chen Han | The tips to M & A for decision makers-Law compliance practices | Nov 12, 2020 | 3 hours | Taiwan Corporate Governance Association |
| Director | Chia Yin Han | Tax disputes on salary of expatriate employees in mainland China: from the perspective of corporate and personal tax | Aug 12, 2020 | 3 hours | Taiwan Corporate Governance Association |
| Director | Chia Yin Han | The tips to M & A for decision makers-Law compliance practices | Nov 12, 2020 | 3 hours | Taiwan Corporate Governance Association |
| Director | Zi Lin Wang | Tax disputes on salary of expatriate employees in mainland China: from the perspective of corporate and personal tax | Aug 12, 2020 | 3 hours | Taiwan Corporate Governance Association |
| Director | Zi Lin Wang | The tips to M & A for decision makers-Law compliance practices | Nov 12, 2020 | 3 hours | Taiwan Corporate Governance Association |
| Director | Feng Sheng Miao | Tax disputes on salary of expatriate employees in mainland China: from the perspective of corporate and personal tax | Aug 12, 2020 | 3 hours | Taiwan Corporate Governance Association |
| Director | Feng Sheng Miao | The tips to M & A for decision makers-Law compliance practices | Nov 12, 2020 | 3 hours | Taiwan Corporate Governance Association |
| Director | Tien Shin Chao | Tax disputes on salary of expatriate employees in mainland China: from the perspective of corporate and personal tax | Aug 12, 2020 | 3 hours | Taiwan Corporate Governance Association |

| Position | Name | Course Name | Training Period | Training Hours | Organizer |
|----------------------|-----------------|--|-----------------|----------------|---|
| Director | Tien Shin Chao | The tips to M & A for decision makers-Law compliance practices | Nov 12, 2020 | 3 hours | Taiwan Corporate Governance Association |
| Director | Pen Jung Tseng | Tax disputes on salary of expatriate employees in mainland China: from the perspective of corporate and personal tax | Aug 12, 2020 | 3 hours | Taiwan Corporate Governance Association |
| Director | Pen Jung Tseng | The tips to M & A for decision makers-Law compliance practices | Nov 12, 2020 | 3 hours | Taiwan Corporate Governance Association |
| Independent Director | Yu Shan Ting | Tax disputes on salary of expatriate employees in mainland China: from the perspective of corporate and personal tax | Aug 12, 2020 | 3 hours | Taiwan Corporate Governance Association |
| Independent Director | Yu Shan Ting | The tips to M & A for decision makers-Law compliance practices | Nov 12, 2020 | 3 hours | Taiwan Corporate Governance Association |
| Independent Director | Chuang Chen Tao | Tax disputes on salary of expatriate employees in mainland China: from the perspective of corporate and personal tax | Aug 12, 2020 | 3 hours | Taiwan Corporate Governance Association |
| Independent Director | Chuang Chen Tao | The tips to M & A for decision makers-Law compliance practices | Nov 12, 2020 | 3 hours | Taiwan Corporate Governance Association |
| Independent Director | Chien Ming Wei | Tax disputes on salary of expatriate employees in mainland China: from the perspective of corporate and personal tax | Aug 12, 2020 | 3 hours | Taiwan Corporate Governance Association |
| Independent Director | Chien Ming Wei | The tips to M & A for decision makers-Law compliance practices | Nov 12, 2020 | 3 hours | Taiwan Corporate Governance Association |
| President | Kun Yen Chuang | [Board and Supervisor Certification Course] -Corporate Transformation in the Era of Change | July 28, 2020 | 3 hours | Taiwan Institute of Directors |
| President | Kun Yen Chuang | Tax disputes on salary of expatriate employees in mainland China: from the perspective of corporate and personal tax | Aug 12, 2020 | 3 hours | Taiwan Corporate Governance Association |
| President | Kun Yen Chuang | [Board and Supervisor Certification Course] -Business Opportunities and Challenges under the US-China Trade Conflict | Oct 29, 2020 | 3 hours | Taiwan Institute of Directors |

| Position | Name | Course Name | Training Period | Training Hours | Organizer |
|----------------|-----------------|--|---------------------------------|----------------|---|
| President | Kun Yen Chuang | The tips to M & A for decision makers-Law compliance practices | Nov 12, 2020 | 3 hours | Taiwan Corporate Governance Association |
| Vice President | Chien Chung Liu | Continuing Education and Training for Accounting Managers | July 16, 2020- July 17, 2020 | 12 hours | Accounting, National Cheng Kung University |
| Vice President | Chien Chung Liu | Tax disputes on salary of expatriate employees in mainland China: from the perspective of corporate and personal tax | Aug 12, 2020 | 3 hours | Taiwan Corporate Governance Association |
| Vice President | Hsueh Min Wu | Business contract management and audit practice | Nov 27, 2020 | 6 hours | Internal Audit Association of the Republic of China |
| Vice President | Hsueh Min Wu | Dishonesty risk business activities and case analysis | Dec 25, 2020 | 6 hours | Internal Audit Association of the Republic of China |

(III) The company's internal major information processing procedures: none.

(IX) Internal Control System Execution Status

1. Statement of Internal Control System

Great Wall Enterprise Co., Ltd. Statement on Internal Control

Date: Mar. 31, 2021

Based on the results of our self-assessment, we hereby declare that the Internal Control System of the Company in 2009 is as follows:

- I. The company is aware that the establishment, implementation and maintenance of internal control system is the responsibility of the Board of Directors and Managers of the Company, and the Company has already established this system. Its purpose is to provide reasonable assurance for the achievement of the objectives of operation effect and efficiency (including profit, performance and asset security), reliability, timeliness, transparency and compliance with relevant regulations and laws.
- II. The internal control system has its inherent limitations. No matter how perfect the design is, the effective internal control system can only provide reasonable assurance for the achievement of the above three objectives; moreover, the effectiveness of the internal control system may change accordingly due to the change of environment and situation. However, the internal control system of the Company has a self-monitoring mechanism. The Company will take corrective action once the lack is identified.
- III. The company judges whether the design and implementation of the internal control system are effective according to the judgment items of the effectiveness of the internal control system specified in the "Public Release of Guidelines for Establishment of Internal Control System of the Company" (hereinafter referred to as the "Guidelines"). The judgment items of the Internal Control System adopted in the "Treatment Criteria" are the process of management control, the Internal Control System is divided into five elements: 1, Control Environment, 2, Risk Assessment, 3, Control Operation, 4, Information and Communication, and 5, Supervision Operation. Each key component includes several items. Please refer to the Regulations of "Guidelines" for the aforementioned items.
- IV. The company has adopted the above internal control system to judge the project and evaluate the effectiveness of the design and implementation of the internal control system.
- V. Based on the assessment results in the preceding paragraph, it is considered that the Company's Internal Control System (including the supervision and management of subsidiaries) as of December 31, 2009, including the

understanding of the operation effect and the extent to the achievement of efficiency objectives, the reliability, timeliness and transparency of relationship and compliance with relevant regulations and laws, as well as the design and implementation of relevant internal control system, and it can reasonably ensure the achievement of the above goals.

- VI. This statement will be the major content of the Company's Annual Report and prospectus for the public. Any false, concealed or other illegal things hereof, legal liabilities of Articles 20, 32, 171 and 174 of the Security Exchange Law will be involved.
- VII. This statement was approved by the Board of Directors of the Company on March 31, 2021. Among the 10 directors present, none of them held any objection. They all agreed with the contents of this statement and made this statement hereof.

Great Wall Enterprise Co., Ltd.

Chairman: Chia Yau Han

President: Kun Yen Chuang

2. CPA Audit Report for Internal Control System of the Company:
none.

(X) Sanctions imposed on the Company or its personnel in accordance with the laws, or disciplinary actions taken by the Company against its personnel for any violation of internal control rules within the current fiscal year and as at the date of the Annual Report, as well as details of the sanctions, major deficiencies and subsequent improvements:
None.

(XI) Major Resolutions of Shareholders' Meeting and Board Meetings During the Most Recent Fiscal Year Up to the Date of Publication of the Annual Report

1. Resolutions of the Board of Directors

◎March 02, 2020

1. Approved the proposal to convene the 2019 Annual General Meeting of Shareholders in accordance with the law on June 5, 2020.
2. Approved some amendments to "Rules and Procedures of Shareholders Meeting".
3. Approved the proposed dates for the Company to handle the 2020 short-term credit contract with the cooperative financial institutions.
4. Approved the turnover quota shall be provided by the company for short-term financing of the following subsidiaries:
Subsidiaries: MAY LAN LEI, CITY CHAIN FOOD 、 Total Nutrition Technologies 、 Huang River Investment, Anxin Qiaochu 、 ORIENTAL BEST FOODS.

◎March 27, 2020

1. Approved the individual financial reports and consolidated financial reports that have been verified by an accountant in 2019.
2. Approved earnings distribution statement for 2019. the cash dividend per share is 2.2 yuan.
3. Approved 2019 annual business report and 2020 business plan.
4. Approved the Company's internal control statement.
5. Approved the Company's corn futures option increase case.
6. Approved to formulate a backup plan for the venue of the shareholders meeting.

◎May 12, 2020

1. Approved The consolidated financial quarterly report for the first quarter of 2020,

verified by an accountant.

2. Approved some amendments to the "Organizational Rules of Audit Committee".

◎August 12, 2020

1. Approved the consolidated financial quarterly report for the second quarter of 2020, which has been verified by an accountant.
2. Approved the second employee remuneration distribution in 2019 and the remuneration distribution of directors and supervisors in 2019.
3. Approved 2019 cash dividend payment base date (September 5) and payment date (September 25).
4. Approved KPMG's public audit fees in 2020.
5. Approved "Measures for the Assessment of the Independence and Competency of Certified Public Accountants".

◎November 12, 2020

1. Approved the consolidated financial quarterly report for the third quarter of 2020 which has been verified by an accountant.
2. Approved 2021 audit work plan.
3. Approved 2020 year-end bonus and the first employee compensation distribution.
4. Approved the amendment to the "Measures for the Performance Evaluation of the Board of Directors".

◎2021/03/03

1. Agree to hold the 2021 regular shareholders meeting on June 11, 2021 in accordance with the law.
2. Approved the proposed dates for the Company to handle the 2020 short-term credit contract with the cooperative financial institutions.

◎March 31, 2021

1. Approved individual financial reports and consolidated financial reports that have been verified by an accountant in 2020.
2. Approved 2020 Earnings Distribution Table, with the cash dividend of NT\$2.7 per share and the stock dividend of NT\$0.3 per share.
3. Approved the Company's surplus capital increase and issuance of new shares.
4. Approved 2020 business report and 2021 business plan.
5. Approved the Company's internal control statement.
6. Approved the turnover quota shall be provided by the company for short-term financing of the following subsidiaries:
Subsidiaries: MAY LAN LEI CO., LTD., CITY CHAIN FOOD LTD., Total Nutrition Technologies CO.,LTD., Huang River Investment Co., Ltd., and ORIENTAL BEST

FOODS CO., LTD.

7. Approved amendments to some provisions of the "Guidelines for Board Meetings".
8. Approved amendments to some provisions of the "Organizational Rules of the Audit Committee".
9. Approved some amendments to the "Organizational Rules of Remuneration Committee".
10. Approved amendments to some operating specifications of "Financial Statement Preparation Process Management".

1. Resolutions of the shareholders meeting

Review of important resolutions and implementation of the 2020 regular shareholders' meeting:

| Date | Important Resolutions of the Shareholders' Meeting | Implementation Status |
|----------|---|---|
| 2020.6.5 | 1. Report items (I) Annual business status in 2019. (II) The Audit Committee reviewed the 2019 annual financial statements report. (III) Remuneration distribution of employees and directors in 2019. (IV) The handling of endorsement guarantee matters. (V) 2019 cash dividend distribution. (VI) Other reporting items. | |
| | 2. Proposed Items (I) The 2019 annual financial statements. (II) The 2019 annual surplus distribution case. | The cash dividend is 2.2 yuan. Set September 5, 2020 as the ex-dividend base date, and pay cash dividends on September 5, 2020. |
| | 3. Discussion Items Discuss the revision of the company's "Rules and Procedures of Shareholders Meeting". | It has been operated in accordance with the revised method. |

- (XII) In the most recent year and as of the printing date of the annual report, if the directors or supervisors have different opinions on important resolutions approved by the board of directors and have records or written statements, the main contents are:

| Date | Proposal | Main Content | Resolution description |
|--|--|---|--|
| 2020/5/12 16th Session of the 16th Board of Directors | Amendments to some provisions of the "Organizational Rules of the Audit Committee". | According to the recommendation of Director Tien-Hsing Chao, the source of the law should be amended to Article 14-5 of the Securities Exchange Act of the Republic of China on June 21, 2019, to amend the "Organizational Rules of the Audit Committee" of the company. | Approved without objection after the chairman consulted the other directors. |

(XIII) In the most recent year and as of the date of publication of the annual report, the resignation and dismissal of relevant persons of the company (including the chairman, general manager, accounting supervisor, financial supervisor, internal audit supervisor, corporate governance supervisor and R&D supervisor), etc: None.

V. Information on Audit Fees

- (I) The Company may choose to disclose the public accountant's fees by means of grade distance or individual disclosure amount: the Company will disclose the CPA fees voluntarily.

1-1. Grade Distance Table of CPA Fees

| Name of CPA Firm | Name of CPA | | Audit Period | Note |
|------------------|------------------|------------------|---------------|------|
| KPMG Taiwan | Tan Tan Chung | Mei Fang Chen | 109.01-109.12 | |

Currency Unit: NTD Thousand

| Grade Distance of Amount | | Fees Category | Audit Fees | Non-audit Fees | Total |
|--------------------------|---|---------------|------------|----------------|-------|
| 1 | Lower than NT\$2,000,000 | | | v | 555 |
| 2 | NT\$2,000,000 (inclusive) - NT\$4,000,000 | | | | |
| 3 | NT\$4,000,000 (inclusive) - NT\$6,000,000 | | | | |
| 4 | NT\$6,000,000 (inclusive) - NT\$8,000,000 | | v | | 6,065 |
| 5 | NT\$8,000,000 (inclusive) - NT\$10,000,000 | | | | |
| 6 | NT\$10,000,000 (inclusive) and above | | | | |

- 1-2. If the proportion of non audit fees paid to the certified public accountant, the certified public accountant's firm and its affiliated enterprises accounts are more than one fourth of the audit fees, the amount of audit and non audit fees and the content of non audit services shall be disclosed: the proportion of non audit fees covered 9.15% in 2020.

Currency Unit: NTD Thousand

| Name of CPA Firm | Name of CPA | | Audit Fees | Non-audit Fees | | | | | Whether the Audit Period Cover the Entire Fiscal Year | | | Note |
|------------------|---------------|---------------|------------|----------------|---------------------------------------|-----------------|--------|----------|---|----|---------------|--|
| | | | | System Design | Registration of Industry and Commerce | Human Resources | Others | Subtotal | Yes | No | Audit Period | |
| KPMG Taiwan | Tan Tan Chung | Mei Fang Chen | 6,065 | - | - | - | 555 | 555 | V | | 109.01~109.12 | CSR Report/Salaries Information of Full-time Employees excluding Directors |

2. If the audit fee paid to the accounting firm and the audit fee for the next fiscal year is less than that of the previous year, the amount, proportion and reason of the decrease of the audit fee before and after the fiscal year shall be disclosed: the Company has not changed the accounting firm.
3. If the audit fees have decreased by more than 10% compared with the previous year, the amount, proportion and reason for the decrease shall be disclosed: N/A.

VI. Replacement of CPA

(I) Former CPAs

| | | | |
|---|--------------------------------------|------|-----------|
| Date of Replacement | N/A | | |
| Reasons and Explanations of Replacement | N/A | | |
| Explanations of termination or refusal of appointment of the appointees or CPAs | Client | CPAs | Appointee |
| | Condition | | |
| | Voluntary termination of appointment | N/A | N/A |
| | Discontinue appointment | N/A | N/A |

| | | | |
|--|------|--|------------------------------------|
| Opinions and reasons for issuing audit reports other than unqualified opinions in the latest two years | None | | |
| Whether there is any different opinions with the issuers | Yes | | Accounting principles or practices |
| | | | Disclosure of Financial Statements |
| | | | Audit scope or steps |
| | | | Others |
| | None | | |
| Note: N/A | | | |
| Other disclosure (Item I-4 to Item VI-7 of Clause VI of Article X of the Guidelines shall be disclosed.) | None | | |

(II) Successor CPAs

| | |
|---|-----|
| Name of Firm | N/A |
| Name of CPA | N/A |
| Date of Appointment | N/A |
| Before the appointment, probably issue the opinion consulting matters and results based upon the accounting method or accounting principle and the financial report about the specific transaction. | N/A |
| Written opinions of the successor CPAs on matters of disagreement of the predecessor CPAs | N/A |

(III)Reply of former CPAs on Item I and Item II-3 of Clause 6 of Article 10 of the Guidelines: N/A.

VII. The Chairman, General Manager, Manager of the Company or managers of Accounting Firm who in charge of financial or accounting affairs of the Company, who has worked in the accounting firm or affiliates in the past year: N/A.

VIII. changes in equity of directors, supervisors, managers and shareholders holding more than 10% of the shares

| Title | Name | 2020 | | As of April 13 for this year | |
|--------------------------|--|-----------------------------|-------------------------------------|------------------------------|-------------------------------------|
| | | Holding Increase (Decrease) | Pledged Holding Increase (Decrease) | Holding Increase (Decrease) | Pledged Holding Increase (Decrease) |
| Chairman | Fu-Ju Investment Co., Ltd. Representative: Chia Yau Han | 2,381,000 | - | - | - |
| Vice Chairman | Fu-Ju Investment Co., Ltd. Representative: Jia Chen Han | | | | |
| Director | Fu-Ju Investment Co., Ltd. Representative: Chia Yin Han | | | | |
| Director | Lien Hwa Industrial Holdings Corp | - | - | - | - |
| Director | Chiao Thai Hsing Investment Co., Ltd. | | | | |
| Director | Pen Jung Tseng | - | - | - | - |
| Director | Zi Lin Wang | - | - | - | - |
| Independent Director | Yu Shan Ting | - | - | - | - |
| Independent Director | Chuang Chen Tao | - | - | - | - |
| Independent Director | Chien Ming Wei | - | - | - | - |
| President | Kun Yen Chuang | - | - | - | - |
| Executive Vice President | Tien Fu Tseng | - | - | - | - |
| Senior Vice President | Chien Kuo Liang | - | - | - | - |
| Senior Vice President | Bo Jun Wu (Date of Termination: Jun. 30, 2020) | - | - | - | - |
| Vice President | Fang Hao Han (Date of Appointment: Aug. 1, 2020) | - | - | - | - |
| Vice President | Tung Chun Lai | - | - | - | - |
| Vice President | Hsueh Min Wu | - | - | - | - |

| Title | Name | 2020 | | As of April 13 for this year | |
|---|--|-----------------------------|-------------------------------------|------------------------------|-------------------------------------|
| | | Holding Increase (Decrease) | Pledged Holding Increase (Decrease) | Holding Increase (Decrease) | Pledged Holding Increase (Decrease) |
| Vice President and Manager of Accounting Department | Chien Chung Liu | - | - | - | - |
| Vice President | Chin Tung Huang | - | - | - | - |
| Vice President | Hsien Yu Hsia (Date of Appointment: Feb., 1, 2020) | - | - | - | - |
| Vice President | Ming Chi Loi (Date of Appointment: Feb., 1, 2020)(Date of Termination: January 31, 2021) | - | - | - | - |
| Vice President | Shu Tai Wang (Date of Appointment: Feb., 1, 2021) | - | - | - | - |

IX. Information Disclosing the Relationship Between any of the Company's Top Ten Shareholders

1. Relationship among the Top Ten Shareholders

April 13, 2021

Unit: Share; %

| NAME | CURRENT SHAREHOLDING | | SPOUSE & MINOR SHAREHOLDING | | HOLDING SHARES IN THE NAME OF OTHERS | | AMONG 10 LARGEST SHAREHOLDERS, NAME AND RELATIONSHIP WITH ANYONE WHO IS A RELATED PARTY UNDER NO. 6 OF THE FINANCIAL AND ACCOUNTING STANDARDS OR A RELATIVE WITHIN THE SPOUSE, THE SECOND DEGREE OF KINSHIP. | | REMARKS |
|---|----------------------|----------------|-----------------------------|---|--------------------------------------|---|--|-------------------------------|---------|
| | Number of Shares | % | Number of Shares | % | Number of Shares | % | Name (or name) | Relationship | |
| Fuju Investment Co., Ltd. Representative: Chia Yau Han | 71,086,943 62,352 | 8.59% 0.01% | - | - | - | - | Jia Chen Han Jia Hwan Han Chia Yin Han | Brother Brother Brother | |
| Furui Investment Co., Ltd. Representative: Jia Chen Han | 36,538,109 66,973 | 4.42% 0.01% | - | - | - | - | Chia Yau Han Jia Hwan Han Chia Yin Han | Brother Brother Brother | |
| Dejia Investment Co., Ltd. Representative: Chia Yin Han | 32,696,189 - | 3.95% - | - | - | - | - | Chia Yau Han Jia Chen Han Jia Hwan Han | Brother Brother Brother | |
| Fubon Life Insurance Co., Ltd. | 28,861,595 | 3.49% | - | - | - | - | - | - | |
| Ruicheng Management Consulting Co., Ltd. Representative: Jia Hwan Han | 25,791,851 - | 3.12% - | - | - | - | - | Chia Yau Han Jia Chen Han Chia Yin Han | Brother Brother Brother | |
| CITY CHAIN FOOD LTD. Representative: Chia Yau Han | 25,688,242 62,352 | 3.10% 0.01% | - | - | - | - | Jia Chen Han Jia Hwan Han Chia Yin Han | Brother Brother Brother | |

| NAME | CURRENT SHAREHOLDING | | SPOUSE & MINOR SHAREHOLDING | | HOLDING SHARES IN THE NAME OF OTHERS | | AMONG 10 LARGEST SHAREHOLDERS, NAME AND RELATIONSHIP WITH ANYONE WHO IS A RELATED PARTY UNDER NO. 6 OF THE FINANCIAL AND ACCOUNTING STANDARDS OR A RELATIVE WITHIN THE SPOUSE, THE SECOND DEGREE OF KINSHIP. | | REMARKS |
|--|----------------------|----------------|-----------------------------|---|--------------------------------------|---|--|-------------------------------|---------|
| | Number of Shares | % | Number of Shares | % | Number of Shares | % | Name (or name) | Relationship | |
| Huang River Investment Co., Ltd. Representative: Chia Yau Han | 19,674,191 62,352 | 2.38% 0.01% | - | - | - | - | Jia Chen Han Jia Hwan Han Chia Yin Han | Brother Brother Brother | |
| Lien Hwa Industrial Holdings Corp. Representative: Feng Kang Miao | 17,580,028 - | 2.12% - | - | - | - | - | - | - | |
| Nan Shan Life Insurance Company, Ltd. | 16,000,000 | 1.93% | - | - | - | - | - | - | |
| Sanmin Investment Co., Ltd. | 12,455,586 | 1.51% | - | - | - | - | - | - | |

2, Shares Trading and Shares Pledge with Related Parties: None

X. Ratio of Combined Shareholding

April 13, 2021

Unit: Share; %

| Affiliated Enterprises | Ownership by the Company | | Direct or Indirect Ownership by Directors/Supervisors/Managers | | Total Ownership | |
|--------------------------------------|--------------------------|------|--|---|------------------|------|
| | Number of Shares | % | Number of Shares | % | Number of Shares | % |
| Total Nutrition Technologies CO.,LTD | 48,149,500 | 100% | — | — | 48,149,500 | 100% |
| Huang River Investment Co., Ltd. | 14,500,000 | 100% | — | — | 14,500,000 | 100% |
| GREAT WALL ENTERPRISE CO., LTD. | 70,490,813 | 100% | — | — | 70,490,813 | 100% |
| CITY CHAIN FOOD LTD. | 132,062,705 | 100% | — | — | 132,062,705 | 100% |
| MAY LAN LEI CO., LTD. | 48,000,000 | 100% | — | — | 48,000,000 | 100% |
| Anxin Qiaochu Co., Ltd. | 5,500,000 | 100% | — | — | 5,500,000 | 100% |
| GREAT WALL FEEDTECH CO., LTD. | 340,000 | 100% | — | — | 340,000 | 100% |
| ORIENTAL BEST FOODS CO., LTD. | 72,061 | 90% | — | — | 72,061 | 90% |
| KOUCHAN MILL CO., LTD. | 33,550,000 | 55% | — | — | 33,550,000 | 55% |
| Wonder Vax Company Limited | 15,000,000 | 100% | — | — | 15,000,000 | 100% |
| Z.Y. Food Company Limited | 78,000,000 | 65% | — | — | 78,000,000 | 65% |
| Neo Foods Company Limited | 5,000,000 | 100% | — | — | 5,000,000 | 100% |

Four. Capital and Shares

I. Capital and Shares

Base date: April 13, 2021

(I) Source of Capital:

| Month/ Year | Issue Price (NT\$) | Authorized Capital | | Paid-in Capital | | Remarks | |
|----------------|--------------------------|---------------------|-----------------------------|---------------------|-----------------------------|--|---|
| | | Number of Shares | AMOUNT NTD (thousand) | Number of Shares | AMOUNT NTD (thousand) | Source of Capital | Capital Increase by Assets Other than Cash |
| 1996/6 | 10 | 350,000,000 | 3,500,000 | 281,396,200 | 2,813,962 | Capital increase by retained earnings NTD 108,229,320 | None Jun 29, 1996 (1996)Tai Cai Zheng Zi (1) No.40939 |
| 1997/7 | 10 | 420,000,000 | 4,200,000 | 312,349,764 | 3,123,498 | Capital increase by capital surplus NTD 84,418,680 Capital increase by retained earnings NTD 225,116,960 | None Jul 8, 1997 (86)Tai Cai Zheng Zi (1) No.53236 |
| 1997/9 | 10 | 420,000,000 | 4,200,000 | 315,610,790 | 3,156,108 | Convertible bond 32,610,260 | None Sep 8, 1997 (86)Tai Cai Zheng Zi (1) No.69448 |
| 1997/9 | 10 | 420,000,000 | 4,200,000 | 318,041,430 | 3,180,414 | Overseas Convertible bond 24,306,400 | None |
| 1998/1 | 10 | 420,000,000 | 4,200,000 | 319,802,567 | 3,198,026 | Convertible bond 17,611,370 | None Jan 8, 1998 (87)Tai Cai Zheng Zi (1) No.96967 |
| 1998/6 | 10 | 530,000,000 | 5,300,000 | 359,802,567 | 3,598,026 | Cash 400,000,000 | None Jun 15, 1998 (87)Tai Cai Zheng Zi (1) No.49991 |
| 1998/8 | 10 | 530,000,000 | 5,300,000 | 394,713,481 | 3,947,135 | Capital increase by capital surplus NTD 158,685,973 Capital increase by retained earnings NTD 190,423,167 | None Aug 24, 1998 (1998)Tai Cai Zheng Zi (1) No.59500 |
| 1999/7 | 10 | 530,000,000 | 5,300,000 | 414,449,155 | 4,144,492 | Capital increase by capital surplus NTD 118,414,044 Capital increase by retained earnings NTD 78,942,696 | None Jun 22, 1999 (1999)Tai Cai Zheng Zi (1) No.68621 |
| 2000/9 | 10 | 530,000,000 | 5,300,000 | 433,099,367 | 4,330,994 | Capital increase by capital surplus NTD 186,502,120 | None Sep 8, 2000 (2000)Tai Cai Zheng Zi (1) No.76567 |
| 2001/7 | 10 | 530,000,000 | 5,300,000 | 452,138,838 | 4,521,388 | Capital increase by retained earnings NTD 190,394,710 | None Jun 11, 2001 (2001)Tai Cai Zheng Zi (1) No.144953 |

| Month/ Year | Issue Price (NT\$) | Authorized Capital | | Paid-in Capital | | Remarks | | |
|----------------|--------------------------|---------------------|-----------------------------|---------------------|-----------------------------|--|--|---|
| | | Number of Shares | AMOUNT NTD (thousand) | Number of Shares | AMOUNT NTD (thousand) | Source of Capital | Capital Increase by Assets Other than Cash | Others |
| 2002/11 | 10 | 530,000,000 | 5,300,000 | 400,318,235 | 4,003,182 | Change in capital reduction 518,206,030 | None | Nov 15, 2002 Jing Shou Shang Zi No. 09101450560 |
| 2003/10 | 10 | 530,000,000 | 5,300,000 | 390,318,235 | 3,903,182 | Change in capital reduction 100,000,000 | None | Oct 9, 2003 Jing Shou Shang Zi No. 09201288790 |
| 2004/9 | 10 | 530,000,000 | 5,300,000 | 402,027,782 | 4,020,278 | Capital increase by retained earnings NTD 117,095,470 | None | Sep 23, 2004 Jing Shou Shang Zi No. 09301171360 |
| 2007/10 | 10 | 530,000,000 | 5,300,000 | 421,896,621 | 4,218,966 | Capital increase by retained earnings NTD 198,688,390 | None | Oct 15, 2007 Jing Shou Shang Zi No. 0960212860 |
| 2008/8 | 10 | 530,000,000 | 5,300,000 | 422,279,101 | 4,222,791 | Corporate bond conversion 3,824,800 | None | Aug 11, 2008 Jing Shou Shang Zi No. 09701200200 |
| 2008/9 | 10 | 530,000,000 | 5,300,000 | 443,373,932 | 4,433,739 | Capital increase by retained earnings NTD 210,948,310 | None | Sep 10, 2008 Jing Shou Shang Zi No. 09701232580 |
| 2008/10 | 10 | 530,000,000 | 5,300,000 | 448,678,382 | 4,486,784 | Corporate bond conversion 53,044,500 | None | Oct 23, 2008 Jing Shou Shang Zi No. 09701271760 |
| 2009/8 | 10 | 530,000,000 | 5,300,000 | 471,112,301 | 4,711,123 | Capital increase by retained earnings NTD 224,339,190 | None | Aug 27, 2009 Jing Shou Shang Zi No. 09801196620 |
| 2010/8 | 10 | 530,000,000 | 5,300,000 | 494,667,917 | 4,946,679 | Capital increase by retained earnings NTD 235,556,160 | None | Aug 27, 2010 Jing Shou Shang Zi No. 09901194860 |
| 2011/9 | 10 | 600,000,000 | 6,000,000 | 519,401,313 | 5,194,013 | Capital increase by retained earnings NTD 247,333,960 | None | Sep 14, 2011 Jing Shou Shang Zi No. 10001210950 |
| 2011/12 | 10 | 600,000,000 | 6,000,000 | 524,749,123 | 5,247,491 | Corporate bond conversion 53,478,100 | None | Dec 21, 2008 Jing Shou Shang Zi No. 10001285680 |
| 2012/9 | 10 | 600,000,000 | 6,000,000 | 550,986,579 | 5,509,866 | Capital increase by retained earnings NTD 262,374,560 | None | Sep 26, 2012 Jing Shou Shang Zi No. 10101197960 |

| Month/ Year | Issue Price (NT\$) | Authorized Capital | | Paid-in Capital | | Remarks | | |
|----------------|--------------------------|---------------------|-----------------------------|---------------------|-----------------------------|--|--|---|
| | | Number of Shares | AMOUNT NTD (thousand) | Number of Shares | AMOUNT NTD (thousand) | Source of Capital | Capital Increase by Assets Other than Cash | Others |
| 2013/1 | 10 | 600,000,000 | 6,000,000 | 566,457,215 | 5,664,572 | Corporate 154,706,360 bond conversion | None | Jan 16, 2013 Jing Shou Shang Zi No. 10201010200 |
| 2014/9 | 10 | 800,000,000 | 8,000,000 | 736,394,380 | 7,363,944 | Capital increase by retained earnings NTD 1,699,371,650 | None | Sep 30, 2014 Jing Shou Shang Zi No. 10301198080 |
| 2018/9 | 10 | 800,000,000 | 8,000,000 | 787,941,987 | 7,879,420 | Capital increase by retained earnings NTD 515,476,070 | None | Sep 28, 2018 Jing Shou Shang Zi No. 10701121990 |
| 2019/9 | 10 | 990,000,000 | 9,900,000 | 827,339,086 | 8,273,391 | Capital increase by retained earnings NTD 393,970,990 | None | Sep 16, 2019 Jing Shou Shang Zi No. 10801127620 |

| Type of Stock | Authorized Capital | | | Remarks |
|-------------------------|------------------------|-------------------------------|-------------|---------|
| | Issued Shares (listed) | Un-issued Shares (not listed) | Total | |
| Registered common stock | 827,339,086 | 162,660,914 | 990,000,000 | |

(II) Status of Shareholders

April 13, 2021

| Status of Shareholders | Government Agencies | Financial Institutions | Other Juridical Persons | Foreign Institutions and Natural Persons | Domestic Natural Persons | Treasury stocks | Total |
|------------------------|---------------------|------------------------|-------------------------|--|--------------------------|-----------------|-------------|
| Number of Shareholders | 6 | 33 | 322 | 282 | 76,096 | 0 | 76,739 |
| Shareholding | 13,974 | 73,801,243 | 331,920,869 | 115,933,689 | 305,669,311 | 0 | 827,339,086 |
| Percentage (%) | 0.00% | 8.92% | 40.12% | 14.01% | 36.95% | 0.00% | 100.00% |

Note: The ratio of shares held by investors of mainland China is 0%.

(III) Distribution of Shares

April 13, 2021

| Class of Shareholding | Number of Shareholders | Shareholding | Percentage (%) |
|-----------------------|------------------------|--------------|----------------|
| 1~999 | 37,442 | 6,321,708 | 0.76 |
| 1,000~5,000 | 29,046 | 58,264,714 | 7.05 |
| 5,001~10,000 | 5,126 | 36,772,810 | 4.44 |
| 10,001~15,000 | 1,813 | 22,090,581 | 2.67 |
| 15,001~20,000 | 978 | 17,354,526 | 2.10 |
| 20,001~30,000 | 833 | 20,622,856 | 2.49 |
| 30,001~40,000 | 394 | 13,659,061 | 1.65 |
| 40,001~50,000 | 244 | 11,068,042 | 1.34 |
| 50,001~100,000 | 428 | 30,152,308 | 3.64 |
| 100,001 - 200,000 | 184 | 24,926,810 | 3.01 |
| 200,001 - 400,000 | 104 | 27,732,509 | 3.35 |
| 400,001 - 600,000 | 43 | 21,101,864 | 2.55 |
| 600,001 - 800,000 | 15 | 10,338,527 | 1.25 |
| 800,001 - 1,000,000 | 11 | 10,006,590 | 1.21 |
| Over 1,000,001 | 78 | 516,926,180 | 62.49 |
| Total | 76,739 | 827,339,086 | 100.00 |

(IV) Major Shareholders: List shareholders with a shareholding ratio of 5% or more. If there are less than ten, the names of the shareholders whose shareholding ratio accounts for the top ten shareholders, the number of shares held and their proportions shall be disclosed.

April 13, 2021

| Major Shareholder's Name | Total Shares Owned | Shareholding | Ownership (%) |
|--|--------------------|--------------|---------------|
| Fuju Investment Co., Ltd. | | 71,086,943 | 8.59 |
| Furui Investment Co., Ltd. | | 36,538,109 | 4.42 |
| Dejia Investment Co., Ltd. | | 32,696,189 | 3.95 |
| Fubon Life Insurance Co., Ltd. | | 28,861,595 | 3.49 |
| Ruicheng Management Consulting Co., Ltd. | | 25,791,851 | 3.12 |
| CITY CHAIN FOOD LTD. | | 25,688,242 | 3.10 |
| Huang River Investment Co., Ltd. | | 19,674,191 | 2.38 |
| Lien Hwa Industrial Holdings Corp. | | 17,580,028 | 2.12 |
| Nan Shan Life Insurance Company, Ltd. | | 16,000,000 | 1.93 |
| Sanmin Investment Co., Ltd. | | 12,455,586 | 1.51 |

(V) Market Price, Net Worth, Earnings and Dividends Per Share for the past two fiscal years,

| Item | Year | 2019 | 2020 | Q1/2021 |
|-----------------------|-------------------------------------|------------------------|-------------|-------------|
| | | Market Price Per Share | | |
| | Highest Market Price | 45.80 | 52.20 | 54.70 |
| | Lowest Market Price | 33.70 | 31.40 | 47.65 |
| | Average Market Price | 37.86 | 43.35 | 50.54 |
| Net Worth Per Share | Before Distribution | 22.03 | 25.81 | 23.88 |
| | After Distribution (Note 4) | 19.83 | 22.44 | 20.56 |
| Earnings Per Share | Weighted Average Shares | 779,150,913 | 781,976,653 | 781,976,653 |
| | Earnings Per Share | 2.93 | 3.99 | 1.01 |
| Dividends Per Share | Cash Dividends | 2.2 | 2.7 | - |
| | Stock Dividends | - | 0.3 | - |
| | Accumulated Undistributed Dividends | - | - | - |
| Returns on Investment | Price/Earnings Ratio(Note 1) | 12.9 | 10.85 | - |
| | Price/Dividend Ratio (Note 2) | 17.2 | 16.0 | - |
| | Cash Dividends Yield (Note 2) | 5.8% | 6.2% | - |

Note 1: Price/Earnings Ratio = average closing price per share of the year/earnings per share.

Note 2: Price/Dividend Ratio = average closing price per share for the year/cash dividend per share.

Note 3: Cash Dividends Yield=Cash dividends per share/average closing price per share for the year.

Note 4: Calculated by the amount approved by the board of directors.

(VI) Dividends policy and Implementation Status

If there is a surplus in the company's annual final accounts, it should first pay taxes to make up for the accumulated losses over the years, and 10% of the second time will be the statutory surplus reserve, and the special surplus reserve shall be appropriated or converted according to laws or regulations or the competent authority; If there is surplus, the balance shall be added to the accumulated undistributed surplus of the previous year. The board of directors shall draft a distribution proposal. When new shares are issued, it shall be submitted to the shareholders meeting for distribution after a resolution. Pursuant to Paragraph 5 of Article 240 of the Company Act, the Company may authorize the distributable dividends and bonuses or in whole or in part legal reserve and capital reserve as provided in Paragraph 1 of Article 241 of the Company Act may be paid in cash after a resolution has been adopted by the majority of Directors in a Board meeting attended by two-thirds of the total number of Directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. However, the amount and percentage of this earning to be distributed as dividends and the type of dividends to be distributed may be adjusted upon a resolution adopted by the shareholders' meeting based on the actual profit and capital position for a particular year. Shareholder dividends: The cash dividends shall not be less than 10% of the total dividends. However, if the cash dividends per share are less than NT\$0.1, they will not be distributed and will be distributed as stock dividends. If after-tax profit accumulated from the previous year or after-tax profit for the current year is not enough to set aside an amount equal to deductions from shareholders' equity to special reserve, the undistributed earnings at the beginning of the period shall be set aside to special reserve, and deductions shall be made before earnings are distributed.

In 2020, the board of directors decided to pay a cash dividend of NT\$2.7 per share and a stock dividend of NT\$0.3 per share.

(VII) Impact of allocation of Free-Gratis Dividends proposed at the shareholders' meeting on the operational performance of the Company and the Earnings Per Share:

| Item | | 2020 (estimated) |
|--|--|--|
| Paid-in capital at the beginning of the period (NT\$) | | 8,273,390,860 |
| Distribution of shares and dividends in current fiscal year (Note 1) | Dividends Per Share (NT\$) | 2.7 |
| | Capital increase out of surplus allotment per share (stock) | 0.3 |
| | Capital increase out of capital reserve allotment per share (stock) | - |
| Change in business performance | Operating Profit | N/A (Note 2) |
| | Ratio of increase (decrease) in operating profit compared to the same period last year | |
| | Net profit after tax | |
| | Ratio of increase (decrease) in Net profit after tax compared with the same period in previous year | |
| | Earnings Per Share | |
| | Ratio of increase (decrease) in earnings per share compared to same period in previous year | |
| | Average annual return on investment (annual average PE ratio) | |
| Fictitious earnings per share and P/E ratio | If the surplus to capital increase by retained earnings is realized through cash dividend | Proposed earnings per share |
| | | Proposed annual average return on investment |
| | If the Capital increase is not transferred to the capital surplus | Proposed earnings per share |
| | | Proposed annual average return on investment |
| | If the capital reserve is not processed and the capital increase by retained earnings is changed to cash dividends | Proposed earnings per share |
| | | Proposed annual average return on investment |

Note 1: The 2020 proposal for distribution of earnings has not yet been resolved by the shareholders' meeting.

Note 2: In accordance with the "Key Points for the Implementation of the Public Offering Company Financial Forecast Information Disclosure System", the company does not need to disclose the 2020 financial forecast information, so there is no 2020 forecast data.

(VIII) Compensation of employees, directors, and supervisors

- (1) The number or scope of the remuneration of employees and the remuneration of directors and supervisors as stated in the Company's Articles of Incorporation:

After the profit that income before tax of the current year has deducted employees' compensation and directors' and supervisors' remuneration offset prior accumulated unappropriated earnings, if there are still the remaining net earnings, the Company should distribute not less than 2% as a compensation for employees and not more than 2% as a remuneration for directors and supervisors. The determination of the distribution rate of employee compensation and the compensation of directors and supervisors, and the payment of employee compensation in stocks or cash shall be approved by more than one half of the Directors present at the Board of Directors' meeting attended by at least two-thirds of all Directors, and shall be reported at the shareholders' meeting. Employee compensation is issued to stocks or cash to employees of affiliated companies who meet certain conditions.

(2) The proposed distribution of employee compensation and other information approved by the board of directors

1. Allotment of cash dividends for employee compensation, stock dividends and the amount of compensation for directors and supervisors

| Great Wall Enterprise Co., Ltd. | | |
|---|---------------|---------------|
| Profit Distribution | | |
| 2020 | | |
| | | Unit: NT\$ |
| Beginning balance | | 1,912,167,314 |
| Plus(minus): | | |
| Determine the re-measurement of the benefit plan and the change in the current period | 1,686,957 | |
| Determine the re-measurement of the benefit plan and the change in the current period | 3,122,071,254 | |
| Earnings available for distribution | | 5,035,925,525 |
| Minus (Plus): | | |
| List Statutory Earnings Reserve | 312,375,821 | |
| Distribution items: | | |
| Shareholder dividend-stocks (NT\$ 0.3 per share) | 248,201,730 | |
| Shareholder dividend-cash (NT\$2.7 per share) | 2,233,815,532 | |
| Earnings unallocated at the end of the period | | 2,241,532,442 |

Note: (1) Dividend distribution for the current year shall not exceed the amount available for distribution in the current period.

(2) Dividends will be distributed with priority in 2020 after-tax benefits.

(3) The board of directors approves the distribution of NT\$90,000,000 for employees' remuneration and NT\$40,000 for directors' remuneration, both in cash. The aforementioned will be handled in accordance with relevant regulations after the resolution of the shareholders' meeting of this year.

2. The ratio of the proposed distribution of employee stock dividends to the total amount of after-tax net profit and total employee compensation for the current period: None.

3. The estimated earnings per share of the proposed allocation of compensation to employees and the compensation of directors and supervisors

| The estimated earnings per share | |
|----------------------------------|-----------|
| Pre-tax | After tax |
| 6.37 | 3.99 |

(3) The calculation basis of the estimated employee compensation and the compensation amount of directors and supervisors in the current period, the calculation basis of the number of shares of employee compensation distributed by stocks, and the accounting treatment if the actual distribution amount is different from the estimated amount: The estimated amount of remuneration for the company's employees and directors is estimated on the basis of the percentage set in the articles of association. If there is a difference between the above estimated amount and the actual disbursed amount, it shall be dealt with according to the changes in accounting estimates, and shall be adjusted and recorded in the account during the disbursement year.

(4) The actual distribution of remuneration for employees, directors and supervisors in the previous year:

| | Employee compensation | Remuneration of Directors and Supervisors |
|---|-----------------------|---|
| Proposed distribution approved by the original board of directors | 75,000,000 | 35,000,000 |
| Actual Amount of Distribution-First | 26,000,000 | 35,000,000 |
| Actual Amount of Distribution-Second | 49,000,000 | - |
| Difference | - | - |

(IX) Buyback Shares of the Company:

December 31, 2020

| | |
|------------------------|------|
| Term of Buyback | None |
| Purpose of Buyback | None |
| Time of Buyback | None |
| Price Range of Buyback | None |

| | |
|--|------|
| Type and quantity of Shares Buybackd | None |
| Amount of Shares Buybackd | None |
| Ratio of quantity Buybackd to scheduled quaty of Buyback(%) | None |
| Number of Retired and Transferred Shares | None |
| Cumulative number of shares held in the Company | None |
| Total treasury stock holdings as a percentage of total shares issued (%) | None |

II. Corporate Bonds

| | | |
|--|---|--|
| Types of corporate bonds | 2003 First Guaranteed Corporate Bond | The first unsecured conversion of corporate bonds in Taiwan in 2007 |
| Issuance (handling) date | August 1992 | Sep 21, 2007 |
| value | NT\$1,000,000 | NT\$100,000 |
| Location of Issuance and Transaction | N/A | Consortium of the Republic of China Counter Sales Center |
| Issue Price | Issuance of nominal amount | Issuance of nominal amount |
| Total Amount | NT\$300,000,000 | NT\$1,000,000,000 |
| interest rate | 1.30% | The coupon rate is 0%, and the yield to maturity is 0.5% |
| Maturity | 5 years; Maturity date: August 12, 2008 | 5 years; Maturity date: Sep 21, 2012 |
| Guarantee Agency | Hua Nan Commercial Bank, Tainan Branch Domestic Banking Office of the Central Trust Bureau | None |
| Trustee | Trust Department of Public Bank | ChinaTrust Commercial Bank |
| Underwriting agency | None | Citic Securities Company Limited |
| Visa lawyer | Shu-Chen Chen | Not applicable (no physical issue) |
| Visa accountant | Hsien-Lang Lin; Yu-Shan Ting | Not applicable (no physical issue) |
| Method of repayment | One-off principal repayment | Except for bondholders that are converted into common stocks of the company in accordance with Article 10 of these Measures for issuance and conversion, or the company has received them early in accordance with Article 18 of these Measures, or the company is bought back and cancelled by the business premises of a securities firm. The company will repay the bonds held by the bondholders in cash at the maturity of the bonds based on 102.53% of the bond face value. |
| Outstanding Principle | NT\$0 | NT\$0 |
| Provision of prepayment and redemption | None | (1) From the day following the issuance of this bond one year to 40 days before its maturity, if the closing price of the company's ordinary shares exceeds the current conversion price by 50% for 30 consecutive business days, the company may recover the outstanding bonds in cash according to the denomination of the bonds; |

| | | | |
|---|--|------|--|
| | | | (2) From the day following the issuance of the bond one year to the forty day before the maturity date, if the outstanding balance of the bond is less than 10% of the original issuance total, the company may recover the outstanding bond in cash at the bond denomination. |
| Restrictions Terms | | None | None |
| The name of the credit rating agency, the date of the rating, and the result of the company's debt rating | | N/A | None |
| Attached other rights | The amount of ordinary shares, overseas depositary receipts or other securities that have been converted (exchanged or subscribed) as of the publication date of the annual report | N/A | NT\$265,053,760 |
| Attached other rights | Method of issuance and conversion (exchange or subscription) | N/A | <p>1, From the beginning, until September 11, 2012, except for the legal suspension of the transfer period, bondholders may request the company to convert into the company's ordinary shares in accordance with these Measures at any time.</p> <p>2, Procedure for requesting conversion: The bondholder shall fill out an application form at the original trading brokerage firm, and the trading brokerage firm shall apply to the China Securities Clearing House, and the China Securities Clearing House shall submit the application to the company's stock affairs agency after accepting the application. The effect of conversion will take effect upon delivery, and no application for cancellation is allowed, and the conversion procedures will be completed within five business days after delivery, and the stocks will be directly transferred to the original bondholder's collective security account. When overseas Chinese and foreigners hold this bond and convert it into stocks, the allotment will be handled by the CCB Clearing House in the form of account book transfer.</p> <p>3. The conversion price is reported to be handled in accordance with the anti-dilution adjustment method for conversion of corporate bonds contained in the "Self-discipline Rules for Issuing Companies to Raise and Issuance of Securities by Underwriter Members of the Securities and Commercial Association of the Republic of China".</p> <p>4. Downward reset of Conversion price: The dividend base date for each year between 2009 and 2012 (if no dividends are processed in that year, the base date for the gratuitous allotment shall be the base date. If the free allotment has not been processed, it will be the current</p> |

| | | | |
|---|--|---|--|
| | | | <p>year) as the price reset base date. Multiply the base price sampled on the reset base day by 103% to adjust the conversion price downward. However, it shall not be lower than 80% of the conversion price (adjustable due to changes in the company's common shares) at the time of issuance, and it is not applicable to those who have made a conversion request before the reset base date (inclusive).</p> <p>5. Upward reset of conversion price: When the simple arithmetic average of the closing price of the company's ordinary shares for 20 consecutive business days is higher than or equal to 135% of the current conversion price, the day following the last day of the 20 consecutive business days shall be used as the base date for the price reset. The conversion price is adjusted upwards by multiplying the base price sampled on the reset base date by the conversion premium rate at the time of pricing. However, it shall not be higher than 110% of the conversion price before the adjustment, and the conversion price shall be adjusted on the effective date of one month from the reset base date. The upward adjustment of the conversion price does not apply to reset the benchmark within six months from the date of issuance, the legally suspended conversion period, and two years after the bond issuance. In addition, the upward reset of the conversion price should be limited to one time, and it is not applicable to those who have made a conversion request before the reset base date (inclusive). In the event of ex-rights or ex-dividends before the reset base date, the aforementioned closing price or benchmark price of the company's ordinary shares shall be first calculated as the ex-rights or ex-dividend prices.</p> |
| <p>Issuance and conversion, exchange or subscription methods, issuance conditions, possible dilution of equity, and impact on existing shareholders' equity</p> | <p>There is no dilution of equity and can strengthen the financial structure, and should have a positive benefit to shareholders' equity</p> | <p>It expired on September 21, 2012. The cumulative number of converted shares is 26,505,376 shares, accounting for approximately 4.68% of the total outstanding common shares, which has a limited impact on shareholders' equity. The principal and interest and NT\$200,241,090 will be repaid on October 3, 2012.</p> | |
| <p>Name of the depository institution of the exchange target</p> | <p>N/A</p> | <p>N/A</p> | |

Conversion of corporate bond information

| | | | |
|---|-------------------------|---|---|
| Types of corporate bonds (Note 1) | | Yes The first (term) domestic guarantee to convert corporate bonds None | |
| Year | | 2011 | Sep 21, 2012 as of the current year (Note 4) |
| Converting the market price of corporate bonds (Note 2) | Highest Market Price | NT\$ 127 | NT\$ 115.35 |
| | Lowest Market Price | NT\$ 102.05 | NT\$ 102.05 |
| | Average Market Price | NT\$ 111.947 | NT\$ 106.19 |
| Conversion price | | NT \$28.40 | NT \$26.01 |
| Issuance (handling) date and conversion price at the time of issuance | | 96/9/21 Issuance, the conversion price of NT 47.36 at the time of issuance. | |
| Method of fulfilling the conversion obligation (Note 3) | | Issuing new shares to fulfill the obligation of conversion. | |

Note 1: The number of fields depends on the actual number of transactions.

Note 2: If there are multiple trading locations for overseas corporate bonds, they will be listed separately according to the trading locations.

Note 3: Delivery of issued shares or issuance of new shares.

Note 4: September 12, 2012 is the date when the bond conversion ceases; the current year is the bond maturity date; the current year is the bond listing date.

III. Preferred Shares: None

IV. Global Depository Receipts (GDRs): None

V. Employee Stock Options and Employee Restricted Stock None

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

VII. The Execution Status of Capital Plan:

(I) Plan content:

| Plan name | issue date | Planned completion date | Purpose of Fund Use | Changes in plan | Enter the date of the public information observatory |
|--|------------|-------------------------------|--|--------------------|--|
| The first domestic unsecured conversion of corporate bonds | 2007/09/21 | 2012/09/21 | 1. Repay loans and pay short-term bills, 2. Save interest expenses | Unchanged | 2007/08/09 |

(II) Implementation status:

| Quarterly report of fund utilization plan | |
|---|--|
| 2008 Q1 to Q4 | |
| Scheduled expenditures for the quarter | NT\$0 thousand. |
| Actual amount spent this quarter | NT\$0 thousand. |
| Cumulative planned expenditure amount | NT\$0 thousand. |
| Cumulative actual expenditure | NT\$0 thousand. |
| Reasons for being ahead or behind a improvement plans | The company has already spent all of it in the four quarter of 2007. |

Five, Overview of the Business

I. Description of the Business

(I) Major Business

(1) Main business

| No. | Code | Description of Business Activities |
|-----|---------|--|
| 001 | C105010 | Edible Oil Manufacturing |
| 002 | A102060 | Grain Commerce |
| 003 | C106010 | Mill Industry |
| 004 | F102020 | Wholesale of Edible Oil |
| 005 | C199010 | Noodles. Vermicelli Food Manufacturing |
| 006 | C201010 | Feed Manufacturing |
| 007 | F102170 | Wholesale of Food and Grocery |
| 008 | F103010 | Wholesale of Feed |
| 009 | F107050 | Wholesale of Fertilizer |
| 010 | A401010 | Livestock Operation |
| 011 | A401020 | Livestock and Poultry Breeding |
| 012 | F203020 | Retail Sale of Tobacco and Alcoholic Beverages |
| 013 | F107070 | Wholesale of Animal Medicines |
| 014 | F301020 | Supermarkets |
| 015 | F107190 | Wholesale of Plastic Film and Bags |
| 016 | C103050 | Canned, frozen, dehydrated and pickled food manufacturing |
| 017 | C101010 | Butchery |
| 018 | F101040 | Wholesale of livestock and poultry |
| 019 | G801010 | Warehousing and Storage |
| 020 | F401010 | International Trade |
| 021 | H701010 | Residential and building development, lease and sale |
| 022 | A401040 | Livestock Service |
| 023 | C199990 | Other food manufacturing not elsewhere classified |
| 024 | C801110 | Fertilizer Manufacturing |
| 025 | A102041 | Leisure Agriculture |
| 026 | F501060 | Restaurants |
| 027 | J901020 | General Hotel |
| 028 | ZZ99999 | All business not prohibited or restricted by law, except for those subject to special approval |

(2) Major commodity items and their operating proportions in 2020

| | |
|-------------|---------------|
| Food | 16.56% |
| Meat | 22.97% |
| Bulk | 11.81% |
| feed | 48.66% |

(II) Industry Overview

(1) Overview of Bulk Materials Business

The world in 2020 is very unstable. Affected by the outbreak of the new crown epidemic in the first half of the year, the global demand for meat declined, which in turn affected the demand for soybean meal and vegetable protein. In the first half of the year, there was a sideways consolidation between 850 and 900. The planting period in South America encountered drought in the second half of the year, and the overall planting schedule was delayed by one month. Market tensions pushed up soybean futures. After China's African Swine Fever, re-raising increased significantly. Large orders for soybeans continued to be announced, further pushing up the futures price to break 1,000. After the intermittent rains in Brazil, the United States continued to repair soybean stocks, soy soybean futures prices rose all the way, and finally at the end of the year Argentina launched a large-scale strike that lasted for a month.

Now that costs fluctuate sharply, with a rigorous attitude toward trend judgment and control of positions, the Bulk Materials Department uses various methods to reduce risks and seek maximum benefits. Main sales products: edible soybean salad oil, soybean meal for feed and raw and auxiliary feedstuffs. Since soybeans are mainly imported from the United States and Brazil, the cost of imports is greatly affected by fluctuations in international raw material prices. Salad oil products still account for the largest share in the domestic edible oil market, and soybean meal products have stable demand and profitability in the domestic market as the main source of plant protein in the feed industry.

(2) Feed overview

Pig feed: The total number of domestic live pig transactions in the pig industry in 2020 has increased by 2.92% compared to 108. The annual average price of live pigs has been revised down from NT\$71.4/kg in 108 to NT\$69.89/kg. In the overall domestic pig raising environment, due to the continued heated discussion on the issue of American pork with ractopamine, the import volume

of frozen meat is less than last year, and the demand for domestic pigs has increased. Taiwan's total frozen pork imports in 2020 is 60,500 tons, a decrease of 23,866 tons (-28%) from 2019. The price of imported pork is affected by the global new crown pneumonia epidemic. The unit price of imported pork is NT\$85.3/KG, an increase of NT\$84 compared to 2019. At the beginning of 2020, COVID-19 affects people's willingness to eat out, leading to poor restaurant business. After the New Year's Day, reduced demand caused the price of pigs to drop to a low point. Coupled with COVID-19, the number of people eating out decreased and the supply exceeded demand. The surge in confirmed cases in a single day in March caused panic hoarding. At the end of March, the price of pigs fell and rebounded, which affected pork sales. People have reduced eating out, and the take-off of the housing economy has increased the demand for pork. In contrast to the usual 17-week annual lows in previous years, pork prices reacted early, and freezing plants also increased demand. Q3 is the annual general high point of pork prices, and the fermentation of American pork in Q4 affects the fluctuation of pig prices. Affected by the US pork issue, the government will promote a tens of billions pig raising fund in 2021 and the industry is paying attention to this. The 13 billion pig raising fund will be implemented in 4 years, with the first promotion of slaughterhouse modernization and cold chain equipment. In addition, coaching the modernization and upgrading of pig farms is also a key project. Various counties and cities have opened briefing sessions and received enthusiastic applications from pig farmers, which has kicked off the modernization and upgrading of pig farms.

Local broiler feed: In 2020, due to the large number of chickens in the market and the stable weather, because the Chinese cannot go abroad arbitrarily, domestic demand will increase, and there will be more people cooking at home. Although there is a large amount of live chickens, the demand remains high-end, so the entire industry has a strong enthusiasm for breeding. In the aspect of integrated management and breeding, we will continue to cooperate with high-quality breeder dealers to seek stable sources and channels of chicks. On the one hand, we will adjust the contract structure according to market changes to maintain market share. On the other hand, we will intelligently and systematically raise native chickens, manage the farm with technology, and have a high level of cooperative breeding. Coupled with the steady control of the source and the excellent quality of our own electric slaughter factory, the product quality and cost control are more stringent, our high-quality meat products are moving towards high-priced channels, and the integrated upstream

and downstream business model is more complete.

Waterfowl feed: In 2020, the waterfowl market can be said to be the most severely impacted poultry market from COVID-19. Since duck/goose meat is mainly sold to large and small restaurants, compared with chicken and pork, families do not have the habit of buying ducks and geese home for cooking. With the emphasis on epidemic prevention and the fact that the people dare not go out for consumption and the sales have been greatly reduced, the sales volume has been quite low throughout 2020, and the demand ratio has been greatly reduced, which has a fairly direct impact on the breeding volume. The major breeders have reduced their feeds in response to the impact, and among them, the damage to the geese is the highest. The excessive number of remaining geese seedlings and COVID-19 have caused an imbalance between supply and demand in 2020, and the price of goslings continues to drop sharply. At the beginning of 2021, it has fallen to NT\$30/bird. In terms of duck slaughter, with the efforts of various production and marketing parties to maintain, the average monthly duck slaughter volume in 2020 has not changed drastically, but there is no trend in the high and low seasons of previous years, which shows the impact of COVID-19. Local ducks began to experience a persistent shortage of young birds in the second half of 2020, causing the price of live ducks to continue to rise. At the beginning of 2021, it has reached NT\$44/jin, a three-year high. But it is still unable to effectively stabilize the supply when the epidemic eases. The major change in the Beijing duck part is that due to the suspension of imports of the cherry valley breed ducks due to quarantine issues, the current domestic main switch to Cremo breed ducks. The return of avian influenza is also a concern, and the government is also actively promoting semi-open poultry farms.

Aquatic products: Affected by the new crown pneumonia in 2020, aquatic products cannot be exported, export sales plummet, and Chinese people tend to eat at home instead of eating in restaurants, resulting in an oversupply of the entire aquatic product market, and fish prices are lower than the same period last year. Poor fish prices and the government's policy of promoting fishery and electricity symbiosis have made landlords tend to rent land to photoelectric operators with high rents, crowding out existing aquaculture land, and the situation for aquaculture fisheries looks even more precarious.

Ruminant feed: In 2020, which is full of COVID-19 challenges, domestic milk has not been greatly affected by price fluctuations because milk prices are reviewed and reviewed once a year and do not change at any time, and there is

no serious impact on domestic milk consumption. However, the impact of COVID-19 on international trade has greatly affected the import of raw materials, and imported grass has been out of stock since the end of 2020. In addition to increasing the price of grass, the unstable import situation has also caused dairy farmers to face a lack of grass and unstable quality. Therefore, in 2021, the overall feeding quality and cost control will be particularly challenging. On the other hand, following the breakthrough of the 60,000 tons of imported liquid milk in 2019, the record was updated again in 2020 to a level close to 70,000 tons. Imported milk puts high pressure on the domestic dairy market. The issue of the full tariff exemption of imported liquid milk from New Zealand in 2025 also continues to ferment. There are various signs that the overall dairy farmers are moving towards the direction of high quality and stable milk production. Faced with the three major challenges of milk quality, milk production, and feeding costs, dairy farmers must devote more effort to feeding management and pasture management.

Egg breeder feed: The overall egg breeder breeding scale has risen from an average of 30.97 million birds in 2019 to 32.07 million birds in 2020. In 2020, the annual breeding volume increased by 13.2 million from last year. In December 2020, the average number of laying boxes per day reached a record high of 124,295 boxes. However, even if it breaks the new high, the egg price is still hovering around NT\$26.5 per catty. The increase in production did not cause the egg price to collapse, showing that the demand for eggs by the locals is steadily rising. Affected by the weather in the raw material producing areas, the prices of corn and soybeans have soared, and COVID-19 has caused a shortage of ships and containers in the world, resulting in high feed costs. In addition, egg farmers generally face the problem of manpower aging. The average working age is over 50 years old, and the relationship between the epidemic situation affects the progress of applying for foreign workers to Taiwan, which makes the breeding environment increasingly difficult.

Egg products: The Council of Agriculture stated that the direction of the "comprehensive egg cleaning and selection policy" will remain unchanged. To fully implement egg cleaning and selection, most farmers may not be able to afford washing equipment worth tens of millions of NT dollars. Therefore, at this stage, "printing one by one" will be the priority to be introduced to ensure that the source of eggs is clear and traceable. In 2020, the rules for applying for chicken farms are becoming more and more stringent. Coupled with issues such as protests from local residents about the establishment of CP in Hualien, it is

obvious that in addition to the increasingly difficult acquisition of land, residents also hold a relatively negative attitude towards the cause of chicken farming. We still need to communicate with local residents and pay attention to environmental issues such as odor control and chicken manure treatment. In addition, the issue of animal welfare eggs promoted in Europe in recent years has also affected the Taiwanese industry. In addition to Carrefour's announcement that it will fully use non-cage-fed eggs in 2025, Costco, Quanjian and other companies are also actively promoting animal welfare egg products on the shelves, driving an opportunity for the transformation of the egg industry.

(3) Overview of meat business

The white meat chicken industry takes feed mills or electric slaughter plants as the integrated main body, and cooperates with chicken farmers in contract breeding mode to promote the electric slaughter of broilers and the transportation and sales of carcasses. From top to bottom, the entire system includes the upstream chicken breeders and chicken farmers, the midstream electric slaughter industry, the conditioning industry, and the downstream chicken marketing business units, which modernizes the white meat chicken industry structure. It is the industry with the most effective integrated business model in the meat industry.

In recent years, food safety issues have received increasing attention from the public, and related news events have emerged endlessly. With the government's increasingly complete and rigorous regulations on food management, in addition to improving consumer protection, it also creates another market niche and opportunity for domestic food legal operators.

DaChan Anxin Chicken is the leading brand of domestic chicken supply, providing fresh, healthy, safe, delicious and high-quality domestic chicken (MIT). During the feeding process of live chickens, automatic feeding and strict management in a constant temperature environment are provided, so that the chickens can grow up healthily in a comfortable and non-toxic environment. The diet has been developed by a professional team, and through the TAF certification laboratory (DaChan Quality Inspection Center), leading the industry in introducing precision instruments such as LC/MS/MS to ensure the safety of raw materials and nutritious diets. In addition to strict quality control from the source, the electric slaughter is also checked by the veterinarian stationed by the government unit and CAS and ISO 22000 quality verification. With open and transparent traceability information and layer-by-layer control, DaChan strives to make you feel at ease throughout the entire process.

(4) Overview of food business

In recent years, the food industry has grown rapidly, among which frozen foods are widely favored by the market due to their convenient handling and easy storage. Coupled with the impact of COVID-19, consumers have reduced the frequency of eating out, and instead increased the proportion of home cooking and take-out. Taking advantage of the trend to drive the performance of supermarkets, mass-marketing supermarkets, online shopping and even delivery platforms, the annual output value of frozen food has increased year by year, and there is still great potential for growth in the future. In addition, in view of the evolution of the family structure (approximately 2.6 people per household in Taiwan) and the increase in health awareness, "personalized small packaging", "convenience of conditioning", and "simplification of ingredients" have become new trends in diet. Coupled with the frequent food safety incidents in recent years and under the influence of the policies of the Laizhu issue, consumers are paying more and more attention to food safety issues and product sources of raw materials, which in turn affects the strategic layout of various channels and the direction of new product development of various food companies.

Driven by the above conditions, in recent years, including major domestic supermarkets, they have also tried to launch a lot of hot instant small-packaged products in recent years, and the frozen product specifications of mass-market supermarkets have been on the shelves. Fried and boneless meat products are very popular. Food e-commerce and delivery platforms have also developed rapidly due to the epidemic and the prevalence of the "home economy", and cross-industry alliances between each other's channels or brands are even more popular. Restaurant operators have also begun to cooperate with channels and manufacturers to develop frozen prepared foods, or conduct joint sales strategies. These have allowed consumers to have increasingly diverse dietary choices, and they can eat all kinds of delicious food more quickly.

(III) Overview of technology and research development

DaChan Group continues to develop rapidly in the fields of agriculture, livestock and aquatic products. With the continuous expansion of feed, fat, meat, aquatic, egg, and food business, DaChan has an important market position in each field. At the same time, it is also developing in the direction of vertical integration of upstream and downstream in various fields in order to expand the market share and scale. In recent years, it has developed in the direction of food branding. DaChan will be a reliable supplier of safe, healthy and delicious

products, especially meat and egg products and household food. In addition, after reviewing the changes in the market's demand for green, environmental protection, and sustainability of the earth, the Company has invested in the development of plant meat products this year. At the same time, it has also developed into new areas such as livestock waste treatment and pet food to create green food and resource reuse, reduce environmental pressures, and contribute to the sustainable operation of the earth.

In response to the Group's business development, this year's R&D focus will be on animal health products, vaccine products, pet food, waste resource reuse technology, waste reduction, and resistance reduction products and technology development, in addition to continuous intensive research on animal nutrition.

In order to ensure the continuous improvement of technology, in addition to continuous investment in research and development resources and manpower, the experimental facilities will be continuously expanded to include: vaccine breeding egg production farm, poultry experimental farm, pig experimental farm, aquatic product experimental farm, etc. to enhance research and development energy. To obtain key technology and application capabilities, it also continues to cooperate with domestic and foreign research institutions, such as: National Taiwan University, Chenggong University, Chung Hsing University, Pingtung University of Science and Technology, Ocean University of Taiwan, Tainan Animal Laboratory, Freshwater Animal Health Laboratory, and Schothorst Feed Research, etc.

- (1) Important research and development projects in the coming year:
1. Animal nutrition research and development-continuously develop the best products and systems for different materials:
 - ①Develop high-quality artificial milk and porket feed.
 - ②Cooperate with the contract department to expand the number of contracts and develop the most efficient contracted pig breeding system and feed.
 - ③Cooperate with the improvement of breeding performance of breeding pigs, and develop a high-efficiency system for the use of special feeds for breeding animals.
 - ④Develop high-efficiency egg breeder feed products and feeding systems.
 - ⑤High-performance feed products with no resistance and waste reduction.
 2. Functional raw materials and product development: Combining the advantages of Almighty Biotechnology to develop functional raw materials and products, especially in animal health and environmental maintenance, such as N100, N, functional probiotics, high-moisture lactic acid bacteria, high-efficiency subtilis,

yeast cell walls, immunomodulators, organic acids, functional peptides and other products.100A

3. Establish a safe and reliable biological security defense system:
 - ① Establish a biosafety planning and audit department to plan, supervise and implement biosafety implementation work to reduce disease risks.
 - ② Implement antibody and pathogen monitoring technology to understand the farm's disease pollution status, such as PCR, Eliza's detection tools for pathological detection and analysis, so as to formulate an effective epidemic prevention plan and prevent the risk of disease.
4. Development of environmentally friendly and minimal antibiotic products: After long-term research and development, DaChan feed currently does not use any antibiotics in egg breeder feed, pig late stage, and broiler late stage, achieving the goal of zero drug residue. We have also successively introduced environmentally friendly feeds for pigs, egg breeders, and low N.P.NH3 pollution. In the future, we will continue to improve on the goals of safety and environmental protection.
5. Development of pet food: We will invest human and technical resources to develop dry food, wet food, snacks and health products for dogs and cats. Relying on the relevant advantages of the group, we will develop unique functional raw materials and differentiated products, and combine specific channels and consumer needs to help open up new markets.
6. Universal Biomedicine will have four poultry products on the market this year. In addition to the domestic market, it will also be sold to the domestic market. This year, there will be more chicken, duck and pig vaccine products in the development process, which will be successively launched to meet the needs of self-use and domestic demand, and will develop towards the Southeast Asian market in the future.

(2) Meat technology

1. Quality management system for meat products:
 - A. The three meat factories and one processing factory are all CAS excellent food factories and factories with ISO 9001, ISO22000 quality assurance system and food safety management system certification.
 - B. Liuying Meat Factory's laboratory was certified by TAF in 2005, which is the first electric slaughter factory laboratory in Taiwan that has passed TAF certification. The meat processing factory laboratory also obtained TAF certification in 2007. In 2014, the two laboratories passed the merger to apply for TAF certification.

- C. Since 2007, we have been leading the industry in establishing a product traceability system, with transparent information from feed to electronic slaughter.
 - D. We have cultivated many control quality engineers (abbreviated as CQE) and control quality technicians (abbreviated as CQT).
 - E. In order to ensure a food safety policy without drug residues, a blank feed was introduced in 2010 with good results.
2. Future direction of quality control:
- Continue to strengthen the education and training of professional certification of quality control personnel. Through the TAF certification laboratory, the use of precision instruments LC/MS/MS to ensure product quality and safety.

(3) Research and development of biotechnology

1. Reuse of poultry by-products-development of chicken liver powder and liquid for pets:

In recent years, the pet market has expanded rapidly, and the demand for attractants for pet feed food has increased dramatically. In order to provide the domestic pet feed food industry with fresh, safe, high-quality high-quality raw materials and achieve both environmental protection and recycling agriculture and livestock industry, to enhance the international competitiveness and image of the domestic pet feed industry. In 2020, we successfully developed chicken liver powder (liquid) using by-products of the group's meat products, and completely hydrolyzed chicken liver peptides through professional high temperature and high pressure and special enzyme hydrolysis process. It effectively releases amino acids and small molecules, and is an extremely attractive product.

2. Development of probiotics for livestock and aquatic products:

In line with the government's time-course planning for non-resistance and resistance reduction breeding of economic animals, the group will invest in new probiotic production plants and actively research and develop suitable probiotics for livestock and aquatic animals. The product items include Lactobacillus, Bacillus and Yeast, which can be directly added to feed or added to drinking water to reduce the incidence of diseases caused by the inability to use antibiotics during the feeding process.

3. Development of high-fiber fermentation raw materials:

With the high-moisture fermentation raw material technology developed in 2019, high-fiber raw materials and special strains are used to increase the degree of fermentation to produce functional raw materials with high

palatability and attractiveness. The fermented raw material has the effect of high fiber to promote digestion and gastrointestinal motility and the effect of resisting the low appetite of animals in summer.

4. Development to improve the performance of fermented protein:

Facing the increasingly fierce competition in the market, TOTAL NUTRITION TECHNOLOGIES CO., LTD. is actively researching and developing processes to improve fermentation efficiency based on the inherent core solid-state fermentation technology. In 2020, we have successfully developed a process that effectively shortens the time while increasing the functional index by more than 25%. In cooperation with the group, it will invest in a new type of automatic fermentation protein factory, and the fermentation technology will aim at efficiency, automation and stability. In this way, it not only enhances the competitiveness of the product market, but also provides a new generation of fermentation raw materials for the agricultural and livestock feed industry, increasing the profits of farmers and fishermen.

(IV) Long- Term and Short-Term Business Development Plans

(1) Feed business:

- long term:
 1. With the large changes in the market of raw materials and livestock products, and the impact of epidemics, the operating risks of farmers have increased, and the company is committed to more diversified vertical integration. In addition to continuously entering the vertically integrated supply chain of the egg market, the product range also starts from quality, price, and professional services to strengthen corporate competitiveness, and continues to commit to the contractual vertical integration and alliance of livestock, poultry, and aquatic supply chains. The company promotes the progress of the overall industry and increases the demand for animal feed in Taiwan's economy.
 2. Through the establishment and expansion of our own breeding farms, we continue to strive to improve the quality and supply of contracted pigs. Moreover, through the sale of parent-generation breeding pigs and the development of the DaChanAI center, we will assist customers in consistent farms or sow farms to improve the reproductive efficiency of sows and promote raising performance. DaChan and the animal laboratory have been breeding the black honey pigs from scratch. It took a lot of time and effort to breed the black honey pigs. It takes more than 240 days to breed, and the

meat is delicate and soft, like the sweetness of honey, so it is called black honey pig. It can be called the "Kobe beef of the pork world", and continues to build the characteristics of pork and DaChan's brand value and advantages.

3. With the attention of domestic and foreign markets to drug residues, epidemics and other incidents and the continuous outbreak of food safety problems in the country, consumers' requirements for safety, peace of mind, and healthy meat products are increasing day by day. Even considering the feed, the demand for blank feed that the company can supply is even greater. We will continue to build on the company's existing capabilities and combine farmers and upstream and downstream players to provide safe, secure, and healthy meat products with production and sales history, so as to truly achieve "full care and eat with ease".
4. Integrating the existing production capacity of various factories, improving the processing technology, and combining the company's biotechnology products, in addition to promoting the health of poultry and livestock, improving the efficiency of livestock production, and reducing the impact of the livestock industry on the environment, and doing its part for environmental protection.

● Short term :

1. Pig feed: launch a consultant marketing team, combined with the company's R&D department, with puffing technology, to provide functional and characteristic products to improve the overall feeding efficiency and reduce the cost of meat production. As environmental inspections have become more stringent, the use of environmentally friendly feed and probiotics has been promoted. In terms of technical services, we provide back fat management and pregnancy testing services.

Pig breeding, nutrition and feeding management are the first priority. Starting from selection and precise nutrition can increase the lean meat rate and raise strong and strong Taiwanese pigs. Through breeding and breed improvement, we select pig breeds with high lean meat and low fat, such as Danish pigs with a relatively high lean meat rate. Improve from breeding varieties. Rely on the design of protein, amino acid and energy in the nutritional formula to adjust the pig's body shape and increase the lean meat rate. Comprehensive fatty acids. In terms of feeding and management, the feeding and intake are managed to adjust the nutritional intake of pigs, so as to modify the body shape and increase the lean meat rate. Provide technical support, equipment subsidy improvement suggestions and assist in planning,

and make overall improvements in animal nutrition. We improve the palatability and feed efficiency of feed, and we have introduced high-quality fiber formula to increase the number of pigs on the market each year, which can essentially improve the feeding efficiency of pig farmers.

In response to market demand, we introduced functional pig feeds that improve the quality, color and body shape of pigs. The use of compound animal protein and compound oil can supplement the protein composition of pigs for muscle growth. In this way, it is beneficial to improve the body shape and meat quality of the pig, make the fat elastic, and prevent the soft fat from being loose and the skin red and shiny. In turn, it produces high economic value Taiwanese pigs with high lean meat rate, good carcass quality, and increased waist area.

2. Egg breeder feed: As the breeding population is aging, the cost of feed is rising, and the breeders are gradually becoming larger. Replacing manpower with equipment, better feed efficiency, and product stability are several important factors for breeders to maintain competitiveness and increase profits. In addition to providing blank material line production, more stable biotechnology and high-quality product formulations, the company also provides customers with effective and diversified product packages in response to changes in the external environment and differences in breeding environments, maintaining the competitiveness of customers in breeding, and producing high-quality eggs. The company has also invested in Taiwan's largest egg flagship factory in Erlin, Changhua, with a planned production capacity of 380,000 eggs per hour. At that time, we can provide customers with more services, create the value of eggs together with customers, and move towards the future of the egg breeder industry.
3. Since waterfowl are mostly controlled by distributors and electric slaughterhouses, slaughter performance and by-products are very important. Feeding efficiency, meat quality performance and feather fitness have always been the issues that customers care most about. The company continuously pursues the improvement of production technology, continuously strengthens the quality of pellets, combines biotechnology and professional research and development to assist customers in improving breeding efficiency, and continues to deepen the service of end-breeding customers, which has been recognized by customers. The company continues to strengthen the accuracy of stage feeding, and provides the most suitable products for each stage to breeders, so that while the birds have sufficient nutrition, it also achieves the effect of controlling the cost of feed.

The overall breeding environment continues to face challenges under various factors such as diseases and climate, and the government promotes various upgrade plans for biosafety. The company actively assists customers in upgrading equipment and improving poultry farms. We stand on the same front with our customers and take it as our responsibility to improve the overall breeding environment and create high-quality waterfowl economic ecology.

4. Nile fish feed achieved the No. 1 market share for the first time in 2012, and the overall aquatic feed sales also jumped sharply, squeezing into the top three; In 2013, due to the anomaly of the entire environment and the decline of materials, the sales volume decreased slightly; In 2014, in addition to the original market, we continued to develop the market for high-priced marine fish materials; in 2015, despite the unstable climate, we were still striving to set new highs. In 2016, due to the strong cold current disrupting the aquatic product market, in addition to striving to stabilize sales, we were actively looking for other high-priced marine fish markets for promotion. In 2017, the Nile fish export market suffered setbacks affected by competition in the international market. In 2018, the company intensively cultivated milkfish feed, and at the same time strengthened the marine fish feed market, with the factory's professional technology, the tonnage has repeatedly reached new highs. Although the market conditions are not good due to the impact of COVID-19 in 2020, considering the limited fishing resources and the increasing proportion of aquaculture supply sources, the company will also plan to expand aquatic production capacity.
5. Broiler chicken feed: Under a complete contract approach and a mature vertical integration model, coupled with stable and excellent feed performance, we conduct comprehensive quality control of chicken feed to eliminate any drug residue problems. In the continuous improvement of the business model, it will further expand the market share.
6. Ruminant feed: DaChan Ruminant is committed to the full-stage nutritional care of cattle. It conducts comprehensive feed design for the growth, lactation and reproduction of ruminants, and integrates formulas, R&D and technology. Through business development and professional team testing services, pregnancy inspections, diet formula inspections, feeding management recommendations, etc., we properly solve the problem of dairy farming and continue to introduce various functional products to meet the needs of ruminants at all stages and conditions, and to improve the accuracy of breeding. In the era of continuous advancement of breeding technology

and technology, the ruminant team also pays constant attention to the customer's ranch management status. The team faces issues and cooperation directions such as equipment upgrades and technology upgrades together with customers, and is willing to provide industry new knowledge to co-exist with the dairy industry.

7. Eggs: Continue to develop towards the direction of self-supporting 50% of sales, 60% of sales box eggs, and 50% growth of contract volume as the direction of egg development. In 2020, it will cooperate with Showa Industry of Japan, and start construction of the Changhua Zhaocheng Egg Washing Plant in 2021. It was completed at the end of 2012, with an hourly capacity of 380,000 eggs, making it the largest egg processing plant in Taiwan.

(2) Meat business

1. In the white meat chicken section, under a complete contract approach and a mature vertical integration model, with stable and excellent feed performance, comprehensive quality monitoring is carried out to eliminate any drug residue problems. In the continuously improving business model, expand market share through the following methods:
 - A. Actively advocate the "DaChan Safety Chicken": By counseling contract farmers to improve their feeding level and using blank feed to ensure that the chicken 100% meets the guarantee of national standards.
 - B. Vigorously promote the "DaChan Safety Chicken" brand, which emphasizes the concepts of fresh slaughter, health, and MIT.
 - C. Strengthen the brand packaging concept, and start to promote vacuum packaging products in 2013 to ensure that the products are fresh and hygienic.
 - D. Expand high-quality feed, improve professional services, ensure the health of chickens, and reduce the cost of feeding live chickens.
 - E. Promote deep-processed products and primary conditioning products to increase the added value of products.
2. Implement a one-stop strategy for non-ferrous chickens. Starting from breeder chickens, we have gradually moved from simply buying and selling chickens, cooperating with breeder dealers to the establishment of our own local breeder farms to ensure the quality of the source. In the era of channel-oriented and food safety, we have integrated front-end breeding through channel development and combined with the brand advantages of local chicken products to expand the scale of contract farming. In addition,

we have segregated the exclusive channels of electric slaughter to respond to the promising meat market in the future. In 2018, the Luye Fresh Chicken store was established, and it cooperated with the safety purchase store to sell native chicken products. In addition, it makes better use of the company's R&D resources to launch targeted enhanced products and the development of functional feeds, and strive to further improve product performance, so that chickens can grow healthily and consumers can eat with ease.

(3) Food business

1. Long term :

The Chiayi Machohou new food processing plant with an investment of 2.4 billion and covering an area of 8,800 square meters is expected to be completed and put into operation in the second half of 2020. It is expected to be a food factory that conforms to Industry 4.0 and properly utilizes high-end information technology and production technology equipment. We expect that it will moderately solve the current situation where the existing production capacity is almost fully loaded, and can supply a larger amount of high-quality chicken processed products. DaChan is also planning to develop more diversified product categories, such as creative snacks, sports protein supplements, pot materials, Taiwanese special souvenirs, etc. to meet the needs of the channel and consumer market, so as to open up the difference with the existing market competitors with high value-added brand products!

2. Short term :

In addition to stable production of high-quality and delicious processed products to meet the needs of existing customers, DaChan has also responded to the social diet trend, such as personalized small packaging, convenience of conditioning, etc. We develop many branded products, such as the golden crispy chicken thighs, which are popular on the group shopping network, the ready-to-eat Shumi chicken breast, which is popular among fitness groups, cauliflower rice, slow-boiled / mellow chicken essence and other processed chicken products. We have also developed our own local brands of "Tongde Pig" and "Black Honey Pig" fresh meat and processed products: DaChan Tongde black pork dumplings, pork floss, etc. Because of their deliciousness and uniqueness, they are deeply loved by channel and end consumers.

II. Analysis of Market and Production and Marketing Situation

(I) Market Analysis

The company's oils, feeds, fresh meat products and their deep-processed products are almost mainly sold domestically, and the sales areas are all over the province. Market overview of each main product:

(1) Grease products

Soybean oil is sold equally in the northern and central-southern regions. The northern part has high demand because it is a densely populated area, while the central and southern parts have advantages in transportation costs. The product line includes 18 liters of salad oil for business use, pure frying oil, frying-resistant palm oil, and small package salad oil for household use. At the beginning of 2020, due to the continuous growth of the COVID-19 local epidemic, companies have cancelled annual company party and spring festival party, and oil demand has shrunk sharply. Until April, when the situation improved, domestic tourism broke out and the sales of oil products increased sharply. Although the local epidemic in Taiwan's Ministry of Taoyuan Hospital at the end of the year temporarily affected domestic demand, it is still optimistic that Taiwan's domestic demand can grow steadily under the effective control of the epidemic in the long term.

Regarding soybean meal, despite the disturbance of American pig imports, domestic experienced pig farmers still maintain a consistent and stable feeding volume, and the demand for soybean meal has not dropped much. Only in the winter of 2020, when the import mode of Taiwan's soybeans changed from Brazil's bulk soybeans to the US container soybeans, there was a chaos in global freight logistics, and Taiwan's soybeans were once close to being cut off. This pushes up the domestic price of soybean meal far higher than the international price of soybean meal, so small and medium-sized feed factories have no use for soybean meal. Under the control of the company's management team, the basic soy squeezed amount is still maintained to provide DaChan feed with a sufficient amount of soy flour and salad oil to customers.

(2) Feed products

The company's feed sales volume in 2020 was 1.27 million tons, maintaining the No. 1 leading brand in Taiwan's feed industry. The company continues to make progress in R&D innovation, biotechnology technology, and improve the processing technology and quality of feed. We are committed to the animal restaurant at the forefront of the food supply chain (from farm to table) to provide safe and secure products and services. From

raw materials to production, from production to sales and service, a group of professional and outstanding management teams have been integrated to provide all-round and most professional breeding and animal protection services for the majority of breeders. Faced with the impact of the epidemic situation and market trends of different animals, we will give full play to the team's strength to assist relevant links in the supply chain to meet the government's requirements for epidemic control and to be in a market leadership position at any time.

(3) Native chicken products

Source and breeding technology management are the directions that need to continue to change. Whether it is integrated management or self-supporting now, the breeding end has also begun to integrate technology. By using technology to allow the rearing end, the company can remotely monitor the situation of the chickens and adjust the equipment in time to make the chickens grow in the most suitable state and increase the breeding rate. All are to ensure the quality of the source. In addition, it can integrate the company's R&D resources and strive to improve product performance. In addition to our own electric slaughter factory for local chickens, we will fully control the quality of electric slaughter, expand the vacuum and slitting packaging market, and cooperate with the factory to combine cooked food products. This not only fits the current consumption pattern, strengthens the exquisite packaging of products, but also expands various channels, including physical and virtual channels, and truly implements a one-stop production and sales model.

In addition to the development of the meat market, with the awareness of food safety, efforts should be made to provide consumers with safe fresh meat. The product production and sales resume system has been strengthened, as well as an open and transparent traceability platform, so that consumers can directly use the traceability source code on the outer packaging of the product to understand the origin and flow of local chickens, and obtain the most assured food enjoyment. We are committed to letting consumers understand our products and brand culture and become the most trustworthy brand in consumers' hearts.

(4) Egg products

According to a survey of agricultural statistics in the fourth quarter of 2020 by the Agricultural Committee of the Executive Yuan, there are 1,986 chicken houses in Taiwan, which are breeding approximately 43.58 million birds and produce approximately 120,000 boxes of eggs (approximately 24

million) per day. Moreover, the industrial breeding locations are concentrated in the four counties and cities of Changhua, Chiayi, Yunlin, and Tainan, accounting for approximately 82% of Taiwan's production.

- Favorable factors for future development:
 1. Professional service team: The company continues to devote itself to the improvement of feed nutrition technology and animal husbandry technology. We have professional research and development personnel for various feeds, which have excellent professional capabilities in feed nutrition formula, feeding management and assisting in the control of livestock status; and professional veterinarians in various feeding counties to provide timely veterinary services. In addition, we continue to cooperate with academic units to introduce professional new knowledge, and have the ability to provide comprehensive solutions to customers' breeding problems, and create a win-win situation.
 2. Purchasing advantages: The company's annual feed sales scale is more than one million tons, and it has a strong advantage in the purchase of raw feed and auxiliary materials, which enables the company to effectively reduce production costs.
 3. Advantages in quality control: As food safety is widely valued, in addition to ISO22000 certification for the company's feed factory, DaChan Quality Inspection Center has also obtained TAF national laboratory certification. We have also invested funds to obtain LC/MS/MS, and make the most stringent controls on feed quality and safety. It not only contributes to product performance, but also controls the quality and safety of end animal products.
 4. Consumers' demand for healthy and safe food has increased: the overall environmental situation, bird flu and pig epidemics are inevitable, news of drug residues is still heard, DaChan continues to promote traceable safe and hygienic meat products. We have been working hard for the "full care and eat with ease" of the food supply chain, and we have achieved some results, that is, to meet and satisfy the needs of government units and the general public for healthy and safe meat. In addition to operating high-quality native chicken products and the Luye native chicken brand, the concept of food safety is now also applied to eggs, working hard for everyone's healthy life.
 5. Improved feed production technology: In order to ensure stable feed quality and performance improvement, we will continue to invest in advanced production equipment to have a comparative advantage in feed

physical properties and feed performance. Leading the industry, we launched the first independent production line of blank materials in Taiwan. From raw materials, production to finished product transportation and distribution, we provide customers with customized products without drug residues to meet customer quality requirements, win customers' trust, and enhance relative competitive advantages.

6. As the only feed company in Taiwan with a professional experimental ranch: We can more accurately control the feed efficiency and meat production costs of poultry and livestock, creating a relative competitive advantage for DaChan itself and its farmers.
 7. With a complete pig farm system, we can provide farmers with healthy and efficient sows and piglets to help farmers improve feeding efficiency, reduce costs, and let farmers love to use DaChan related products.
 8. Pork can be exported after foot-and-mouth disease is removed, but the preservation period is a major focus. Taiwan is closer to neighboring countries than Europe and the United States, so the product can be sold for a longer period of time. If we can match the highly flexible customized demand, we can obtain the required product specifications from Taiwan in the shortest period of time, which will be a major advantage of Taiwan's pork export.
 9. For egg products, the comprehensive cleaning and selection policies currently implemented by the government tend to protect the rights of consumers. Therefore, the company is equipped with a sound cold chain logistics system, automatic temperature detection equipment and automatic temperature control equipment. It realizes real-time monitoring of the temperature changes of food from the production end, the transportation storage end and the sales end to ensure the freshness of the eggs.
 10. In terms of feed customer service, DaChanCALL CENTER takes "customer satisfaction" as the starting point and strives to meet the needs of DaChan customers and create potential customer needs. Except for passively providing mobile phone, LINE, E-MAIL, FAX order services, it also provides proactive all-round services, including active care, product information feedback, and real-time processing of customer complaints. In addition to on-time delivery, we also provide requirements that exceed customer expectations.
- Disadvantages for future development:
 1. As domestic feed ingredients mainly rely on imports and are affected by

the increasingly changing global economic environment, foreign exchange, and futures market changes that are not easily controlled, the future animal industry is bound to face greater challenges.

2. Domestic animal products are greatly affected by changes in the volume and price of imported meat, and prices are sometimes at the edge of cost or under cost. If the low-price market becomes the norm, the farmers' willingness to breed will be reduced, which indirectly affects the customer's demand for feed.
3. Various poultry and livestock epidemics, drug residues, and clenbuterol are still potential risks in the livestock product market. Government policies, epidemic prevention and monitoring effectiveness will cause uncertainty in industrial operations. In particular, the avian influenza outbreak in winter has greatly reduced Taiwan's current nutrient levels, which will directly affect the company's short-term feed development.
4. After being removed from the foot-and-mouth disease list, if it can be successfully exported, it is certainly good news for the domestic pig industry. However, the export of pork still faces issues that need to be overcome whether the overall industrial chain meets relevant international standards such as HACCP and swine fever.

● Response measures:

1. Product structure adjustment to diversify feed business risks: Poultry feed currently accounts for the highest proportion. In the pig feed market, complete feed still has great potential for development. In the future, the company will continue to increase the sales and sales proportions of pig feed, egg breeder feed and aquatic feed, increase the supply of blank feed, diversify and manage various operating risks, and increase company profits.
2. Combining the company's biotechnology products to assist customers through the boom cycle of animal products: The company continues to devote itself to the research of biotechnology and processing technology. With the introduction of professional breeding knowledge, the company effectively improves the production efficiency and feed efficiency of breeders, so as to improve the international competitiveness of domestic animal products, and then create a win-win situation for customers and the company.
3. The company will promote vertical integration and alliances in the industry, expand to more vertical integration areas of projects, and consolidate and strengthen the company's advantages and position in the

entire supply chain. We will also make the entire industrial supply chain healthier, create a virtuous circle of companies and industries, and make progress and upgrades.

4. The establishment of the Zhaocheng egg processing plant will be the most advanced egg plant in the world and synchronized with the latest technology in Japan. Zhaocheng Egg Processing Plant will establish a management system with the highest food safety standards and introduce Taiwan's first automatic egg storage system. In this way, the whole process of cleaning, selection and grading and egg processing can be automated, reducing human pollution, and managing the source through big data analysis.
5. In terms of customer service, under the trend of Big Smart Cloud, CALL CENTER will provide:
 - (1) Diversified service channels: We provide a variety of media services such as voice, text, video, files, etc., such as web chat, Facebook, WeChat, web video, etc., so that customers have a more comprehensive experience.
 - (2) Big data collection and feedback: By collecting data in the active and passive service process, we provide marketing unit analysis, marketing activity tracking, competitive intelligence collection, or exploration of potential customer needs.
 - (3) Internet of Things: Through the flow monitoring system, in addition to predicting customer inventory, we can achieve customer satisfaction with delivery; moreover, through the vehicle's satellite cloud, we can timely feedback to customers in addition to grasping the customer's delivery track.

(5) Fresh meat products

1. The company's Dianzai fresh chicken picking one-stop vertically integrated business strategy and launched "DaChan Safety Chicken". From breeder farms, hatcheries, contract farmers, feed mills, electric slaughter plants, processing plants to market access, the company is completely under the control of its own. Therefore, it can effectively reduce production costs, ensure the quality of raw materials, have no drug residues and stabilize the source of live chickens. At present, the electric slaughter plant has a production capacity of 160,000 birds per day, which plays an important role in the broiler industry.
2. The main products of the meat department are electric slaughtered fresh white meat chicken, including whole chicken, light chicken, stick legs,

chicken chops... and other chicken cuts. It is mainly for domestic sales, mainly supplying well-known domestic fast food restaurants (McDonald's, KFC, 21st Century... etc.), large fresh supermarkets (costco, Carrefour, Imai, RT-Mart, Dinghao... etc.), chicken chop chain vendors and general distributors. According to the statistics of the Electric Power Association, in 2020, the company's electric power volume ranked first, with a market share of approximately 21.4%. The two electric slaughter plants in Taoyuan and Tainan or their products have been certified by the Taiwan Association for Good Agricultural Products Development (CAS) and the ISO 22000 food safety management system, and further improve product quality. Even more leading in the industry, the company continues to promote the white meat chicken traceability system, and the product quality and hygiene meet the national standards to ensure that consumers enjoy safe and hygienic fresh chicken.

3. The electric slaughter plant of the meat department cooperates with the processing plant to produce various high-quality related products, including: chicken floss, chicken nuggets... etc., which are well received by consumers.
4. Faced with the impact of the increase in imported chicken meat year by year, the electric slaughter line will be updated to improve production efficiency, effectively reduce production costs, and improve the competitiveness of the company's products. We will also promote the listing of "Our store uses 100% domestically produced chicken" to improve consumers' rights to know the country of origin of the chicken. On the other hand, it accelerates the development and application of imported chicken meat, and provides consumers with high-quality and cheap chicken processing products.

(6) Deep processed chicken products

The company's deep-processed chicken products are divided into normal temperature, refrigerated and frozen products, and are distributed to major convenience stores, fast food catering channels, breakfast and catering chains, mass supermarkets and various normal temperature, refrigerated, and frozen distribution channels throughout Taiwan. Moreover, the company also provides schools, group meal factories and convenience store fresh food factories as the main suppliers of main dishes of the main course with the specifications of high-quality deep-processed products in large packages. In recent years, we have strengthened the channel deployment in group buying and delivery platforms. It is expected that sales performance will gradually grow with the performance of channel customers. We look forward to

maintaining good relationships with customers, communicating with each other and growing to create a win-win situation!

- Advantages and disadvantages for future development:

Social dietary trends are changing rapidly. Nowadays, consumers are increasingly paying attention to food safety issues in addition to demanding deliciousness and convenience, and are willing to spend more money to buy safe food. Therefore, DaChan must develop more diversified high-quality products to meet consumers' demand for innovation and change. Although the new products developed in recent years (golden chicken thigh steak, Shumi chicken breast, cauliflower rice, slow-boiled/mellow chicken essence, etc.) have been widely loved by the market, the existing food factories have almost full capacity and cannot fully meet the needs of customers.

- Response measures:

Under the existing capacity, DaChan will continue to improve product design and processing levels to differentiate it from competing products in the market. In 2021, Chiayi Ma Chouhou's new food processing plant will be completed and put into operation, which is expected to solve the above-mentioned capacity dilemma for the company. We look forward to combining our company's cross-strait professional experience in R&D, production and distribution to master the strategic layout of the "farm-to-table" industry, and strengthen cooperation with various channels to create a new brand pattern for DaChan!

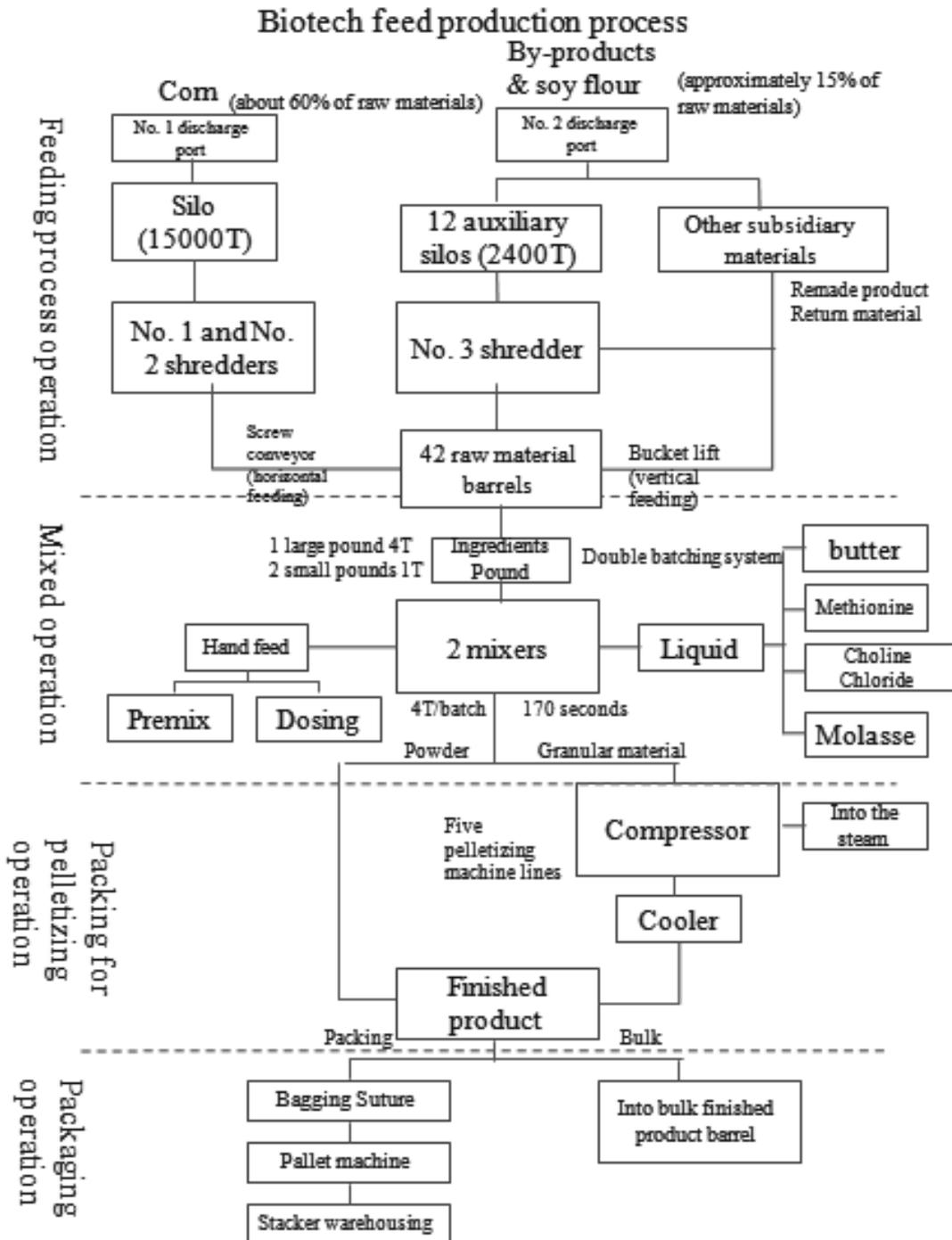
(II) Usage and Manufacturing Processes for Main Products

(1) Usage

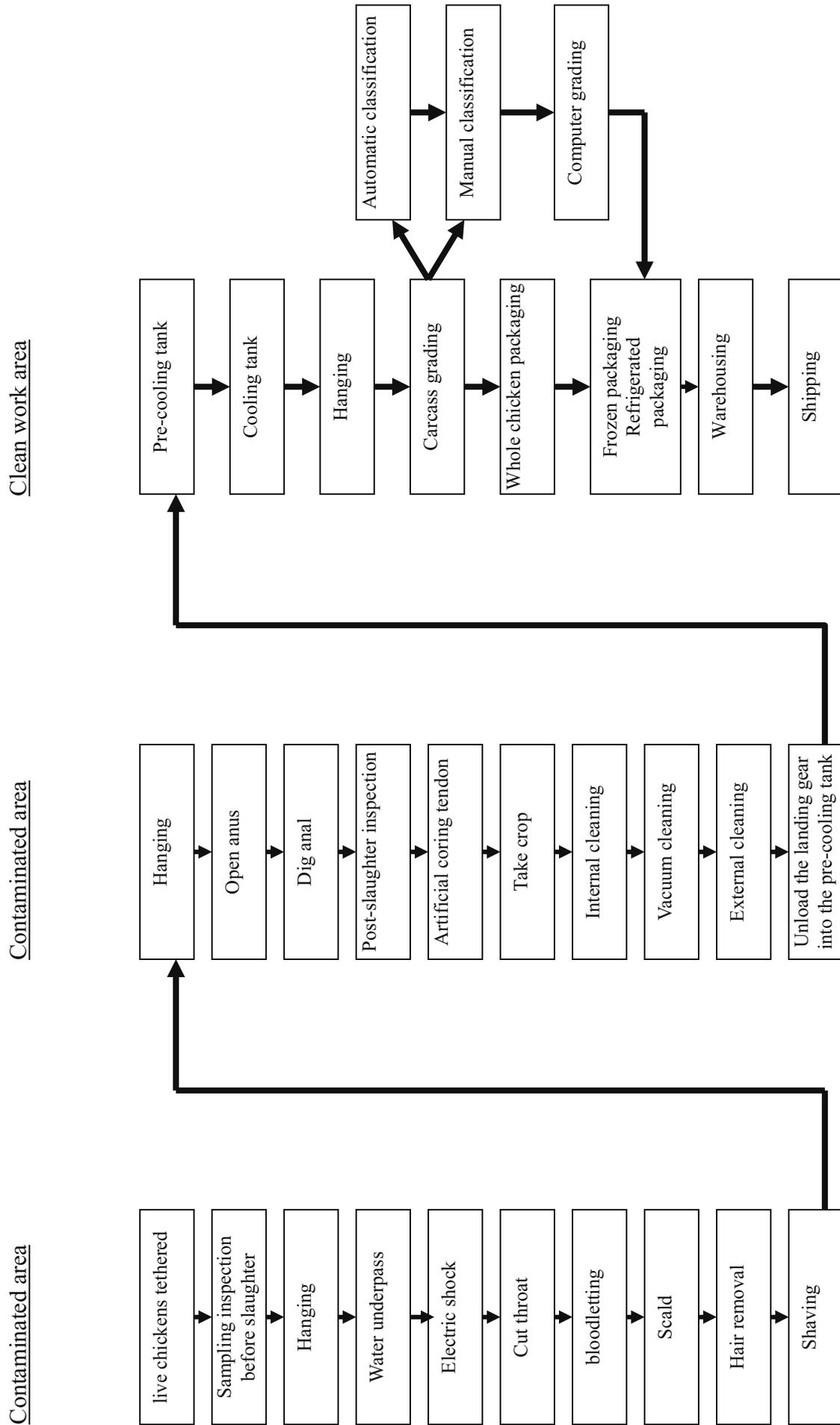
1. Feed: for feeding chickens, ducks, geese, pigs, cattle, sheep, fish, eels, etc.
2. Oil: Soy flour is the main raw material for manufacturing feed, while salad oil is currently the most important edible oil in Taiwan.
3. Meat products: fresh chicken and processed products, mainly for fast food catering, lunch and fresh supermarkets.
4. Consumer food: chicken floss, noodles (flour), chicken nuggets, etc., for daily consumption.

(2) Production process of main products

1. Feed production process



2. Electric slaughter production process



(III) Supply situation for the major raw materials

| Major Raw Materials | Supplier | Market | Purchasing Strategy |
|---------------------|--|--|---|
| soy | ADM ASIA-P | The world's fifth largest grain export transaction Subsidiaries and Affiliates | Reduce costs through inter-industry joint procurement |
| live chickens | Dacheng Contractor Guarantee Responsibility Broiler Transportation Cooperative in Northern Taiwan Province | The company has its own live chickens contract, supplying 100% raw materials; northern Taiwan has entered into a cooperative operation contract with the company | The company provides an estimated amount according to the production capacity required to facilitate the supplier's feeding schedule. |

(IV) List of customers who accounted for more than 10% of total purchases (sales) in the last two years

1. Major Vendors

No major purchase customers accounted for more than 10% of the total purchases in the last two years.

2. Major Customers

No major sales customers accounted for more than 10% of total sales in the last two years.

(V) Production Quantity and Value in the Last Two Years

| Production Volume and Value Main Products (or department) | 2019 | | | 2020 | | |
|--|--------------------------|------------------------|---------------------------------|--------------------------|------------------------|---------------------------------|
| | Production Capacity (mt) | Production Volume (mt) | Production Value (NTD thousand) | Production Capacity (mt) | Production Volume (mt) | Production Value (NTD thousand) |
| feed | 6,573,540 | 3,782,454 | 48,109,945 | 5,852,049 | 4,172,702 | 50,324,703 |
| Bulk supplies | 600,000 | 624,312 | 9,002,375 | 853,904 | 864,450 | 10,160,853 |
| Meat | 395,266 | 434,527 | 26,907,571 | 419,809 | 446,559 | 26,362,515 |
| Food | 136,151 | 101,861 | 9,993,172 | 123,115 | 90,269 | 8,907,334 |
| Total | 7,704,957 | 4,943,154 | 94,013,063 | 7,248,877 | 5,573,981 | 95,755,405 |

(VI) Sales Quantity and Value in the Past Two Years

| Sales Volume/Value Main Products (or department) | Year | 2019 | | 2020 | |
|---|------|----------------|----------------------------|----------------|-------------------------|
| | | Volume (mt) | Value (NTD thousand) | Volume (mt) | Value (NTD thousand) |
| feed | | 3,078,807 | 40,366,243 | 3,096,181 | 38,103,939 |
| Bulk supplies | | 259,528 | 3,893,181 | 761,185 | 9,253,041 |
| Meat | | 190,091 | 15,544,481 | 277,050 | 17,989,965 |
| Food consumed | | 123,795 | 14,348,307 | 120,665 | 12,966,872 |
| Total | | 3,652,220 | 74,152,212 | 4,255,081 | 78,313,817 |

III. Data of employees in the most recent two years and as of the publication date of the annual report

| Year | | 2019 | 2020 | As of April 13, 2021 |
|-----------------------------------|----------------------|--------|--------|----------------------|
| Number of Employees | Staff member | 711 | 737 | 751 |
| | Workmen | 1,693 | 1773 | 1,839 |
| | Total | 2,404 | 2,510 | 2,590 |
| Average Age | | 39.83 | 40.11 | 40.02 |
| Average Service Year | | 7.30 | 7.69 | 7.53 |
| Academic Distribution Ratio | PhD | 0.45% | 0.60% | 0.60% |
| | Master's | 14.26% | 13.48% | 13.34% |
| | Bachelor's | 43.84% | 44.87% | 45.44% |
| | High school | 25.79% | 26.47% | 26.31% |
| | Below high school | 15.65% | 14.57% | 14.31% |

IV. Environmental Protection Expenditure

(I) Damage from Polluting Environment in the Recent Years

| | 2020 | | | As of April 13, 2021 |
|---|---|---|--|---|
| Pollution (type and severity) | Water pollution | Water pollution | Water pollution | Water pollution |
| Regulatory Agency | Tainan Municipal Environmental Protection Bureau | Tainan Municipal Environmental Protection Bureau | Tainan Municipal Environmental Protection Bureau | Tainan Municipal Environmental Protection Bureau |
| Penalty official letter number | Environmental Protection Water Quality Adjudication No. 109100162 | Environmental Protection Water Quality Adjudication No. 110020021 | Environmental Protection Water Quality Adjudication No. 110020022 | Environmental Protection Water Quality Adjudication No. 110020023 |
| Dates | June 9, 2020 | October 29, 2020 | November 2, 2020 | November 2, 2020 |
| Locations | Building A and 58, Huangong Road, Yongkang District, Tainan City | Building A, No.87 Huangong Road, Yongkang District, Tainan City | Building A, No.87 Huangong Road, Yongkang District, Tainan City | Building A, No.87 Huangong Road, Yongkang District, Tainan City |
| Reasons for arbitration and legal basis | Violation of Article 18, Item 1 of the Water Pollution Prevention and Control Law and Article 56, Item 1 of the Measures for the Administration of Water Pollution Prevention and Control Measures and Inspection Reports | Violation of Article 18, Item 1 of the Water Pollution Prevention and Control Law and Article 16, Item 1 of the Measures for the Administration of Water Pollution Prevention and Control Measures and Inspection Reports | Violation of Article 18, Item 1 of the Water Pollution Prevention and Control Law and Article 4 of the Measures for the Administration of Water Pollution Prevention and Control Measures and Inspection Reports | Violation of Article 18, Item 1 of the Water Pollution Prevention and Control Law and Article 16, Item 3 of the Measures for the Administration of Water Pollution Prevention and Control Measures and Inspection Reports |
| Amount of Fine | NT\$4.05 million | NT\$ 12,000 | NT\$ 24,000 | NT\$ 12,000 |

(II) Responsive Action

- On June 9, 2020, we violated Article 18, Item 1 of the Water Pollution Prevention and Control Law and Article 56, Item 1 of the Measures for the Administration of Water Pollution Prevention and Control Measures and Inspection Reports
Improvement measures: The water volume setting has been completed within the time limit. Automatic water quality monitoring facilities and dedicated electronic watt-hour meters are transmitted online with the competent authority.
- On October 29, 2020, we violated Article 56, Item 1 of the Water Pollution Prevention and Control Law and Article 56, Item 1 of the Measures for the Administration of Water Pollution Prevention and Control Measures and Inspection Reports
Improvement measures: Check the daily record of the operating parameter values and the amount of medicines used by the wastewater treatment facility and participate in the environmental seminar for 2 hours.
- On November 2, 2020, we violated Article 56, Item 1 of the Water Pollution Prevention and Control Law and Article 1 and Article 16, Item 3 of the Measures for the Administration of Water Pollution Prevention and Control Measures and Inspection Reports
Improvement measures: Environmental protection personnel responsible for daily tap water consumption. Strict monitoring of the wastewater treatment volume, pay attention to whether wastewater and discharge water exceed the permitted approved volume. The daily report must be kept for 5 years in accordance with regulations and participate in environmental seminars in accordance with the arbitration office.

V. Labor Relations

(I) Current important labor-management agreements and implementation

Since the establishment of the company in 1960, labor relations have been harmonious and good. This is due to the fact that the company has always attached importance to the working environment, welfare measures, communication channels, management system and various rights and interests of the workers, which has made the workers have a sense of consensus and centripetal force for the company. In order to have a good communication channel between the employer and the employee, and the employee's opinions can be fully valued by the employer and seek a good solution, the company has established various related organizations in accordance with the law. The brief descriptions are as follows:

(1) Measures for employee welfare

The employee welfare committee of the company organizes the following welfare measures:

1. Welfare products and bonuses for the New Year's Day
2. Cultural and recreational activities
3. Employee life insurance, accident insurance and hospitalization medical insurance for employees themselves and their immediate family members
4. Subsidies for employees' emergency, weddings and funerals, childbirth, and injuries
5. Educational scholarships and stipends for employees' children
6. Other welfare matters

(2) Training and refresher system

The company provides employees with an open and diverse learning environment. Colleagues can continuously challenge their own growth limits through internal/external training, OJT, KM (online knowledge management systems), and the guidance of supervisors/peers; meanwhile, through new recruits/professional functions/supervisors/general education courses/self-inspired training system, employees can get the greatest satisfaction. On the other hand, through grade/level planning, job rotation, project assignments and overseas assignments, the careers and careers of colleagues can be combined with each other, so that they can enjoy the joy of growth and create a bright future.

The company has formulated the "Staff Education and Training Management Standards" and planned relevant training courses in accordance with functional and professional requirements to enhance employees' knowledge, enhance their overall quality, and improve operating performance.

The actual results of relevant education and training in 2020 are as follows:

| Item | Number of classes | Total | Total Hours | Total cost |
|---------------------------------|-------------------|--------|-------------|------------|
| Local training for new recruits | 99 | 380 | 1,848 | 61,885 |
| Professional training | 355 | 11,418 | 19,428 | 1,264,326 |
| General Education | 5 | 154 | 860 | 219,181 |
| Total | 459 | 11,952 | 22,136 | 1,545,392 |

(3) Retirement system

- a. The company established the "Labor Retirement Reserve Supervisory Committee" in accordance with the Labor Standards Act, and allocates monthly retirement reserves to a special bank account in Taiwan. In addition, since April 2003, the "Employee Retirement Fund Management Committee" has been established, and the retirement fund is allocated monthly and deposited into the cooperative treasury. The retirement system for employees is completely handled in accordance with the provisions of the Labor Standards Law.
- b. Since July 1, 2005, it has been handled in accordance with the "Labor Pension Regulations". For the employee who chooses the new system, the company pays 6% monthly to the Labor Insurance Bureau. At the same time, if the employee is willing to make a contribution by himself/herself, the company will pay it from the salary. For the remaining colleagues who choose the old system, in accordance with the provisions of the Labor Standards Law, the company will transfer the transfer to the special bank account of Taiwan according to the transfer rate of the actuary.
- c. Pensions before July 1, 2005 are calculated in the old system (regardless of whether the new system or the old system is currently selected). When employees retire, the old system's seniority can be counted together, but the retirement amount is calculated and disbursed under the old system and the new system.

(4) Other important agreements

The company has a good labor-management relationship, and there has never been a major agreement.

(II) Losses due to labor disputes in the last two years:

| Year | County/City | Date of penalty | Penalty official letter number | Violated Regulation | Fact of Violation | Contents of penalties |
|------|--------------|--------------------|---|---|---|---------------------------|
| 2020 | Taoyuan City | February 20, 2020 | 2020 Provincial Labor Inspection No. 1090039707 | Article 32, Item 2 of the Labor Law Act | Extending working hours beyond the legal requirements | A penalty of NT\$ 300,000 |
| 2019 | Tainan City | September 10, 2019 | Nanshi Labor Safety No. 1081047746 | Article 32, Item 2 of the Labor Law Act | Extending working hours beyond the legal requirements | A penalty of NT\$ 300,000 |
| 2019 | Taoyuan City | July 2, 2019 | 2019 Labor Inspection No.1080157758 | Article 32, Item 2 of the Labor Law Act | Extending working hours beyond the legal requirements | A penalty of NT\$ 150,000 |
| 2019 | Tainan City | April 11, 2019 | Labor Inspection No. 1080405815 | Article 80 of the Labour Law | Refusing, circumventing or obstructing labor inspectors from performing their duties in accordance with the law | A penalty of NT\$ 30,000 |

VI. Occupational Safety and Health

In order to provide a safe working environment for employees and prevent the occurrence of industrial safety accidents, DaChan Great Wall Enterprise has an industrial and safety office of the head office in the head office. It is the management unit that comprehensively manages the company's occupational safety and health related affairs, reviews and develops an occupational safety and health management system and introduces it in a timely manner to establish safety and health management goals and improve the level of safety and health management. In addition, institutions in all regions follow the occupational safety and health regulations and set up dedicated departments and professionals responsible for occupational safety and health affairs. In this way, we promote safety and health management matters, improve machinery and equipment and environmental hazards, ensure the safety of employees in the workplace, and create a good safety culture.

(I) Safety and health policy

Under the guidance of DaChan Great Wall's corporate philosophy of "integrity, humility, and foresight", service quality is the prerequisite. All management regulations are based on safety, taking care of the safety and hygiene of employees, visitors, and contractors, and preventing personnel injuries, property losses, and occupational disasters. Supervisors at all levels need to take the responsibility of safety and health management, and all employees need to actively participate in safety and health improvement activities, so that the company can move towards the goal of zero injuries, zero diseases, and zero accidents. In order to implement safety and health work and reduce potential risks, we are committed to continuous improvement and fulfill the following commitments:

1. Compliance with regulatory requirements: All company services and activities comply with and comply with safety and health regulations.
2. Promote risk management: reduce potential risks to reduce the impact on personnel and the environment.
3. Continuous work improvement: regularly review management performance, and continue to work towards the goal of zero disasters and zero accidents.
4. Implement training and advocacy: Promote various safety and health management related training and activities to make employees aware of their personal safety and health responsibilities.
5. Satisfy customer requirements: realize the promise to customers, and communicate the policy to customers and all colleagues.
6. Strengthen contract management: understand and communicate with contractors and suppliers on safety and health issues to improve their safety and health performance.

(II) Safety and Health Organization

DaChan Great Wall Enterprise has set up a "Company-wide Occupational Safety and Health Committee" at the head office. The committee has 1 chairman, who is assumed by the general manager, among which labor representatives are elected by the labor union or each factory and account for more than one-third of all committee members. The committee implements the needs of both employers and employees to respond, communicate, and supervise implementation to promote workplace health and safety. The Occupational Safety and Health Committee holds regular meetings to discuss safety and health or health management related issues, communicate the company's safety and health policies, and continue to track the progress of the resolutions to achieve the promotion of the industrial safety system. Institutions in various regions also have their own occupational safety and health committees to plan and handle safety and health matters in each plant area.

(III) Counseling and auditing on safety and health

In addition to abiding by the relevant government regulations and the company's operating standards and procedures, and independently managing the safety and health issues in the factory, the DaChan Great Wall's regional institutions have also ensured the effective implementation of the industrial safety management system in the head office. It also strengthens industrial safety audits. According to the characteristics of each business and the company's occupational safety and health management manual, it is divided into regular and irregular audits or counseling, and an "internal audit plan for industrial safety" is formulated. With an effective verification mechanism, unsafe equipment, environment, and unsafe actions and behaviors are detected in advance, and then tracked to real improvements, in order to eliminate potential hazards and prevent industrial safety accidents.

VII. Major Agreements

| Type of Contract | Party | Contract Duration | Contract Content | Restrictions |
|------------------|--|-------------------|---|--------------|
| Corporation | Taiwan North Taiwan Broiler Transportation and Marketing Cooperative | 2016.01~2025.12 | Agent sales of fresh meat | None |
| Lease Contract | (the lessee) MAY LAN LEI CO., LTD. | 2017.03~2027.02 | Meat processing plant Plant. equipment | None |
| Lease Contract | (the lessee) TOTAL NUTRITION Technology Co., Ltd. | 2020.01~2020.07 | land. warehouse | None |
| | | 2019.01~2021.12 | Office | |
| | | 2020.01~2021.12 | Biotechnology factory | |
| Lease Contract | (the lessee) Z.Y. Food Company Limited | 2018.06~2038.05 | Fuxing. Yizhu. Guantian Plant | None |

Six, Overview of the Financial Status

I. Abbreviated Balance Sheets and Income Statements, name of the CPA and audit opinions for the most recent five years

(I) Abbreviated Balance Sheets-IFRS

(1) Abbreviated Consolidated Balance Sheets-IFRS

Unit: NTD thousands

| Item | Year | Financial Information For The Past 5 Years | | | | | From the current year to March 31, 2021 (Note 1.2) |
|---|---------------------|--|------------------|------------------|------------------|------------------|---|
| | | 2020 (Note 1.2) | 2019 (Note 1) | 2018 (Note 1) | 2017 (Note 1) | 2016 (Note 1) | |
| Current assets | | 23,517,338 | 21,286,860 | 21,032,958 | 21,046,907 | 19,613,298 | 25,518,396 |
| Property Plant and Equipment | | 19,119,064 | 17,357,465 | 14,484,714 | 13,430,457 | 11,879,362 | 19,289,181 |
| Intangible assets, net | | 160,023 | 162,079 | 164,248 | 139,908 | 144,391 | 160,161 |
| Other Assets | | 8,896,611 | 8,494,333 | 6,844,361 | 6,130,580 | 6,227,241 | 9,267,403 |
| Total Assets | | 51,693,036 | 47,300,737 | 42,526,281 | 40,747,852 | 37,864,292 | 54,235,141 |
| Current liabilities | Before distribution | 21,147,353 | 20,172,456 | 16,769,933 | 16,006,605 | 15,899,996 | 25,035,138 |
| | After distribution | 23,381,168 | 21,992,602 | 17,951,846 | 17,479,394 | 17,004,588 | 25,035,138 |
| Non-current liabilities | | 2,658,931 | 2,803,762 | 3,533,715 | 3,018,310 | 1,781,282 | 2,722,494 |
| Total Liabilities | Before distribution | 23,806,284 | 22,976,218 | 20,303,648 | 19,024,915 | 17,681,278 | 27,757,632 |
| | After distribution | 26,040,099 | 24,796,364 | 21,485,561 | 20,497,704 | 18,785,870 | 27,757,632 |
| Equity Attributable to Shareholders of the Parent | | 20,181,078 | 18,227,130 | 16,472,287 | 16,003,328 | 14,767,630 | 18,673,734 |
| Capital Stock | | 8,273,391 | 8,273,391 | 7,879,420 | 7,363,944 | 7,363,944 | 8,273,391 |
| Capital surplus | | 3,179,626 | 3,011,373 | 2,595,445 | 2,550,673 | 2,471,263 | 3,179,626 |
| Retained earnings | Before distribution | 7,562,982 | 6,259,370 | 5,541,079 | 5,520,677 | 4,385,307 | 6,117,521 |
| | After distribution | 5,329,167 | 4,439,224 | 3,965,195 | 3,532,413 | 3,280,715 | 6,117,521 |
| Others equity | | 1,384,211 | 902,128 | 762,542 | 874,233 | 853,315 | 1,322,328 |
| Treasury stock | | (219,132) | (219,132) | (306,199) | (306,199) | (306,199) | (219,132) |
| Minority equity | | 7,705,674 | 6,097,389 | 5,750,346 | 5,719,609 | 5,415,384 | 7,803,775 |
| Total Equity | Before distribution | 27,886,752 | 24,324,519 | 22,222,633 | 21,722,937 | 20,183,014 | 26,477,509 |
| | After distribution | 25,652,937 | 22,504,373 | 20,646,749 | 19,734,673 | 19,078,422 | 26,477,509 |

Note 1: The financial data for 2016-2020 were all verified by the CPA; the financial data on March 31, 2021 has been verified by the CPA.

Note 2: The 2020 surplus distribution proposal was approved by the board of directors.

(2) Abbreviated Individual Balance Sheet - IFRSs

Unit: NTD thousands

| Year | | Financial Information For The Past 5 Years | | | | |
|------------------------------|---------------------|--|------------------|------------------|------------------|------------------|
| | | 2020 (Note 1.2) | 2019 (Note 1) | 2018 (Note 1) | 2017 (Note 1) | 2016 (Note 1) |
| Item | | | | | | |
| Current assets | | 7,072,346 | 6,378,039 | 6,161,068 | 6,013,266 | 5,417,743 |
| Property Plant and Equipment | | 7,415,968 | 7,350,717 | 5,402,826 | 4,620,692 | 4,287,178 |
| Intangible assets, net | | - | - | - | - | - |
| Other Assets | | 15,427,527 | 13,180,520 | 10,983,731 | 10,785,863 | 10,009,727 |
| Total Assets | | 29,915,841 | 26,909,276 | 22,547,625 | 21,419,821 | 19,714,648 |
| Current liabilities | Before distribution | 9,297,381 | 8,222,653 | 5,842,962 | 5,186,085 | 4,410,216 |
| | After distribution | 11,531,197 | 10,042,799 | 7,024,875 | 6,658,874 | 5,514,808 |
| Non-current liabilities | | 437,382 | 459,493 | 232,376 | 230,408 | 536,802 |
| Total Liabilities | Before distribution | 9,734,763 | 8,682,146 | 6,075,338 | 5,416,493 | 4,947,018 |
| | After distribution | 11,968,579 | 10,502,292 | 7,257,251 | 6,889,282 | 6,051,610 |
| Capital Stock | | 8,273,391 | 8,273,391 | 7,879,420 | 7,363,944 | 7,363,944 |
| Capital surplus | | 3,179,626 | 3,011,373 | 2,595,445 | 2,550,673 | 2,471,263 |
| Retained earnings | Before distribution | 7,562,982 | 6,259,370 | 5,541,079 | 5,520,677 | 4,385,307 |
| | After distribution | 5,329,166 | 4,439,224 | 3,965,195 | 3,532,413 | 3,280,715 |
| Others equity | | 1,384,211 | 902,128 | 762,542 | 874,233 | 853,315 |
| Treasury stock | | (219,132) | (219,132) | (306,199) | (306,199) | (306,199) |
| Minority equity | | - | - | - | - | - |
| Total Equity | Before distribution | 20,181,078 | 18,227,130 | 16,472,287 | 16,003,328 | 14,767,630 |
| | After distribution | 17,947,262 | 16,406,984 | 14,896,403 | 14,015,064 | 13,663,038 |

Note 1: 2016-2020 financial data were all verified by CPA.

Note 2: The 2020 surplus distribution proposal was approved by the board of directors.

(II) Abbreviated Income Statement

(1) Abbreviated Consolidated Income Statement -IFRS

Unit: NTD thousands

| Item | Year | Financial Information For The Past 5 Years | | | | | From the current year |
|---|------|--|------------------|------------------|------------------|------------------|-------------------------------|
| | | 2020 (Note 1) | 2019 (Note 1) | 2018 (Note 1) | 2017 (Note 1) | 2016 (Note 1) | to March 31, 2021 (Note 1) |
| Sales Revenue | | 81,650,892 | 77,769,986 | 72,442,933 | 75,931,014 | 75,795,660 | 22,637,984 |
| Gross Profit | | 12,262,229 | 11,731,254 | 10,088,095 | 10,232,733 | 10,232,733 | 3,130,995 |
| Operating Income | | 4,211,948 | 3,721,214 | 2,272,621 | 3,013,147 | 2,743,702 | 871,686 |
| Non-operating income and expenses | | 771,540 | 131,355 | 758,572 | 326,675 | 396,980 | 269,556 |
| Profit before income tax | | 4,983,488 | 3,852,569 | 3,031,193 | 3,339,822 | 3,140,682 | 1,141,242 |
| Income from Continuing Operations | | 4,072,346 | 2,974,027 | 2,413,606 | 2,652,612 | 2,561,262 | 923,265 |
| Loss from Discontinued Operations | | - | - | - | - | - | - |
| Net Income | | 4,072,346 | 2,974,027 | 2,413,606 | 2,652,612 | 2,561,262 | 923,265 |
| Other comprehensive income (loss) (After Tax) | | 629,592 | (91,653) | (176,967) | (209,083) | (943,268) | (74,094) |
| Comprehensive Income | | 4,701,938 | 2,882,374 | 2,236,639 | 2,443,529 | 1,617,994 | 849,171 |
| Net Income Attributable to Shareholders of the Parent | | 3,122,071 | 2,283,601 | 2,009,883 | 2,238,817 | 2,058,380 | 788,354 |
| Net Income, Attributable to Minority Equity | | 950,275 | 690,426 | 403,723 | 413,795 | 502,882 | 134,911 |
| Comprehensive Income Attributable to Shareholders of the Parent | | 3,605,841 | 2,426,202 | 1,983,157 | 2,260,880 | 1,610,555 | 726,471 |
| Comprehensive Income Attributable to Minority Equity | | 1,096,097 | 456,172 | 253,482 | 182,649 | 7,439 | 122,700 |
| Earnings per Share (Note 2) | | 3.99 | 2.93 | 2.62 | 3.06 | 3.01 | 1.01 |

Note 1: The financial data for 2016-2020 were all verified by the CPA; the financial data on March 31, 2021 has been verified by the CPA.

Note 2: Earnings Per Share is calculated based on retrospective adjustment of the weighted average number of shares outstanding in the current year.

(2) Individual Abbreviated Consolidated Income Statement - IFRS

Unit: NTD thousands

| Item \ Year | Financial Information For The Past 5 Years | | | | |
|---|--|------------------|------------------|------------------|------------------|
| | 2020 (Note 1) | 2019 (Note 1) | 2018 (Note 1) | 2017 (Note 1) | 2016 (Note 1) |
| Sales Revenue | 27,173,338 | 27,785,090 | 26,371,880 | 25,109,992 | 24,514,034 |
| Gross Profit | 4,051,597 | 3,793,353 | 3,265,842 | 3,553,088 | 3,303,030 |
| Operating Income | 1,950,716 | 1,749,167 | 1,441,435 | 1,799,457 | 1,694,048 |
| Non-operating income and expenses | 1,622,291 | 932,575 | 902,031 | 849,621 | 667,437 |
| Profit before income tax | 3,573,007 | 2,681,742 | 2,343,466 | 2,649,078 | 2,361,485 |
| Income from Continuing Operations | 3,122,071 | 2,283,601 | 2,009,883 | 2,238,817 | 2,058,380 |
| Loss from Discontinued Operations | - | - | - | - | - |
| Net Income | 3,122,071 | 2,283,601 | 2,009,883 | 2,238,817 | 2,058,380 |
| Other comprehensive income (loss) (After Tax) | 483,770 | 142,601 | (26,726) | 22,063 | (447,825) |
| Comprehensive Income | 3,605,841 | 2,426,202 | 1,983,157 | 2,260,880 | 1,610,555 |
| Net Income Attributable to Shareholders of the Parent | 3,122,071 | 2,283,601 | 2,009,883 | 2,238,817 | 2,058,380 |
| Net Income, Attributable to Minority Equity | - | - | - | - | - |
| Comprehensive Income Attributable to Shareholders of the Parent | 3,605,841 | 2,426,202 | 1,983,157 | 2,260,880 | 1,610,555 |
| Comprehensive Income Attributable to Minority Equity | - | - | - | - | - |
| Earnings per Share (Note 2) | 3.99 | 2.93 | 2.62 | 3.06 | 3.01 |

Note 1: 2016-2020 financial data were all verified by CPA.

Note 2: Earnings Per Share is calculated based on retrospective adjustment of the weighted average number of shares outstanding in the current year.

(III) Names of the Auditors and their Opinions

| Item \ Year | 2020 | 2019 | 2018 | 2017 | 2016 |
|-------------------|--------------------------------------|--------------------------------------|--------------------------------------|---------------------------------|---------------------------------|
| CPA Firm | KPMG | KPMG | KPMG | KPMG | KPMG |
| CPA | Tan Tan Chung Mei Fang Chen | Tan Tan Chung Mei Fang Chen | Tan Tan Chung Mei Fang Chen | Fung Hui Li Mei Fang Chen | Fung Hui Li Mei Fang Chen |
| Auditors' Opinion | Unqualified opinion | Unqualified opinion | Unqualified opinion | Unqualified opinion | Unqualified opinion |

II. Financial Analysis

(I) Consolidated Financial Analysis -IFRS

| Analysis items | | Financial analysis for the last five years (Note 1) | | | | | From the current year to March 31, 2021 |
|-------------------------|---|---|--------|--------|--------|--------|---|
| | | 2020 | 2019 | 2018 | 2017 | 2016 | |
| Financial Structure (%) | Debt ratio | 46.05 | 48.57 | 47.74 | 46.69 | 46.70 | 51.18 |
| | Long-term Funds to Property Plant | 176.85 | 175.67 | 197.58 | 184.22 | 184.89 | 167.36 |
| Liquidity (%) | Current Ratio (%) | 111.21 | 105.52 | 125.42 | 131.48 | 123.35 | 101.93 |
| | Quick Ratio (%) | 60.20 | 55.16 | 67.99 | 75.70 | 70.26 | 50.44 |
| | Times Interest | 17.62 | 9.45 | 9.83 | 12.05 | 9.65 | 28.34 |
| Operating Performance | Accounts | 13.23 | 12.81 | 11.79 | 12.50 | 12.99 | 13.68 |
| | Average Collection | 27.59 | 28.50 | 30.94 | 29.21 | 28.08 | 26.68 |
| | Average Inventory | 7.17 | 7.09 | 7.18 | 8.24 | 8.56 | 7.86 |
| | Inventory Turnover Days | 50.90 | 51.45 | 50.83 | 44.30 | 42.62 | 46.45 |
| | Property Plant and | 4.99 | 5.46 | 5.76 | 6.00 | 6.30 | 5.22 |
| | Total Assets | 1.65 | 1.73 | 1.74 | 1.93 | 1.95 | 1.71 |
| Profitability | Return on Total | 8.68 | 7.34 | 6.41 | 7.33 | 7.27 | 7.62 |
| | Return on Equity | 15.60 | 12.78 | 10.98 | 12.66 | 12.99 | 13.59 |
| | Income before Income Tax to Issued Capital (%) (Note 6) | 60.23 | 46.57 | 38.47 | 45.35 | 42.65 | 55.18 |
| | Net Income to | 4.99 | 3.82 | 3.33 | 3.49 | 3.38 | 4.08 |
| | Earnings Per Share | 3.99 | 2.93 | 2.62 | 3.06 | 3.01 | 1.01 |
| | | | | | | | |
| Cash Flow Leverage | Cash Flow Ratio | 30.59 | 27.37 | 11.37 | 28.29 | 25.08 | 2.10 |
| | Cash Flow | 97.77 | 92.98 | 93.37 | 120.11 | 106.67 | 81.43 |
| | Cash Flow | 19.47 | 20.61 | 2.38 | 15.82 | 18.31 | 2.28 |
| | Operating Leverage | 2.94 | 3.18 | 4.49 | 3.43 | 3.66 | 0.75 |
| | Financial Leverage | 1.07 | 1.12 | 1.16 | 1.10 | 1.13 | 1.05 |

The following are the financial ratios that have increased or decreased by 20% in the last two years:

1. Times Interest Earned increased by 86.46%: Mainly due to the synergy effect of the increase in net profit and the decrease in interest expenses.
2. Return on Equity increased by 22.07%: mainly due to the increase in after-tax profit and loss for the current period.
3. Earnings Before Taxes accounted for 29.33% increase in paid-in capital: Mainly due to the increase in Earnings Before Taxes in the current period.

4. Net Income to Sales increased by 30.63%: due to the increase in net income for the current period.
5. Earnings Per Share increased by 36.18%: due to the increase in net profit in the current period.

Note 1: The 2016-2020 financial information were all verified by CPA; the financial information on March 31, 2021 has been verified by CPA.

Note 2: Earnings Per Share is calculated based on retrospective adjustment of the weighted average number of shares outstanding in the current year.

(II) Individual financial analysis-IFRS

| Analysis items | | Year | Financial analysis for the last five years (Note 1) | | | | |
|-------------------------|---|--------|---|--------|--------|--------|--|
| | | 2020 | 2019 | 2018 | 2017 | 2016 | |
| Financial structure (%) | Debt ratio | 32.54 | 32.26 | 26.94 | 25.29 | 25.09 | |
| | Long-term Funds to Property Plant and | 296.45 | 273.25 | 334.36 | 351.33 | 356.98 | |
| Liquidity (%) | Current Ratio (%) | 76.07 | 77.57 | 105.44 | 115.95 | 122.85 | |
| | Quick Ratio (%) | 45.56 | 40.73 | 61.91 | 67.14 | 80.90 | |
| | Times Interest | 45.72 | 33.44 | 41.59 | 64.31 | 60.12 | |
| Operating Performance | Accounts receivable | 7.87 | 8.79 | 7.96 | 7.62 | 7.59 | |
| | Average Collection | 46.40 | 41.50 | 45.83 | 47.90 | 48.07 | |
| | Average Inventory | 8.29 | 8.78 | 9.37 | 10.38 | 10.83 | |
| | Inventory Turnover Days | 44.01 | 41.55 | 38.95 | 35.17 | 33.70 | |
| | Property Property, Plant and | 2.62 | 4.69 | 5.71 | 5.64 | 5.83 | |
| | Total Assets | 0.96 | 1.12 | 1.20 | 1.22 | 1.23 | |
| Profitability | Return on Total | 11.2 | 9.49 | 9.36 | 11.05 | 10.49 | |
| | Return on Equity | 16.26 | 13.16 | 12.38 | 14.55 | 14.49 | |
| | Income before Income Tax to Issued Capital % (Note 6) | 43.19 | 32.41 | 29.74 | 35.97 | 32.07 | |
| | Net Income to Sales | 11.49 | 8.22 | 7.62 | 8.91 | 8.40 | |
| | Earnings Per Share | 3.99 | 2.93 | 2.62 | 3.06 | 3.01 | |
| Cash Flow | Cash Flow Ratio | 26.97 | 22.89 | 20.60 | 35.46 | 45.59 | |
| | Cash Flow | 71.01 | 67.88 | 79.80 | 101.82 | 88.76 | |
| | Cash Flow | 133.67 | 4.47 | -1.88 | 5.30 | 11.45 | |
| Leverage | Operating Leverage | 2.10 | 2.19 | 2.29 | 2.00 | 1.97 | |
| | Financial Leverage | 1.04 | 1.05 | 1.04 | 1.02 | 1.02 | |

The following are the financial ratios that have increased or decreased by 20% in the last two years:

1. Times Interest Earned increased by 36.72%: mainly due to the synergy effect of the increase in net profit and the decrease in interest expenses.
2. Property, Plant and Equipment Turnover decreased by 44.14%: Mainly due to the synergy effect of the decrease in net sales and the increase in average property, net plant and equipment turnover.
3. Return on Equity increased by 23.56%: Mainly due to the increase in after-tax profits and losses for the current period.
4. Earnings Before Taxes accounted for a 33.26% increase in paid-in capital: mainly due to the increase in Earnings Before Taxes in the current period.
5. Net Income to Sales increased by 39.78%: due to the increase in net income for the current period.
6. Earnings Per Share increased by 36.18%: due to the increase in net profit in the current period.
7. Cash Flow Re-investment Ratio increased by 129.2: due to the increase in net cash inflow from operating activities.

Note 1: The 2016-2020 financial information has been verified by CPA.

Note 2: Earnings Per Share is calculated based on retrospective adjustment of the weighted average number of shares outstanding in the current year.

(3) The calculation formula of financial ratio is listed as follows:

1. Financial structure

(1) Debt ratio = Total Liabilities / Total Assets .

(2) Long-term Funds to Property . Plant and Equipment (%) = (Total Equity + Non-current liabilities) / net property, Plant and equipment.

2. Liquidity

(1) Current Ratio = Current assets / Current liabilities.

(2) Quick Ratio = (Current assets - inventory - prepaid expenses) / Current liabilities.

(3) Times Interest Earned = Net profit before income tax and interest expense / Interest expense in the current period.

3. Operating ability

(1) Turnover rate of accounts receivable (including accounts receivable and notes receivable arising from business) = Net sales / balance of average accounts receivable in each period (including accounts receivable and notes receivable arising from business).

(2) Average number of days for cash collection = 365 / turnover rate of accounts receivable.

(3) Inventory turnover rate = cost of goods sold / average inventory value.

(4) Turnover rate of accounts payable (including accounts payable and notes payable arising from business) = Net sales / average balance of accounts receivable in each period (including accounts receivable and notes receivable arising from business).

(5) Average sales days = 365 / inventory turnover rate.

(6) Property . Property, Plant and Equipment Turnover = net sales / average property. Plant and equipment.

(7) Total Assets Turnover Ratio = Net Sales / Average Total Assets

4. Profitability

- (1) Return on assets = $[\text{Income after tax} + \text{Interest expenses} \times (1 - \text{tax rate})] / \text{Average total assets}$.
- (2) Return on Equity (ROE) = $\text{Profit and Loss after Tax} / \text{Average Net Shareholders' Equity}$
- (3) Income before Income Tax to Issued Capital = $\text{Earnings Before Taxes} / \text{paid-in capital}$.
- (4) Net Income to Sales = $\text{Profit and Loss after Tax} / \text{Net sales}$.
- (5) Earnings Per Share = $(\text{Profit and loss attributable to owners of the parent company-special dividends}) / \text{weighted average number of issued shares}$. (Note 4)

5. Cash flows

- (1) Cash flow ratio = $\text{Net operating cash flow} / \text{Current liability}$.
- (2) Cash flow adequacy ratio = $\text{Net operating cash flow over the last 5 years} / \text{over the last 5 years}$
(capital expense + inventory + cash dividend)
- (3) Cash flow re-investment ratio = $(\text{Net operating cash flow} - \text{cash dividends}) / (\text{Gross property, plant and equipment} + \text{long-term investment} + \text{other assets} + \text{working capital})$
(Note 5)

6. Leverage

- (1) Operating leverage = $(\text{Net Sales} - \text{Variable Cost and expense}) / \text{Income from Operations}$
(Note 6)
- (2) Financial leverage = $\text{Income from Operations} / (\text{Income from Operations} - \text{Interest Expenses})$

Note 3: For the calculation formula of Earnings Per Share in the preceding paragraph, special attention should be paid to the following items when measuring:

1. Based on the weighted average number of ordinary shares, rather than the number of issued shares at the end of the year.
2. Any trader who has cash capital increase or treasure stock should consider its circulation period and calculate the weighted average number of shares.
3. For those who have transferred surplus to capital increase or capital reserve capital increase, when calculating Earnings Per Share for previous years and half-years, retrospective adjustments should be made based on the capital increase ratio, regardless of the period of the issuance of the capital increase.
4. If the special shares are non-convertible cumulative special shares, the dividends for the current year (regardless of whether they are issued or not) should be deducted from the net profit after tax or increase the net loss after tax. If the special stock is non-cumulative, in the case of net profit after tax, the dividend of the special stock shall be deducted from the net profit after tax; if it is a loss, no adjustment is necessary.

Note 4: Special attention should be paid to the following when measuring cash flow analysis:

1. Net Cash Flow from operating activities refers to the net cash inflow from operating activities in the Cash Flow table.
2. Capital expenditure refers to the amount of cash outflow from capital investment each year.
3. The increase in inventory is only included when the ending balance is greater than the beginning balance. If the inventory decreases at the end of the year, it will be calculated as

zero.

4. Cash dividends includes common stock and preferred shares dividends.

5. Gross property, plant and equipment refers to the total amount of property, plant and equipment before deduction of accumulated depreciation.

Note 5: The issuer should classify various operating costs and operating expenses as fixed and variable according to their nature. If estimates or subjective judgments are involved, they should pay attention to their reasonableness and maintain consistency.

Note 6: Where Corporation shares have no par value or where the par value per share is not NT\$10, any calculations that involve paid-in capital and its ratio shall be replaced with the equity ratio belonging to the owner of the parent company of the asset balance sheet.

III. Audit Committee's Review Report

Great Wall Enterprise Co., Ltd.

Review Report of Audit Committee

The Board of Directors has prepared the Company's Business Report, Financial Statements and Statement of Earnings Distribution in 2020. The Financial Statements have been checked and completed by KPMG Taiwan and the Audit Report has been issued. The above Business Report, Financial Statements and Statement of Earnings Distribution have been checked by the Audit Committee, and it is found that there is no inconsistency. Therefore, the above Report shall be submitted in accordance with Clause 4 of Article 14 of the Security Exchange Law and Article 219 of the Company Law

Great Wall Enterprise Co., Ltd.
Convener of Audit Committee:
Yu Shan Ting
Date: Mar. 31, 2021

IV. Financial Statements and Review Report of CPA



安侯建業聯合會計師事務所

KPMG

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Independent Auditors' Report

To the Board of Directors of Great Wall Enterprise Co., Ltd.:

Opinion

We have audited the financial statements of Great Wall Enterprise Co., Ltd. (“the Company”), which comprise the balance sheets as of December 31, 2020 and 2019, the statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, 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 audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

1. Revenue recognition

Regarding the significant accounting policies for revenue recognition, please refer to Note 4(n) and Note 6(v) “Revenue from contracts with customers” from the financial statements.

Description of key audit matter:

Due to the industry characteristics of the Company and following the rules set by competent authorities to announce operating income monthly, revenue recognition timing risk is increased.

How the matter was addressed in our audit:

Our principal audit procedures include:

- Understanding whether the accounting policies and methods for revenue recognition of the audited company are appropriate



- Testing the Company's controls and transaction cycle from order to payment regarding revenue recognition
- Performing substantive procedure of revenue, and sampling payments or certified documents for sale transactions
- Selecting the appropriate sample size from the detail in the ending balance of the trade receivable and sending external confirmations to debtors
- Assessing whether revenues are recognized in the appropriate timing

2. Assessing impairment of investments accounted for using equity method

Please refer to Note 4(m) Impairment of Non-financial Assets in the financial report for the accounting policy for assessing impairment of investments accounted for using equity method. For accounting assumptions, judgements and estimation uncertainty regarding assessing impairment of investment accounted for using equity method, please refer to Note 5 in the financial statement.

Description of key audit matter:

Constituent entities of subsidiaries using the equity method have continuously incurred net losses in recent years, hence the management believes that there are signs of impairment in related assets. The management adopts the value-in-use method to estimate the future discounted cash flow to evaluate the recoverable amount of the identifiable cash-generating unit to which the relevant assets belong, and considers whether to reverse or increase the previous year's set amount. The preparation of future discounted cash flow data involves significant management judgments, especially when estimating the gross profit margin and revenue growth rate and determining its appropriate discount rate. Therefore, factors such as the gross profit margin, revenue growth rate and discount rate are inherently uncertain and involve possible management bias.

How the matter was addressed in our audit:

Our principal audit procedures include:

- Assessing the significant cash-generating units recognized by the management of the Company as showing signs of impairment
- Comparing the main financial information used for its future discounted cash flows with relevant information in the financial budget approved by the management authority, including operating income, operating costs and operating expenses; and then comparing the financial budget prepared in the previous year with the current year's performance in order to evaluate the accuracy of its forecasts while discussing with the management the reasons for the significant differences, and whether it has been taken into consideration in this year's budget
- Comparing the key assumptions used in estimating future discounted cash flows including the estimated long-term income growth rate and profit margin of each cash-generating unit with comparable companies in the industry and external market data, and appointing internal evaluation experts to evaluate whether the discount rate used for future cash flows falls within the range adopted by the industry
- Performing sensitivity analysis on key assumptions (including income growth rate and discount rate) adopted for future discounted cash flows to evaluate the impact each cash-generating unit has on the net present value; and evaluating the impact of changes in key assumptions on the conclusions obtained and whether there is management bias.



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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 (the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this 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 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

The engagement partners on the audit resulting in this independent auditors' report are Tan-Tan Chung and Mei-Fang Chen.

KPMG

Taipei, Taiwan (Republic of China)

March 31, 2021

Notes to Readers

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

The auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements and Report Originally Issued in Chinese)
GREAT WALL ENTERPRISE CO., LTD.

Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

| | December 31, 2020 | | December 31, 2019 | | December 31, 2020 | | December 31, 2019 | | | |
|--|----------------------|------------|-------------------|------------|-------------------|--|----------------------|------------|-------------------|------------|
| | Amount | % | Amount | % | Amount | % | Amount | % | | |
| Assets | | | | | | | | | | |
| Cash and cash equivalents (Note 6(a)) | \$ 290,515 | 1 | 251,020 | 1 | 2100 | Short-term borrowings (Note 6(m)) | \$ 4,638,406 | 15 | 4,116,166 | 16 |
| Current financial assets at fair value through profit or loss (Note 6(b)) | 20,454 | - | 439 | - | 2110 | Short-term notes and bills payable (Note 6(n)) | 1,700,000 | 6 | 1,800,000 | 7 |
| Notes receivable, net (Notes 6(d) and 7) | 861,623 | 3 | 870,680 | 3 | 2110 | Current financial liabilities at fair value through profit or loss (Note 6(l)) | 23,199 | - | 69,844 | - |
| Trade receivable, net (Notes 6(d) and 7) | 2,441,080 | 8 | 1,917,060 | 7 | 2120 | Notes payable (Note 7) | 30,369 | - | 375,183 | 1 |
| Other receivables due from related parties (Note 7) | 612,228 | 2 | 206,100 | 1 | 2150 | Trade payables (Note 7) | 1,483,545 | 5 | 694,480 | 3 |
| Inventory (Note 6(e)) | 1,698,474 | 6 | 2,139,985 | 9 | 2170 | Other payables (Note 7) | 778,066 | 3 | 686,627 | 3 |
| Current biological assets (Note 6(f)) | 934,797 | 3 | 802,308 | 3 | 2200 | Current income tax liabilities | 258,475 | 1 | 220,504 | 1 |
| Prepayments (Note 6(g)) | 110,565 | - | 86,911 | - | 2230 | Current lease liabilities (Note 6(o)) | 46,575 | - | 45,908 | - |
| Other current financial assets | 23,865 | - | 50,309 | - | 2280 | Other current liabilities, others (Note 7) | 338,746 | 1 | 213,941 | 1 |
| Other current assets, others | 78,745 | - | 53,227 | - | 2399 | | 9,297,381 | 31 | 8,222,653 | 32 |
| | <u>7,072,346</u> | <u>23</u> | <u>6,378,039</u> | <u>24</u> | | | | | | |
| Non-current financial assets at fair value through other comprehensive income (Notes 4 and 6(c)) | 2,277,088 | 8 | 1,946,129 | 7 | | Non-Current liabilities: | | | | |
| Investments accounted for using equity method (Note 6(h)) | 11,898,268 | 40 | 9,600,405 | 36 | 2570 | Deferred income tax liabilities (Note 6(r)) | 69,203 | - | 53,287 | - |
| Property, plant and equipment (Note 6(i)) | 7,415,968 | 25 | 7,350,717 | 27 | 2580 | Non-current lease liabilities (Note 6(o)) | 170,194 | 1 | 214,969 | 1 |
| Right-of-use assets (Notes 4 and 6(j)) | 213,834 | 1 | 259,080 | 1 | 2645 | Guarantee deposits received | 75,790 | - | 69,042 | - |
| Investment property, net (Note 6(k)) | 385,466 | 1 | 478,554 | 2 | 2670 | Other non-current liabilities, others | 122,195 | - | 122,195 | - |
| Non-current biological assets (Note 6(f)) | 187,167 | 1 | 200,431 | 1 | | Total liabilities | 437,382 | 1 | 459,493 | 1 |
| Deferred income tax assets (Note 6(r)) | 53,379 | - | 46,271 | - | | | 9,734,763 | 32 | 8,682,146 | 33 |
| Net defined benefit asset, non-current (Note 6(q)) | 105,259 | - | 100,642 | - | 3110 | Equity attributable to owners of parent: (Note 6(s)) | | | | |
| Other non-current assets, others (Notes 4, 6(l) and 8) | 307,066 | 1 | 549,008 | 2 | 3200 | Ordinary share | 8,273,391 | 28 | 8,273,391 | 31 |
| | <u>22,843,495</u> | <u>77</u> | <u>20,531,237</u> | <u>76</u> | 3300 | Capital surplus | 3,179,626 | 11 | 3,011,373 | 11 |
| | | | | | 3400 | Retained earnings (Note 6(s)) | 7,562,982 | 25 | 6,259,370 | 23 |
| | | | | | 3500 | Other equity interest | 1,384,211 | 5 | 902,128 | 3 |
| | | | | | | Treasury shares | (219,132) | (1) | (219,132) | (1) |
| | | | | | | Total equity | 20,181,078 | 68 | 18,227,130 | 67 |
| Total assets | <u>\$ 29,915,841</u> | <u>100</u> | <u>26,909,276</u> | <u>100</u> | | Total liabilities and equity | <u>\$ 29,915,841</u> | <u>100</u> | <u>26,909,276</u> | <u>100</u> |

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)
GREAT WALL ENTERPRISE CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

| | | <u>2020</u> | | <u>2019</u> | |
|------|--|---------------------|-----------|-------------------|------------|
| | | <u>Amount</u> | <u>%</u> | <u>Amount</u> | <u>%</u> |
| 4000 | Operating revenue (Notes 6(v) and 7) | \$ 27,173,338 | 100 | 27,785,090 | 100 |
| 5000 | Operating costs (Notes 6(e) and 7) | <u>23,121,741</u> | <u>85</u> | <u>23,991,737</u> | <u>86</u> |
| 5900 | Gross profit from operations | <u>4,051,597</u> | <u>15</u> | <u>3,793,353</u> | <u>14</u> |
| 6000 | Operating expenses: | | | | |
| 6100 | Selling expenses | 1,507,123 | 6 | 1,508,256 | 5 |
| 6200 | Administrative expenses | 478,122 | 2 | 416,853 | 2 |
| 6300 | Research and development expenses | 91,346 | - | 94,237 | - |
| 6450 | Expected credit impairment loss (Note 6(d)) | <u>24,290</u> | <u>-</u> | <u>24,840</u> | <u>-</u> |
| | Total operating expenses | <u>2,100,881</u> | <u>8</u> | <u>2,044,186</u> | <u>7</u> |
| 6900 | Net operating income | <u>1,950,716</u> | <u>7</u> | <u>1,749,167</u> | <u>7</u> |
| 7000 | Non-operating income and expenses: (Notes 6(w) and 7) | | | | |
| 7100 | Interest income | 9,076 | - | 7,448 | - |
| 7020 | Other gains and losses, net | 419,117 | 2 | 228,005 | 1 |
| 7050 | Finance costs | (78,141) | - | (80,193) | - |
| 7070 | Share of profit (loss) of associates and joint ventures accounted for using equity method | <u>1,272,239</u> | <u>5</u> | <u>777,315</u> | <u>3</u> |
| | Total non-operating income and expenses | <u>1,622,291</u> | <u>7</u> | <u>932,575</u> | <u>4</u> |
| 7900 | Profit from continuing operations before tax | 3,573,007 | 14 | 2,681,742 | 11 |
| 7950 | Less: Income tax expenses (Note 6(r)) | <u>450,936</u> | <u>2</u> | <u>398,141</u> | <u>1</u> |
| | Profit | <u>3,122,071</u> | <u>12</u> | <u>2,283,601</u> | <u>10</u> |
| 8300 | Other comprehensive income (loss): | | | | |
| 8310 | Items that may not be subsequently reclassified to profit or loss | | | | |
| 8311 | Gains (losses) on remeasurements of defined benefit plans | 2,160 | - | 3,505 | - |
| 8316 | Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income | 384,312 | 1 | 411,124 | 1 |
| 8349 | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | <u>473</u> | <u>-</u> | <u>490</u> | <u>-</u> |
| | Items that may not be subsequently reclassified to profit or loss | <u>385,999</u> | <u>1</u> | <u>414,139</u> | <u>1</u> |
| 8360 | Items that may be subsequently reclassified to profit or loss | | | | |
| 8361 | Exchange differences on translation of foreign financial statements | 97,771 | - | (271,538) | (1) |
| 8399 | Income tax related to components of other comprehensive income that will be reclassified to profit or loss | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | Items that may be subsequently reclassified to profit or loss | <u>97,771</u> | <u>-</u> | <u>(271,538)</u> | <u>(1)</u> |
| 8300 | Other comprehensive income | <u>483,770</u> | <u>1</u> | <u>142,601</u> | <u>-</u> |
| | Total comprehensive income | <u>\$ 3,605,841</u> | <u>13</u> | <u>2,426,202</u> | <u>10</u> |
| | Basic earnings per share | | | | |
| | Basic earnings per share (NT dollars) | <u>\$ 3.99</u> | | <u>2.93</u> | |
| | Diluted earnings per share (NT dollars) | <u>\$ 3.98</u> | | <u>2.92</u> | |

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)
GREAT WALL ENTERPRISE CO., LTD.

Statements of Changes in Equity

For the years ended December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

| | Retained earnings | | | | Other equity interest | | | Total equity | | |
|---|-------------------|-----------------|---------------|-----------------|----------------------------------|-------------------------|---|--------------|---|-----------------|
| | Share capital | Capital surplus | Legal reserve | Special reserve | Unappropriated retained earnings | Total retained earnings | Exchange differences on translation of foreign financial statements | | Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | Treasury shares |
| Ordinary shares | 7,879,420 | - | - | - | 3,444,626 | 5,541,079 | (627,977) | 1,390,519 | (306,199) | 16,472,287 |
| \$ | 2,595,445 | 2,053,459 | 42,994 | - | 2,283,601 | 2,283,601 | (271,538) | 411,124 | - | 2,283,601 |
| Balance on January 1, 2019 | - | - | - | - | 3,015 | 3,015 | (271,538) | 411,124 | - | 142,601 |
| Profit for the year ended December 31, 2019 | - | - | - | - | 2,286,616 | 2,286,616 | (271,538) | 411,124 | - | 2,426,202 |
| Other comprehensive income for the year ended December 31, 2019 | - | - | - | - | - | - | - | - | - | - |
| Total comprehensive income for the year ended December 31, 2019 | - | - | - | - | - | - | - | - | - | - |
| Appropriation and distribution of retained earnings: | - | - | - | - | - | - | - | - | - | - |
| Legal reserve appropriated | - | - | 201,184 | - | (201,184) | - | - | - | - | - |
| Cash dividends of ordinary share | - | - | - | - | (393,971) | (393,971) | - | - | - | - |
| Stock dividends of ordinary share | - | - | - | - | (1,181,913) | (1,181,913) | - | - | - | (1,181,913) |
| Disposal of company's share by subsidiaries recognized as treasury share transactions | - | 363,674 | - | - | - | - | - | - | 87,067 | 450,741 |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed | - | (10,749) | - | - | - | - | - | - | - | (10,749) |
| Changes in ownership interests in subsidiaries | - | (1,801) | - | - | - | - | - | - | - | 5,758 |
| Adjustment of capital surplus for company's cash dividends received by subsidiaries | - | 64,804 | - | - | 7,559 | 7,559 | - | - | - | 64,804 |
| Balance on December 31, 2019 | 8,273,391 | 3,011,373 | 2,254,643 | 42,994 | 3,961,733 | 6,259,370 | (899,515) | 1,801,643 | (219,132) | 18,227,130 |
| Profit for the year ended December 31, 2020 | - | - | - | - | 3,122,071 | 3,122,071 | - | - | - | 3,122,071 |
| Other comprehensive income for the year ended December 31, 2020 | - | - | - | - | 1,687 | 1,687 | 97,771 | 384,312 | - | 483,770 |
| Total comprehensive income for the year ended December 31, 2020 | - | - | - | - | 3,123,758 | 3,123,758 | 97,771 | 384,312 | - | 3,605,841 |
| Appropriation and distribution of retained earnings: | - | - | - | - | - | - | - | - | - | - |
| Legal reserve appropriated | - | - | 229,418 | - | (229,418) | - | - | - | - | - |
| Cash dividends of ordinary share | - | - | - | - | (1,820,146) | (1,820,146) | - | - | - | (1,820,146) |
| Difference between consideration and carrying amount of subsidiaries acquired or disposed | - | 37,539 | - | - | - | - | - | - | - | 37,539 |
| Changes in ownership interests in subsidiaries | - | 30,917 | - | - | - | - | - | - | - | 30,917 |
| Adjustment of capital surplus for company's cash dividends received by subsidiaries | - | 99,797 | - | - | - | - | - | - | - | 99,797 |
| Balance on December 31, 2020 | 8,273,391 | 3,179,626 | 2,484,061 | 42,994 | 5,035,927 | 7,562,982 | (801,744) | 2,185,955 | (219,132) | 20,181,078 |

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)
GREAT WALL ENTERPRISE CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

| | <u>2020</u> | <u>2019</u> |
|---|--------------------|--------------------|
| Cash flows from operating activities: | | |
| Profit before tax | \$ 3,573,007 | 2,681,742 |
| Adjustments: | | |
| Adjustments to reconcile profit (loss): | | |
| Depreciation expense | 460,928 | 512,222 |
| Amortization expense | 16,709 | - |
| Expected credit impairment loss | 24,290 | 24,840 |
| Net loss (gain) on financial assets or liabilities at fair value through profit or loss | (66,660) | 74,760 |
| Interest expense | 78,141 | 80,193 |
| Interest income | (9,076) | (7,448) |
| Dividend income | (81,077) | (82,270) |
| Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using equity method | (1,272,239) | (777,315) |
| Gain on disposal of property, plant and equipment | (27,535) | (22,678) |
| Net (reproductive) death changes in biological assets | (2,327,245) | (2,722,299) |
| Total adjustments to reconcile profit (loss) | <u>(3,203,764)</u> | <u>(2,919,995)</u> |
| Changes in operating assets and liabilities: | | |
| Decrease in notes receivable | 9,057 | 212,454 |
| (Increase) decrease in trade receivable | (548,310) | 22,651 |
| Decrease (increase) in inventories | 441,511 | (394,256) |
| Decrease in biological assets | 2,208,020 | 2,692,188 |
| Increase in prepayments | (23,654) | (62,487) |
| (Increase) decrease in other current assets | (25,518) | 12,714 |
| Decrease (increase) in other financial assets | 26,444 | (3,039) |
| Increase in deferred debits | (2,254) | (5,420) |
| (Decrease) increase in notes payable | (344,814) | 365,398 |
| Increase (decrease) in trade payable | 789,065 | (462,693) |
| Increase in other payable | 93,588 | 102,151 |
| (Decrease) increase in other current liabilities | (9,195) | 52,650 |
| Total changes in operating assets and liabilities | <u>2,613,940</u> | <u>2,532,311</u> |
| Total adjustments | <u>(589,824)</u> | <u>(387,684)</u> |
| Cash inflow generated from operations | 2,983,183 | 2,294,058 |
| Interest received | 9,076 | 7,448 |
| Interest paid | (80,290) | (80,404) |
| Income taxes paid | (404,630) | (338,683) |
| Net cash flows from operating activities | <u>2,507,339</u> | <u>1,882,419</u> |
| Cash flows used in investing activities: | | |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | 2,190 | - |
| Acquisition of investments accounted for using equity method | (1,115,518) | (659,490) |
| Proceeds from capital reduction of financial assets at fair value through other comprehensive income | 506 | - |
| Proceeds from capital reduction of investments accounted for using equity method | 65,000 | - |
| Acquisition of property, plant and equipment | (1,121,361) | (2,494,950) |
| Proceeds from disposal of property, plant and equipment | 761,349 | 115,887 |
| Increase in other receivables due from related parties | (406,128) | 70,600 |
| Decrease (increase) in other non-current assets | 225,233 | (80,226) |
| Dividends received | 422,449 | 318,110 |
| Net cash flows used in investing activities | <u>(1,166,280)</u> | <u>(2,730,069)</u> |
| Cash flows used in financing activities: | | |
| Increase in short-term loans | 522,240 | 1,193,488 |
| (Decrease) increase in short-term notes and bills payable | (100,000) | 900,000 |
| Increase in guarantee deposits received | 6,748 | 2,123 |
| Payment of lease liabilities | (44,406) | (47,237) |
| Increase in other non-current liabilities | 134,000 | 61,000 |
| Cash dividends paid | (1,820,146) | (1,181,913) |
| Net cash flows (used in) from financing activities | <u>(1,301,564)</u> | <u>927,461</u> |
| Net increase in cash and cash equivalents | 39,495 | 79,811 |
| Cash and cash equivalents at beginning of period | 251,020 | 171,209 |
| Cash and cash equivalents at end of period | <u>\$ 290,515</u> | <u>251,020</u> |

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)
GREAT WALL ENTERPRISE CO., LTD.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

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

(1) Company history

GREAT WALL ENTERPRISE CO., LTD. (the “Company”) was incorporated on December 28, 1960 as a company limited by shares under the Company Act of the Republic of China (R.O.C). The address of the Company's registered office is No. 3, Niao-Song 2nd Street, Yongkang District, Tainan City. The main business activities of the Company are as follows:

- (a) Procurement, transportation, sale, oil production, and oil processing of vegetable oil seeds, dried shredded coconut, and rice bran.
- (b) Procurement, transportation, marketing, manufacturing, processing, wholesale and retail of vegetable oil and its by-products, miscellaneous grains, fertilizers, feeds, bran, soybean cakes, soybean flour and slurry powder.
- (c) Processing, procurement, transportation, marketing, wholesale, and retail related to oil, flour, corn flour, fertilizer, feed, miscellaneous grains, grains, bran, noodles, instant noodles, instant rice flour, biscuits, bread, canned food, dairy products, ice products, juices, beverages, and other related foods.
- (d) Seedling procurement and sales.
- (e) Livestock and its related processed food manufacturing and sales.
- (f) Import, export, and sale of alcohol.
- (g) Procurement, transportation, and sale of wheat.
- (h) Sale of animal-used medicine and western medicine.
- (i) Supermarket operations.
- (j) Processing, manufacturing, sewing, and sourcing of various packaging supplies (including metal, alloy, plastic, paper, cloth, wooden cans, barrels, boxes, bags, etc.).
- (k) Frozen prepared food and frozen and refrigerated food processing, manufacturing and trading.
- (l) Electrical slaughtering of poultry and meat processing, manufacturing, and trading.
- (m) Warehousing for the businesses previously listed.
- (n) Imports and exports for the businesses previously listed.
- (o) Commissioning constructing companies to build national residential and commercial buildings for sale and for rent.
- (p) A401040 Livestock farming.

(Continued)

GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

- (q) C199990 Other food manufacturing not elsewhere classified. (Liquid egg, egg powder, premium egg, braised egg, iron egg, tea egg, salted fish, brocade, egg roll sheet, steamed egg, poached egg, egg tofu, meat substitute made from egg).
- (r) C802010 Fertilizer manufacturing.
- (s) A102041 Recreation agriculture.
- (t) F501060 Restaurants.
- (u) All businesses items that are not prohibited or restricted by law, except those that are subject to special approval.

(2) Approval date and procedures of the financial statements:

These financial statements were authorized for issue by the Board of Directors on March 31, 2021.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2020:

- Amendments to IFRS 3 “Definition of a Business”
- Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate Benchmark Reform”
- Amendments to IAS 1 and IAS 8 “Definition of Material”
- Amendments to IFRS 16 “COVID-19-Related Rent Concessions”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its financial statements:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”

(Continued)

GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(4) Summary of significant accounting policies:

The significant accounting policies presented in the financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the financial statements.

- (a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

- (b) Basis of preparation

- (i) Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on a historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) Biological assets are measured at fair value less costs to sell;
- 4) The defined benefit liabilities (assets) are measured at fair value of the pension fund assets less the present value of the defined benefit obligation, limited as explained in note 4(o).

(Continued)

GREAT WALL ENTERPRISE CO., LTD.

Notes to the Financial Statements

(ii) Functional and presentation currency

The functional currency of each entity is determined based on the primary economic environment in which the entity operates. The financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items, assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currencies using the exchange rate at the date that the fair value was determined. Non monetary items denominated in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences arising on retranslation are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- 1) An investment in equity securities designated as at fair value through other comprehensive income;
- 2) A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the reporting currency at the exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non controlling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(Continued)

GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current. An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(Continued)

GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

(f) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(Continued)

GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

(Continued)

GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

- 5) Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features ; and
- terms that limit the Company's claim to cash flows from specified assets(e.g. non-recourse features)

- 6) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivables, guarantee deposit paid and other financial assets).

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date ; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

(Continued)

GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 365 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
 - a breach of contract such as a default or being more than 90 days past due;
 - the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
 - it is probable that the borrower will enter bankruptcy or other financial reorganization;
- or

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GREAT WALL ENTERPRISE CO., LTD.

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- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 365 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

7) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

When the consolidated company signs a transaction to transfer financial assets, if it retains all or almost all risks and rewards of ownership of the transferred assets, they will continue to be recognized on the balance sheet.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

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GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expense.

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GREAT WALL ENTERPRISE CO., LTD.
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The cost of inventories transferred from biological assets is its fair value less costs to sell at the date of harvest.

(h) Biological assets

Biological assets are measured at fair value less costs to sell on initial recognition and at the end of each reporting period. Costs to sell are the incremental costs directly attributable to the disposal of the assets, excluding finance costs and income taxes. Gains and losses arising on initial recognized of biological assets at fair value less costs to sell and from changes in fair value less costs to sell of biological assets are recognized in profit or loss for the period in which they arise.

(i) Investments in subsidiaries

When preparing the financial report, the Company adopts the equity method to evaluate investee companies with control. Under the equity method, the current profit and loss and other comprehensive profit and loss of the financial report are prepared on the basis of the consolidated financial report. The profit and loss and other comprehensive profit and loss in the financial report attributable to the parent company is the same as in the consolidated financial statement. The same applies to the equity attributable to the parent company.

Changes in equity of the subsidiary by the Company that do not result in a loss of control shall be treated as equity transactions with the owner.

(j) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

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GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

(ii) Reclassification to investment properties

When a property for self-use becomes an investment property, said property should be reclassified as an investment property based on the book value at the time of change.

(iii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iv) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

| | |
|--------------------------|--------------|
| Buildings | 2 - 60 years |
| Plant and equipment | 2 - 60 years |
| Transportation equipment | 3 - 10 years |
| Other equipment | 2 - 25 years |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Leases

(i) Identifying a lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- 1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
- 2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

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Notes to the Financial Statements

- 3) the customer has the right to direct the use of the asset throughout the period of use only if either:
- the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
 - the relevant decisions about how and for what purpose the asset is used are predetermined and:
 - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
 - the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

On the lease establishment date or when reassessing whether the contract includes a lease, the company allocates the consideration in the contract to individual lease components based on the relative individual price. However, when leasing land and buildings, the company chose not to distinguish between non-lease components and treat lease components and non-lease components as a single lease component.

(ii) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- 1) fixed payments, including in-substance fixed payments;
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) amounts expected to be payable under a residual value guarantee; and
- 4) payments for purchase or termination options that are reasonably certain to be exercised.

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The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset; or
- 4) there is a change of its assessment on whether it will exercise a extension or termination option; or
- 5) there is any lease modification

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

If an arrangement contains lease and non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets of other equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

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GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'rental income'.

(m) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

(n) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below:

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GREAT WALL ENTERPRISE CO., LTD.

Notes to the Financial Statements

1) Sale of goods – Feed and meat products

The Company manufactures and sells feed and meat products to customers. The Company recognizes revenue when the control of the product is transferred. The transfer of control of the product means that the product has been delivered to the customer, and the customer can fully determine the sales channel and price of the product without any unfulfilled performance obligations that will affect the customer's acceptance of the product. Delivery occurs when the product is delivered to a specific location, when the customer has accepted the product in accordance with the sales contract, when its risk of obsolescence and loss have been transferred to the customer, when the acceptance clause has expired, or when the combined company has objective evidence that all acceptance conditions have been met.

The Company often provides volume discounts to customers on the basis of cumulative sales within twelve months. The Company recognizes revenue on the basis of the contract price minus the net amount of the estimated quantity discount. The amount of the quantity discount is estimated based on the expected value using past experiences, and only in the range where a significant change will not occur at a high degree. The average credit period for feed and meat sales is 30 to 60 days, which is consistent with industry practices and thus does not include financing elements.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

2) IT Consulting services/Advisory and Management

The Company provides business IT management services. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The proportion of services provided is determined based on the actual labor hours spent relative to the total expected labor hours.

3) Financial 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.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(Continued)

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(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current income tax includes the estimated income tax payable or tax refund receivable calculated through the taxable profit (loss) of the year, plus any adjustments made to the tax payable in previous years. After reflecting the uncertainty (if any) related to income tax, the amount is the best estimate of the expected payment or receivable based on the statutory tax rate on the reporting date or on the tax rate of the substantively enacted legislation.

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GREAT WALL ENTERPRISE CO., LTD.
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Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
 - (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.
- (q) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

- (r) Operating segments

The Company has disclosed operating segment information in the consolidated financial reports, so no segment information will be disclosed in the individual financial reports.

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Notes to the Financial Statements

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the financial statements in conformity with the Regulations requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements will be assessed through the impairment of investments accounted for using equity method. In the process of assessing asset impairment, the Company must rely on subjective judgments and use asset usage patterns and industry characteristics to determine the independent cash flow, the assets' useful-life-years, and the potential future gains and losses for a specific asset group. Any changes in estimates due to changes in economic conditions or company strategies may cause significant impairments or reversals of recognized impairment losses in the future.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

| | December 31, 2020 | December 31, 2019 |
|---------------------------|------------------------------|------------------------------|
| Cash on hand | \$ 5,000 | 4,755 |
| Revolving funds | 343 | 355 |
| Check deposits | 194,389 | 172,107 |
| Demand deposits | 85,863 | 70,615 |
| Foreign currency deposits | <u>4,920</u> | <u>3,188</u> |
| Cash and cash equivalents | <u>\$ 290,515</u> | <u>251,020</u> |

The Company held deposits that mature within one year for short term cash purposes. Such deposits are held to meet short term cash commitments rather than for investment or other purposes. The time deposits with maturities within one year are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Please refer to note 6(x) for the interest rate risk and the sensitivity analysis of financial assets and liabilities of the Company.

(Continued)

GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

(b) Financial assets and liabilities at fair value through profit or loss

| | December 31, 2020 | December 31, 2019 |
|---|------------------------------|------------------------------|
| Financial assets mandatorily measured at fair value through profit or loss: | | |
| Derivative instruments not used for hedging | | |
| Corn structured swaps | \$ 11,969 | - |
| Forward exchange contracts | 8,046 | - |
| Non-derivative financial assets | | |
| Stocks listed on domestic markets | 439 | 439 |
| Total | \$ 20,454 | 439 |
| Held-for-trading financial liabilities: | | |
| Derivative instruments not used for hedging | | |
| Option contracts | \$ (1,010) | - |
| Forward exchange contracts | (22,189) | (69,844) |
| Total | \$ (23,199) | (69,844) |

(i) Derivative financial instruments not designated as hedging instruments

The Company uses derivative financial instruments to hedge certain foreign exchange and interest rate risks the Company is exposed to arising from its operating, financing, and investing activities. As of December 31, 2020 and 2019, the following derivative instruments, without the application of hedge accounting, were classified as mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities:

| | December 31, 2020 | | | |
|----------------------------|----------------------------|----------------------------------|-----------------|----------------------|
| | Carrying amount | Amount (in thousands) | Currency | Maturity date |
| Forward exchange purchased | 8,046 | USD 93,500 | USD to NTD | 2021.1.7-2021.2.5 |
| Forward exchange purchased | (22,189) | USD 99,000 | USD to NTD | 2021.1.4-2021.2.4 |
| | December 31, 2019 | | | |
| | Carrying amount | Amount (in thousands) | Currency | Maturity date |
| Forward exchange purchased | (69,844) | USD 162,000 | USD to NTD | 2020.1.2-2020.3.9 |

(Continued)

GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

(ii) Structured products and options trading

| <u>Item</u> | <u>Type</u> | <u>Outstanding position</u> | | <u>Contract amount or option premiums received (paid)</u> | <u>Fair value</u> |
|--------------------------|-------------|-----------------------------|---------------|---|-------------------|
| | | <u>Buy/Sell</u> | <u>Amount</u> | | |
| December 31, 2020 | | | | | |
| Structured swap | Corn | Buy | 800 | \$ - | 11,969 |
| Option contract | Corn | Sell | 500 | (497) | (1,010) |
| | Total | | | <u>\$ (497)</u> | <u>10,959</u> |

As of December 31, 2019, the Company has no outstanding position corn structured swaps nor option contracts.

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

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|--|--------------------------|--------------------------|
| Equity investments at fair value through other comprehensive income: | | |
| Listed common shares: Domestic- TTET UNION CORPORATION | \$ 2,196,917 | 1,865,452 |
| Unlisted common shares: Domestic | <u>80,171</u> | <u>80,677</u> |
| Total | <u>\$ 2,277,088</u> | <u>1,946,129</u> |

(i) Equity investments at fair value through other comprehensive income

The Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long-term strategic purposes.

For more information on the dividends received due to equity investments at fair value through other comprehensive income held on the years then ended December 31, 2020 and 2019, please refer to Note 6(w).

There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity to these investments as of December 31, 2020 and 2019.

(ii) For credit risk and market risk, please refer to Note 6(x).

(iii) The aforementioned financial assets had not been pledged as collateral for its long-term borrowings.

(Continued)

GREAT WALL ENTERPRISE CO., LTD.

Notes to the Financial Statements

Sensitivity analysis- equity price risks:

If the price of equity securities changes on the reporting date (the two-period analysis adopts the same basis and assumes that other changing factors remain unchanged), the impact on the comprehensive profit and loss items is as follows:

| <u>Prices of securities at the reporting date</u> | For the years ended December 31, | | | |
|---|---|-------------------|---|-------------------|
| | 2020 | | 2019 | |
| | Other comprehensive income after tax | Net income | Other comprehensive income after tax | Net income |
| Increasing 1% | \$ <u>22,770</u> | <u>-</u> | <u>19,461</u> | <u>-</u> |
| Decreasing 1% | \$ <u>(22,770)</u> | <u>-</u> | <u>(19,461)</u> | <u>-</u> |

(d) Notes and trade receivables

| | December 31, 2020 | December 31, 2019 |
|--|--------------------------|--------------------------|
| Notes receivable from operating activities | \$ 861,623 | 870,680 |
| Trade receivables—measured as amortized cost | 2,534,784 | 1,984,872 |
| Less: Loss allowance | <u>(93,704)</u> | <u>(67,812)</u> |
| | <u>\$ 3,302,703</u> | <u>2,787,740</u> |

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provisions were determined as follows:

| | December 31, 2020 | | |
|-----------------------------|------------------------------|-----------------------------------|---------------------------------|
| | Gross carrying amount | Weighted average loss rate | Loss allowance provision |
| Current | \$ 3,086,009 | 2.26% | 69,596 |
| 1 to 30 days past due | 278,401 | 2.33% | 6,486 |
| 31 to 60 days past due | 9,015 | 12.89% | 1,162 |
| 61 to 90 days past due | 4,150 | 28.5% | 1,183 |
| 91 to 180 days past due | 4,434 | 32.77% | 1,453 |
| 181 to 365 days past due | 940 | 38.97% | 366 |
| More than 365 days past due | <u>13,458</u> | 100% | <u>13,458</u> |
| | <u>\$ 3,396,407</u> | | <u>93,704</u> |

(Continued)

GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

| | December 31, 2019 | | |
|-----------------------------|----------------------------------|---|-------------------------------------|
| | Gross carrying amount | Weighted average loss rate | Loss allowance provision |
| Current | \$ 2,670,129 | 1.44% | 38,464 |
| 1 to 30 days past due | 137,605 | 1.70% | 2,343 |
| 31 to 60 days past due | 17,892 | 8.25% | 1,476 |
| 61 to 90 days past due | 8,645 | 49.14% | 4,248 |
| 91 to 180 days past due | 8,057 | 100% | 8,057 |
| 181 to 365 days past due | 9,098 | 100% | 9,098 |
| More than 365 days past due | 4,126 | 100% | 4,126 |
| | \$ 2,855,552 | | 67,812 |

The movement in the allowance for notes and trade receivables were as follows:

| | Accumulated loss |
|------------------------------|-----------------------------|
| Balance at January 1, 2020 | \$ 67,812 |
| Impairment losses recognized | 24,290 |
| Amounts written off | (1,559) |
| Amounts recoverable | 3,161 |
| Balance at December 31, 2020 | \$ 93,704 |
| Balance at January 1, 2019 | \$ 58,738 |
| Impairment losses recognized | 24,840 |
| Amounts written off | (16,158) |
| Amounts recoverable | 392 |
| Balance at December 31, 2019 | \$ 67,812 |

As of December 31, 2020 and 2019, trade receivables had not been pledged as collateral.

(e) Inventory

| | December 31, 2020 | December 31, 2019 |
|-------------------------------|------------------------------|------------------------------|
| Raw materials and consumables | \$ 448,858 | 746,070 |
| Materials in transit | 938,578 | 1,005,132 |
| Work in progress | 3,075 | 3,182 |
| Finished goods | 264,834 | 209,619 |
| Agricultural products | 43,129 | 175,982 |
| Total | \$ 1,698,474 | 2,139,985 |
| Inventory FVLCTS | \$ 43,129 | 175,982 |

(Continued)

GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

The details of the cost of sales were as follows:

| | For the years ended December 31, | |
|------------------------------|---|-------------------|
| | 2020 | 2019 |
| Inventory that has been sold | \$ 23,201,759 | 24,095,643 |
| Revenue from sale of scraps | (80,018) | (103,906) |
| | \$ 23,121,741 | 23,991,737 |

As of December 31, 2020 and 2019, inventories have not been pledged as collateral for long-term borrowings.

(f) Biological assets

(i) Details of biological assets :

| | December 31, 2020 | December 31, 2019 |
|---|------------------------------|------------------------------|
| <u>Biological assets: Current</u> | | |
| Consumable biological assets: Poultry | \$ 295,302 | 200,145 |
| Consumable biological assets: Livestock | 589,225 | 508,022 |
| Bearer biological assets: Poultry | 86,707 | 152,781 |
| Bearer biological assets: Accumulated depreciation | (38,194) | (58,640) |
| Changes in the fair value of productive biological assets less costs to sell | 1,757 | - |
| Biological assets: Current | \$ 934,797 | 802,308 |
| <u>Biological assets: Non-current</u> | | |
| Consumable biological assets: Poultry | \$ 22,137 | - |
| Consumable biological assets: Accumulated depreciation | (9,714) | - |
| Bearer biological assets: Livestock | 261,214 | 301,341 |
| Bearer biological assets: Accumulated depreciation | (86,470) | (100,910) |
| Biological assets: Non-current | \$ 187,167 | 200,431 |

(ii) Changes in biological assets:

| | Poultry | Livestock | Total |
|---|-------------------|------------------|------------------|
| Balance at January 1, 2020 | \$ 294,286 | 708,453 | 1,002,739 |
| Increase due to purchases | 1,714,322 | 62,892 | 1,777,214 |
| Decrease due to sales | (1,928,162) | (2,057,072) | (3,985,234) |
| Net increase due to reproduction (death) | 277,549 | 2,049,696 | 2,327,245 |
| Balance at December 31, 2020 | \$ 357,995 | 763,969 | 1,121,964 |
| Current | \$ 345,572 | 589,225 | 934,797 |
| Non-current | 12,423 | 174,744 | 187,167 |
| | \$ 357,995 | 763,969 | 1,121,964 |

(Continued)

GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

| | <u>Poultry</u> | <u>Livestock</u> | <u>Total</u> |
|---|-------------------|------------------|------------------|
| Balance at January 1, 2019 | \$ 275,893 | 696,735 | 972,628 |
| Increase due to purchases | 1,414,941 | 66,146 | 1,481,087 |
| Decrease due to sales | (2,039,224) | (2,134,051) | (4,173,275) |
| Net increase due to reproduction (death) | 642,676 | 2,079,623 | 2,722,299 |
| Balance at December 31, 2019 | <u>\$ 294,286</u> | <u>708,453</u> | <u>1,002,739</u> |
| Current | \$ 294,286 | 508,022 | 802,308 |
| Non-current | - | 200,431 | 200,431 |
| | <u>\$ 294,286</u> | <u>708,453</u> | <u>1,002,739</u> |

(iii) As of December 31, 2020 and 2019, the number of poultry owned amounted to:

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|--------------------------|------------------------------|------------------------------|
| Underage broiler | 6,719,596 | 5,782,389 |
| Underage breeder poultry | 164,712 | 179,288 |
| Breeder poultry | 223,925 | 806,094 |
| | <u>7,108,233</u> | <u>6,767,771</u> |

(iv) As of December 31, 2020 and 2019, the number of livestock owned amounted to:

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|------------------------|------------------------------|------------------------------|
| Underage swine | 97,141 | 112,008 |
| Underage breeder swine | 14,673 | 16,462 |
| Breeder swine | 16,788 | 12,841 |
| | <u>128,602</u> | <u>141,311</u> |

The Company slaughtered and sold approximately 71,290,737 and 67,552,814 units of biological assets in 2020 and 2019, respectively.

(v) Fair value

The fair value of biological assets is based on the most recent market transaction price. However, if there are major changes in economic conditions between the transaction date and the reporting date, the market price of similar assets will be adjusted to reflect the difference. The fair value of livestock to be sold is based on the market price of livestock of similar age, breed and gene. When the market-determined price or value of a biological asset cannot be obtained at the time of initial recognition, and the alternative estimate for determining the fair value is unreliable, the biological asset should be measured at its cost minus all accumulated depreciation and all accumulated impairment losses. The book value of biological assets not measured by fair value is a reasonable approximation of fair value.

(Continued)

GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

The Company is exposed to the following risks related to raising poultry and livestock:

(i) Regulations and environmental risks

The Company has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that systems in place are adequate to manage those risks.

(ii) Supply and demand risks

The Company is exposed to risks arising from fluctuations in the price and sales volume of poultry and livestock. When possible, the Company manages this risk by aligning its raising volume with market supply and demand. Management performs regular industry trend analyzes to ensure that the Company's pricing structure is in line with the market and to ensure that projected slaughtering volumes are consistent with the expected demand.

(iii) Climate and other risks

The Company's poultry and livestock raising is exposed to the risk of damage from climate change, diseases, and other natural forces. The Company has extensive processes in place aimed at monitoring and mitigating those risks, including raising animals in a closed environment and conducting regular health checks and disease investigation of poultry and livestock. The Company also insures itself against natural disasters such as floods and hurricanes.

As of December 31, 2020 and 2019, biological assets have not been pledged as collateral for long-term borrowings.

(g) Prepayments

The details of prepayments are as follows :

| | December 31, 2020 | December 31, 2019 |
|--------------------------|------------------------------|------------------------------|
| Prepayments to suppliers | \$ 85,609 | 62,084 |
| Prepayments to breeders | 16,766 | 7,779 |
| Other | 8,190 | 17,048 |
| | \$ 110,565 | 86,911 |

(h) Investments using the equity method

A summary of the Company's financial information for investments accounted for using the equity method at the reporting date is as follows:

| | December 31, 2020 | December 31, 2019 |
|------------|------------------------------|------------------------------|
| Subsidiary | \$ 11,898,268 | 9,600,405 |

Please refer to the consolidated financial statements for the year ended December 31, 2020.

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GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

(i) Property, plant and equipment

The movements of the cost, depreciation, and impairment of the property, plant and equipment of the Company were as follows:

| | <u>Land</u> | <u>Buildings and Construction</u> | <u>Machinery and Equipment</u> | <u>Transportation equipment</u> | <u>Other facilities</u> | <u>Construction in progress</u> | <u>Accumulated impairment</u> | <u>Total</u> |
|-------------------------------------|---------------------|---------------------------------------|------------------------------------|-------------------------------------|-------------------------|-------------------------------------|-----------------------------------|-------------------|
| Cost or deemed cost : | | | | | | | | |
| Balance at January 1, 2020 | \$ 3,475,066 | 2,771,757 | 3,015,858 | 196,202 | 1,945,310 | 729,335 | - | 12,133,528 |
| Other additions | 287,920 | - | - | 39,332 | 10,168 | 783,939 | - | 1,121,359 |
| Transfer from investment properties | 55,675 | 73,294 | - | - | - | - | - | 128,969 |
| Transfers | 25,280 | 545,326 | 82,862 | 5,385 | 224,877 | (883,730) | - | - |
| Disposal | (145,841) | (187,780) | (531,646) | (34,931) | (266,252) | (39,379) | - | (1,205,829) |
| Balance at December 31, 2020 | <u>\$ 3,698,100</u> | <u>3,202,597</u> | <u>2,567,074</u> | <u>205,988</u> | <u>1,914,103</u> | <u>590,165</u> | <u>-</u> | <u>12,178,027</u> |
| Balance at January 1, 2019 | \$ 2,008,195 | 2,695,961 | 2,799,282 | 195,240 | 1,674,710 | 388,802 | - | 9,762,190 |
| Other additions | 1,535,534 | 37,054 | 56 | 29,320 | 3,634 | 889,352 | - | 2,494,950 |
| Transfers | - | 57,089 | 218,200 | 5,807 | 267,723 | (548,819) | - | - |
| Disposal | (68,663) | (18,347) | (1,680) | (34,165) | (757) | - | - | (123,612) |
| Balance at December 31, 2019 | <u>\$ 3,475,066</u> | <u>2,771,757</u> | <u>3,015,858</u> | <u>196,202</u> | <u>1,945,310</u> | <u>729,335</u> | <u>-</u> | <u>12,133,528</u> |
| Depreciation and impairment loss : | | | | | | | | |
| Balance at January 1, 2020 | \$ - | 1,232,674 | 2,146,785 | 123,518 | 1,278,334 | - | 1,500 | 4,782,811 |
| Depreciation for the year | - | 103,452 | 116,771 | 25,615 | 160,352 | - | - | 406,190 |
| Transfer from investment properties | - | 45,074 | - | - | - | - | - | 45,074 |
| Disposal | - | (53,970) | (243,264) | (24,755) | (150,027) | - | - | (472,016) |
| Balance at December 31, 2020 | <u>\$ -</u> | <u>1,327,230</u> | <u>2,020,292</u> | <u>124,378</u> | <u>1,288,659</u> | <u>-</u> | <u>1,500</u> | <u>4,762,059</u> |
| Balance at January 1, 2019 | \$ - | 1,132,655 | 1,989,600 | 124,444 | 1,111,165 | - | 1,500 | 4,359,364 |
| Depreciation for the year | - | 100,249 | 158,865 | 26,894 | 167,842 | - | - | 453,850 |
| Disposal | - | (230) | (1,680) | (27,820) | (673) | - | - | (30,403) |
| Balance at December 31, 2019 | <u>\$ -</u> | <u>1,232,674</u> | <u>2,146,785</u> | <u>123,518</u> | <u>1,278,334</u> | <u>-</u> | <u>1,500</u> | <u>4,782,811</u> |
| Carrying amount : | | | | | | | | |
| Balance at December 31, 2020 | <u>\$ 3,698,100</u> | <u>1,875,367</u> | <u>546,782</u> | <u>81,610</u> | <u>625,444</u> | <u>590,165</u> | <u>(1,500)</u> | <u>7,415,968</u> |
| Balance at January 1, 2019 | <u>\$ 2,008,195</u> | <u>1,563,306</u> | <u>809,682</u> | <u>70,796</u> | <u>563,545</u> | <u>388,802</u> | <u>(1,500)</u> | <u>5,402,826</u> |
| Balance at December 31, 2019 | <u>\$ 3,475,066</u> | <u>1,539,083</u> | <u>869,073</u> | <u>72,684</u> | <u>666,976</u> | <u>729,335</u> | <u>(1,500)</u> | <u>7,350,717</u> |

- (i) In 2008, the Company acquired nine lots of land (0439-0000, etc.) for \$35,708 thousand in Xinpi Township Section, Xinpi Township, Pingtung County. Since they are all agricultural land and cannot be transferred to the company, property rights are temporarily registered under the individual's name. However, an agreement has been obtained and security measures have been adopted to mortgage the land to the company.
- (ii) In October 2009, the Company acquired three lots of land (212, etc.) for \$16,011 thousand in Shirong Section, Yanpu Township, Pingtung County. Since they are all agricultural land and cannot be transferred to the company, property rights are temporarily registered under the individual's name. However, an agreement has been obtained and security measures have been adopted to mortgage the land to the company.
- (iii) In October 2008, the Company acquired twenty-one lots of land (105-34, etc.) for \$45,971 thousand in Wuluo Section, Ligang Township, Pingtung County. Since they are all agricultural land and cannot be transferred to the company, property rights are temporarily registered under the individual's name. However, an agreement has been obtained and security measures have been adopted to mortgage the land to the company.

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GREAT WALL ENTERPRISE CO., LTD.

Notes to the Financial Statements

- (iv) The Company acquired 5 lots of land (0889, etc.) for \$23,179 thousand in Pizaitou Section, Guanmiao Township, Tainan County in April 2010. Since they are all agricultural land and cannot be transferred to the company, property rights are temporarily registered under the individual's name. However, an agreement has been obtained and security measures have been adopted to mortgage the land to the company. In July 2014, land lot 0889 and 0893 worth \$22,823 thousand have been transferred to the Company.
- (v) The Company acquired land lots (0440-0006) for \$3,247 thousand in Xinbei Township Section, Xinpi Township, Pingtung County in March 2011. Since they are all agricultural land and cannot be transferred to the company, property rights are temporarily registered under the individual's name. However, an agreement has been obtained and security measures have been adopted to mortgage the land to the company.
- (vi) The Company acquired one lot of land (715-2) for \$1,114 thousand in Xinli Section, Xinpi Township, Pingtung County in 2013. Since they are all agricultural land and cannot be transferred to the company, property rights are temporarily registered under the individual's name. However, an agreement has been obtained and security measures have been adopted to mortgage the land to the company.
- (vii) The Company acquired one land lot (440-7) for \$3,617 thousand in Shitan Section, Xinpi Township, Pingtung County in September 2015. Since they are all agricultural land and cannot be transferred to the company, property rights are temporarily registered under the individual's name. However, an agreement has been obtained and security measures have been adopted to mortgage the land to the company.
- (viii) The Company acquired land lots (936, 936-1) in Linluo Township, Pingtung County for \$9,841 thousand in January 2016. Since they are all agricultural land and cannot be transferred to the company, property rights are temporarily registered under the individual's name. However, an agreement has been obtained and security measures have been adopted to mortgage the land to the company.
- (ix) The Company acquired one land lot (4303) in the Caohu Section and Fangbei Section of Fangyuan Township, Changhua County for \$85,862 thousand in December 2018. Since they are all agricultural land and cannot be transferred to the company, property rights are temporarily registered under the individual's name. However, an agreement has been obtained and security measures have been adopted to mortgage the land to the company.
- (x) Guarantees
As of December 31, 2020 and 2019, no guarantees were made for its short-term borrowings.
- (xi) The Company did not capitalize any interests incurred due to the construction of plant and equipment in the years 2020 and 2019.
- (xii) For gain (loss) on disposal, please refer to Note 6(w).

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GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

(j) Right-of-use assets

The movements of the cost, depreciation for the land, buildings and construction, transportation equipment, machinery and equipment that were leased by the Company were as follows:

| | Buildings and construction | Machinery and equipment | Other | Total |
|--|---------------------------------------|------------------------------------|----------------|----------------|
| Cost : | | | | |
| Balance at January 1, 2020 | \$ 176,288 | 16,705 | 111,570 | 304,563 |
| Addition | 298 | - | - | 298 |
| Balance at December 31, 2020 | <u>\$ 176,586</u> | <u>16,705</u> | <u>111,570</u> | <u>304,861</u> |
| Effects of retrospective application | \$ 184,574 | - | 111,570 | 296,144 |
| Addition | - | 16,705 | - | 16,705 |
| Disposal/Write-off | (8,286) | - | - | (8,286) |
| Balance at December 31, 2019 | <u>\$ 176,288</u> | <u>16,705</u> | <u>111,570</u> | <u>304,563</u> |
| Accumulated depreciation and impairment losses : | | | | |
| Balance at January 1, 2020 | \$ 29,545 | - | 15,938 | 45,483 |
| Depreciation for the year | 29,606 | - | 15,938 | 45,544 |
| Balance at December 31, 2020 | <u>\$ 59,151</u> | <u>-</u> | <u>31,876</u> | <u>91,027</u> |
| Balance at January 1, 2019 | \$ - | - | - | - |
| Depreciation for the year | 33,096 | - | 15,938 | 49,034 |
| Disposal | (3,551) | - | - | (3,551) |
| Balance at December 31, 2019 | <u>\$ 29,545</u> | <u>-</u> | <u>15,938</u> | <u>45,483</u> |
| Carrying amount : | | | | |
| Balance at December 31, 2020 | <u>\$ 117,435</u> | <u>16,705</u> | <u>79,694</u> | <u>213,834</u> |
| Balance at January 1, 2019 | <u>\$ 184,574</u> | <u>-</u> | <u>111,570</u> | <u>296,144</u> |
| Balance at December 31, 2019 | <u>\$ 146,743</u> | <u>16,705</u> | <u>95,632</u> | <u>259,080</u> |

(k) Investment property

For all investment property leases, the rental income is fixed under the contracts.

The details of investment properties are as follows:

| | Owned property | | | Total |
|--|----------------------------------|---------------------------------------|-----------------------------------|----------------|
| | Land and improvements | Buildings and construction | Accumulated impairment | |
| Balance at January 1, 2020 | \$ 331,043 | 446,662 | - | 777,705 |
| Transferred to property, plant and equipment | (55,675) | (73,294) | - | (128,969) |
| Balance at December 31, 2020 | <u>\$ 275,368</u> | <u>373,368</u> | <u>-</u> | <u>648,736</u> |
| Balance at December 31, 2019 (same as balance at January 1, 2019) | <u>\$ 331,043</u> | <u>446,662</u> | <u>-</u> | <u>777,705</u> |
| Accumulated depreciation and impairment losses: | | | | |
| Balance at January 1, 2020 | \$ - | 263,151 | 36,000 | 299,151 |
| Depreciation | - | 9,193 | - | 9,193 |
| Transferred to property, plant and equipment | - | (45,074) | - | (45,074) |
| Balance at December 31, 2020 | <u>\$ -</u> | <u>227,270</u> | <u>36,000</u> | <u>263,270</u> |
| Balance at January 1, 2019 | \$ - | 253,813 | 36,000 | 289,813 |
| Depreciation | - | 9,338 | - | 9,338 |
| Balance at December 31, 2019 | <u>\$ -</u> | <u>263,151</u> | <u>36,000</u> | <u>299,151</u> |

(Continued)

GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

| | Owned property | | | Total |
|------------------------------|--------------------------|-------------------------------|---------------------------|----------------|
| | Land and improvements | Buildings and construction | Accumulated impairment | |
| Carrying amount: | | | | |
| Balance at December 31, 2020 | \$ <u>275,368</u> | <u>146,098</u> | <u>(36,000)</u> | <u>385,466</u> |
| Balance at December 31, 2019 | \$ <u>331,043</u> | <u>183,511</u> | <u>(36,000)</u> | <u>478,554</u> |
| Fair value: | | | | |
| Balance at December 31, 2020 | | | \$ <u>541,117</u> | |
| Balance at December 31, 2019 | | | \$ <u>632,454</u> | |

The fair value of investment properties was based on a valuation by management. Fair value was measured using the market approach to compare the market value of the properties with similar condition in neighboring areas.

Investment property comprises a number of commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of 2 to 9 years. Subsequent renewals are negotiated with the lessee, and no contingent rent are charged. For relevant information, please refer to Note 6(p).

The Company acquired the Hedong section of Dongshan District, Tainan City (previously land lots #0328-0001 in the Jibeishuan Section, Dongshan Township, Tainan County) for \$313 thousand in 2007. Since they are all agricultural land and cannot be transferred to the company, property rights are temporarily registered under the individual's name. However, an agreement has been obtained and security measures have been adopted to mortgage the land to the company.

As of December 31, 2020 and 2019, investment properties have not been pledged as collateral.

(l) Other non current assets - other

| | December 31, 2020 | December 31, 2019 |
|---|----------------------|----------------------|
| Prepayments for construction and facilities | \$ 214,896 | 473,341 |
| Intangible assets | 600 | 600 |
| Guarantee deposits paid | 55,371 | 40,908 |
| Unamortized expenses | 6,199 | 4,159 |
| Prepaid processing fee | <u>30,000</u> | <u>30,000</u> |
| | <u>\$ 307,066</u> | <u>549,008</u> |

(m) Short-term borrowings

| | December 31, 2020 | December 31, 2019 |
|--------------------------------|----------------------|----------------------|
| Letters of credit | \$ 3,579,406 | 2,798,166 |
| Unsecured bank loans | <u>1,059,000</u> | <u>1,318,000</u> |
| Total | <u>\$ 4,638,406</u> | <u>4,116,166</u> |
| Unused short-term credit lines | <u>\$ 6,061,939</u> | <u>3,532,677</u> |
| Range of interest rates | <u>0.476%~1%</u> | <u>0.8%~2.73%</u> |

(Continued)

GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

(i) Issuance and repayment of loans

| | Total |
|---|----------------------------|
| Balance at January 1, 2020 | \$ 4,116,166 |
| New loans (Due date: from January 2020 to June 2021) | 49,856,942 |
| Loans repaid | <u>(49,334,702)</u> |
| Balance at December 31, 2020 | <u>\$ 4,638,406</u> |
| Balance at January 1, 2019 | \$ 2,922,678 |
| New loans (Due date: from February 2019 to June 2020) | 53,544,054 |
| Loans repaid | <u>(52,350,566)</u> |
| Balance at December 31, 2019 | <u>\$ 4,116,166</u> |

(ii) Collateral for bank loans

The Company issues covered promissory notes to guarantee for short-term borrowings. Please refer to Note 9.

(n) Short-term notes and bills payable

As of December 31, 2020 and 2019, the guarantee and acceptance agencies for commercial short-term notes are Ta Ching Bills Finance Corporation, China Bills Finance Corporation, Dah Chung Bills Finance Corporation, Taiwan Cooperative Bills Finance Corporation, Taiwan Finance Co., and Mega Bills Finance Corporation. The maturity dates are from 2021.1.4~2021.2.2 and from 2020.1.3~2020.1.22, respectively. Their respective face values are \$1,700,000 thousand and \$1,800,000 thousand.

| | December 31, 2020 | December 31, 2019 |
|--------------------------|------------------------------|------------------------------|
| Commercial paper payable | <u>\$ 1,700,000</u> | <u>1,800,000</u> |

(i) Issuance and repayment

| | Total |
|--|-----------------------------|
| Balance at January 1, 2020 | \$ 1,800,000 |
| New loans (Due date: from January 2020 to February 2021) | 20,000,000 |
| Loans repaid | <u>(20,100,000)</u> |
| Balance at December 31, 2020 | <u>\$ 1,700,000</u> |
| Range of interest rates | <u>0.831%-0.898%</u> |
| Balance at January 1, 2019 | \$ 900,000 |
| New loans (Due date: from January 2019 to January 2020) | 18,300,000 |
| Loans repaid | <u>(17,400,000)</u> |
| Balance at December 31, 2019 | <u>\$ 1,800,000</u> |
| Range of interest rates | <u>0.958%-0.978%</u> |

(Continued)

GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

(ii) Collateral for borrowings

The Company issues covered promissory notes to guarantee for short-term borrowings. Please refer to Note 9.

(o) Lease liabilities

The carrying amounts of lease liabilities are as follows:

| | December 31, 2020 | December 31, 2019 |
|-------------|------------------------------|------------------------------|
| Current | <u>\$ 46,575</u> | <u>45,908</u> |
| Non-current | <u>\$ 170,194</u> | <u>214,969</u> |

For the maturity analysis, please refer to Note 6(x).

The amounts recognized in profit or loss was as follows:

| | For the years ended December 31, | |
|--|---|---------------|
| | 2020 | 2019 |
| Interest on lease liabilities | <u>\$ 3,363</u> | <u>4,094</u> |
| Expenses relating to short-term leases | <u>\$ 14,515</u> | <u>16,334</u> |
| Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets | <u>\$ 8,692</u> | <u>7,138</u> |

The amounts recognized in the statement of cash flows for the Company was as follows: :

| | 2020 | 2019 |
|-------------------------------|------------------|---------------|
| Total cash outflow for leases | <u>\$ 70,976</u> | <u>74,803</u> |

(p) Operating lease

(i) Leases as lessor

The Company leases out its investment property. Please refer to Note 6(k) for information about the operating leases of investment property.

A maturity analysis of lease payments showing the undiscounted lease payments to be received on December 31, 2020 is as follows:

| | December 31, 2020 | December 31, 2019 |
|-----------------------------------|------------------------------|------------------------------|
| Less than one year | \$ 25,392 | 30,022 |
| Between one and five years | 58,853 | 120,000 |
| Over five years | <u>7,906</u> | <u>265,500</u> |
| Total undiscounted lease payments | <u>\$ 92,151</u> | <u>415,522</u> |

(Continued)

GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

(q) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

| | December 31, 2020 | December 31, 2019 |
|--|------------------------------|------------------------------|
| Present value of the defined benefit obligations | \$ 62,850 | 68,628 |
| Fair value of planned assets | <u>(168,109)</u> | <u>(169,270)</u> |
| Net defined benefit liabilities (assets) | <u>\$ (105,259)</u> | <u>(100,642)</u> |

The Company's employee benefit liabilities (assets) were as follows:

| | December 31, 2020 | December 31, 2019 |
|-------------------------------|------------------------------|------------------------------|
| Total employee benefit assets | <u>\$ (105,259)</u> | <u>(100,642)</u> |

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company approved the establishment of the "Employee Pension Management Committee" in accordance with Rule No. 0920015946 issued by the Xinhua Office of the National Taxation Bureau of the Southern Area to transfer retirement funds to the special employee retirement reserve account of the Cooperative Bank Commercial Bank.

The Company's Bank of Taiwan and Taiwan Cooperative Bank labor pension reserve account balance amounted to \$168,109 thousand and \$169,270 thousand as of December 31, 2020 and 2019, respectively. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(Continued)

GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

2) Movements in present value of the defined benefit obligations

For the years ended December 31, 2020 and 2019, the movement in present value of the defined benefit obligations for the Company were as follows:

| | <u>For the years ended December 31,</u> | |
|--|---|----------------|
| | <u>2020</u> | <u>2019</u> |
| Defined benefit obligations at January 1 | \$ 68,628 | 68,951 |
| Current service costs and interest cost (income) | 1,522 | 1,667 |
| Remeasurements loss (gain): | | |
| — Return on plan assets excluding interest income | (470) | 1,242 |
| — Actuarial loss (gain) arising from financial assumptions | 1,954 | 515 |
| Benefits paid | <u>(8,784)</u> | <u>(3,747)</u> |
| Defined benefit obligations at December 31 | <u>\$ 62,850</u> | <u>68,628</u> |

3) Movements of defined benefit plan assets

For the years ended December 31, 2020 and 2019, the movements in the present value of the defined benefit plan assets for the Company were as follows:

| | <u>For the years ended December 31,</u> | |
|---|---|----------------|
| | <u>2020</u> | <u>2019</u> |
| Defined benefit obligations at January 1 | \$ 169,270 | 161,725 |
| Remeasurements loss (gain): | | |
| — Return on plan assets excluding interest income | 5,037 | 5,520 |
| Contributions paid by the employer | 2,586 | 5,772 |
| Benefits paid | <u>(8,784)</u> | <u>(3,747)</u> |
| Defined benefit obligations at December 31 | <u>\$ 168,109</u> | <u>169,270</u> |

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

| | <u>For the years ended December 31,</u> | |
|---|---|--------------|
| | <u>2020</u> | <u>2019</u> |
| Current service costs | \$ 1,055 | 1,116 |
| Net interest of net liabilities for defined benefit obligations | <u>(722)</u> | <u>(764)</u> |
| Total (Administration expenses) | <u>\$ 333</u> | <u>352</u> |

(Continued)

GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

| | <u>For the years ended December 31,</u> | |
|-------------------------|---|-------------|
| | <u>2020</u> | <u>2019</u> |
| Administration expenses | \$ <u>333</u> | <u>352</u> |

- 5) Remeasurement of net defined benefit liability (asset) recognized in other comprehensive income

The Company's remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income for the years ended December 31, 2020 and 2019, was as follows:

| | <u>For the years ended December 31,</u> | |
|-----------------------------------|---|----------------|
| | <u>2020</u> | <u>2019</u> |
| Accumulated amount at January 1 | \$ 2,535 | 4,982 |
| Recognized during the period | <u>(2,363)</u> | <u>(2,447)</u> |
| Accumulated amount at December 31 | \$ <u>172</u> | <u>2,535</u> |

- 6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

| | <u>December 31,</u> <u>2020</u> | <u>December 31,</u> <u>2019</u> |
|-----------------------------|------------------------------------|------------------------------------|
| Discount rate | 0.30% | 0.70% |
| Future salary increase rate | 2.00% | 2.00% |

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is \$1,320 thousand.

The weighted average lifetime of the defined benefits plans ranges from 7.4 years.

- 7) Sensitivity analysis

Based on the actuarial assumptions, the impact on the present value of the defined benefit obligation shall be as follows:

| | <u>Influences of defined benefit obligations (assets)</u> | |
|--|---|------------------|
| | <u>Increased</u> | <u>Decreased</u> |
| December 31, 2020 | | |
| Discount rate (0.25% change) | \$ 1,235 | (1,281) |
| Future salary increasing rate (0.25% change) | (1,099) | 1,066 |
| December 31, 2019 | | |
| Discount rate (0.25% change) | \$ 1,274 | (1,318) |
| Future salary increasing rate (0.25% change) | (1,136) | 1,105 |

(Continued)

GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2020 and 2019.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions amounted to \$60,560 thousand and \$55,898 thousand for the years ended December 31, 2020 and 2019, respectively.

(r) Income taxes

(i) The components of income tax in the years 2020 and 2019 were as follows:

| | For the years ended December 31, | |
|--|---|-----------------------|
| | 2020 | 2019 |
| Current tax expense | | |
| Current period | \$ 437,354 | 386,924 |
| Adjustment for prior periods | <u>5,247</u> | <u>6,963</u> |
| | <u>442,601</u> | <u>393,887</u> |
| Deferred tax expense | | |
| Origination and reversal of temporary difference | <u>8,335</u> | <u>4,254</u> |
| | <u>8,335</u> | <u>4,254</u> |
| Income tax expense from continuing operations | <u>\$ 450,936</u> | <u>398,141</u> |

The amount of income tax recognized in other comprehensive income for 2020 and 2019 was as follows:

| | For the years ended December 31, | |
|--|---|----------------------------|
| | 2020 | 2019 |
| Items that will not be reclassified subsequently to profit or loss : | | |
| Remeasurement from defined benefit plans | <u><u>\$ (473)</u></u> | <u><u>(490)</u></u> |

(Continued)

GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

Reconciliation of income tax and profit before tax for 2020 and 2019 is as follows:

| | For the years ended December 31, | |
|--|---|-----------------------|
| | 2020 | 2019 |
| Profit excluding income tax | \$ <u>3,573,007</u> | <u>2,681,742</u> |
| Income tax using the Company's domestic tax rate | 714,601 | 536,348 |
| Tax-exempt income | (16,215) | (16,454) |
| Other permanent differences | (252,697) | (140,366) |
| Additional tax on undistributed earnings | - | 11,650 |
| Change in provision in prior periods | <u>5,247</u> | <u>6,963</u> |
| Total | \$ <u>450,936</u> | <u>398,141</u> |

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The entity is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2020 and 2019. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

| | December 31, | December 31, |
|--|--------------------------|-----------------------|
| | 2020 | 2019 |
| Aggregate amount of temporary differences related to investments in subsidiaries | \$ <u>4,925,691</u> | <u>4,911,233</u> |
| Unrecognized deferred tax liabilities | \$ <u>985,138</u> | <u>982,247</u> |

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2020 and 2019 were as follows:

Deferred Tax Liabilities:

| | Provision for the Land Value Increment Tax | Defined benefit plans | Unrealized exchange gains and losses | Fair value gains | Total |
|---|---|----------------------------------|---|-----------------------------|----------------------|
| January 1, 2020 | \$ 20,754 | 20,635 | - | 11,898 | 53,287 |
| Recognized in profit or loss debit (credit) | - | 500 | 15,966 | (550) | 15,916 |
| December 31, 2020 | \$ <u>20,754</u> | <u>21,135</u> | <u>15,966</u> | <u>11,348</u> | <u>69,203</u> |
| January 1, 2019 | \$ 20,754 | 21,497 | - | 1,011 | 43,262 |
| Recognized in profit or loss debit (credit) | - | (862) | - | 10,887 | 10,025 |
| December 31, 2019 | \$ <u>20,754</u> | <u>20,635</u> | <u>-</u> | <u>11,898</u> | <u>53,287</u> |

(Continued)

GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

Deferred Tax Assets:

| | Excessive amount of bad debt expense | Impairment loss of financial assets | Impairment loss of fixed assets | Other | Total |
|---|--|--|---------------------------------------|---------------|---------------|
| January 1, 2020 | \$ 19,392 | 7,264 | 7,500 | 12,115 | 46,271 |
| Recognized in profit or loss (debit) credit | 1,089 | 4,848 | - | 1,644 | 7,581 |
| Debit other comprehensive profit and loss | - | - | - | (473) | (473) |
| December 31, 2020 | <u>\$ 20,481</u> | <u>12,112</u> | <u>7,500</u> | <u>13,286</u> | <u>53,379</u> |
| | | | | | |
| January 1, 2019 | \$ 13,788 | 7,264 | 7,500 | 12,438 | 40,990 |
| Recognized in profit or loss (debit) credit | 5,604 | - | - | 167 | 5,771 |
| Recognized in other comprehensive profit and loss | - | - | - | (490) | (490) |
| December 31, 2019 | <u>\$ 19,392</u> | <u>7,264</u> | <u>7,500</u> | <u>12,115</u> | <u>46,271</u> |

(iii) As of December 31, 2020, the Company's tax returns for the years through 2018 were assessed by the National Tax Administration.

(s) Capital and other equity

As of December 31, 2020 and 2019, the number of authorized ordinary shares were both \$9,900,000 shares with par value of 10 per share while the total value of authorized ordinary shares amounted to 990,000 thousand. As of those dates, 827,339 thousand ordinary shares were issued, respectively.

Reconciliation of shares outstanding for 2020 and 2019 was as follows:

(expressed in thousands)

| | Ordinary shares | |
|---|-------------------|----------------|
| | 2020 | 2019 |
| Balance at January 1, 2020 | \$ 827,339 | 787,942 |
| Capital increase through undistributed earnings | - | 39,397 |
| Balance at December 31, 2020 | <u>\$ 827,339</u> | <u>827,339</u> |

(i) Ordinary shares

A resolution was passed during the general meeting of shareholders held on May 31, 2019 to transfer undistributed earnings of \$393,971 thousand into capital increase. The Company has received approval from the Financial Supervisory Commission for this capital increase, with September 2, 2019 as the date of capital increase. The relevant statutory registration procedures have since been completed.

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GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

(ii) Capital surplus

The balances of capital surplus as of December 31, 2020 and 2019, were as follows:

| | December 31, 2020 | December 31, 2019 |
|---|------------------------------|------------------------------|
| Share capital | \$ 2,252 | 2,252 |
| Treasury share transactions | 1,659,108 | 1,559,311 |
| Gain or disposal differences arising from subsidiary's share price and its carrying value | 844,969 | 807,430 |
| Change in equity of associates and joint ventures under the equity method | 66,918 | 36,001 |
| Additional paid-in capital arising from bond conversion | 587,144 | 587,144 |
| Other | <u>19,235</u> | <u>19,235</u> |
| | <u>\$ 3,179,626</u> | <u>3,011,373</u> |

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

The Company's memorandum stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

When the Company first adopted the IFRSs as approved by the FSC, by application of the exemption under IFRSs No. 1, any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders equity were reclassified under "Investment property" on the conversion date. The fair value on the conversion date is used as the recognized cost, and the amount of retained earnings increased to \$328,719 thousand. In accordance with Rule No. 1010012865 issued by the FSC on April 6, 2012, for the amount that the company elects to transfer to retained earnings, the company shall set aside an equal amount of special reserve, provided that when, on the date of the adoption of the IFRSs, the increase in retained earnings due to the first-time adoption of

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GREAT WALL ENTERPRISE CO., LTD.

Notes to the Financial Statements

the IFRSs is insufficient to set aside the amount specified above, the company may set aside only the amount of the increase in retained earnings resulting from the adoption of the IFRSs. Following this, the company stated an increase of \$42,994 thousand in special reserves. When the company subsequently uses, disposes of, or reclassifies the relevant assets, it may reverse to distributable earnings a proportional amount of the special reserve originally set aside. As of December 31, 2020 and 2019, special reserves both amounted to \$42,994 thousand.

In accordance with Rule No. 1010012865 as stated above, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2019 and 2018 had been approved during the board meeting on March 27, 2020 and March 28, 2019, respectively. Furthermore, the amounts of share dividends on the appropriations of earnings for 2018 had been approved in the shareholders' meeting on May 31, 2019.

| | 2019 | | 2018 | |
|--|------------------|------------------|------------------|------------------|
| | Amount per share | Total amount | Amount per share | Total amount |
| Dividends distributed to ordinary shareholders : | | | | |
| Cash | \$ 2.20 | 1,820,146 | 1.50 | 1,181,913 |
| Shares | - | - | 0.50 | 393,971 |
| | | 1,820,146 | | 1,575,884 |

The amount of cash dividends on the appropriations of earnings for 2020, and the amount of shares dividends of appropriations of earnings for 2020, had been approved and proposed, respectively during the board meeting on March 31, 2021, as follows:

| | For the years ended December 31, 2020 | |
|---|---------------------------------------|------------------|
| | Amount per share | Total Amount |
| Dividends distributed to ordinary shareholders: | | |
| Cash | \$ 2.70 | 2,233,815 |
| Shares | 0.30 | 248,202 |
| | | 2,482,017 |

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GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

More information on earnings distribution is available on the Market Observation Post System website.

(iv) Treasury shares

Company shares held by subsidiaries

In 2020 and 2019, subsidiaries of the company did not acquire any company shares. The number of shares held by subsidiaries and their respective market price are as follows:

| <u>Name of subsidiary</u> | <u>December 31, 2020</u> | | <u>December 31, 2019</u> | |
|----------------------------|--------------------------|---------------------------------|--------------------------|---------------------------------|
| | <u>Market price</u> | <u>Shares owned (thousands)</u> | <u>Market price</u> | <u>Shares owned (thousands)</u> |
| Huang-Ho Invest. Co., Ltd. | \$ 999,449 | 19,674 | 858,778 | 19,674 |
| City Chain Food Ltd. | <u>1,304,963</u> | <u>25,688</u> | <u>1,121,292</u> | <u>25,688</u> |
| Total | <u>\$ 2,304,412</u> | <u>45,362</u> | <u>1,980,070</u> | <u>45,362</u> |

In March 2019, when stating subsidiary interests, retained earnings arising from the sale of the company's shares by the subsidiary was treated as treasury stocks and then classified as "capital surplus-treasury stock transaction". The amount totaled to \$363,674 thousand.

As of December 31, 2020 and 2019, the total value of company shares held by subsidiaries both amounted to \$219,132 thousand, respectively.

(v) Other equity interest

| | <u>Exchange differences on translation of foreign financial statements</u> | <u>Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income</u> | <u>Total</u> |
|--|--|--|------------------|
| Balance at January 1, 2020 | \$ (899,515) | 1,801,643 | 902,128 |
| Exchange differences on subsidiaries accounted for using equity method | 97,771 | - | 97,771 |
| Unrealized gains (losses) from subsidiaries' financial assets measured at fair value through other comprehensive income | - | 331,465 | 331,465 |
| Unrealized gain (losses) from financial assets measured at fair value through other comprehensive income, subsidiaries for using equity method | | 52,847 | 52,847 |
| Balance at December 31, 2020 | <u>\$ (801,744)</u> | <u>2,185,955</u> | <u>1,384,211</u> |

(Continued)

GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

| | Exchange differences on translation of foreign financial statements | Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | Total |
|--|--|---|----------------|
| Balance at January 1, 2019 | \$ (627,977) | 1,390,519 | 762,542 |
| Exchange differences on subsidiaries accounted for using equity method | (271,538) | - | (271,538) |
| Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income | - | 354,590 | 354,590 |
| Unrealized gains (losses) from subsidiaries' financial assets measured at fair value through other comprehensive income, subsidiaries for using equity method | | 56,534 | 56,534 |
| Balance at December 31, 2019 | <u>\$ (899,515)</u> | <u>1,801,643</u> | <u>902,128</u> |

(t) Employee compensation and directors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 2% of the profit as employee compensation and less than 2% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration of each director and of compensation for employees entitled to receive the abovementioned employee compensation is approved by the Board of Directors. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2020 and 2019, the Company estimated its employee remuneration both amounting to \$90,000 thousand and \$75,000 thousand, and directors' remuneration both amounting \$40,000 thousand and \$35,000 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors of each period, multiplied by the percentage of remuneration to employees, directors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2020 and 2019. If the Board of Directors choose to distribute shares as employee compensation, calculations shall be done one day prior the date of their meeting.

The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2020 and 2019. Related information would be available on the Market Observation Post System website.

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GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

(u) Earnings per share

(i) Basic earnings per share

The details on the calculation of basic earnings per share as of December 31, 2020 and 2019 was based on the profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding. Calculations are as follows:

1) Profit attributable to ordinary shareholders of the Company

| | For the years ended December 31, | |
|---|---|------------------|
| | 2020 | 2019 |
| Profit attributable to ordinary shareholders of the Company | \$ 3,122,071 | 2,283,601 |

2) Weighted average number of ordinary shares

| | For the years ended December 31, | |
|---|---|----------------|
| | 2020 | 2019 |
| Issued ordinary shares at January 1 | \$ 827,339 | 787,942 |
| Effect of the Company's shares held by subsidiaries recognized as treasury shares | (45,362) | (48,188) |
| Effect of share dividends | - | 39,397 |
| Weighted average number of ordinary shares at December 31 | \$ 781,977 | 779,151 |

(ii) Diluted earnings per share

The details on the calculation of diluted earnings per share as of December 31, 2020 and 2019 was based on the profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding after adjusting the effects of all dilutive potential ordinary shares. Calculations are as follows:

1) Profit attributable to ordinary shareholders of the Company (diluted)

| | For the years ended December 31, | |
|---|---|------------------|
| | 2020 | 2019 |
| Profit attributable to ordinary shareholders of the Company (diluted) | \$ 3,122,071 | 2,283,601 |

2) Weighted average number of ordinary shares (diluted)

| | For the years ended December 31, | |
|---|---|----------------|
| | 2020 | 2019 |
| Weighted average number of ordinary shares (basic) | \$ 781,977 | 779,151 |
| Effect of employee share bonus | 1,772 | 1,718 |
| Weighted average number of ordinary shares (diluted) at December 31 | \$ 783,749 | 780,869 |

(Continued)

GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

(v) Revenue from contracts with customers

| For the year ended December 31, 2020 | | | | |
|---|-----------------------------------|-------------------|----------------------------|-------------------|
| | Agriculture and Grains | Meat | Processed Foods | Total |
| Primary geographical markets: | | | | |
| Taiwan | \$ 15,693,651 | 11,249,363 | 230,324 | 27,173,338 |
| Major product line: | | | | |
| Feed | \$ 13,526,716 | 1,644,615 | - | 15,171,331 |
| Other | <u>2,166,935</u> | <u>9,604,748</u> | <u>230,324</u> | <u>12,002,007</u> |
| Total | \$ 15,693,651 | 11,249,363 | 230,324 | 27,173,338 |

| For the year ended December 31, 2019 | | | | |
|---|-----------------------------------|-------------------|----------------------------|-------------------|
| | Agriculture and Grains | Meat | Processed Foods | Total |
| Primary geographical markets: | | | | |
| Taiwan | \$ 17,252,763 | 10,481,221 | 51,106 | 27,785,090 |
| Major product line: | | | | |
| Feed | \$ 15,050,370 | 1,859,952 | - | 16,910,322 |
| Other | <u>2,202,393</u> | <u>8,621,269</u> | <u>51,106</u> | <u>10,874,768</u> |
| Total | \$ 17,252,763 | 10,481,221 | 51,106 | 27,785,090 |

(w) Net other income (expenses)

(i) Interest income

The details of interest income were as follows:

| | For the years ended December 31, | |
|--|---|--------------|
| | 2020 | 2019 |
| Interest income from loans and receivables | \$ 8,929 | 7,309 |
| Interest income from bank deposits | <u>147</u> | <u>139</u> |
| | \$ 9,076 | 7,448 |

(Continued)

GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

(ii) Other gains and losses

The details of other gains and losses were as follows:

| | For the years ended December 31, | |
|---|---|-----------------------|
| | 2020 | 2019 |
| Foreign exchange gains (losses) | \$ 252,442 | 83,566 |
| Gains (losses) on financial assets (liabilities) at fair value through profit or loss | (64,220) | (70,149) |
| Dividends income | 83,267 | 82,270 |
| Rent income | 38,531 | 52,832 |
| Gains (losses) on disposals of property, plant and equipment | 27,535 | 22,678 |
| Other | <u>81,562</u> | <u>56,808</u> |
| | \$ <u>419,117</u> | <u>228,005</u> |

(iii) Finance costs

The details of finance costs were as follows:

| | For the years ended December 31, | |
|-------------------------------------|---|----------------------|
| | 2020 | 2019 |
| Interest expense: Borrowings | \$ 74,778 | 76,099 |
| Interest expense: lease liabilities | <u>3,363</u> | <u>4,094</u> |
| Total | \$ <u>78,141</u> | <u>80,193</u> |

(x) Financial instruments

(i) Types of financial instruments

1) Financial assets

| | December 31, | December 31, |
|---|----------------------------|-------------------------|
| | 2020 | 2019 |
| Cash and cash equivalents | \$ 290,515 | 251,020 |
| Financial assets measured at fair value through profit and loss | 20,454 | 439 |
| Notes receivables | 861,623 | 870,680 |
| Trade receivables | 2,441,080 | 1,917,060 |
| Other receivable due from related parties | 612,228 | 206,100 |
| Other current financial assets | 23,865 | 50,309 |
| Non-current financial assets measured at fair value through profit and loss | 2,277,088 | 1,946,129 |
| Other non-current assets, other | <u>55,371</u> | <u>40,908</u> |
| Total | \$ <u>6,582,224</u> | <u>5,282,645</u> |

(Continued)

GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

2) Financial liabilities

| | December 31, 2020 | December 31, 2019 |
|--|------------------------------|------------------------------|
| Short-term borrowings | \$ 4,638,406 | 4,116,166 |
| Short-term notes and bills payable | 1,700,000 | 1,800,000 |
| Financial liabilities measured at fair value through profit and loss: | 23,199 | 69,844 |
| Notes payable | 30,369 | 375,183 |
| Trade payable | 1,483,545 | 694,480 |
| Other payables | 778,066 | 686,627 |
| Other current liabilities, others | 234,714 | 93,861 |
| Guarantee deposits received | 75,790 | 69,042 |
| Lease liabilities | <u>216,769</u> | <u>260,877</u> |
| Total | <u>\$ 9,180,858</u> | <u>8,166,080</u> |

(ii) Credit risk

1) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk. As of December 31, 2020 and 2019, the Company's maximum exposure to credit risk amounted to \$4,304,697 thousand and \$3,336,077, respectively.

2) Concentration of credit risk

The Company has a broad customer base so there is no significant concentration of transactions with a single customer and the sales area is spread out. Therefore, there is no concentration of credit risk. In order to reduce credit risk, the Company also regularly and continuously evaluates the financial position of customers and requires customers to provide collateral when necessary.

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GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

(iii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

| | <u>Carrying amount</u> | <u>Contractual cash flows</u> | <u>Within 6 months</u> | <u>6-12 months</u> | <u>1-2 years</u> | <u>2-5 years</u> | <u>Over 5 years</u> |
|--|------------------------|-------------------------------|------------------------|--------------------|------------------|------------------|---------------------|
| December 31, 2020 | | | | | | | |
| Short-term borrowings | \$ 4,638,406 | 4,649,515 | 4,649,515 | - | - | - | - |
| Short-term notes and bills payable | 1,700,000 | 1,700,686 | 1,700,686 | - | - | - | - |
| Financial liabilities measured at fair value through other comprehensive income: current | 23,199 | 23,199 | 23,199 | - | - | - | - |
| Notes and trade payable | 1,513,914 | 1,513,914 | 1,513,883 | 31 | - | - | - |
| Other payables | 229,132 | 229,132 | 229,132 | - | - | - | - |
| Other current liabilities, others | 234,714 | 234,714 | 234,714 | - | - | - | - |
| Guarantee deposits received | 75,790 | 75,790 | 29,604 | 1,308 | 15,647 | 28,588 | 643 |
| Lease liabilities | 216,769 | 222,871 | 24,753 | 24,753 | 49,122 | 118,905 | 5,338 |
| | <u>\$ 8,631,924</u> | <u>8,649,821</u> | <u>8,405,486</u> | <u>26,092</u> | <u>64,769</u> | <u>147,493</u> | <u>5,981</u> |
| December 31, 2019 | | | | | | | |
| Short-term borrowings | \$ 4,116,166 | 4,141,103 | 4,141,103 | - | - | - | - |
| Short-term notes and bills payable | 1,800,000 | 1,800,545 | 1,800,545 | - | - | - | - |
| Financial liabilities measured at fair value through other comprehensive income: current | 69,844 | 69,844 | 69,844 | - | - | - | - |
| Notes and trade payable | 1,069,663 | 1,069,663 | 1,069,663 | - | - | - | - |
| Other payables | 206,500 | 206,500 | 206,500 | - | - | - | - |
| Other current liabilities, others | 93,861 | 93,861 | 93,861 | - | - | - | - |
| Guarantee deposits received | 69,042 | 69,042 | 29,380 | 2,843 | 12,630 | 23,989 | 200 |
| Lease liabilities | 260,877 | 272,377 | 24,753 | 24,753 | 49,506 | 165,874 | 7,491 |
| | <u>\$ 7,685,953</u> | <u>7,722,935</u> | <u>7,435,649</u> | <u>27,596</u> | <u>62,136</u> | <u>189,863</u> | <u>7,691</u> |

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iv) Currency risk

1) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk were as follows:

| | <u>December 31, 2020</u> | | | <u>December 31, 2019</u> | | |
|--|--------------------------|----------------------|------------|--------------------------|----------------------|------------|
| | <u>Foreign currency</u> | <u>Exchange rate</u> | <u>TWD</u> | <u>Foreign currency</u> | <u>Exchange rate</u> | <u>TWD</u> |
| <u>Financial assets</u> | | | | | | |
| <u>Investments accounted for using the equity method</u> | | | | | | |
| USD | \$ 247,465 | 28.480 | 7,047,801 | 213,651 | 29.980 | 6,405,252 |
| <u>Financial liabilities</u> | | | | | | |
| <u>Monetary items</u> | | | | | | |
| USD | | 124,565 | 28.540 | 3,554,831 | 89.693 | 30.030 |
| EUR | | - | - | 3,013 | 34.740 | 104,684 |

(Continued)

GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, loans and borrowings; and trade and other payables that are denominated in foreign currency. On December 31, 2020 and 2019, a strengthening (weakening) of 1% of the NTD against the USD and the CNY, ceteris paribus, would have increased (decreased) the net profit before tax by \$35,548 thousand and \$27,982 thousand, respectively. The analysis is performed on the same basis for both years.

3) Foreign exchange gain and loss on monetary items

Since the Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For relevant information on foreign exchange gain (loss) (including realized and unrealized portions) in the years 2020 and 2019, please refer to Note 6(w).

(v) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 1 basis points, ceteris paribus, the Company's net income would have increased / decreased by \$2,590 thousand and \$9,239 thousand in 2020 and 2019, respectively. This is mainly due to the Company's borrowing at variable rates and investment in variable-rate bills.

(vi) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, financial instruments used for hedging, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, disclosure of fair value information is not required:

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GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

| | December 31, 2020 | | | | |
|---|---------------------|-------------------|-----------------|----------------|------------------|
| | <u>Book value</u> | <u>Fair value</u> | | | <u>Total</u> |
| | | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | |
| Financial assets measured at fair value through profit and loss | | | | | |
| Derivative instruments not used for hedging | | | | | |
| Corn structured swaps | \$ 11,969 | - | 11,969 | - | 11,969 |
| Forward exchange contracts | 8,046 | - | 8,046 | - | 8,046 |
| Derivative instruments not used for hedging | | | | | |
| Stocks in listed companies | 439 | 439 | - | - | 439 |
| Financial assets at fair value through other comprehensive income | 20,454 | 439 | 20,015 | - | 20,454 |
| Subtotal | | | | | |
| Stocks in domestic listed companies | \$ 2,196,917 | 2,196,917 | - | - | 2,196,917 |
| Stocks in domestic unlisted companies | 80,171 | - | - | 80,171 | 80,171 |
| Subtotal | <u>\$ 2,277,088</u> | <u>2,196,917</u> | <u>-</u> | <u>80,171</u> | <u>2,277,088</u> |
| Financial liabilities at fair value through profit or loss | | | | | |
| Derivative instruments not used for hedging | | | | | |
| Option contracts | \$ (1,010) | - | (1,010) | - | (1,010) |
| Forward exchange contracts | (22,189) | - | (22,189) | - | (22,189) |
| Subtotal | <u>\$ (23,199)</u> | <u>-</u> | <u>(23,199)</u> | <u>-</u> | <u>(23,199)</u> |

(Continued)

GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

| | December 31, 2019 | | | | |
|--|---------------------|-------------------|-----------------|----------------|------------------|
| | <u>Book value</u> | <u>Fair value</u> | | | <u>Total</u> |
| | | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | |
| Financial assets measured at fair value through profit and loss | | | | | |
| Non-derivative financial assets | | | | | |
| Stocks in listed companies | \$ <u>439</u> | <u>439</u> | <u>-</u> | <u>-</u> | <u>439</u> |
| Financial assets measured at fair value through other comprehensive income | | | | | |
| Stocks in domestic listed companies | \$ 1,865,452 | 1,865,452 | - | - | 1,865,452 |
| Stocks in domestic unlisted companies | 80,677 | - | - | 80,677 | 80,677 |
| Subtotal | <u>\$ 1,946,129</u> | <u>1,865,452</u> | <u>-</u> | <u>80,677</u> | <u>1,946,129</u> |
| Financial liabilities measured at fair value through profit and loss | | | | | |
| Derivative instruments not used for hedging | | | | | |
| Forward exchange contracts | \$ <u>(69,844)</u> | <u>-</u> | <u>(69,844)</u> | <u>-</u> | <u>(69,844)</u> |

- 2) Valuation techniques for financial instruments measured at fair value
- a) Financial instruments

If a financial instrument has a public quotation in an active market, said public quotation shall be the fair value. The market price announced by the major exchange is decided following the basis for the fair value of listed equity instruments.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. If the conditions above are not met, the market is deemed inactive. Generally speaking, wide bid-ask spreads, significant increases in bid-ask spreads, or very little trading volume are indicators of inactive markets.

If the financial instruments held by the Company have an active market, their fair values are listed as follows according to their categories and attributes:

- For listed companies, financial assets and liabilities traded in an active market have their fair values determined by market price.

(Continued)

GREAT WALL ENTERPRISE CO., LTD.

Notes to the Financial Statements

If the financial instruments held by the Company do not have an active market, their fair values are listed as follows according to their categories and attributes:

- Equity instruments without a quoted price: Fair value is estimated using comparable company valuation multiples. The main assumption is based on the surplus multiplier derived from the market price from comparable listed companies. This estimate has been adjusted for the discount effect by its lack of market liquidity.

b) The fair value of derivative financial products is the amount that the Company is expecting to obtain or to pay if it terminates the contract on the reporting date as agreed. It typically includes the unrealized gains and losses of unsettled contracts in the current period. Most of the derivative financial products of the Company have quotations from financial institutions for reference.

c) Non-financial instruments

For information on the evaluation of biological assets, please refer to Note 6(f). For information on the evaluation of investment properties, please refer to Note 6(k).

3) Transfers between Level 1 and Level 2

There were no significant transfers between Level 1 and Level 2 in both 2020 and 2019.

4) Reconciliation of Level 3 fair values

| | Fair value through other comprehensive income |
|--|--|
| Opening balance, January 1, 2020 | \$ 80,677 |
| Capital reduction | <u>(506)</u> |
| December 31, 2020 | <u>\$ 80,171</u> |
| December 31, 2019 (same as balance at January 1, 2019) | <u>\$ 80,677</u> |

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

Due to the fact that the Company's Level 3 financial instruments measured at fair value through other comprehensive profit and loss has no active market public quotation and the relationship between the significant unobservable input value and the fair value cannot be fully grasped in practice, quantitative information is not exposed.

Most of the Company's Level 3 financial instruments measured at fair value only has one single significant unobservable input. Only equity instrument investments without an active market have multiple significant unobservable inputs. The significant unobservable input values of equity instrument investments without an active market are independent of each other, so there is no correlation.

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GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

Quantified information of significant unobservable inputs was as follows:

| <u>Item</u> | <u>Valuation technique</u> | <u>Significant unobservable inputs</u> | <u>Inter-relationship between significant unobservable inputs and fair value measurement</u> |
|---|--------------------------------|---|---|
| Financial assets at fair value through other comprehensive income - equity investments without an active market | Comparable to listed companies | <ul style="list-style-type: none"> · Discount due to lack of market liquidity (30% for both 2020.12.31 and 2019.12.31) · P/E multiplier (26.59-36.67 and 19.73-21.89 for 2020.12.31 and 2019.12.31, respectively) | <ul style="list-style-type: none"> · The higher the discount due to the lack of market liquidity, the lower the fair value · The higher the P/E multiplier and control premium, the higher the fair value |
| | Net Asset Value Method | <ul style="list-style-type: none"> · Net Asset Value | The estimated fair value would increase if the net asset value were higher |

6) Valuation process of fair value measurements in Level 3

The fair value of the Company uses unobservable input values, and the observable input values must be significantly adjusted based on unobservable parameters to be classified as Level 3. The input value of this level is measured on the basis of the earnings multiplier derived from the market quotation of comparable listed companies. The evaluation results will then be checked later to ensure consistency with the evaluation source and ensure that the evaluation results are reasonable.

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GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

- 7) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Company's fair value measurement of financial instruments is reasonable, but using different evaluation models or evaluation parameters may lead to different evaluation results. Should the evaluation parameters change, the impact on the current profit and loss or other comprehensive income or loss for financial instruments classified as Level 3 is as follows:

| | | <u>Input</u> | <u>Increasing or decreasing</u> | <u>Other comprehensive income Favourable</u> | <u>Unfavourable</u> |
|---|-----------|--------------|---|--|---------------------|
| December 31, 2020 | | | | | |
| Financial assets at fair value through profit or loss | | | | | |
| Equity instrument investment without an active market | P/E ratio | | 5% | 6,165 | (6,165) |
| December 31, 2019 | | | | | |
| Financial assets at fair value through other comprehensive income | | | | | |
| Equity instrument investment without an active market | P/E ratio | | 5% | 4,543 | (4,543) |

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

- (vii) Offsetting financial assets and financial liabilities

The Company performs transactions not applicable to the International Financial Reporting Standards Sections 42 NO. 32, but the Company has an exercisable master netting arrangement or similar agreement in place with its counterparties, and both parties reach a consensus regarding net settlement. The aforesaid exercisable master netting arrangement or similar agreement can be settled at the total amount. In the event of default involving one of the parties, the other party can have the transaction net settled. Relevant information is presented as follows:

| December 31, 2020 | | | | | | |
|---|---|---|--|---|-------------------------------------|-----------------------------------|
| <u>Financial assets that are offset which have an exercisable master netting arrangement or similar agreement</u> | | | | | | |
| | <u>Gross amounts of recognized financial assets (a)</u> | <u>Gross amounts of financial liabilities offset in the balance sheet (b)</u> | <u>Net amount of financial assets presented in the balance sheet (c)=(a)-(b)</u> | <u>Amounts not off set in the balance sheet (d)</u> | | <u>Net amount (e)=(c)-(d)</u> |
| | | | | <u>Financial instruments</u> | <u>Cash collateral received</u> | |
| Forward exchange contracts | \$ 8,046 | - | 8,046 | 8,046 | - | - |
| Corn structured swaps | 11,969 | - | 11,969 | - | - | 11,969 |
| Total | \$ 20,015 | - | 20,015 | 8,046 | - | 11,969 |

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GREAT WALL ENTERPRISE CO., LTD.
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| December 31, 2020 | | | | | | |
|---|--|---|---|--|--------------------------|------------------------|
| Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement | | | | | | |
| | Gross amounts of recognized financial liabilities (a) | Gross amounts of financial liabilities offset in the balance sheet (b) | Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b) | Amounts not off set in the balance sheet (d) | | Net amount (e)=(c)-(d) |
| | | | | Financial instruments | Cash collateral received | |
| Forward exchange contracts | \$ (22,189) | - | (22,189) | (8,046) | - | (14,143) |
| Option contracts | (1,010) | - | (1,010) | - | - | (1,010) |
| Total | \$ (23,199) | - | (23,199) | (8,046) | - | (15,153) |

| December 31, 2019 | | | | | | |
|---|--|---|---|--|--------------------------|------------------------|
| Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement | | | | | | |
| | Gross amounts of recognized financial liabilities (a) | Gross amounts of financial liabilities offset in the balance sheet (b) | Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b) | Amounts not off set in the balance sheet (d) | | Net amount (e)=(c)-(d) |
| | | | | Financial instruments | Cash collateral received | |
| Forward exchange contracts | \$ (69,844) | - | (69,844) | - | - | (69,844) |

Note: Master netting arrangements and non-cash financial collaterals are included.

(y) Financial risk management

(i) Overview

The Company has exposures to the following risks from its financial instruments:

- 1) credit risk
- 2) liquidity risk
- 3) market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the above-mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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GREAT WALL ENTERPRISE CO., LTD.

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The Company's Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Board of Directors is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(iii) Credit risk

The Company's main credit risk lies in financial products of cash, equity securities, and accounts receivable. Cash is kept in different financial institutions. Equity securities held are funds issued by listed companies with excellent credit ratings. The Company controls the credit risks exposed to each financial institution and believes that the Company's cash and equity securities held will not have a significant concentration of credit risk.

1) Trade and other receivables

The Company's main potential credit risk comes from financial products in accounts receivable and other receivables. In order to reduce credit risk, the company continuously evaluates the financial position of customers, regularly assesses the possibility of recovering accounts receivable, and makes allowances for doubtful debts. The total loss of doubtful debts is within the management's expectations.

The credit risk exposure of the Company is mainly affected by the individual conditions of each customer. However, management also considers statistical data of the customer base, including the default risk of the customer's industry and country, as these factors may affect credit risk.

The Company's Risk Management Committee has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer and represent the maximum open amount without requiring approval from the Risk Management Committee; these limits are reviewed quarterly. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

The Company's main transaction customers are not new customers, and no impairment loss has been recognized for these customers. When monitoring the credit risk of customers, they are grouped according to their credit characteristics, including whether they are individuals or legal entities, whether they are distributors, retailers or end customers, their respective location, industry, age, expiry date, and previous existing financial difficulties. Customers rated as high risk will be monitored by the credit department.

The Company has set up allowances of doubtful debt to reflect estimates of the losses incurred in accounts receivable and other receivables and investments. The main components of the provision account include specific loss components related to individual major risk insurance, and the combined loss components established for similar asset groups that have occurred but have not been identified. The combined loss provision account is determined based on historical payment statistics of similar financial assets.

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GREAT WALL ENTERPRISE CO., LTD.

Notes to the Financial Statements

2) Investments

The Company places orders of equity securities and trades futures through the centralized market. It is expected that the counterparty will not default, so there is no significant credit transaction risk.

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

For more information on the Company's policy to provide financial guarantees as of December 31, 2020 and 2019, please refer to Note 13(a).

(iv) Liquidity risk

The Company's capital and working capital are sufficient to meet all contractual obligations, so there is no liquidity risk caused by the inability to raise funds to fulfill contractual obligations. The changes in the fair value of the investment of the Company included in the profit and loss of financial assets have an active market, so it is expected that the financial assets can be quickly sold in the market at a price close to the fair value. The open positions of futures held by the Company can be liquidated in the market at a reasonable price, hence the liquidity risk is very low. The exchange rate of the forward foreign exchange contracts held by the Company has been determined, and there is no significant cash flow risk.

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash flows on financial liabilities (other than trade payables) over the succeeding 60 days. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. As of December 31, 2020 and 2019, the Company's unused credit line were amounted to \$6,062,639 thousand and \$3,932,677 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

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GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

In addition to the financial assets measured by cost, equity securities held by the Company also have financial assets whose fair value changes are included in the profit and loss and financial assets available for sale. Therefore, such assets are measured by fair value. Subsequently, the Company will be exposed to the risk of price volatility in the equity securities market.

The Company's forward foreign exchange contracts are of a hedging nature, and the profits and losses arising from changes in interest rates or exchange rates will roughly offset the profits and losses of the hedged project, so the market price risk is not significant.

The Company engaged in futures and option trading contracts, and had set a stop loss point based on risk during operation. As the loss incurred can be controlled within the expected range, the market price risk is not significant to the company as a whole and can be reasonably expected.

1) Currency risk

The Company is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Company's entities, primarily the NTD, US Dollar (USD), and Chinese Yuan (CNY). The currencies used in these transactions are the NTD, USD, and CNY.

At any point in time, the Company hedges its estimated foreign currency exposure with respect to its forecast sales and purchases over the following six months. The Company also uses forward exchange contracts with a maturity of less than one year from the reporting date to hedge its currency risk.

For companies that use NTD as their functional currency, all USD loans borrowed will be hedged using forward contracts with the same maturity date as the loan repayment date.

Loan interest is priced in the currency of its principal. Typically, the currency of the loan is the same as the currency of the cash flow generated by the operation of the Company, mainly denominated in NTD, but sometimes in USD or CNY. In this case, economic hedging is provided without the need to sign derivatives, so hedging accounting is not adopted.

Regarding other monetary assets and liabilities denominated in foreign currencies, the Company buys or sells foreign currencies at real-time exchange rates to ensure that the net exposure risk remains at an acceptable level when short-term imbalances occur.

2) Interest rate risk

On December 31, 2020 and 2019, the short-term and long-term borrowings of the Company consisted of debts with floating interest rates. Therefore, changes in market interest rates will cause the effective interest rates of short-term and long-term borrowings to change accordingly. For detailed interest rate analyses with respect to fluctuations in future cash flows, please refer to Note 6(x).

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GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

3) Other market price risk

In addition to meeting the expected consumption and sales demand, the Company has not signed any commodity contracts; these commodity contracts are not delivered on a net basis.

(z) Capital management

The Board of Directors' policy is to maintain a sound capital base to preserve the confidence of investors, creditors, and the market in order to support the development of future operations. Capital includes share capital, capital reserves, retained earnings, non-controlling interests and net liabilities of the Company. The Board of Directors controls the debt-to-capital ratio and at the same time controls the level of ordinary stock dividends.

The Company's debt-to-equity ratios at the end of the reporting period as of December 31, 2020 and 2019, are as follows:

| | December 31, 2020 | December 31, 2019 |
|---------------------------------|------------------------------|------------------------------|
| Total liabilities | \$ 9,734,763 | 8,682,146 |
| Less: Cash and cash equivalents | (290,515) | (251,020) |
| Net debt | \$ 9,444,248 | 8,431,126 |
| Total equity | \$ 20,181,078 | 18,227,130 |
| Debt-to-equity ratio | 31.88 % | 31.63 % |

(aa) Investing and financing activities not affecting current cash flow

The Company's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2020 and 2019, were as follows:

(i) For right-of-use assets under leases, please refer to Note 6(j).

(ii) Reconciliation of liabilities arising from financing activities were as follows:

| | 2020.1.1 | Cash flow | Non-cash changes | | | December 31, 2020 |
|---|---------------------|------------------|-------------------------|--|---------------------|------------------------------|
| | | | Rent | Changes in exchange rates | Acquisitions | |
| Short-term borrowings | \$ 4,116,166 | 522,240 | - | - | - | 4,638,406 |
| Short-term notes and bills payable | 1,800,000 | (100,000) | - | - | - | 1,700,000 |
| Guarantee deposits received | 69,042 | 6,748 | - | - | - | 75,790 |
| Lease liabilities | 260,877 | (44,406) | 298 | - | - | 216,769 |
| Other current liabilities, others | 61,000 | 134,000 | - | - | - | 195,000 |
| Total liabilities from financing activities | \$ 6,307,085 | 518,582 | 298 | - | - | 6,825,965 |

(Continued)

GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

| | 2019.1.1 | Cash flow | Non-cash changes | | December 31, 2019 |
|---|---------------------|------------------|------------------|---------------------------------|----------------------|
| | | | Rent | Changes in exchange rates | |
| Short-term borrowings | \$ 2,922,678 | 1,193,488 | - | - | 4,116,166 |
| Short-term notes and bills payable | 900,000 | 900,000 | - | - | 1,800,000 |
| Guarantee deposits received | 66,919 | 2,123 | - | - | 69,042 |
| Lease liabilities | 296,144 | (47,237) | 11,970 | - | 260,877 |
| Other current liabilities, others | - | 61,000 | - | - | 61,000 |
| Total liabilities from financing activities | \$ <u>4,185,741</u> | <u>2,109,374</u> | <u>11,970</u> | <u>-</u> | <u>6,307,085</u> |

(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are related parties that have made transactions with the Company during the periods covered in the financial statements.

| <u>Name of related party</u> | <u>Relationship with the Company</u> |
|--|--------------------------------------|
| Total Nutrition Tech. Co., Ltd. | Subsidiaries |
| Mei Lan Lei Co., Ltd. | Subsidiaries |
| Huang-Ho Invest. Co., Ltd. | Subsidiaries |
| Great Wall Feed Tech (Holdings) Ltd. | Subsidiaries |
| Oriental Best Foods Co., Ltd. | Subsidiaries |
| Saboten Co., Ltd. | Subsidiaries |
| KouChan Mill Co., Ltd. | Subsidiaries |
| City Chain Food Co., Ltd. | Subsidiaries |
| Honolulu Chain Food & Beverage Co., Ltd. | Subsidiaries |
| Xiang Cheng Co., Ltd. | Subsidiaries |
| An Hsin Chiao Chu Co., Ltd. | Subsidiaries |
| Wonder Biotek Co., Ltd. | Subsidiaries |
| Zhong Yi Food Co., Ltd. | Subsidiaries |
| Route 66 Fast Food Ltd. | Subsidiaries |
| Saboten (China) Limited | Subsidiaries |
| Beijing Universal Chain Food Co., Ltd. | Subsidiaries |
| Yung Huo (China) Co., Ltd. | Subsidiaries |
| Tianjin Fast Food Co.,Ltd | Subsidiaries |
| Tai Ji Food Co., Ltd. | Subsidiaries |
| Nanjing Tengcheng Enterprise Management Co., Ltd | Subsidiaries |

(Continued)

GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

| <u>Name of related party</u> | <u>Relationship with the Company</u> |
|--|--------------------------------------|
| Shanghai Universal Chain Food Co., Ltd. | Subsidiaries |
| Saboten (Beijing) Limited | Subsidiaries |
| Shanghai Xunshi Foods Co., Ltd. | Subsidiaries |
| Beijing Duhsiaoyueh Restaurant Co.,Ltd | Subsidiaries |
| Shanghai Duhsiaoyueh Restaurant Co.,Ltd | Subsidiaries |
| Great Wall Yung Huo Food (Beijing) Co., Ltd. | Subsidiaries |
| Asia Nutrition Technologies Corporation | Subsidiaries |
| Waverley Star Ltd. | Subsidiaries |
| Great Wall Food (HK) Co., Ltd. | Subsidiaries |
| DaChan Showa Foods (Tianjin) Co., Ltd. | Subsidiaries |
| Seafood Internation Co., Ltd. | Subsidiaries |
| Tianjin Food Investment Co. Ltd. | Subsidiaries |
| Global Food Corporation | Subsidiaries |
| Clydebridge Ltd. | Subsidiaries |
| GreatWall Food Investment Co., Ltd. | Subsidiaries |
| Golden Harvest Inc. | Subsidiaries |
| Fresh Aqua Corporation | Subsidiaries |
| Great Wall FeedTech (Holdings) Ltd. | Subsidiaries |
| Asia Nutrition Technologies Investment Corporation | Subsidiaries |
| Dachan Food (Asia) Limited | Subsidiaries |
| Great Wall Northeast Asia Corporation | Subsidiaries |
| Impreza Investment Ltd. | Subsidiaries |
| Great Wall Agritech (Liaoning) Co., Ltd. (Incorporated in BVI) | Subsidiaries |
| Dongbei Agri. Corp. | Subsidiaries |
| Hwabei Agri. Corp. | Subsidiaries |
| Great Wall Kuang Ming Investment Co., Ltd. | Subsidiaries |
| Asia Nutrition Technologies (VN) Investment Co., Ltd. | Subsidiaries |
| Marksville Corp. | Subsidiaries |
| China S&F Farm Holdings Co., Ltd. | Subsidiaries |
| Great Wall Dalian Investment Co., Ltd. | Subsidiaries |

(Continued)

GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

| <u>Name of related party</u> | <u>Relationship with the Company</u> |
|--|--------------------------------------|
| Miyasun Great Wall (BVI) Co., Ltd. | Subsidiaries |
| Miyasan-Great Wall Foods (Dalian) Co., Ltd. | Subsidiaries |
| Great Wall Food (Dalian) Co., Ltd. | Subsidiaries |
| Great Wall Agritech (Liaoning) Co., Ltd.(Incorporated in HK) | Subsidiaries |
| Great Wall Agritech (Liaoning) Co., Ltd. | Subsidiaries |
| Great Wall Agri (Hei Long Jiang) Co., Ltd. | Subsidiaries |
| Great Wall Agri (Henan) Co., Ltd. | Subsidiaries |
| Great Wall Agrotech Huludao Co., Ltd. | Subsidiaries |
| Great Wall Agri (Yingkou) Co., Ltd. | Subsidiaries |
| Great Wall Agri (Tieling) Co., Ltd. | Subsidiaries |
| DongBei Agri (Changchun) Co., Ltd. | Subsidiaries |
| Dachan Livestock Development Co, Ltd. | Subsidiaries |
| DaChan (Hunan) Feed Technologies Co., Ltd. | Subsidiaries |
| Dachan Food (Hebei) Co., Ltd. | Subsidiaries |
| Dachan Food (Panjin) Co., Ltd. | Subsidiaries |
| Dachan Wanda (HK) Ltd. | Subsidiaries |
| Union Manufacturing Ltd. | Subsidiaries |
| Dongbei (Beijing) Consultant Co., Ltd. | Subsidiaries |
| Dachan Wanda (Tianjin) Co., Ltd. | Subsidiaries |
| Yanzhou Dachan Food Co., Ltd. | Subsidiaries |
| Great Wall Gourmet (Shanghai) Co., Ltd. | Subsidiaries |
| Taixu & Dachan Foods Holdings Co., Ltd. | Subsidiaries |
| Zhenglanqi Dachan Eco-Ranch Co., Ltd. | Subsidiaries |
| Dachan Agricultural Technologies (Sichuan) Co., Ltd. | Subsidiaries |
| Bengbu Dachan Food Co., Ltd. | Subsidiaries |
| Tianjin Dachan Prospect Research and Development Co., Ltd. | Subsidiaries |
| Taixu & Dachan Foods (HK) Co., Ltd. | Subsidiaries |
| Taixu & Dachan Foods (Dalian) Co., Ltd. | Subsidiaries |
| Asia Nutrition Technologies (HN) Co., Ltd. | Subsidiaries |
| Asia Nutrition Technologies (VN) Co., Ltd. | Subsidiaries |

(Continued)

GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

| <u>Name of related party</u> | <u>Relationship with the Company</u> |
|--|--------------------------------------|
| Asia Nutrition Technologies (LN) Co., Ltd. | Subsidiaries |
| Asia Nutrition Technologies (MV) Co., Ltd. | Subsidiaries |
| Asia Nutrition Technologies (Feed) Co., Ltd. | Subsidiaries |
| Dachan (Asia Pacific) Limited. | Subsidiaries |
| Dachan (VN) Company Limited | Subsidiaries |
| Dachan Aquaculture Limited. | Subsidiaries |
| PT. MUSTIKA MINANUSA AURORA. | Subsidiaries |
| PT. MISAJA MITRA | Subsidiaries |
| Dachan Aqua(Tarakan) Ltd. | Subsidiaries |
| PT. DACHAN MUSTIKS AURORA | Subsidiaries |
| Great Wall Food (Tianjin) Co., Ltd. | Subsidiaries |
| TNT Biotechnology Co., Ltd. | Subsidiaries |
| TNT Biotechnology (Tianjin) Co., Ltd. | Subsidiaries |
| Great Wall Milling Co., Ltd. | Subsidiaries |
| Great Wall FeedTech (Tianjin) Co., Ltd. | Subsidiaries |
| Grea Wall FeedTech (Ningxia) Co., Ltd. | Subsidiaries |
| Myint Dachan Company Limited | Subsidiaries |
| FoodChina Company | Subsidiaries (Note) |
| FoodChina Company | Associates (Note) |
| Neo Foods Co., Ltd. | Subsidiaries |
| Fresh Aqua Limited | Subsidiaries |
| Global Seafood Limited | Subsidiaries |
| Pacific Harvest Limited | Subsidiaries |
| Seafood International Limited | Subsidiaries |
| Global Seafood Limited | Subsidiaries |
| Pacific Harvest Limited | Subsidiaries |
| Universal Food Limited | Subsidiaries |
| Great Wall Grains International Limited | Subsidiaries |
| Beijing Sisters Kitchen Food and Beverage Management Co. | Key management personnel |
| Kou Feng Industrial Co., Ltd. | Other related party |
| TTET Union Corporation | Other related party |
| Master Channels Corporation | Other related party |

(Continued)

GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

| <u>Name of related party</u> | <u>Relationship with the Company</u> |
|------------------------------|--------------------------------------|
| San Inn Abattoir Corporation | Associates |

Note: Recognized as a subsidiary since the third financial quarter of 2020.

(b) Significant transactions with related parties

(i) Sales

The amounts of significant sales by the Company to related parties were as follows:

| | For the years ended December 31, | |
|-----------------------|---|-------------------------|
| | 2020 | 2019 |
| Subsidiary | \$ 2,410,282 | 1,906,270 |
| FoodChina Company | 2,015,372 | 2,751,372 |
| Associate | 4,433 | - |
| Other related parties | <u>5,975</u> | <u>43,970</u> |
| | <u>\$ 4,436,062</u> | <u>4,701,612</u> |

The abovementioned sales price and terms of trade are not significantly different from that of regular sales with other customers.

The sales price of Mei Lan Lei Co., Ltd. is adjusted according to the market price and the Company's policies. The credit period is 2 months.

Trade receivable from related parties were uncollateralized, and no expected credit loss were required after the assessment by the management.

(ii) Purchases

The amounts of significant purchases by the Company from related parties were as follows:

| | For the years ended December 31, | |
|-----------------------|---|-------------------------|
| | 2020 | 2019 |
| Mei Lan Lei Co., Ltd. | 3,780,189 | 3,931,612 |
| Subsidiary | 380,774 | 297,726 |
| FoodChina Company | 813,464 | 1,141,889 |
| Other related parties | <u>267,430</u> | <u>322,450</u> |
| | <u>\$ 5,241,857</u> | <u>5,693,677</u> |

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors except for Total Nutrition Tech Co., Ltd. and Mei Lan Lei Co., Ltd.. For Total Nutrition Tech Co., Ltd., the price was cost plus \$3,000 per metric ton; for Mei Lan Lei Co., Ltd., the price was set following the market price and then adjusted in accordance with company policies.

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GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

(iii) Receivables from Related Parties

The receivables from related parties were as follows:

| <u>Account</u> | <u>Relationship</u> | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|---|----------------------------|------------------------------|------------------------------|
| Notes receivables | Subsidiary | \$ - | 384 |
| Trade receivables | Zhong Yi Food Co., Ltd. | 415,517 | 80,597 |
| Trade receivables | Subsidiary | 16,410 | 47,911 |
| Trade receivables | FoodChina Company | 320,770 | 97,369 |
| Trade receivables | Other related parties | 1,488 | 582 |
| Other financial assets | Subsidiary | 2,785 | 37,129 |
| Other receivable due from related parties | Subsidiary | - | 56 |
| | | <u>\$ 756,970</u> | <u>264,028</u> |

(iv) Payables to Related Parties

The payables to related parties were as follows:

| <u>Account</u> | <u>Relationship</u> | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|----------------|--------------------------|------------------------------|------------------------------|
| Notes payable | Mei Lan Lei Co., Ltd. | \$ 24,418 | 371,424 |
| Notes payable | Subsidiary | 5,584 | 3,536 |
| Trade payable | Mei Lan Lei Co., Ltd. | 204,028 | 99,752 |
| Trade payable | Subsidiary | 86,791 | 24,905 |
| Trade payable | Associate | - | 26,395 |
| Other payable | Subsidiary | 5,008 | 563 |
| Trade payable | Other related parties | <u>5,417</u> | <u>15,110</u> |
| | | <u>\$ 331,246</u> | <u>541,685</u> |

(v) Property transaction

1) Purchases of property, plant and equipment

On February 27, 2019, the Company purchased land of a factory located in Taoyuan Yangmei from a related party, Kou Feng Industrial Co., Ltd.. The land was 29,603.94 square meters and the transaction price was \$916,989 thousand based on the appraisal reports issued by the CCIS Real Estate Joint Appraisers Firm and the Tianshia Real Estate Joint Appraisers Firm. As of March 22, 2019, ownership of the land has been transferred. As of June 25, 2019, all payments have been settled.

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GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

2) Disposals of property, plant and equipment

The disposals of property, plant and equipment to related parties are summarized as follows:

| Type of related party | For the years ended December 31, | | | |
|------------------------------|---|----------------------------------|-----------------------|----------------------------------|
| | 2020 | | 2019 | |
| | Disposal price | Gain (loss) from disposal | Disposal price | Gain (loss) from disposal |
| Zhong Yi Food Co., Ltd. | \$ 820,420 | - | - | - |

In 2020, the Company sold land and buildings located in Chiayi to a related party, Zhong-Yi Food Co., Ltd.. The total disposal price was \$820,420 thousand, which comprised of land totaling \$149,176 thousand, buildings totaling \$144,118 thousand, equipment totaling \$447,787 thousand, and construction in progress totaling \$79,339 thousand. Pricing of the above land and buildings was based on the valuation report from the CCIS Real Estate Joint Appraisers Firm, with the carrying amount as the trading price. Ownership of the land has been transferred. As of December 31, 2020, the payments have been settled.

(vi) Loans to Related Parties

The loans to related parties were as follows:

| | December 31, 2020 | December 31, 2019 |
|-------------------------------|--------------------------|--------------------------|
| Mei Lan Lei Co., Ltd. | \$ 576,228 | - |
| Oriental Best Foods Co., Ltd. | 36,000 | 36,000 |
| KouChan Mill Co., Ltd. | - | 40,000 |
| Zhong Yi Food Co., Ltd. | - | 127,044 |
| Subsidiary | - | 3,000 |
| | \$ 612,228 | 206,044 |

The interest charged to the Company is 1.2%. The loans to related parties are unsecured. As of December 31, 2020 and 2019, interest expense was \$8,929 thousand and \$7,309 thousand, respectively.

(Continued)

GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

(vii) Borrowings from Related Parties

The borrowings from related parties were as follows:

| | December 31, 2020 | December 31, 2019 |
|---------------------------------|------------------------------|------------------------------|
| Mei Lan Lei Co., Ltd. | \$ - | 8,000 |
| Total Nutrition Tech. Co., Ltd. | 180,000 | 50,000 |
| Subsidiary | <u>15,000</u> | <u>3,000</u> |
| | <u>\$ 195,000</u> | <u>61,000</u> |

The interest charged to the Group is 1.2%. The interest-bearing borrowings provided from related parties are unsecured. As of December 31, 2020 and 2019, interest expense was \$931 thousand and \$1,842 thousand, respectively.

(viii) Leases

| <u>Lessee</u> | <u>Lease period</u> | <u>Item</u> | <u>Terms of payment</u> | <u>Rental income</u> | |
|------------------------------------|---------------------|--|-----------------------------|-------------------------|----------------------|
| | | | | <u>2020</u> | <u>2019</u> |
| Total Nutrition Tech. Co., Ltd. | 2013.1-2019.12 | Land, office, factory, and warehouse | Monthly | \$ 9,585 | 10,460 |
| Zhong Yi Food Co., Ltd. | 2017.6-2038.5 | Warehouse | Monthly | 1,441 | 17,143 |
| Mei Lan Lei Co., Ltd. | 2016.5-2026.4 | Warehouse | Monthly | 11,429 | 11,429 |
| Subsidiary | 2019.1-2019.12 | Neihu office | Monthly | 4,531 | 4,318 |
| Subsidiary | 2017.12-2020.12 | Office | Monthly | 22 | 21 |
| Subsidiary | 2020.1-2021.1 | Factory | Monthly | 22 | - |
| Subsidiary | Cancellable lease | Dormitory | Monthly | <u>296</u> | <u>278</u> |
| | | | | <u>\$ 27,326</u> | <u>43,649</u> |

The Company leased land, property, machinery, and surrounding facilities of native chicken slaughterhouses that use the electric stunning method in Liuying from its subsidiary Mei Lan Lei, Co., Ltd.. The lease period started from March 1, 2018 till December 31, 2020. When IFRS 16 was first applied to this lease on January 1, 2019, right-of-use assets of 166,186 thousand and lease liabilities of 166,186 thousand was recognized, respectively. For the years ended December 31, 2020 and 2019, 1,907 thousand and 2,310 thousand of interest expense was recognized, respectively. As of December 31, 2020 and 2019, lease liabilities amounted to 112,443 thousand and 139,516 thousand, respectively.

In December 2019, the Company signed a 10-year lease for the machinery of the Ma Chouhou meat processing plant with a contract value of 18,000 thousand. When IFRS 16 was first applied to this lease on December 1, 2019, right-of-use assets of 16,705 thousand and lease liabilities of 16,705 thousand were recognized, respectively. For the year ended December 31, 2020, there was no interest expense recognized. As of December 31, 2020, lease liabilities amounted to 16,705 thousand.

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GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

(ix) Management services

Management services for the years ended December 31, 2020 and 2019 comprised:

The Company signed contracts with Total Nutrition Tech Co., Ltd. to provide financial and administrative management services for \$126 thousand per month (tax included). In addition, the Company also provides financial and administrative management services for Oriental Best Foods Co., Ltd., KuoChan Mill Co., Ltd., An Hsin Chiao Chu Co., Ltd., and City Chain Food Ltd.. Services charged monthly according to the actual services provided.

| | For the years ended December 31, | |
|---------------------------------|---|---------------|
| | 2020 | 2019 |
| Total Nutrition Tech. Co., Ltd. | \$ 840 | 1,440 |
| KouChan Mill Co., Ltd. | 7,111 | 6,855 |
| Oriental Best Foods Co., Ltd. | 2,242 | 2,242 |
| Subsidiaries | 123 | - |
| | \$ 10,316 | 10,537 |

(x) Processing fee

Processing fees in 2020 and 2019 are as follows:

| | For the years ended December 31, | |
|---------------------------------|---|---------------|
| | 2020 | 2019 |
| San Inn Abattoir Corporation | \$ 21,793 | - |
| Total Nutrition Tech. Co., Ltd. | 16,821 | 25,336 |
| | \$ 38,614 | 25,336 |

(c) Key management personnel compensation

Key management personnel compensation comprised:

| | For the years ended December 31, | |
|------------------------------|---|---------------|
| | 2020 | 2019 |
| Short term employee benefits | \$ 126,723 | 97,530 |
| Post-employment benefits | 1,150 | 1,037 |
| | \$ 127,873 | 98,567 |

In 2020 and 2019, the Company recognized costs of \$8,580 thousand and \$7,296 thousand for 5 and 4 cars for the use of key management personnel, respectively.

(8) Pledged assets:None

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GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

(9) Commitments and contingencies:

(a) The Company's unrecognized contractual commitments are as follows:

| | December 31, 2020 | December 31, 2019 |
|---|------------------------------|------------------------------|
| Acquisition of property, plant and equipment (unpaid) | \$ 888,292 | 611,507 |

(b) The Company's outstanding standby letter of credit are as follows:

| | December 31, 2020 | December 31, 2019 |
|--------------------------------------|------------------------------|------------------------------|
| Outstanding standby letter of credit | USD 22,003 | 47,742 |
| | EUR 1,776 | - |

(c) The Company's issuance of promissory notes in order to provide guarantees for loans are as follows:

| | December 31, 2020 | December 31, 2019 |
|------------------------------|------------------------------|------------------------------|
| Outstanding promissory notes | \$ 11,911,200 | 9,891,585 |

(10) Losses Due to Major Disasters:None

(11) Subsequent Events:None

(12) Other:

(a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

| | | For the year ended December 31 | | | | | |
|----------------------------|--------------------|---------------------------------------|------------------------------|--------------|-------------------------|------------------------------|--------------|
| | | 2020 | | | 2019 | | |
| | | Cost of Sale | Operating Expense | Total | Cost of Sale | Operating Expense | Total |
| By item | By function | | | | | | |
| Employee benefits | | | | | | | |
| Salary | | 781,676 | 877,663 | 1,659,339 | 722,284 | 866,001 | 1,588,285 |
| Labor and health insurance | | 73,342 | 73,972 | 147,314 | 70,016 | 67,461 | 137,477 |
| Pension | | 26,460 | 34,433 | 60,893 | 23,740 | 32,510 | 56,250 |
| Remuneration of directors | | - | 53,950 | 53,950 | - | 37,700 | 37,700 |
| Others | | 56,311 | 45,028 | 101,339 | 54,652 | 42,417 | 97,069 |
| Depreciation | | 394,115 | 66,813 | 460,928 | 443,432 | 68,790 | 512,222 |
| Depletion | | - | - | - | - | - | - |
| Amortization | | 16,709 | - | 16,709 | 15,008 | - | 15,008 |

(Continued)

GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

A summary of the number of employees and employee benefit expenses is as follows:

| | For the years ended December 31, | |
|---------------------------------------|---|--------------|
| | 2020 | 2019 |
| Number of employees | <u>2,462</u> | <u>2,378</u> |
| Board of directors | <u>7</u> | <u>7</u> |
| Average employee benefit expense | <u>\$ 802</u> | <u>793</u> |
| Average employee wage expense | <u>\$ 676</u> | <u>670</u> |
| Average employee wage adjustment rate | <u>0.90 %</u> | |
| Supervisors' remuneration | <u>\$ -</u> | <u>-</u> |

The Company's emolument policy (including the Board of Directors, managers, and employees) are as follows:

Great Wall Enterprise Co., Ltd.'s emolument policy is committed to provide employees with salaries and benefits above the industry average. Employees' remuneration includes a monthly salary, and quarterly performance bonuses. The bonus based on the company's annual profitability, taking the Company's operation results into consideration, will be used to determine the total amount of performance bonuses and emolument. The Company's memorandum stipulates that employee bonuses cannot be less than 2% of the Company's annual profits. The amount and method of distribution of managers and employees' remuneration depends on their position, contribution, and performance, which will then be approved by the Board of Directors through the remuneration committee.

Board members' remuneration depends on their position, contribution, and business performance of the Company while accounting for future risks. The Company's memorandum stipulates that remuneration for Board of Directors cannot exceed 2% of the Company's annual profits, and shall be approved by the Board of Directors through the remuneration committee as stipulated in the remuneration policies.

(Continued)

GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company:

(i) Loans to other parties:

| Number | Name of lender | Name of borrower | Account name | Related party | Highest balance of financing to other parties during the period | Ending balance | Actual usage amount during the period | Range of interest rates during the period | Purposes of fund financing for the borrower | Transaction amount for business between two parties | Reasons for short-term financing | Allowance for bad debt | Collateral | | Individual funding loan limits | Maximum limit of fund financing |
|--------|--|---|-------------------------------------|---------------|---|----------------|---------------------------------------|---|---|---|----------------------------------|------------------------|------------|-------|--------------------------------|---------------------------------|
| | | | | | | | | | | | | | Item | Value | | |
| 0 | Great Wall Enterprise Co., Ltd. | Mei Lan Lei Co., Ltd. | Other receivables & related parties | Yes | 1,600,000 | 1,600,000 | 576,228 | 1.2% | 2 | - | Business financing | - | None | - | 4,036,216 | 8,072,431 |
| 0 | " | City Chain Food Ltd. | " | Yes | 100,000 | 100,000 | - | 1.2% | 2 | - | " | - | " | - | 4,036,216 | 8,072,431 |
| 0 | " | Total Nutrition Tech. Co., Ltd. | " | Yes | 50,000 | 50,000 | - | 1.2% | 2 | - | " | - | " | - | 4,036,216 | 8,072,431 |
| 0 | " | Huang-Ho Invest. Co., Ltd. | " | Yes | 50,000 | 50,000 | - | 1.2% | 2 | - | " | - | " | - | 4,036,216 | 8,072,431 |
| 0 | " | An Hsin Chiao Chu Co., Ltd. | " | Yes | 30,000 | 30,000 | - | 1.2% | 2 | - | " | - | " | - | 4,036,216 | 8,072,431 |
| 0 | " | Oriental Best Foods Co., Ltd. | " | Yes | 100,000 | 100,000 | 36,000 | 1.2% | 2 | - | " | - | " | - | 4,036,216 | 8,072,431 |
| 1 | Great Wall International (Holdings) Ltd. | Great Wall Milling Co., Ltd. | " | Yes | 9,099 | 8,559 | 8,559 | 0 | 2 | - | " | - | " | - | 2,820,857 | 2,820,857 |
| 1 | " | Tianjin Food Investment Co., Ltd. | " | Yes | 336,056 | 316,112 | 316,112 | 3.5% | 2 | - | " | - | " | - | 2,820,857 | 2,820,857 |
| 2 | Dachan Food (Asia) Limited | Miyasun-Great Wall Foods (Dalian) Co., Ltd. | " | Yes | 106,155 | 99,855 | 99,855 | 0% | 2 | - | " | - | " | - | 3,230,521 | 3,230,521 |
| 2 | " | Dachan Food (Hebei) Co., Ltd. | " | Yes | 266,904 | 251,064 | 251,064 | 0% | 2 | - | " | - | " | - | 3,230,521 | 3,230,521 |
| 2 | " | Great Wall Agri (Yingkou) Co., Ltd. | " | Yes | 485,280 | 456,480 | 456,480 | 0% | 2 | - | " | - | " | - | 3,230,521 | 3,230,521 |
| 2 | " | Dachan Wanda (Tianjin) Co., Ltd. | " | Yes | 818,910 | 770,310 | 770,310 | 0% | 2 | - | " | - | " | - | 3,230,521 | 3,230,521 |
| 3 | Greatwall FeedTech (Holding) Ltd. | Greatwall FeedTech (Tianjin) Co., Ltd. | " | Yes | 30,330 | 28,530 | 28,530 | 0% | 2 | - | " | - | " | - | 163,166 | 163,166 |
| 4 | Route 66 Fast Food Ltd. | Beijing Universal Chain Food Co., Ltd. | " | Yes | 34,880 | 32,810 | 32,810 | 0% | 2 | - | " | - | " | - | 286,302 | 286,302 |
| 4 | " | Tai Ji Food Co., Ltd. | " | Yes | 44,464 | 41,825 | 41,825 | 0% | 2 | - | " | - | " | - | 286,302 | 286,302 |
| 4 | " | Ma Cheng Co., Ltd. | " | Yes | 39,630 | 27,105 | 27,105 | 0% | 2 | - | " | - | " | - | 286,302 | 286,302 |
| 8 | Mei Lan Lei Co., Ltd. | Great Wall Enterprise Co., Ltd. | " | Yes | 95,000 | 95,000 | - | 1.2% | 2 | - | " | - | " | - | 700,902 | 700,902 |
| 8 | " | Wonder Biotek Co., Ltd. | " | Yes | 20,000 | 20,000 | - | 1.2% | 2 | - | " | - | " | - | 700,902 | 700,902 |
| 9 | City Chain Food Ltd. | Tianjin Fast Food Co., Ltd. | " | Yes | 134,733 | 134,213 | 134,213 | 0% | 2 | - | " | - | " | - | 706,864 | 706,864 |
| 9 | " | Tai Ji Food Co., Ltd. | " | Yes | 32,889 | 31,383 | 31,383 | 0% | 2 | - | " | - | " | - | 706,864 | 706,864 |
| 9 | " | Ma Cheng Co., Ltd. | " | Yes | 5,000 | 5,000 | 5,000 | 1.2% | 2 | - | " | - | " | - | 706,864 | 706,864 |

(Continued)

GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

| Number | Name of lender | Name of borrower | Account name | Related party | Highest balance of financing to other parties during the period | Ending balance | Actual usage amount during the period | Range of interest rates during the period | Purposes of fund financing for the borrower | Transaction amount for business between two parties | Reasons for short-term financing | Allowance for bad debt | Collateral | | Individual funding loan limits | Maximum limit of fund financing |
|--------|--|--|-----------------------------------|---------------|---|----------------|---------------------------------------|---|---|---|----------------------------------|------------------------|------------|-------|--------------------------------|---------------------------------|
| | | | | | | | | | | | | | Item | Value | | |
| 9 | City Chain Food Ltd. | Route 66 Fast Food Ltd. | Other receivables related parties | Yes | 75,825 | 71,325 | 71,325 | 0% | 2 | - | " | - | " | - | 706,864 | 706,864 |
| 9 | " | Great Wall Enterprise Co., Ltd. | " | Yes | 50,000 | 50,000 | - | 1.2% | 2 | - | " | - | " | - | 706,864 | 706,864 |
| 9 | " | An Hsin Chiao Chu Co., Ltd. | " | Yes | 30,000 | 30,000 | - | 1.2% | 2 | - | " | - | " | - | 706,864 | 706,864 |
| 10 | Dachan Aquaculture Limited (DAL) | PT. Misaja Mitra (MM) | " | Yes | 84,894 | 51,311 | 51,311 | 0% | 2 | - | " | - | " | - | 183,454 | 183,454 |
| 10 | " | PT. Mustika Minanusa Aurora (MMA) | " | Yes | 30,330 | 14,265 | 14,265 | 0% | 2 | - | " | - | " | - | 183,454 | 183,454 |
| 11 | Total Nutrition Tech. Co., Ltd. | Great Wall Enterprise Co., Ltd. | " | Yes | 180,000 | 180,000 | 180,000 | 1.2% | 2 | - | " | - | " | - | 283,330 | 283,330 |
| 11 | " | Huang-Ho Invest. Co., Ltd. | " | Yes | 50,000 | - | - | 1.2% | 2 | - | " | - | " | - | 283,330 | 283,330 |
| 11 | " | Oriental Best Foods Co., Ltd. | " | Yes | 50,000 | 50,000 | 20,000 | 1.2% | 2 | - | " | - | " | - | 283,330 | 283,330 |
| 12 | Neo Foods Co., Ltd. | Great Wall Enterprise Co., Ltd. | " | Yes | 20,000 | 15,000 | 15,000 | 1.2% | 2 | - | " | - | " | - | 19,481 | 19,481 |
| 13 | Greatwall Northeast Asia Corporation (NAC) | Dachan Wanda (Tianjin) Co., Ltd. | " | Yes | 667,260 | 627,660 | 627,660 | 0% | 2 | - | " | - | " | - | 3,295,453 | 3,295,453 |
| 14 | Dachan Wanda (Tianjin) Co., Ltd. | Green Pac Bio Co., Ltd. | " | Yes | 28,526 | 28,416 | 28,416 | 4.6% | 2 | - | " | - | " | - | 514,021 | 514,021 |
| 15 | Taixu & Dachan Foods Co., Ltd. | Taixu & Dachan Foods (Bengbu) Co., Ltd. | " | Yes | 30,721 | 17,487 | 17,487 | 0% | 2 | - | " | - | " | - | 57,595 | 57,595 |
| 16 | TNT Biotechnology Co., Ltd. | Great Wall International (Holdings) Ltd. | " | Yes | 24,599 | 24,251 | 24,251 | 0% | 2 | - | " | - | " | - | 127,560 | 127,560 |

Note 1: The purposes of fund financing for the borrower are classified as follows:

1. For those with business dealings: 1.
2. For those with short-term financing: 2.

Note 2: The total amount of loans to other parties must not exceed 40% of the Company's net worth, while loans to individual entities must not exceed 20% of the Company's net worth.

Note 3: The above-mentioned loans and transactions to related parties have been written off.

Note 4: For the subsidiaries, the total amount of loans to other parties and to individual entities must not exceed 40% of its net worth.

(ii) Guarantees and endorsements for other parties:

| No. | Name of guarantor | Counter-party of guarantee and endorsement | | Limitation on amount of guarantees and endorsements for a specific enterprise | Highest balance for guarantees and endorsements during the period | Balance of guarantees and endorsements as of reporting date | Actual usage amount during the period | Property pledged for guarantees and endorsements (Amount) | Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements | Maximum amount for guarantees and endorsements | Parent company endorsements/ guarantees to third parties on behalf of subsidiary | Subsidiary endorsements/ guarantees to third parties on behalf of parent company | Endorsements/ guarantees to third parties on behalf of companies in Mainland China |
|-----|--|--|-------------------------------|---|---|---|---------------------------------------|---|---|--|--|--|--|
| | | Name | Relationship with the Company | | | | | | | | | | |
| 1 | Great Wall International (Holdings) Ltd. | Dachan Liangyou Food (Shanghai) Co., Ltd. | 5 | 7,052,142 | 307,208 | 306,022 | 172,684 | - | 4.34 % | 14,104,284 | | | Y |
| 1 | " | Seafood International Inc. | 2 | 7,052,142 | 303,300 | 285,300 | - | - | 4.05 % | 14,104,284 | Y | | |
| 1 | " | Great Wall Milling Co., Ltd. | 2 | 7,052,142 | 424,620 | 342,360 | 205,017 | - | 4.85 % | 14,104,284 | Y | | |

(Continued)

GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

| No. | Name of guarantor | Counter-party of guarantee and endorsement | | Limitation on amount of guarantees and endorsements for a specific enterprise | Highest balance for guarantees and endorsements during the period | Balance of guarantees and endorsements as of reporting date | Actual usage amount during the period | Property pledged for guarantees and endorsements (Amount) | Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements | Maximum amount for guarantees and endorsements | Parent company endorsements/ guarantees to third parties on behalf of subsidiary | Subsidiary endorsements/ guarantees to third parties on behalf of parent company | Endorsements/ guarantees to third parties on behalf of companies in Mainland China |
|-----|---|---|-------------------------------|---|---|---|---------------------------------------|---|---|--|--|--|--|
| | | Name | Relationship with the Company | | | | | | | | | | |
| 1 | Great Wall International (Holdings) Ltd. | Great Wall Grains International Ltd. | 2 | 7,052,142 | 713,250 | 713,250 | - | - | 10.11 % | 14,104,284 | Y | | |
| 5 | Asia Nutrition Technologies (VN) Co., Ltd. | ANT FEED CO., LTD. | 4 | 1,413,821 | 90,990 | 85,590 | 28,530 | - | 6.05 % | 2,827,641 | | | |
| 6 | Liaoning Great Wall Agri-Industrial Co., Ltd. | Dachan Food (Hebei) Co., Ltd. | 4 | 1,144,219 | 19,749 | 19,673 | - | - | 1.72 % | 2,288,438 | | | Y |
| 7 | Great Wall Agri (Hei Long Jiang) Co., Ltd. | Liaoning Great Wall Agri-Industrial Co., Ltd. | 4 | 440,754 | 129,758 | 13,902 | 13,902 | 3,180 | 3.15 % | 881,508 | | | Y |

Note 1: Guarantees and endorsements for other parties are classified into six types of relationships as follows:

1. For those with business dealings.
2. For subsidiaries with over 50% of common shares.
3. When the parent company and its subsidiaries own more than 50% of common shares of the invested company.
4. When the parent company owns more than 50% of common shares of the company either directly or indirectly through its subsidiaries.
5. For those in the same industry who are contractually obligated to endorse each other due to projects.
6. For companies that are endorsed and guaranteed by each investor based on their shareholding ratio due to joint ventures.
7. For companies in the same industry engaged in pre-sale house sales contracts who are contractually obligated to provide guarantees and endorsements in accordance with the Consumer Protection Act.

Note 2: The total amount of guarantees and endorsements for other parties must not exceed the Company's total net worth, while guarantees and endorsements for individual entities must not exceed 50% of the Company's net worth.

Note 3: For subsidiaries, the total amount of guarantees and endorsements for other parties must not exceed double its total net worth and must not be higher than the Company's total net worth. Guarantees and endorsements for individual entities must not exceed the subsidiary's total net worth, and must not be higher than 50% of the Company's total net worth.

(iii) Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures):

| Name of holder | Category and name of security | Relationship with company | Account title | Ending balance | | | | Note |
|---------------------------------|---|---------------------------|---|--------------------------|----------------|-----------------------------|------------|------|
| | | | | Shares/Units (thousands) | Carrying value | Percentage of ownership (%) | Fair value | |
| Great Wall Enterprise Co., Ltd. | Ordinary shares: Lien Hwa Industrial Holdings Corp. | Board of Directors | Financial assets measured at fair value through profit or loss: current | 36,974 | 439 | - | 439 | |
| | Ordinary shares: TTET Union Co. | Board of Directors | Financial assets measured at fair value through other comprehensive profit or loss: non-current | 15,416,960 | 2,196,917 | 9.64 | 2,196,917 | |
| | Ordinary shares: China Trade and Development Co. | - | " | 20,004 | 199 | 0.03 | 199 | |
| | Ordinary shares: Da Chiang International Co., Ltd. | Board of Directors | " | 7,889,655 | 56,615 | 3.94 | 56,615 | |
| | Ordinary shares: ZHONG ZHDNG CO., LTD. | - | " | 461,760 | 4,618 | 2.59 | 4,618 | |
| | Ordinary shares: Yo-Ho Beach Resort Co., Ltd. | - | " | 1,848,000 | 16,800 | 1.81 | 16,800 | |
| | Ordinary shares: Deyong Biological Technology Co., Ltd. | Board of Directors | " | 117,997 | 459 | 3.70 | 459 | |
| | Ordinary shares: Yahsen Frozen Foods Co., Ltd. | - | " | 40,425 | - | 0.08 | - | |
| Great Wall Enterprise Co., Ltd. | Ordinary shares: Hsin Tung Yang Co. Ltd. | - | Financial assets measured at fair value through other comprehensive profit or loss: non-current | 137,000 | 1,480 | 0.16 | 1,480 | |
| Huang-Ho Invest. Co., Ltd. | Great Wall Enterprise Co., Ltd. | Company | Treasury shares | 19,674,191 | 121,687 | 2.38 | 999,449 | |
| | Ordinary shares: Da Chiang International Co., Ltd. | Board of Directors | Financial assets measured at fair value through other comprehensive profit or loss: non-current | 1,724,138 | 12,500 | 0.86 | 12,500 | |

(Continued)

GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

| Name of holder | Category and name of security | Relationship with company | Account title | Ending balance | | | | Note |
|---------------------------------------|---|---------------------------|---|--------------------------|----------------|-----------------------------|------------|------|
| | | | | Shares/Units (thousands) | Carrying value | Percentage of ownership (%) | Fair value | |
| Huang-Ho Invest. Co., Ltd. | Ordinary shares: TTET Union Co. | Board of Directors | Financial assets measured at fair value through other comprehensive profit or loss: non-current | 2,457,997 | 350,264 | 1.54 | 350,264 | |
| City Chain Food Ltd. | Great Wall Enterprise Co., Ltd. | Company | Treasury shares | 25,688,242 | 128,909 | 3.10 | 1,304,963 | |
| Oriental Best Foods Co., Ltd. | Cashbox Partyworld Co., Ltd. | - | Financial assets measured at fair value through other comprehensive profit or loss: non-current | 26,010 | 1,055 | 0.02 | 1,055 | |
| Route 66 Fast Food Ltd. | Beijing Hengfengtai Catering Management Co., Ltd. | - | " | - | 6,835 | 9.09 | 6,835 | |
| Great Wall Food (Hong Kong) Co., Ltd. | Dynasty Club | - | " | - | 349 | - | 349 | |

Note 1: The assumptions made of the market price is as follows:

1. For those with an open market price, it refers to the average closing price as of the date on the balance sheet. However, for open end funds, the market price refers to its net asset value as of the date on the balance sheet.
2. For those without an open market price, net asset value per share is used.

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

| Name of company | Name of property | Transaction date | Transaction amount | Status of payment | Counter-party | Relationship with the Company | If the counter-party is a related party, disclose the previous transfer information | | | | References for determining price | Purpose of acquisition and current condition | Others |
|---------------------------------|--------------------------------|------------------|--------------------|-------------------|-------------------------|-------------------------------|---|-------------------------------|------------------|--------|--|--|--------|
| | | | | | | | Owner | Relationship with the Company | Date of transfer | Amount | | | |
| Great Wall Enterprise Co., Ltd. | Property, plant, and equipment | 2020.2.3 | 820,420 | Complete | Zhong Yi Food Co., Ltd. | Subsidiary | Note | Note | Note | - | CCIS Real Estate Joint Appraisers Firm | | |

Note: Information not found as the previous transfer took place ages ago.

- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

| Name of company | Related party | Nature of relationship | Transaction details | | | | Transactions with terms different from others | | Notes/Accounts receivable (payable) | | Note |
|---------------------------------|---------------------------------|------------------------|---------------------|-----------|-------------------------------------|---------------------------|---|---------------|-------------------------------------|---|------|
| | | | Purchase/Sale | Amount | Percentage of total purchases/sales | Payment terms | Unit price | Payment terms | Ending balance | Percentage of total notes/accounts receivable (payable) | |
| Great Wall Enterprise Co., Ltd. | Mei Lan Lei Co., Ltd. | Subsidiary | Purchase | 3,780,189 | 19 % | 2 months | - | - | (228,446) | (32)% | |
| Great Wall Enterprise Co., Ltd. | FoodChina Company | Associate | Sale | 2,015,372 | 9 % | Same as regular customers | - | - | 320,770 | 13 % | |
| Great Wall Enterprise Co., Ltd. | TTET Union Corporation | Other related party | Purchase | 267,430 | 1 % | Same as regular customers | - | - | (5,417) | (1)% | |
| Great Wall Enterprise Co., Ltd. | Total Nutrition Tech. Co., Ltd. | Subsidiary | Purchase | 338,787 | 2 % | Same as regular customers | - | - | (20,729) | (4)% | |
| Great Wall Enterprise Co., Ltd. | FoodChina Company | Associate | Purchase | 813,464 | 4 % | Same as regular customers | - | - | (59,558) | (4)% | |
| Great Wall Enterprise Co., Ltd. | Mei Lan Lei Co., Ltd. | Subsidiary | Sale | 1,235,034 | 5 % | 2 months | - | - | - | - % | |
| Great Wall Enterprise Co., Ltd. | Zhong Yi Food Co., Ltd. | Subsidiary | Sale | 816,920 | 3 % | 270 days | - | - | 415,517 | 14 % | |
| Great Wall Enterprise Co., Ltd. | Total Nutrition Tech. Co., Ltd. | Subsidiary | Sale | 283,737 | 1 % | Same as regular customers | - | - | 10,818 | - % | |

(Continued)

GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

| Name of company | Related party | Nature of relationship | Transaction details | | | | Transactions with terms different from others | | Notes/Accounts receivable (payable) | | Note |
|-----------------------|------------------------|------------------------|-----------------------|---------|-------------------------------------|-----------------------------|---|---------------|-------------------------------------|---|------|
| | | | Purchase/Sale | Amount | Percentage of total purchases/sales | Payment terms | Unit price | Payment terms | Ending balance | Percentage of total notes/accounts receivable (payable) | |
| Mei Lan Lei Co., Ltd. | TTET Union Corporation | Other related party | Purchase (Outsourced) | 287,877 | - | % Same as regular customers | - | - | - | - | % |

Note: Transactions between the parent company and its subsidiaries have been written off.

(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

| Name of company | Counter-party | Nature of relationship | Ending balance | Turnover rate | Overdue | | Amounts received in subsequent period | Allowance for bad debts |
|---------------------------------|---------------------------------|------------------------|----------------|---------------|---------|--------------|---------------------------------------|-------------------------|
| | | | | | Amount | Action taken | | |
| Great Wall Enterprise Co., Ltd. | FoodChina Company | Subsidiary | 320,770 (Note) | 15.90 % | - | - | 320,689 | - |
| Great Wall Enterprise Co., Ltd. | Zhong Yi Food Co., Ltd. | Subsidiary | 415,517 (Note) | 12.12 % | - | - | 22,089 | - |
| Mei Lan Lei Co., Ltd. | Great Wall Enterprise Co., Ltd. | Subsidiary | 228,446 (Note) | 8.72 % | - | - | 158,697 | - |

Note 1: Refers to trade receivables and notes receivables.

Note 2: Transactions between the parent company and its subsidiaries have been written off.

(ix) Trading in derivative instruments: Please refer to notes 6(b)

(x) Business relationships and significant intercompany transactions:

For business relationships and significant intercompany transactions between the parent company and its subsidiaries (written off in the consolidated financial statements), please refer to "Business relationships and significant intercompany transactions" in the consolidated financial statements for the year ended December 31, 2020.

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2020 (excluding information on investees in Mainland China):

(In USD/HKD)

| Name of investor | Name of investee | Location | Main businesses and products | Original investment amount | | Balance as of December 31, 2020 | | | Net income (losses) of investee | Share of profits/losses of investee | Note |
|--|---|-----------|--|----------------------------|-------------------|---------------------------------|-------------------------|----------------|---------------------------------|-------------------------------------|------|
| | | | | December 31, 2020 | December 31, 2019 | Shares (thousands) | Percentage of ownership | Carrying value | | | |
| Great Wall Enterprise Co., Ltd. | Total Nutrition Tech. Co., Ltd. | Taiwan | Feed | 314,006 | 314,006 | 48,149,500 | 100.00 % | 703,734 | 139,580 | 139,580 | |
| | Huang-Ho Invest. Co., Ltd. | " | Investments | 249,395 | 314,395 | 14,500,000 | 100.00 % | 352,683 | 11,914 | 11,914 | |
| | Great Wall International (Holdings) Ltd. | Hong Kong | Holdings | 2,122,110 | 2,122,110 | 70,490,813 | 100.00 % | 7,047,801 | 507,311 | 507,311 | |
| | City Chain Food Ltd. | Taiwan | Fast Food Restaurants | 856,496 | 856,496 | 132,062,705 | 100.00 % | 448,490 | (99,851) | (99,851) | |
| | Mei Lan Lei Co., Ltd. | " | Production, sale, and research of feed | 120,010 | 120,010 | 48,000,000 | 100.00 % | 1,756,668 | 678,811 | 678,811 | |
| | KouChan Mill Co., Ltd. | " | Flour production and sales | 373,799 | 79,750 | 33,550,000 | 55.00 % | 462,029 | 55,002 | 30,251 | |
| | Oriental Best Foods Co., Ltd. | " | Food processing and sale | 141,405 | 141,405 | 72,061 | 90.00 % | 197,554 | 20,313 | 18,282 | |
| | An Hsin Chiao Chu Co., Ltd. | " | Sale of fresh meat | 55,000 | 20,000 | 5,500,000 | 100.00 % | 10,472 | (5,716) | (5,716) | |
| | Neo Foods Co., Ltd. | " | Food manufacturing and sale | 50,000 | - | 5,000,000 | 100.00 % | 48,702 | (1,298) | (1,298) | |
| | Great Wall FeedTech Enterprise Co., Ltd. | " | Production, sale, and research of feed | 37,274 | 37,274 | 340,000 | 100.00 % | 5,847 | 744 | 744 | |
| | Wonder Biotek Co., Ltd. | " | Medicine production and sales | 150,000 | 100,000 | 15,000,000 | 100.00 % | 50,946 | (44,540) | (44,540) | |
| | Zhong Yi Food Co., Ltd. | " | Egg production and sale | 780,000 | 160,000 | 78,000,000 | 65.00 % | 746,873 | 56,540 | 36,751 | |
| | San Inn Abattoir Co. | " | Abattoir | 66,469 | - | 1,116,000 | 40.00 % | 66,469 | - | - | |
| City Chain Food Ltd. | Nisshi Chain Co., Ltd. | " | Bakery | 68,459 | 68,459 | 4,364,652 | 67.29 % | 10,041 | (5,325) | (3,583) | |
| | Saboten Co., Ltd. | " | Japanese restaurants | 39,000 | 39,000 | 2,000,000 | 50.00 % | 64,282 | 22,654 | 11,327 | |
| | Route 66 Fast Food Ltd. | Hong Kong | Investment holdings | USD 29,668,603 | USD 24,642,247 | 26,592,247 | 100.00 % | 143,150 | (52,454) | (52,454) | |
| | Saboten (China) Limited | " | Investment holdings | USD 1,250,000 | USD 1,250,000 | 1,550,000 | 50.00 % | 56,530 | 21,199 | 10,599 | |
| | DaChan Shin Yeh Ltd. | " | Chinese and western fast food | USD 700,000 | USD 700,000 | 700,000 | 40.00 % | 17,695 | (3,409) | (1,364) | |
| | Honolulu Chain Food & Beverage Co., Ltd. | Taiwan | Chinese and western fast food | 11,000 | 11,000 | 11,000,000 | 55.00 % | 9,556 | (8,205) | (4,513) | |
| | Xiang Cheng Co., Ltd. | " | Chinese food and dining | 5,000 | 5,000 | 500,000 | 50.00 % | 4,235 | 82 | 41 | |
| | Ma Cheng Co., Ltd. | " | Western food and dining | 18,000 | 18,000 | 1,800,000 | 90.00 % | 2,025 | (4,384) | (3,945) | |
| Total Nutrition Tech. Co., Ltd. | TNT Biotechnology Co., Ltd. | Hong Kong | Investment holdings | USD 13,110,000 | USD 13,110,000 | 13,110,000 | 100.00 % | 318,899 | 46,203 | 46,203 | |
| Great Wall International (Holdings) Ltd. | Asia Nutrition Technologies Corporation Co., Ltd. | " | Investment holdings | USD 7,391,940 | USD 7,391,940 | 6,690,472 | 100.00 % | 1,211,975 | 132,485 | 132,485 | |
| | Greatwall Food Investment (H.K.) Co., Ltd. | " | Investment holdings | USD 62,500,000 | USD 62,500,000 | 54,220,000 | 100.00 % | (1,401) | (308) | (308) | |

(Continued)

GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

| Name of investor | Name of investee | Location | Main businesses and products | Original investment amount | | Balance as of December 31, 2020 | | | Net income (losses) of investee | Share of profits/losses of investee | Note |
|--|---|-----------|-------------------------------------|----------------------------|-------------------|---------------------------------|-------------------------|----------------|---------------------------------|-------------------------------------|------|
| | | | | December 31, 2020 | December 31, 2019 | Shares (thousands) | Percentage of ownership | Carrying value | | | |
| Great Wall International (Holdings) Ltd. | Greatwall Food (H.K.) Co., Ltd. | Hong Kong | Food wholesale | USD 500,000 | USD 500,000 | 500,000 | 100.00 % | (13,781) | (1,598) | (1,598) | |
| | FoodChina Inc. | " | Investment holdings | USD 5,070,000 | USD 1,680,000 | 19,700,000 | 53.39 % | 191,603 | 15,826 | 8,450 | |
| | Seafood International Inc. | " | Investment holdings | USD 4,183,974 | USD 4,183,974 | 3,744,000 | 100.00 % | 100,765 | - | - | |
| | Tianjin Food Invest Co., Ltd. | " | Investment holdings | USD 9,729,433 | USD 9,729,433 | 9,500,000 | 78.40 % | 874,245 | 10,468 | 8,207 | |
| | Waverly Star Ltd. | " | Investment holdings | USD 29,160,858 | USD 29,160,858 | 29,160,858 | 100.00 % | 2,970,013 | 316,097 | 316,097 | |
| | Golden Harvest Inc. | " | Investment holdings | USD 1 | USD 1 | 1 | 100.00 % | (17,048) | (1,942) | (1,942) | |
| | Great Wall FeedTech (Holdings) Ltd. | " | Investment holdings | USD 10,630,000 | USD 10,630,000 | 8,260,000 | 100.00 % | 407,914 | 16,499 | 16,499 | |
| | Clydebridge Ltd. | " | Investment holdings | USD 3,544,000 | USD 3,544,000 | 3,544,000 | 94.66 % | 260,764 | 52,594 | 49,785 | |
| | Global Food Corp. | " | Aquaculture trading | USD 1 | USD 1 | 1 | 100.00 % | (515) | - | - | |
| | Gallant Dachan Seafood Co., Ltd. | Vietnam | Aquaculture processing and sales | USD 2,500,000 | USD 2,500,000 | 2,500,000 | 50.00 % | 108,890 | 26,409 | 13,204 | |
| | Dachan (Asia-Pacific) Limited | Hong Kong | Investment holdings | USD 11,200,000 | USD 11,200,000 | 11,200,000 | 75.17 % | 7,574 | (61,207) | (46,009) | |
| | Fresh Aqua Corporation | " | Aquaculture trading | USD 1 | USD 1 | 1 | 100.00 % | - | - | - | |
| | Fresh Aqua Limited | " | Aquaculture trading | USD 1,282 | USD - | 1,282 | 100.00 % | 15,888 | 16,446 | 16,446 | |
| | Great Wall Grains International Limited | " | Commodity trading | USD 1,000,000 | USD - | 1,000,000 | 100.00 % | 28,356 | (129) | (129) | |
| | Global Seafood Limited | " | Aquaculture trading | USD 1,282 | USD - | 1,282 | 100.00 % | 5,234 | 5,392 | 5,392 | |
| | Pacific Harvest Limited | " | Aquaculture trading | USD 1,282 | USD - | 1,282 | 100.00 % | (67) | (108) | (108) | |
| | Seafood International Limited | " | Aquaculture trading | USD 1,282 | USD - | 1,282 | 100.00 % | 9,982 | 10,319 | 10,319 | |
| | Universal Food Limited | " | Aquaculture trading | USD 1,282 | USD - | 1,282 | 100.00 % | 16,778 | 17,370 | 17,370 | |
| | Myint Dachan Company Limited | Myanmar | Production and sale of feed | USD 10,494,097 | USD 8,964,097 | 10,494,097 | 51.00 % | 292,112 | (15,023) | (7,662) | |
| Waverly Star Ltd. | Dachan Food (Asia) Limited | " | Investment holdings | USD 29,160,858 | USD 29,160,858 | 375,899,946 | 36.99 % | 2,973,446 | 854,901 | 316,228 | |
| Asia Nutrition Technologies Corporation | Dachan Food (Asia) Limited | " | Investment holdings | USD 5,759,421 | USD 5,759,421 | 152,924,906 | 15.05 % | 1,209,796 | 854,901 | 128,663 | |
| Dachan Food (Asia) | Dachan (Asia-Pacific) Limited | " | Investment holdings | USD 800,000 | USD 800,000 | 800,000 | 5.37 % | 541 | (3,287) | - | |
| | Food China Inc. | " | Investment holdings | USD 300,000 | USD 300,000 | 400,000 | 1.08 % | 8,544 | 15,826 | - | |
| | Taiwan International Gene Co., Ltd. | Vietnam | Sale of boars for breeding purposes | USD 900,000 | USD 900,000 | 900,000 | 30.00 % | 25,632 | - | - | |
| Route 66 Fast Food Ltd. | Yung Huo (China) Co., Ltd. | Hong Kong | Investment holdings | USD 3,713,685 | USD 3,713,685 | 3,730,000 | 79.03 % | 23,241 | (194) | (154) | |
| | FoodChina Inc. | " | Investment holdings | USD 137,122 | USD 138,364 | 400,000 | 1.08 % | 3,905 | 15,826 | (26) | |
| TNT Biotechnology Co., Ltd. | TNT Huabang Holdings Limited | " | Investment holdings | USD 1,385,160 | USD 1,825,728 | 1,110,000 | 100.00 % | 34,292 | 8,240 | 8,240 | |

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of CNY/USD)

| Name of investee | Main businesses and products | Total amount of paid-in capital | Method of investment | Accumulated outflow of investment from Taiwan as of January 1, 2019 | Investment flows | | Accumulated outflow of investment from Taiwan as of December 31, 2020 | Net income (losses) of the investee | Percentage of ownership | Investment income (losses) | Book value | Accumulated remittance of earnings in current period |
|---|---|---------------------------------|----------------------|---|------------------|--------|---|-------------------------------------|-------------------------|----------------------------|------------|--|
| | | | | | Outflow | Inflow | | | | | | |
| Great Wall Food (Tianjin) Co., Ltd. | Production and sale of flour related products | 9,378 | (2) | 53,136 | - | - | 53,136 | 4,069 | 78.40% | 3,190 | 954,749 | - |
| Miyasun-Great Wall Foods (Dalian) Co., Ltd. | Production and sale of processed chicken products | 9,872 | (2) | - | - | - | - | 15,187 | 52.04% | 8,231 | 142,949 | - |
| Great Wall Foods (Dalian) Co., Ltd. | Production and sale of chicken and feed | 26,600 | (2) | 315,908 | - | - | 315,908 | 329,906 | 30.70% | 101,281 | 700,406 | - |
| Liaoning Great Wall Agri-Industrial Co., Ltd. | Production and sale of feed | 19,201 | (2) | 229,600 | - | - | 229,600 | 97,879 | 52.04% | 50,936 | 615,036 | - |
| Great Wall Agri (Hei Long Jiang) Co., Ltd. | Production and sale of feed | 1,563 | (2) | - | - | - | - | 26,703 | 52.04% | 13,896 | 242,735 | - |
| Great Wall Agri (Yingkou) Co., Ltd. | Production and sale of feed | 14,636 | (2) | 57,813 | - | - | 57,813 | 131,159 | 52.04% | 68,255 | (11,086) | - |
| Great Wall Agri (Tieling) Co., Ltd. | Production and sale of chicken and feed | 14,151 | (2) | 84,655 | - | - | 84,655 | 48,907 | 52.04% | 25,451 | 651,216 | - |

(Continued)

GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

| Name of investee | Main businesses and products | Total amount of paid-in capital | Method of investment | Accumulated outflow of investment from Taiwan as of January 1, 2019 | Investment flows | | Accumulated outflow of investment from Taiwan as of December 31, 2020 | Net income (losses) of the investee | Percentage of ownership | Investment income (losses) | Book value | Accumulated remittance of earnings in current period |
|--|--|---------------------------------|----------------------|---|------------------|--------|---|-------------------------------------|-------------------------|----------------------------|------------|--|
| | | | | | Outflow | Inflow | | | | | | |
| Dachan Wanda (Tianjin) Co., Ltd. | Production and sale of chicken and feed | 579,060 | (2) | - | - | - | - | 87,214 | 52.04% | 45,386 | 668,742 | - |
| Qingdao Dachan Technologies Feed Co., Ltd. | Production and sale of feed | - | (2) | - | - | - | - | (213) | -% | (111) | - | - |
| Dongbei (Beijing) Consultant Co., Ltd. | Management consulting services | 500 | (2) | - | - | - | - | (4,402) | 52.04% | (2,291) | (7,595) | - |
| Beijing FoodChina Online Information & Technology Ltd. | Feed trading, animal products wholesale, and feed and agricultural products retail | 59,874 | (2) | - | - | - | - | (7,173) | 55.03% | (3,947) | 12,609 | - |
| Dongbei Agri (Changchun) Co., Ltd. | Production and sale of feed | 1,111 | (2) | 19,483 | - | - | 19,483 | 22,636 | 52.04% | 11,780 | 96,876 | - |
| Great Wall Agri (Henan) Co., Ltd. | Production and sale of feed | 1,900 | (2) | - | - | - | - | (1,316) | 52.04% | (685) | 3,685 | - |
| Great Wall Gourmet(Shanghai) Co., Ltd. | Production and sale of chicken, pork, and frozen processed foods | 6,940 | (2) | 82,000 | - | - | 82,000 | (12,383) | 52.04% | (6,444) | 84,635 | - |
| DaChan Showa Foods (Tianjin) Co., Ltd. | Production and sale of flour related products | 8,950 | (2) | 26,158 | - | - | 26,158 | 29,150 | 55.00% | 16,032 | 180,224 | - |
| Dachan (Hunan) Feed Technologies Co., Ltd. | Production and sale of feed | 2,234 | (2) | - | - | - | - | (5,934) | 52.04% | (3,088) | 27,467 | - |
| Dachan Food (Hebei) Co., Ltd. | Production and sale of feed | 53,767 | (2) | - | - | - | - | (215,098) | 52.04% | (111,937) | 24,615 | - |
| Dachan Food (Panjin) Co., Ltd. | Production and sale of chicken | 3,000 | (2) | - | - | - | - | (2,254) | 52.04% | (1,173) | 46,224 | - |
| Dachan Liangyou Food (Shanghai) Co., Ltd. | Production and sale of flour related products | 200,000 | (2) | - | - | - | - | 47,044 | 43.00% | 20,229 | 257,534 | - |
| Great Wall Agrotech Huludao Co., Ltd. | Production and sale of feed | 3,800 | (2) | - | - | - | - | 1,524 | 52.04% | 793 | 50,768 | - |
| Great Wall FeedTech (Tianjin) Co., Ltd. | Production and sale of feed | 14,536 | (2) | - | - | - | - | 24,717 | 100.00% | 24,717 | 423,286 | - |
| Shanghai Universal Chain Food Co., Ltd. | Italian food and dining, bakery, and restaurant management services | 3,100 | (2) | 101,680 | - | - | 101,680 | (4,063) | 100.00% | (4,063) | 156,174 | - |
| Great Wall Yung Huo Food (Beijing) Co., Ltd. | Chinese fast food chains | 15,954 | (2) | 44,647 | - | - | 44,647 | (137) | 79.03% | (108) | (14,308) | - |
| Nanjing Tengcheng Enterprise Management Co., Ltd. | Restaurant management | 21,006 | (2) | 37,902 | - | - | 37,902 | 7,601 | 100.00% | 7,601 | 62,063 | - |
| Beijing Universal Chain Food Co., Ltd. | Italian food and dining and bakery | 5,580 | (2) | 87,449 | 28,248 | - | 115,697 | (5,169) | 100.00% | (5,169) | 15,064 | - |
| Saboten Catering Operation (Beijing) Co., Ltd. | Japanese food and dining and restaurant management services | 2,500 | (2) | 46,938 | - | - | 46,938 | 25,572 | 50.00% | 12,786 | 56,228 | 72,018 |
| Shanghai Xunshi Foods Co., Ltd. | Chinese fast food chains | 278 | (2) | - | - | - | - | - | 70.00% | - | (5,690) | - |
| Beijing Dingfenggang Catering Co., Ltd. | Chinese fast food chains | 3,000 | (2) | 29,641 | - | - | 29,641 | (2,487) | 55.00% | (1,368) | 17,073 | - |

(Continued)

GREAT WALL ENTERPRISE CO., LTD.
Notes to the Financial Statements

| Name of investee | Main businesses and products | Total amount of paid-in capital | Method of investment | Accumulated outflow of investment from Taiwan as of January 1, 2019 | Investment flows | | Accumulated outflow of investment from Taiwan as of December 31, 2020 | Net income (losses) of the investee | Percentage of ownership | Investment income (losses) | Book value | Accumulated remittance of earnings in current period |
|--|--------------------------------------|---------------------------------|----------------------|---|------------------|--------|---|-------------------------------------|-------------------------|----------------------------|------------|--|
| | | | | | Outflow | Inflow | | | | | | |
| Beijing Duhshiaoyueh Restaurant Co., Ltd. | Chinese fast food chains | 19,000 | (2) | 21,719 | 29,988 | - | 51,707 | (25,641) | 70.00% | (17,949) | 3,418 | - |
| Tianjin Fast Food Co., Ltd. | Food processing | 5,800 | (2) | 175,676 | - | - | 175,676 | 8,347 | 100.00% | 8,347 | (40,406) | - |
| TNT Biotechnology (Tianjin) Co., Ltd. | Feed | 11,602 | (2) | 303,344 | - | - | 303,344 | 39,018 | 100.00% | 39,018 | 280,151 | - |
| Taixu & DaChan Foods (Dalian) Co., Ltd. | Production and sale of pork | 21,595 | (2) | - | - | - | - | 1,119 | 20.82% | 233 | 8,680 | - |
| Shandong Dachan Biotechnology Co., Ltd. | Production and sale of feed | 3,000 | (2) | - | - | - | - | 28,240 | 52.04% | 14,696 | (47,786) | - |
| Tai Ji Food Co., Ltd. | Processing and sale of food | 4,150 | (2) | 48,993 | - | - | 48,993 | (38,668) | 100.00% | (38,668) | (73,447) | - |
| Advent Prosperity Real Estate Development Co., Ltd. | Real Estate | 435,500 | (2) | - | - | - | - | (9,892) | 32.64% | (6,068) | 1,122,859 | - |
| Dachan Shinyeh Catering Management (Beijing) Co., Ltd. | Chinese and western fast food chains | 1,670 | (2) | 20,792 | - | - | 20,792 | (3,310) | 40.00% | (1,324) | 11,043 | - |
| Shanghai Guangcheng Catering Co., Ltd. | Chinese food and dining | 4,884 | (2) | - | - | - | - | (33,373) | 20.68% | (5,006) | 87,502 | - |
| Hepeer Catering Management (Beijing) Co., Ltd. | Chinese food and dining | 6,000 | (2) | - | - | - | - | - | 20.00% | - | 2,080 | - |
| Tianjin Hai Rei Food Limited | Food processing | 4,994 | (2) | - | - | - | - | (1,125) | 20.82% | (450) | 3,372 | - |
| Rupp & DaChan Foods (Tianjin) Co., Ltd. | Feed research | 35,000 | (2) | - | - | - | - | (12,405) | 20.82% | (4,962) | 54,025 | - |

(ii) Limitation on investment in Mainland China:

(In USD)

| Accumulated Investment in Mainland China as of December 31, 2020 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on Investment |
|--|--|---------------------------|
| (USD 69,145,001) 1,969,250 | (USD 238,133,856) 6,782,052 | 12,108,647 |

Note 1: Investments are classified into four types as follows:

1. Investment in Mainland China companies by remittance through a third region
2. Establishing a company in a third region then investing in Mainland China companies.
3. Investment in Mainland China via reinvesting in an established company in a third region.
4. Direct investment in a Mainland China company.
5. Other.

Note 2: The relevant figures in the chart above related to foreign currencies have been converted to NTD according to the exchange rate as of the reporting date. For profit or loss recognition, conversion into NTD is made according to the annual and monthly weighted average exchange rate.

Note 3: This figure does not include capital surpluses.

(iii) Significant inter-company transactions with the subsidiaries in Mainland China: None

(Continued)

GREAT WALL ENTERPRISE CO., LTD.

Notes to the Financial Statements

(d) Major shareholders:

| Shareholder's Name | Shareholding | Shares | Percentage |
|-----------------------------|---------------------|---------------|-------------------|
| Fu-Chu Investment Co., Ltd. | | 71,086,943 | 8.59 % |

Note: (i) The information of major shareholders includes shareholders who hold more than 5% of the Company's ordinary shares and preferred shares that have been delivered through non-physical registration (including treasury shares) on the last business day at the end of each quarter. There may be differences between the number of shares made through non-physical registration documented in this financial report and the actual figure due to differences in the calculation basis implemented.

(ii) If the shareholder delivers the shares to the trust, the individual account of the trustee who opened the trust account is disclosed. As for the Statement of Changes in Beneficial Ownership filed in accordance with the Securities and Exchange Act by insiders owning 10% or more of the company's outstanding stock, their shareholding includes their own shareholding plus the shares delivered to the trust and with the right to use the trust's property. For information on insiders' Statements of Changes in Beneficial Ownership, please refer to Public Information Observatory.

(14) Segment information:

Please refer to the consolidated financial statements for the year ended 2020 for more information.

V. CPAs audited and certified the Consolidated Financial Statements of parent and subsidiary companies

Representation Letter

The entities that are required to be included in the combined financial statements of Great Wall Enterprise Co., Ltd. as of and for the year ended December 31, 2020 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Great Wall Enterprise Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Great Wall Enterprise Co., Ltd.
Chairman: Han Chia-Yau
Date: March 31, 2021



安侯建業聯合會計師事務所

KPMG

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Independent Auditors' Report

To the Board of Directors of Great Wall Enterprise Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Great Wall Enterprise Co., Ltd. and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, the consolidated statements of comprehensive income, changes in equity and 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 of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

1. Revenue recognition

Regarding the significant accounting policies for revenue recognition, please refer to Note 4(p) and Note 6(aa) “Revenue from contracts with customers” from the financial statements.

Description of key audit matter:

Due to the industry characteristics of the Company and following the rules set by competent authorities to announce operating income monthly, revenue recognition timing risk is increased.



How the matter was addressed in our audit:

Our principal audit procedures include:

- Understanding whether the accounting policies and methods for revenue recognition of the audited company are appropriate
- Testing the Company's controls and transaction cycle from order to payment regarding revenue recognition
- Performing substantive procedure of revenue, and sampling payments or certified documents for sale transactions
- Selecting the appropriate sample size from the detail in the ending balance of the trade receivable and sending external confirmations to debtors
- Assessing whether revenues are recognized in the appropriate timing

2. Investment impairment using the equity method

Please refer to Note 4(o) Impairment of Non-financial Assets in the financial report for the accounting policy for assessing impairment of investments accounted for using equity method. For accounting assumptions, judgements and estimation uncertainty regarding assessing impairment of investment accounted for using equity method, please refer to Note 5 in the financial statement. For more information on asset impairment, please refer to Note 6(l) Property, plant, and equipment and Note 6(m) Right-of-use assets.

Description of key audit matter:

Constituent entities of subsidiaries using the equity method have continuously incurred net losses in recent years, hence the management believes that there are signs of impairment in related assets. The management adopts the value-in-use method to estimate the future discounted cash flow to evaluate the recoverable amount of the identifiable cash-generating unit to which the relevant assets belong, and considers whether to reverse or increase the previous year's set amount. The preparation of future discounted cash flow data involves significant management judgments, especially when estimating the gross profit margin and revenue growth rate and determining its appropriate discount rate. Therefore, factors such as the gross profit margin, revenue growth rate and discount rate are inherently uncertain and involve possible management bias.

How the matter was addressed in our audit:

Our principal audit procedures include:

- Assessing the significant cash-generating units recognized by the management of the Group as showing signs of impairment
- Comparing the main financial information used for its future discounted cash flows with relevant information in the financial budget approved by the management authority, including operating income, operating costs and operating expenses; and then comparing the financial budget prepared in the previous year with the current year's performance in order to evaluate the accuracy of its forecasts while discussing with the management the reasons for the significant differences, and whether it has been taken into consideration in this year's budget
- Comparing the key assumptions used in estimating future discounted cash flows including the estimated long-term income growth rate and profit margin of each cash-generating unit with comparable companies in the industry and external market data, and appointing internal evaluation experts to evaluate whether the discount rate used for future cash flows falls within the range adopted by the industry



- Performing sensitivity analysis on key assumptions (including income growth rate and discount rate) adopted for future discounted cash flows to evaluate the impact each cash-generating unit has on the net present value; and evaluating the impact of changes in key assumptions on the conclusions obtained and whether there is management bias.

Other Matter

Great Wall Enterprise Co., Ltd. has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an unmodified opinion.

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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing 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 (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 an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and 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 control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements 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.

The engagement partners on the audit resulting in this independent auditors' report are Tan-Tan Chung and Mei-Fang Chen.

KPMG

Taipei, Taiwan (Republic of China)
March 31, 2021

Notes to Readers

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

The auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

| | December 31, 2020 | | December 31, 2019 | | December 31, 2020 | | December 31, 2019 | |
|---|----------------------|------------|-------------------|------------|-------------------|--|----------------------|------------|
| | Amount | % | Amount | % | Amount | % | Amount | % |
| Assets | | | | | | | | |
| Cash and cash equivalents (Note 6(a)) | \$ 4,488,486 | 9 | 2,942,742 | 6 | | | | |
| Current financial assets at fair value through profit or loss (Note 6(b)) | 21,880 | - | 5,603 | - | 2100 | Short-term borrowings (Note 6(p)) | \$ 8,931,406 | 17 |
| Notes receivable, net (Note 6(d) and 7) | 1,107,562 | 2 | 1,027,381 | 2 | 2110 | Short-term notes and bills payable (Note 6(q)) | 1,986,931 | 5 |
| Trade receivable, net (Note 6(d) and 7) | 5,225,980 | 10 | 4,982,680 | 11 | 2120 | Current financial liabilities at fair value through profit or loss (Note 6(b)) | 23,830 | - |
| Inventories (Note 6(e)) | 8,148,332 | 17 | 7,952,693 | 17 | 2150 | Notes payable (Note 7) | 219,123 | - |
| Current biological assets (Note 6(f)) | 1,720,785 | 3 | 1,530,916 | 3 | 2170 | Trade payable (Note 7) | 4,516,214 | 9 |
| Prepayments (Note 6(g)) | 918,389 | 2 | 675,936 | 1 | 2200 | Other payables (Note 7 and 6(s)) | 2,207,835 | 4 |
| Other current financial assets (Note 6(h)) | 802,247 | 2 | 623,282 | 1 | 2230 | Current income tax liabilities | 465,603 | 1 |
| Other current assets, others | 1,083,677 | 2 | 1,545,627 | 3 | 2280 | Current lease liabilities (Note 6(t)) | 221,658 | - |
| | <u>23,517,338</u> | <u>47</u> | <u>21,286,860</u> | <u>44</u> | 2320 | Long-term liabilities, current portion (Note 6(m)) | 972,264 | 2 |
| Non-current assets: | | | | | 2399 | Other current liabilities, others (Note 7) | <u>1,602,489</u> | <u>3</u> |
| Non-current financial assets at fair value through other comprehensive income (Note 6(c)) | 2,648,091 | 5 | 2,264,662 | 5 | | <u>21,147,353</u> | <u>41</u> | |
| Investments accounted for using equity method (Note 6(j)) | 1,745,344 | 3 | 1,717,796 | 4 | | | | |
| Property, plant and equipment (Note 6(l)) | 19,119,064 | 37 | 17,357,465 | 37 | 2540 | Non-Current liabilities: | | |
| Right-of-use assets (Note 6(m)) | 2,153,458 | 4 | 2,160,042 | 5 | 2551 | Long-term borrowings (Note 6(r)) | 1,255,263 | 2 |
| Investment property, net (Note 6(o)) | 740,322 | 1 | 790,685 | 2 | 2570 | Non-current provisions for employee benefits (Note 6(v)) | 7,134 | - |
| Goodwill | 160,023 | - | 162,079 | - | 2580 | Deferred income tax liabilities (Note 6(w)) | 111,723 | - |
| Non-current biological assets (Note 6(f)) | 263,166 | 1 | 200,431 | - | 2645 | Non-current lease liabilities (Note 6(t)) | 1,050,393 | 2 |
| Deferred income tax assets (Note 6(w)) | 196,094 | - | 174,197 | - | 2670 | Guarantee deposits received | 83,332 | - |
| Other non-current assets, others (Note 6(o) and 8) | <u>1,150,136</u> | <u>2</u> | <u>1,186,520</u> | <u>3</u> | | Other non-current liabilities, others | <u>151,086</u> | <u>-</u> |
| | 28,175,698 | 53 | 26,013,877 | 56 | | Total liabilities | <u>23,806,284</u> | <u>45</u> |
| | | | | | | Equity attributable to owners of parent:(Note 6(x)) | | |
| | | | | | 3110 | Ordinary share | 8,273,391 | 17 |
| | | | | | 3200 | Capital surplus | 3,179,626 | 6 |
| | | | | | 3300 | Retained earnings | 7,562,982 | 14 |
| | | | | | 3400 | Other equity interest | 1,384,211 | 3 |
| | | | | | 3500 | Treasury shares | (219,132) | - |
| | | | | | 36XX | Total equity attributable to owners of parent: | <u>20,181,078</u> | <u>40</u> |
| | | | | | | Non-controlling interests (Note 6(i) and (k)) | 7,705,674 | 15 |
| | | | | | | Total equity | <u>27,886,752</u> | <u>55</u> |
| Total assets | <u>\$ 51,693,036</u> | <u>100</u> | <u>47,300,737</u> | <u>100</u> | | Total liabilities and equity | <u>\$ 51,693,036</u> | <u>100</u> |

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

| | | 2020 | | 2019 | |
|------|--|---------------------|-----------|-------------------|------------|
| | | Amount | % | Amount | % |
| 4000 | Operating revenue (Note 6(v) and 7) | \$ 81,650,892 | 100 | 77,769,986 | 100 |
| 5000 | Operating costs (Note 6(e) and 7) | <u>69,388,663</u> | <u>85</u> | <u>66,038,732</u> | <u>85</u> |
| 5900 | Gross profit from operations | <u>12,262,229</u> | <u>15</u> | <u>11,731,254</u> | <u>15</u> |
| 6000 | Operating expenses: | | | | |
| 6100 | Selling expenses | 5,460,747 | 7 | 5,435,266 | 7 |
| 6200 | Administrative expenses | 2,388,505 | 3 | 2,320,603 | 3 |
| 6300 | Research and development expenses | 169,130 | - | 166,024 | - |
| 6450 | Expected credit impairment loss (Note 6(d)) | <u>31,899</u> | <u>-</u> | <u>88,147</u> | <u>-</u> |
| | Total operating expenses | <u>8,050,281</u> | <u>10</u> | <u>8,010,040</u> | <u>10</u> |
| 6900 | Net operating income (Note 6(ab) and 7) | <u>4,211,948</u> | <u>5</u> | <u>3,721,214</u> | <u>5</u> |
| 7100 | Interest income | 16,558 | - | 90,439 | - |
| 7020 | Other gains and losses, net | 1,018,574 | 1 | 367,533 | - |
| 7050 | Finance costs | (279,627) | - | (407,490) | (1) |
| 7060 | Share of profit (loss) of associates and joint ventures accounted for using equity method | <u>16,035</u> | <u>-</u> | <u>80,873</u> | <u>-</u> |
| | Total non-operating income and expenses | <u>771,540</u> | <u>1</u> | <u>131,355</u> | <u>(1)</u> |
| 7900 | Profit from continuing operations before tax | <u>4,983,488</u> | <u>6</u> | <u>3,852,569</u> | <u>4</u> |
| 7950 | Less: Income tax expenses (Note 6(w)) | <u>911,142</u> | <u>1</u> | <u>878,542</u> | <u>1</u> |
| | Profit | <u>4,072,346</u> | <u>5</u> | <u>2,974,027</u> | <u>3</u> |
| 8300 | Other comprehensive income (loss): | | | | |
| 8310 | Items that may not be subsequently reclassified to profit or loss | | | | |
| 8311 | Gains (losses) on remeasurements of defined benefit plans | 2,160 | - | 3,505 | - |
| 8316 | Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income | 384,312 | - | 411,124 | 1 |
| 8349 | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | <u>473</u> | <u>-</u> | <u>490</u> | <u>-</u> |
| | Items that may not be subsequently reclassified to profit or loss | <u>385,999</u> | <u>-</u> | <u>414,139</u> | <u>1</u> |
| 8360 | Items that may be subsequently reclassified to profit or loss | | | | |
| 8361 | Exchange differences on translation of foreign financial statements | 243,593 | - | (505,792) | (1) |
| 8399 | Income tax related to components of other comprehensive income that will be reclassified to profit or loss | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | Items that may be subsequently reclassified to profit or loss | <u>243,593</u> | <u>-</u> | <u>(505,792)</u> | <u>(1)</u> |
| 8300 | Other comprehensive income | <u>629,592</u> | <u>-</u> | <u>(91,653)</u> | <u>-</u> |
| | Total comprehensive income | <u>\$ 4,701,938</u> | <u>5</u> | <u>2,882,374</u> | <u>3</u> |
| | Profit (loss), attributable to: | | | | |
| | Owners of parent | \$ 3,122,071 | 4 | 2,283,601 | 2 |
| | Non-controlling interests | <u>950,275</u> | <u>1</u> | <u>690,426</u> | <u>1</u> |
| | | <u>\$ 4,072,346</u> | <u>5</u> | <u>2,974,027</u> | <u>3</u> |
| | Comprehensive income attributable to: | | | | |
| | Owners of parent | \$ 3,605,841 | 4 | 2,426,202 | 3 |
| | Non-controlling interests | <u>1,096,097</u> | <u>1</u> | <u>456,172</u> | <u>1</u> |
| | | <u>\$ 4,701,938</u> | <u>5</u> | <u>2,882,374</u> | <u>4</u> |
| | Basic earnings per share (Note 6(z)) | | | | |
| | Basic earnings per share (NT dollars) | <u>\$ 3.99</u> | | <u>2.93</u> | |
| | Diluted earnings per share (NT dollars) | <u>\$ 3.98</u> | | <u>2.92</u> | |

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

| Share capital | Equity attributable to owners of parent | | | | | | | | | | | Total equity | |
|---------------|---|-----------------|---------------|-----------------|----------------------------------|-----------------------|---|---|-----------------------------|---|-----------------|--------------|---------------------------|
| | Retained earnings | | | | | Other equity interest | | | | | Treasury shares | | Non-controlling interests |
| | Ordinary shares | Capital surplus | Legal reserve | Special reserve | Unappropriated retained earnings | Total earnings | Exchange differences on translation of foreign financial statements | Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | Total other equity interest | Total equity attributable to owners of parent | | | |
| \$ 7,879,420 | 2,595,445 | 2,053,459 | 42,994 | 3,444,626 | 5,541,079 | (627,977) | 1,390,519 | 16,472,287 | 5,750,346 | 22,222,633 | 690,425 | 2,974,026 | |
| - | - | - | - | 2,283,601 | 2,283,601 | (271,538) | 411,124 | 2,283,601 | 142,601 | (234,652) | 690,425 | 2,974,026 | |
| - | - | - | - | 3,015 | 3,015 | (271,538) | 411,124 | 139,586 | - | (234,652) | 690,425 | 2,974,026 | |
| - | - | - | - | 2,286,616 | 2,286,616 | (271,538) | 411,124 | 139,586 | - | 456,172 | 690,425 | 2,974,026 | |
| - | - | 201,184 | - | (201,184) | - | - | - | - | - | - | - | - | |
| - | - | - | - | (1,181,913) | (1,181,913) | - | - | - | - | - | - | (1,181,913) | |
| 393,971 | - | - | - | (393,971) | (393,971) | - | - | - | - | - | - | - | |
| - | 363,674 | - | - | - | - | - | - | - | - | - | - | 450,741 | |
| - | (10,749) | - | - | - | - | - | - | - | - | - | - | (10,749) | |
| - | (1,801) | - | - | 7,559 | 7,559 | - | - | - | - | - | - | 5,758 | |
| - | 64,804 | - | - | - | - | - | - | - | - | - | - | 64,804 | |
| 8,273,391 | 3,011,373 | 2,254,643 | 42,994 | 3,961,733 | 6,259,370 | (899,515) | 1,801,643 | 902,128 | (219,132) | 18,227,130 | 6,097,389 | 24,324,519 | |
| - | - | - | - | 3,122,071 | 3,122,071 | - | - | - | - | 3,122,071 | - | 950,275 | |
| - | - | - | - | 1,687 | 1,687 | 97,771 | 384,312 | 482,083 | - | 483,770 | - | 145,822 | |
| - | - | - | - | 3,123,758 | 3,123,758 | 97,771 | 384,312 | 482,083 | - | 3,605,841 | 1,096,097 | 4,701,938 | |
| - | - | 229,418 | - | (229,418) | - | - | - | - | - | - | - | - | |
| - | - | - | - | (1,820,146) | (1,820,146) | - | - | - | - | (1,820,146) | - | (1,820,146) | |
| - | 37,539 | - | - | - | - | - | - | - | - | - | - | 37,539 | |
| - | 30,917 | - | - | - | - | - | - | - | - | - | - | 30,917 | |
| - | 99,797 | - | - | - | - | - | - | - | - | - | - | 99,797 | |
| \$ 8,273,391 | 3,179,626 | 2,484,061 | 42,994 | 5,035,927 | 7,562,982 | (801,744) | 2,185,955 | 1,384,211 | (219,132) | 20,181,076 | 7,705,674 | 27,886,752 | |

Balance on January 1, 2019

Profit for the year ended December 31, 2019

Other comprehensive income for the year ended December 31, 2019

Total comprehensive income for the year ended December 31, 2019

Appropriation and distribution of retained earnings:

Legal reserve appropriated

Cash dividends of ordinary share

Stock dividends of ordinary share

Other changes in capital surplus:

Disposal of company's share by subsidiaries recognized as treasury share transactions

Difference between consideration and carrying amount of subsidiaries acquired or disposed

Changes in ownership interests in subsidiaries

Changes in non-controlling interests

Adjustment of capital surplus for company's cash dividends received by subsidiaries

Balance on December 31, 2019

Profit for the year ended December 31, 2020

Other comprehensive income for the year ended December 31, 2020

Total comprehensive income for the year ended December 31, 2020

Appropriation and distribution of retained earnings:

Legal reserve appropriated

Cash dividends of ordinary share

Other changes in capital surplus:

Difference between consideration and carrying amount of subsidiaries acquired or disposed

Changes in ownership interests in subsidiaries

Changes in non-controlling interests

Adjustment of capital surplus for company's cash dividends received by subsidiaries

Balance on December 31, 2020

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
For the years ended December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

| | 2020 | 2019 |
|--|---------------------|--------------------|
| Cash flows from operating activities: | | |
| Profit before tax | \$ 4,983,488 | 3,852,569 |
| Adjustments: | | |
| Adjustments to reconcile profit (loss): | | |
| Depreciation expense | 1,846,637 | 1,914,875 |
| Amortization expense | 44,790 | 39,190 |
| Expected credit impairment loss | 31,899 | 88,147 |
| Net loss (gain) on financial assets or liabilities at fair value through profit or loss | (67,455) | 84,807 |
| Interest expense | 279,627 | 407,490 |
| Interest income | (16,558) | (90,439) |
| Dividend income | (96,564) | (176,149) |
| Share of loss (profit) of associates and joint ventures accounted for using equity method | (16,035) | (80,873) |
| Gain on disposal of property, plant and equipment | (27,561) | (68,908) |
| Loss on disposal of investments accounted for using equity method | 4,463 | - |
| Impairment loss on property, plant and equipment | 36,990 | 172,911 |
| Gain on reversal for allowance for inventory write-down | 17,163 | (59,758) |
| Loss on disposal of inventory | 13,356 | 55,000 |
| Changes in fair value of biological assets | 18,352 | 22,538 |
| Net (reproductive) death changes in biological assets | (2,344,996) | (2,859,872) |
| Total adjustments to reconcile profit (loss) | <u>(275,892)</u> | <u>(551,041)</u> |
| Changes in operating assets and liabilities: | | |
| Decrease in financial assets or liabilities at fair value through profit or loss | 5,164 | 15,228 |
| (Increase) decrease in notes receivable | (80,181) | 284,341 |
| Decrease (increase) in trade receivable | 131,780 | (247,023) |
| Decrease (increase) in inventories | 20,582 | (182,119) |
| Decrease in biological assets | 2,090,503 | 2,645,433 |
| Increase in prepayments | (89,743) | (180,665) |
| Decrease in other current assets | 461,950 | 102,431 |
| Increase in other financial assets | (173,831) | (74,616) |
| Increase in notes payable | 15,010 | 4,956 |
| (Decrease) increase in trade payable | (93,610) | 878 |
| Increase in other payable | 205,525 | 260,473 |
| Increase in other current liabilities | 113,710 | 21,578 |
| Increase in provisions for employee benefits | 1,341 | 1,843 |
| Total changes in operating assets and liabilities | <u>2,608,200</u> | <u>2,652,738</u> |
| Total adjustments | <u>2,332,308</u> | <u>2,101,697</u> |
| Cash inflow generated from operations | 7,315,796 | 5,954,266 |
| Interest received | 16,558 | 90,427 |
| Income taxes paid | (863,455) | (660,534) |
| Net cash flows from operating activities | <u>6,468,899</u> | <u>5,384,159</u> |
| Cash flows used in investing activities: | | |
| Acquisition of investment accounted for using equity method | (66,469) | - |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | 2,190 | 10,590 |
| Proceeds from disposal of investments accounted for using equity method | - | 1,974 |
| Proceeds from capital reduction of financial assets at fair value through other comprehensive income | 506 | - |
| Net cash flow from acquisition of subsidiaries | 65,171 | - |
| Acquisition of property, plant and equipment | (3,419,927) | (5,133,378) |
| Proceeds from disposal of property, plant and equipment | 213,642 | 270,469 |
| Increase in other non-current assets | (14,892) | (110,041) |
| Dividends received | 94,374 | 182,595 |
| Net cash flows used in investing activities | <u>(3,125,405)</u> | <u>(4,777,791)</u> |
| Cash flows used in financing activities: | | |
| Increase in short-term loans | 63,891,608 | 64,844,481 |
| Decrease in short-term loans | (63,159,031) | (63,694,106) |
| Increase in short-term notes and bills payable | 23,550,985 | 21,551,978 |
| Decrease in short-term notes and bills payable | (23,689,000) | (20,644,000) |
| Proceeds from long-term debt | 1,437,345 | 1,658,570 |
| Repayments of long-term debt | (1,883,451) | (2,885,238) |
| Increase in guarantee deposits received | 2,570 | 1,378 |
| (Decrease) increase in other non-current liabilities | (8,344) | 7,817 |
| Cash dividends paid (Net cash flow from company's cash dividends received by subsidiaries) | (1,720,349) | (1,117,109) |
| Proceeds from disposal of company's share by subsidiaries recognized as treasury share transaction | - | 450,741 |
| Repayments of lease liabilities | (248,606) | (320,266) |
| Acquisition of ownership interests in subsidiaries | 30,917 | (31,400) |
| Interest paid | (282,764) | (407,490) |
| Change in non-controlling interests | 348,999 | (91,119) |
| Net cash flows used in financing activities | <u>(1,729,121)</u> | <u>(675,763)</u> |
| Effect of exchange rate changes on cash and cash equivalents | <u>(68,629)</u> | <u>32,316</u> |
| Net increase (decrease) in cash and cash equivalents | <u>1,545,744</u> | <u>(37,079)</u> |
| Cash and cash equivalents at beginning of period | <u>2,942,742</u> | <u>2,979,821</u> |
| Cash and cash equivalents at end of period | <u>\$ 4,488,486</u> | <u>2,942,742</u> |

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

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

(1) Company history

GREAT WALL ENTERPRISE CO., LTD. (the "Company") was incorporated on December 28, 1960 as a company limited by shares under the Company Act of the Republic of China (R.O.C). The address of the Company's registered office is No. 3, Niao-Song 2nd Street, Yongkang District, Tainan City. The consolidated financial reports of the company as of December 31, 2019 include the company and its subsidiaries (the "Group"). The main business activities of the Group are as follows:

- (a) Procurement, transportation, sale, oil production, and oil processing of vegetable oil seeds, dried shredded coconut, and rice bran.
- (b) Procurement, transportation, marketing, manufacturing, processing, wholesale and retail of vegetable oil and its by-products, miscellaneous grains, fertilizers, feeds, bran, soybean cakes, soybean flour and slurry powder.
- (c) Processing, procurement, transportation, marketing, wholesale, and retail related to oil, flour, corn flour, fertilizer, feed, miscellaneous grains, grains, bran, noodles, instant noodles, instant rice flour, biscuits, bread, canned food, dairy products, ice products, juices, beverages, and other related foods.
- (d) Seedling procurement and sales.
- (e) Livestock and its related processed food manufacturing and sales.
- (f) Import, export, and sale of alcohol.
- (g) Procurement, transportation, and sale of wheat.
- (h) Sale of animal-used medicine and western medicine.
- (i) Supermarket operations.
- (j) Processing, manufacturing, sewing, and sourcing of various packaging supplies (including metal, alloy, plastic, paper, cloth, wooden cans, barrels, boxes, bags, etc.).
- (k) Frozen prepared food and frozen and refrigerated food processing, manufacturing and trading.
- (l) Electrical slaughtering of poultry and meat processing, manufacturing, and trading.
- (m) Warehousing for the businesses previously listed.
- (n) Imports and exports for the businesses previously listed.
- (o) Commissioning constructing companies to build national residential and commercial buildings for sale and for rent.
- (p) A401040 Livestock Farming.

(Continued)

GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (q) C199990 Other food manufacturing not elsewhere classified. (Liquid egg, egg powder, premium egg, braised egg, iron egg, tea egg, salted fish, brocade, egg roll sheet, steamed egg, poached egg, egg tofu, meat substitute made from egg).
- (r) C802010 Fertilizer manufacturing.
- (s) A102041 Recreation agriculture.
- (t) F501060 Restaurants.
- (u) All businesses items that are not prohibited or restricted by law, except those that are subject to special approval.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issue by the Board of Directors on March 31, 2021.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2020:

- Amendments to IFRS 3 “Definition of a Business”
- Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate Benchmark Reform”
- Amendments to IAS 1 and IAS 8 “Definition of Material”
- Amendments to IFRS 16 “COVID-19-Related Rent Concessions”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”

(Continued)

GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(4) Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

- (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

- (b) Basis of preparation

- (i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) Biological assets are measured at fair value less costs to sell;
- 4) The defined benefit liabilities (assets) are measured at fair value of the pension fund assets less the present value of the defined benefit obligation, limited as explained in note 4(q).

(Continued)

GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, 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.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

1) List of subsidiaries in the consolidated financial statements include:

| Name of investor | Name of subsidiary | Principal activity | Shareholding | | Notes |
|---------------------------------|--|--|-------------------|-------------------|-------|
| | | | December 31, 2020 | December 31, 2019 | |
| Great Wall Enterprise Co., Ltd. | Total Nutrition Tech. Co., Ltd. | Feed production and sales, breeding stock imports and exports, and food distribution | 100.00 % | 100.00 % | |
| Great Wall Enterprise Co., Ltd. | Huang-Ho Invest. Co., Ltd. | Investment | 100.00 % | 100.00 % | |
| Great Wall Enterprise Co., Ltd. | Great Wall International (Holdings) Ltd. | Foreign investment holding | 100.00 % | 100.00 % | |
| Great Wall Enterprise Co., Ltd. | City Chain Food Ltd. | Operation of western restaurants | 100.00 % | 100.00 % | |
| Great Wall Enterprise Co., Ltd. | KouChan Mill Co., Ltd. | Flour production and sales | 55.00 % | 55.00 % | |
| Great Wall Enterprise Co., Ltd. | Mei Lan Lei Co., Ltd. | Processing and sales of feed, concentrated feed, and chicken meat | 100.00 % | 100.00 % | |
| Great Wall Enterprise Co., Ltd. | An Hsin Chiao Chu Co., Ltd. | Sale of fresh meat | 100.00 % | 100.00 % | |

(Continued)

GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| Name of investor | Name of subsidiary | Principal activity | Shareholding | | Notes |
|--|--|--|-------------------|-------------------|-------|
| | | | December 31, 2020 | December 31, 2019 | |
| Great Wall Enterprise Co., Ltd. | Oriental Best Foods Co., Ltd. | Operation of western restaurants and food distribution | 90.00 % | 90.00 % | |
| Great Wall Enterprise Co., Ltd. | Great Wall FeedTech Enterprise Co., Ltd. | Feed production, sales, and research | 100.00 % | 100.00 % | |
| Great Wall Enterprise Co., Ltd. | Zhong Yi Food Co., Ltd. | Sale of egg products | 65.00 % | 100.00 % | |
| Great Wall Enterprise Co., Ltd. | Wonder Biotek Co., Ltd. | Production and research of animal medicine | 100.00 % | 100.00 % | |
| Great Wall Enterprise Co., Ltd. | Neo Foods Co., Ltd. | Food production and sales | 100.00 % | - % | |
| City Chain Food Ltd. | Route 66 Fast Food Ltd. | Investment Holding | 100.00 % | 100.00 % | |
| City Chain Food Ltd. | Nissshi Chain Co., Ltd. | Bakeries | 67.29 % | 67.29 % | |
| City Chain Food Ltd. | Saboten Co., Ltd. | Operation of Japanese restaurants | 50.00 % | 50.00 % | |
| City Chain Food Ltd. | Saboten (China) Limited | Operation of Japanese restaurants | 50.00 % | 50.00 % | |
| City Chain Food Ltd. | Honolulu Chain Food & Beverage Co., Ltd. | Western and Chinese fast-food chain restaurants | 55.00 % | 55.00 % | |
| City Chain Food Ltd. | Xiang Cheng Co., Ltd. | Operation of Chinese restaurants | 50.00 % | 50.00 % | |
| City Chain Food Ltd. | Ma Cheng Co., Ltd. | Operation of western restaurants | 90.00 % | 90.00 % | |
| Route 66 Fast Food Ltd. | Beijing Universal Chain Food Co., Ltd. | Western and Chinese food and dining | 100.00 % | 100.00 % | |
| Route 66 Fast Food Ltd. | Yung Huo (China) Co., Ltd | Investment Holding | 79.03 % | 79.03 % | |
| Route 66 Fast Food Ltd. | Tianjin Fast Food Limited | Operation of western restaurants and sale of food products | 100.00 % | 100.00 % | |
| Route 66 Fast Food Ltd. | ORIENT BEST GLOBAL FOODS Co., Ltd. | Investment Holding | 100.00 % | 100.00 % | |
| Route 66 Fast Food Ltd. | Tai Ji Food Co., Ltd. | Operation of western restaurants and sale of food products | 100.00 % | 100.00 % | |
| Route 66 Fast Food Ltd. | Shanghai Universal Chain Food Co., Ltd. | Processing, production, and sale of poultry, coffee, and fast-food products | 100.00 % | 100.00 % | |
| Route 66 Fast Food Ltd. | Beijing Dingfenggang Catering Co.,Ltd. | Western and Chinese fast-food chain restaurants | 55.00 % | 55.00 % | |
| Route 66 Fast Food Ltd. | Full Loyal Int' Ltd | Investment holding | 100.00 % | 100.00 % | |
| Full Loyal Int' Ltd and Shanghai Universal Chain Food Co., Ltd. | Saboten (Nanjing) Limited | Mall operation | 100.00 % | 100.00 % | |
| Saboten (China) Limited | Saboten (Beijing) Limited | Operation of Japanese restaurants | 50.00 % | 50.00 % | |
| Beijing Universal Chain Food Co., Ltd. | Shanghai Xunshi Foods Co., Ltd. | Western and Chinese dining services and management | 100.00 % | 100.00 % | |
| Route 66 Fast Food Ltd. and Beijing Universal Chain Food Co., Ltd. | Beijing Duhsiaoyueh Restaurant Co.,Ltd | Operation of Chinese restaurants and sale of food products | 70.00 % | 70.00 % | |
| Beijing Duhsiaoyueh Restaurant Co.,Ltd | Shanghai Duhsiaoyueh Restaurant Co.,Ltd. | Operation of Chinese restaurants and sale of food products | 70.00 % | 70.00 % | |
| Yung Huo (China) Co., Ltd | Great Wall Yung Huo Food (Beijing) Co., Ltd. | Processing, production, and sale of western and Chinese fast-food products, pastries, and juices | 79.03 % | 79.03 % | |
| Great Wall International (Holdings) Ltd. | Asia Nutrition Technologies Corporation | Investment Holding | 100.00 % | 100.00 % | |
| Great Wall International (Holdings) Ltd. | Waverley Star Ltd. | Investment Holding | 100.00 % | 100.00 % | |

(Continued)

GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| Name of investor | Name of subsidiary | Principal activity | Shareholding | | Notes |
|--|--|--|-------------------|-------------------|--------|
| | | | December 31, 2020 | December 31, 2019 | |
| Great Wall International (Holdings) Ltd. | Great Wall Food (HK) Co., Ltd. | Sale of flour and chicken related products | 100.00 % | 100.00 % | |
| Great Wall International (Holdings) Ltd. | DaChan Showa Foods (Tianjin) Co., Ltd. | Production and sale of flour related products | 55.00 % | 55.00 % | |
| Great Wall International (Holdings) Ltd. | Seafood Internation Co., Ltd. | Aquaculture trading | 100.00 % | 100.00 % | |
| Great Wall International (Holdings) Ltd. | Tianjin Food Investment Co. Ltd. | Investment Holding | 78.40 % | 78.40 % | |
| Great Wall International (Holdings) Ltd. | Global Food Corporation | Aquaculture trading | 100.00 % | 100.00 % | |
| Great Wall International (Holdings) Ltd. | Clydebridge Ltd. | Investment Holding | 94.66 % | 94.66 % | |
| Great Wall International (Holdings) Ltd. | Universal Food Corp. | Aquaculture trading | - % | 100.00 % | |
| Great Wall International (Holdings) Ltd. | GreatWall Food Investment Co., Ltd. | Investment Holding | 100.00 % | 100.00 % | |
| Great Wall International (Holdings) Ltd. | Golden Harvest Inc. | Aquaculture trading | 100.00 % | 100.00 % | |
| Great Wall International (Holdings) Ltd. | Fresh Aqua Corporation | Aquaculture trading | 100.00 % | 100.00 % | |
| Great Wall International (Holdings) Ltd. | Great Wall FeedTech (Holdings) Ltd. | Investment Holding | 100.00 % | 100.00 % | |
| Great Wall International (Holdings) Ltd. | Myint Dachan Co., Ltd | Feed production and sales, breeding stock imports and exports, and food distribution | 51.00 % | 51.00 % | |
| Great Wall International (Holdings) Ltd. | Great Wall Grains International Limited | Commodities trading | 100.00 % | - % | |
| Great Wall International (Holdings) Ltd. | Fresh Aqua Limited | Aquaculture trading | 100.00 % | - % | |
| Great Wall International (Holdings) Ltd. | Global Seafood Limited | Aquaculture trading | 100.00 % | - % | |
| Great Wall International (Holdings) Ltd. | Pacific Harvest Limited | Aquaculture trading | 100.00 % | - % | |
| Great Wall International (Holdings) Ltd. | Seafood International Limited | Aquaculture trading | 100.00 % | - % | |
| Great Wall International (Holdings) Ltd. | Universal Food Limited | Aquaculture trading | 100.00 % | - % | |
| Great Wall International (Holdings) Ltd. | Food China Inc. | Commodities trading | 55.03 % | - % | (Note) |
| Asia Nutrition Technologies Corporation | Asia Nutrition Technologies Investment Corporation | Investment Holding | 100.00 % | 100.00 % | |
| Asia Nutrition Technologies Corporation and Waverley Star Ltd. | Dachan Food (Asia) Limited | Investment Holding | 52.04 % | 52.04 % | |
| Great Wall Northeast Asia Corporation | Great Wall Northeast Asia Corporation | Investment Holding | 52.04 % | 52.04 % | |
| Great Wall Northeast Asia Corporation | Impreza Investment Ltd. | Investment Holding | 52.04 % | 52.04 % | |
| Great Wall Northeast Asia Corporation | Great Wall Agritech (Liaoning) Co., Ltd. (Incorporated in BVI) | Investment Holding | 52.04 % | 52.04 % | |
| Great Wall Northeast Asia Corporation | Dongbei Agri. Corp. | Investment Holding | 52.04 % | 52.04 % | |
| Great Wall Northeast Asia Corporation | Hwabei Agri. Corp. | Investment Holding | 52.04 % | 52.04 % | |

(Continued)

GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| Name of investor | Name of subsidiary | Principal activity | Shareholding | | Notes |
|--|--|--|-------------------|-------------------|-------|
| | | | December 31, 2020 | December 31, 2019 | |
| Great Wall Northeast Asia Corporation | Great Wall Kuang-Ming Investment Co., Ltd. | Investment Holding | 52.04 % | 52.04 % | |
| Great Wall Northeast Asia Corporation | Asia Nutrition Technologies (VN) Investment Co., Ltd. | Investment Holding | 34.09 % | 34.09 % | |
| Great Wall Northeast Asia Corporation | Marksville Corp. | Investment Holding | 52.04 % | 52.04 % | |
| Great Wall Northeast Asia Corporation | China S&F Farm Holdings Co., Ltd. | Investment Holding | 52.04 % | 52.04 % | |
| Impreza Investment Ltd. | Great Wall Dalian Investment Co., Ltd. | Investment Holding | 30.70 % | 30.70 % | |
| Great Wall Kuang-Ming Investment Co., Ltd. | Miyasun Great Wall (BVI) Co., Ltd. | Investment Holding | 52.04 % | 52.04 % | |
| Miyasun Great Wall (BVI) Co., Ltd. | Miyasan-Great Wall Foods (Dalian) Co., Ltd. | Feed and chicken meat production and sales | 52.04 % | 52.04 % | |
| Great Wall Dalian Investment Co., Ltd. | Great Wall Food (Dalian) Co., Ltd. | Feed and chicken meat production and sales | 30.70 % | 30.70 % | |
| Great Wall Agritech (Liaoning) Co., Ltd.(Incorporated in HK) | Great Wall Agritech (Liaoning) Co., Ltd.(Incorporated in HK) | Investment Holding | 52.04 % | 52.04 % | |
| Great Wall Agritech (Liaoning) Co., Ltd.(Incorporated in HK) | Liaoning Great Wall Agri-Industrial Co., Ltd. | Feed and chicken meat production and sales | 52.04 % | 52.04 % | |
| Great Wall Agritech (Liaoning) Co., Ltd.(Incorporated in HK) | Great Wall Agri (Hei Long Jiang) Co., Ltd. | Feed production and sales | 52.04 % | 52.04 % | |
| Great Wall Agritech (Liaoning) Co., Ltd.(Incorporated in HK) | Great Wall Agri (Henan) Co., Ltd. | Feed production and sales | 52.04 % | 52.04 % | |
| Great Wall Agritech (Liaoning) Co., Ltd.(Incorporated in HK) | Great Wall Agrotech Huludao Co., Ltd. | Feed production and sales | 52.04 % | 52.04 % | |
| Great Wall Agritech (Liaoning) Co., Ltd.(Incorporated in HK) | Shandong Dachan Biotechnology Co., Ltd. | Feed production and sales | 52.04 % | 52.04 % | |
| Dongbei Agri Corp. | Great Wall Agri (Yingkou) Co., Ltd. | Feed and chicken meat production and sales | 52.04 % | 52.04 % | |
| Dongbei Agri Corp. | Great Wall Agri (Tieling) Co., Ltd. | Feed and chicken meat production and sales | 52.04 % | 52.04 % | |
| Dongbei Agri Corp. | DongBei Agri (Changchun) Co., Ltd. | Feed and chicken meat production and sales | 52.04 % | 52.04 % | |
| Dongbei Agri Corp. | Dachan Livestock Development Co, Ltd. | Feed production and sales | 20.82 % | 20.82 % | |
| Dongbei Agri Corp. | DaChan (Hunan) Feed Technologies Co., Ltd. | Feed production and sales | 52.04 % | 52.04 % | |
| Dongbei Agri Corp. | Dachan Food (Hebei) Co., Ltd. | Feed production and sales | 52.04 % | 52.04 % | |
| Dongbei Agri Corp. | Dachan Food (Panjin) Co., Ltd. | Chicken meat production and sales | 52.04 % | 52.04 % | |
| Hwabei Agri Corp. | Dachan Wanda (HK) Ltd. | Investment Holding | 52.04 % | 52.04 % | |
| Hwabei Agri Corp. | Union Manufacturing Ltd. | Investment Holding | 52.04 % | 52.04 % | |
| Hwabei Agri Corp. | Dongbei (Beijing) Consultant Co., Ltd. | Operations management services | 52.04 % | 52.04 % | |
| Dachan Wanda (HK) Ltd. | Dachan Wanda (Tianjin) Co., Ltd. | Feed and chicken meat production and sales | 52.04 % | 52.04 % | |
| Dachan Wanda (HK) Ltd. | Qingdao Dachan Technologies Feed Co., Ltd. | Feed production and sales | - % | 52.04 % | |

(Continued)

GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| Name of investor | Name of subsidiary | Principal activity | Shareholding | | Notes |
|--|--|---|-------------------|-------------------|-------|
| | | | December 31, 2020 | December 31, 2019 | |
| China S&F Farm Holdings Co., Ltd. | Yanzhou Dachan Food Co., Ltd. | Production and sale of feed, livestock and poultry farming | 52.04 % | 52.04 % | |
| Union Manufacturing Ltd. | Great Wall Gourmet (Shanghai) Co., Ltd. | Sale of chicken, pork, and prepared foods | 52.04 % | 52.04 % | |
| Great Wall Kuang-Ming Investment Co., Ltd. | Taixu & Dachan Foods Holdings Co., Ltd. | Investment Holding | 32.03 % | 32.03 % | |
| Donbei (Beijing) Consultant Co., Ltd. | Zhenglanqi Dachan Eco-Ranch Co., Ltd. | Food services, animal breeding and sales | 52.04 % | 52.04 % | |
| Liaoning Great Wall Agri-Industrial Co., Ltd. | Dachan Agricultural Technologies (Sichuan) Co., Ltd. | Feed production and sales; livestock farming research and consulting services | 52.04 % | 52.04 % | |
| Dachan Wanda (Tianjin) Co., Ltd. | Bengbu Dachan Food Co., Ltd. | Feed production and sales, poultry and livestock farming and sales, and meat and meat products processing and sales | 52.04 % | 52.04 % | |
| Dachan Wanda (Tianjin) Co., Ltd. | Tianjin Chao Cheng Food Trade Co., Ltd. | Pig farming and sales | 28.62 % | 28.62 % | |
| Dachan Wanda (Tianjin) Co., Ltd. | Tianjin Dachan Prospect Research and Development Co., Ltd. | Research | 52.04 % | 52.04 % | |
| Tianjin Dachan Prospect Research and Development Co., Ltd. | Tian Jin Super Pig Ast Co., Ltd. | Meat and processed food sales | 52.04 % | 52.04 % | |
| Tianjin Dachan Prospect Research and Development Co., Ltd. | Sunseap Advance Green Technology Limited. | Biotechnology | - % | 27.58 % | |
| Green Pac Bio Co., Ltd. | Shandong Lvhuan Biotechnology Co. Ltd | Biotechnology | - % | 14.07 % | |
| Green Pac Bio Co., Ltd. | Green Pac Bio (Fujian) Co., Ltd. | Biotechnology | - % | 14.07 % | |
| Taixu & Dachan Foods (HK) Co., Ltd. | Taixu & Dachan Foods (HK) Co., Ltd. | Investment Holding | 20.82 % | 20.82 % | |
| Taixu & Dachan Foods (HK) Co., Ltd. | Taixu & Dachan Foods (Dalian) Co., Ltd. | Wholesale of pork related prepared foods | 20.82 % | 20.82 % | |
| Taixu & Dachan Foods (HK) Co., Ltd. | Taixu & Dachan Foods (Bengbu) Co., Ltd. | Wholesale of pork related prepared foods | 20.82 % | 20.82 % | |
| Asia Nutrition Technologies (VN) Investment Co., Ltd. | Asia Nutrition Technologies (HN) Co., Ltd. | Wholesale of pork related prepared foods | 34.09 % | 34.09 % | |
| Asia Nutrition Technologies (VN) Investment Co., Ltd. | Asia Nutrition Technologies (VN) Co., Ltd. | Feed production and sales, breeding stock imports and exports, and food imports and exports | 34.09 % | 34.09 % | |
| Asia Nutrition Technologies (VN) Co., Ltd. | Asia Nutrition Technologies (LA) Co., Ltd. | Feed production and sales, breeding stock imports and exports, and food imports and exports | 34.09 % | 34.09 % | |
| Asia Nutrition Technologies (VN) Co., Ltd. | Asia Nutrition Technologies (MV) Co., Ltd. | Feed production and sales, breeding stock imports and exports, and food imports and exports | 34.09 % | 34.09 % | |
| Asia Nutrition Technologies (VN) Co., Ltd. | ANT Feed Co., Ltd. | Feed production and sales, breeding stock imports and exports, and food imports and exports | 34.09 % | 34.09 % | |
| Asia Nutrition Technologies (VN) Investment Co., Ltd. and Great Wall International (Holdings) Ltd. | Dachan (Asia-Pacific) Limited. | Investing Holding | 77.00 % | 95.60 % | |
| Dachan (Asia-Pacific) Limited. | Dachan (VN) Company Limited | Feed production and sales | 77.00 % | 95.60 % | |
| Clydebridge Ltd. | Dachan Aquaculture Limited. | Investing Holding | 56.80 % | 56.80 % | |
| Dachan Aquaculture Limited. | PT. MUSTIKA MINANUSA AURORA. | Seafood processing | 56.80 % | 56.80 % | |

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| Name of investor | Name of subsidiary | Principal activity | Shareholding | | Notes |
|---|--|--------------------------------|-------------------|-------------------|--------|
| | | | December 31, 2020 | December 31, 2019 | |
| Dachan Aquaculture Limited. | Dachan Aqua(Tarakan) Ltd. | Investing Holding | 56.80 % | 56.80 % | |
| Dachan Aquaculture Limited. | PT. MISAJA MITRA | Processing of seafood | 56.80 % | 56.80 % | |
| Dachan Aqua (Tarakan) Ltd. and PT. MUSTIKA MINANUSA AURORA. | PT. DACHAN MUSTIK AURORA | Processing of seafood | 56.80 % | 56.80 % | |
| Marksville Corp. | Great Wall Nutrition Technologies SDN. BHD. | Feed sales and production | 52.04 % | 52.04 % | |
| Tianjin Food Investment Co., Ltd. | Great Wall Food (Tianjin) Co., Ltd. | Flour production and sales | 78.40 % | 78.40 % | |
| Total Nutrition Tech. Co., Ltd. | TNT Biotechnology Co., Ltd. | Investment Holding | 100.00 % | 100.00 % | |
| TNT Biotechnology Co., Ltd. | TNT Biotechnology (Tianjin) Co., Ltd. | Feed production and sales | 100.00 % | 100.00 % | |
| TNT Biotechnology Co., Ltd. | TNT Huabang Holdings Limited | Investment Holding | 100.00 % | 100.00 % | |
| TNT Biotechnology Huabang Co., Ltd. | Huabang (Tianjin) Biotechnology Co., Ltd. | Feed production and sales | - % | 100.00 % | |
| Dachan Food (HK) Co., Ltd. | Great Wall Milling Co., Ltd. | Sale of flour related products | 100.00 % | 100.00 % | |
| GreatWall Food Investment Co., Ltd | Trans Dynamic Corporation | Investment Holding | 100.00 % | 100.00 % | |
| Great Wall FeedTech Enterprise Co., Ltd. | Great Wall FeedTech (Tianjin) Co., Ltd. | Feed production and sales | 100.00 % | 100.00 % | |
| Great Wall FeedTech Enterprise Co., Ltd. | Great Wall FeedTec (Ningxia) Co. Ltd. | Feed production and sales | 100.00 % | 100.00 % | |
| Food China Inc. | FoodChina Company | Commodities trading | 55.03 % | - % | (Note) |
| Food China Inc. | Beijing FoodChina Global Information & Technology Ltd. | Commodities trading | 55.03 % | - % | (Note) |

Note: Food China Inc., FoodChina Company, and Beijing FoodChina Global Information & Technology Ltd. were associates for the year ended 2019, and thus were not included in the consolidated financial statements.

When preparing the consolidated financial statements, the Company's investments in its subsidiaries represented as shareholder equity have been written off, and significant transactions during the period have been eliminated.

2) Changes in subsidiaries included in the consolidated financial statements:

In the first quarter of 2019, the subsidiary Ma Cheng Co., Ltd. increased its capital in cash, which led to a comprehensive shareholding ratio of 90%.

In the first quarter of 2019, the Group obtained 20% non-controlling interest of Oriental Best Foods Co., Ltd., and the comprehensive shareholding ratio increased to 90%.

In the first quarter of 2019, it acquired a 30% stake in Dachan Aqua (Tarakan) Ltd. and its comprehensive shareholding ratio increased to 56.8%.

In the first quarter of 2019, Shaanxi Green Pine Ecological Technology Co., Ltd. was liquidated.

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

In the third quarter of 2019, the subsidiary Dachan Espressamente Illy (China) Co, Ltd was liquidated.

In the fourth quarter of 2019, the subsidiary Great Wall Agrotech Feed (Shenyang) Co., Ltd. was liquidated.

In the fourth quarter of 2019, the Group acquired 100.00% interest of Tai Ji Co., Ltd. and Shanghai Xunshi Foods Co., Ltd.'s minority shareholder, ORIENT BEST GLOBAL FOODS Co., Ltd, which increased Tai Ji Co., Ltd. and Shanghai Xunshi Foods Co., Ltd.'s comprehensive shareholding ratio to 100%.

In the fourth quarter of 2019, the Group obtained 11.67% non-controlling interest of the subsidiary Nissshi Chain Co., Ltd., with a comprehensive shareholding ratio of 67.29%.

In the fourth quarter of 2019, the Group disposed of all shares of its subsidiary company, Beijing Long Xian Ju Catering Management Co., Ltd., and lost control.

In the fourth quarter of 2019, the subsidiary Danchan Zhong Xin Limited was liquidated.

In the first quarter of 2020, the Group obtained 30% non-controlling interest of KouChan Mill Co., Ltd., and the comprehensive shareholding ratio increased to 85%. In the second quarter of 2020, the company did not purchase more stocks according to its previous shareholding ratio, and the comprehensive shareholding ratio decreased to 55%.

In the first quarter of 2020, Neo Foods Co., Ltd. was established with a comprehensive shareholding ratio of 100%.

In the first quarter of 2020, Green Pac (Fujian) Biological Technology Co., Ltd. was liquidated.

In the second quarter of 2020, Great Wall Grains International Limited was established with a comprehensive shareholding ratio of 100%.

In the second quarter of 2020, the Group did not purchase more stocks of Zhong Yi Food Co., Ltd. according to its previous shareholding ratio, and the comprehensive shareholding ratio decreased to 65%.

In the second and third quarter of 2020, the Group did not purchase more stocks of Danchen (Asia Pacific) Limited and Dachan (VN) Company Limited according to its previous shareholding ratio, and the comprehensive shareholding ratio decreased to 77%.

In the third quarter of 2020, the subsidiary Huabang (Tianjin) Biotechnology Co., Ltd. was liquidated.

In the third quarter of 2020, the Group disposed of all stocks of Shandong Luhuan Biotechnology Co. Ltd and lost control.

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

In the third quarter of 2020, subsidiaries Fresh Aqua Limited, Global Seafood Limited, Pacific Harvest Limited, Seafood International Limited, and Universal Food Limited were established with a comprehensive shareholding ratio of 100%.

In the third quarter of 2020, the Group acquired more shares of FoodChina Inc., Food China Global Co.Ltd., and Beijing Food China Global Information & Technology. The comprehensive shareholding ratio increased to 55.03% and the Group gained control, henceforward they shall be included in the consolidated financial statements.

In the fourth quarter of 2020, the Group disposed of all stocks of its subsidiary Univeral Food Corp. and lost control.

In the fourth quarter of 2020, the Group disposed of all stocks of its subsidiary Qingdao Dachan Technologies Feed Co., Ltd. and lost control.

In the fourth quarter of 2020, Green Pac Bio Co., Ltd. was liquidated.

3) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items, assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currencies using the exchange rate at the date that the fair value was determined. Non monetary items denominated in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences arising on retranslation are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- 1) An investment in equity securities designated as at fair value through other comprehensive income;
- 2) A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the reporting currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current. An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
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Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
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- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
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- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

- 5) Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features ; and
- terms that limit the Group's claim to cash flows from specified assets(e.g. non-recourse features)

- 6) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivables, guarantee deposit paid and other financial assets).

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date ; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
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Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 365 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
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- it is probable that the borrower will enter bankruptcy or other financial reorganization;
or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 365 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

7) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

When the Group signs a transaction to transfer financial assets, if it retains all or almost all risks and rewards of ownership of the transferred assets, they will continue to be recognized on the balance sheet.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
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3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
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(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expense.

The cost of inventories transferred from biological assets is its fair value less costs to sell at the date of harvest.

(i) Biological assets

Biological assets are measured at fair value less costs to sell on initial recognition and at the end of each reporting period. Costs to sell are the incremental costs directly attributable to the disposal of the assets, excluding finance costs and income taxes. Gains and losses arising on initial recognized of biological assets at fair value less costs to sell and from changes in fair value less costs to sell of biological assets are recognized in profit or loss for the period in which they arise.

(j) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
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The Group discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Group accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) (or retained earnings) when the equity method is discontinued. If the Group's ownership interest in an associate is reduced while it continues to apply the equity method, the Group reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method without remeasuring the retained interest.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(k) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
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(l) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Reclassification to investment properties

When a property for self-use becomes an investment property, said property should be reclassified as an investment property based on the book value at the time of change.

(iii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iv) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

| | |
|--------------------------|-------------------------------|
| Buildings | 2 - 60 years |
| Plant and equipment | 2 - 60 years |
| Transportation equipment | 3 - 10 years |
| Other equipment | 2 - 25 years |
| Leasehold improvement | According to leasehold period |
| Leased assets | According to leasehold period |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
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(m) Leases

(i) Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- 1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
- 2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- 3) the customer has the right to direct the use of the asset throughout the period of use only if either:
 - the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
 - the relevant decisions about how and for what purpose the asset is used are predetermined and:
 - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
 - the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

(ii) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
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Lease payments included in the measurement of the lease liability comprise the following:

- 1) fixed payments, including in-substance fixed payments;
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- 3) amounts expected to be payable under a residual value guarantee; and
- 4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- 1) there is a change in future lease payments arising from the change in an index or rate; or
- 2) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- 3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset; or
- 4) there is a change of its assessment on whether it will exercise a extension or termination option; or
- 5) there is any lease modification

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

If an arrangement contains lease and non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets of other equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
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(iii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'rental income'.

(n) Intangible assets

(i) Goodwill

1) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is included in intangible assets. Please refer to Note 4(s) for the recognition of goodwill.

2) Subsequent evaluations

Goodwill is measured at cost, less accumulated impairment losses. For investments using the equity method, the book value of goodwill is included in the book value of the investment, and the impairment losses of such investments are not allocated to goodwill or any assets, but are part of the book value of the investment using the equity method.

(o) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
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The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

(p) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below:

1) Sale of goods – Feed and meat products

The Group manufactures and sells feed and meat products to customers. The Group recognizes revenue when the control of the product is transferred. The transfer of control of the product means that the product has been delivered to the customer, and the customer can fully determine the sales channel and price of the product without any unfulfilled performance obligations that will affect the customer's acceptance of the product. Delivery occurs when the product is delivered to a specific location, when the customer has accepted the product in accordance with the sales contract, when its risk of obsolescence and loss have been transferred to the customer, when the acceptance clause has expired, or when the Group has objective evidence that all acceptance conditions have been met.

The Group often provides volume discounts to customers on the basis of cumulative sales within twelve months. The Group recognizes revenue on the basis of the contract price minus the net amount of the estimated quantity discount. The amount of the quantity discount is estimated based on the expected value using past experiences, and only in the range where a significant change will not occur at a high degree. The average credit period for feed and meat sales is 30 to 60 days, which is consistent with industry practices and thus does not include financing elements.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

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2) IT Consulting services/Advisory and Management

The Group provides business IT management services. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. The proportion of services provided is determined based on the actual labor hours spent relative to the total expected labor hours.

3) Financial 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.

(q) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(r) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current income tax includes the estimated income tax payable or tax refund receivable calculated through the taxable profit (loss) of the year, plus any adjustments made to the tax payable in previous years. After reflecting the uncertainty (if any) related to income tax, the amount is the best estimate of the expected payment or receivable based on the statutory tax rate on the reporting date or on the tax rate of the substantively enacted legislation.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(s) Business combination

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Group measures any non controlling interests in the acquiree either at fair value or at the non controlling interest's proportionate share of the acquiree's identifiable net assets, if the non controlling interests are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. Other components of non controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value, and recognizes the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the Group may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income will be recognized on the same basis as would be required if the Group had disposed directly of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount will be reclassified to profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the Group's financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted, or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period will not exceed one year from the acquisition date.

(t) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(u) Operating segments

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

(v) Government grants

A government grant is recognized when it is reasonably certain that the Group will comply with the conditions attached to the government grant and will receive the grant. The receipt of the grant by the enterprise itself is not sufficient to provide conclusive evidence that the completed goods will fulfill the conditions attached to the grant.

Government grants should be recognized in profit and loss on a systematic basis during the period when the related costs that they intend to compensate are recognized as expenses by the Group.

When a government grant is receivable, if it is used as compensation for the expenses or losses that have already occurred or for the purpose of providing immediate financial support to the company without future related costs, it shall be recognized in the profit and loss during the period when it can be received.

Asset-related grants (including non-monetary grants measured at fair value) should be classified as deferred income or as a deduction to obtain the asset's carrying amount, which is expressed in the statement of financial position.

When government grants need to be returned, they should be dealt with according to changes in accounting estimates. The return of grants related to income shall first be offset against the unamortized deferred credits recognized in connection with the grants. When the refund exceeds the scope of any such deferred credit, or when there is no deferred credit, the refund shall be immediately recognized in profit and loss. The return of grants related to assets should be recognized by increasing the asset's carrying amount or reducing the balance of deferred income. Assuming that there is no grant, the accumulated additional depreciation that should have been recognized in profit and loss so far should be recognized in profit and loss immediately.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

Impairment of property, plant and equipment

In the process of evaluating the potential impairment assets, the Group is required to make subjective judgments in determining the independent cash flows, useful lives, expected future income and expenses related to the specific asset groups considering of the nature of the industry. Any changes in these estimates based on changed economic conditions or business strategies could result in significant impairment charges or reversal in future years.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

| | December 31, 2020 | December 31, 2019 |
|---------------------------|------------------------------|------------------------------|
| Cash on hand | \$ 47,020 | 50,885 |
| Revolving funds | 344 | 356 |
| Check deposits | 778,720 | 698,005 |
| Demand deposits | 3,356,878 | 1,937,702 |
| Foreign currency deposits | 58,185 | 19,147 |
| Bank financial products | 70,099 | 77,741 |
| Time/certificate deposits | <u>177,240</u> | <u>158,906</u> |
| Cash and cash equivalents | <u>\$ 4,488,486</u> | <u>2,942,742</u> |

Please refer to note 6(x) for the interest rate risk and the sensitivity analysis of financial assets and liabilities of the Group.

The details of wealth investment products as of December 31, 2020 and 2019 are as follows:

- (i) The Group signed a contract with the bank for a floating-rate principal-protected note on December 9, 2020. The yield is linked to the three-month LIBOR interest rate. The contract amount is \$70,099 thousand and the expected yield is 2.75%. The maturity date is January 11, 2021.
- (ii) The Group signed a contract with the bank for a floating-rate principal-protected note on August 9, 2019. The yield is linked to the six-month SHIBOR interest rate. The contract amount is \$12,892 thousand and the expected yield is 3.75%. The maturity date is February 10, 2020 and it is redeemable from September 10, 2019.
- (iii) The Group signed a contract with the bank for a floating-rate principal-protected note on November 20, 2019. The yield is linked to the six-month SHIBOR interest rate. The contract amount is \$10,701 thousand and the expected yield is 3.67%. The maturity date is May 20, 2020 and it is redeemable from December 23, 2019.

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (iv) The Group signed a contract with the bank for a floating-rate principal-protected note on December 11, 2019. The yield is linked to the six-month SHIBOR interest rate. The contract amount is \$54,148 thousand and the expected yield is 3.67%. The maturity date is June 11, 2020 and it is redeemable from January 13, 2019.

The Company held deposits that mature within one year for short-term cash purposes. Such deposits are held to meet short-term cash commitments rather than for investment or other purposes. The time deposits with maturities within one year are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

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

| | December 31, 2020 | December 31, 2019 |
|---|------------------------------|------------------------------|
| Derivative financial assets: current: | | |
| Non-derivative financial assets: current: | | |
| Forward exchange contracts | \$ 9,472 | - |
| Corn structured swaps | 11,969 | - |
| Non-derivative financial assets | | |
| Futures Margin | - | 5,164 |
| Stocks listed on domestic markets | 439 | 439 |
| Total | \$ 21,880 | 5,603 |
| Derivative financial liabilities: | | |
| Non-hedge derivatives | | |
| Forward exchange contracts | \$ 22,820 | 69,844 |
| Option contracts | 1,010 | - |
| Total | \$ 23,830 | 69,844 |

- (i) Forward exchange contracts:

| | December 31, 2020 | | | |
|----------------------------|----------------------------|----------------------------------|-----------------|----------------------|
| | Carrying amount | Amount (in thousands) | Currency | Maturity date |
| Forward exchange purchased | 9,472 | USD 97,510 | USD to NTD | 2021.1.7-2021.3.17 |
| Forward exchange purchased | (22,820) | USD 102,010 | USD to NTD | 2021.1.4-2021.5.3 |

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| December 31, 2019 | | | | | | |
|----------------------------|------------------------|----------------------------------|-----------------|----------------------|--|--|
| | Carrying amount | Amount (in thousands) | Currency | Maturity date | | |
| Forward exchange purchased | | USD 3,000 | CNY to NTD | 2020.1.31-2020.3.31 | | |
| Forward exchange purchased | (69,844) | USD 162,000 | USD to NTD | 2020.1.21-2020.3.29 | | |

(ii) Futures and options trading

| Item | Type | Outstanding position | | Contract amount or option premiums received (paid) | Fair value |
|--------------------------|-------------|-----------------------------|---------------|---|-------------------|
| | | Buy/Sell | Amount | | |
| December 31, 2020 | | | | | |
| Structured swaps | Corn | Buy | 800 | \$ - | 11,969 |
| Option contract | Corn | Sell | 500 | (497) | (1,010) |
| | Total | | | <u>\$ (497)</u> | <u>10,959</u> |

| Item | Type | Outstanding position | | Contract amount or option premiums received (paid) | Fair value |
|--------------------------|--------------|-----------------------------|---------------|---|-------------------|
| | | Buy/Sell | Amount | | |
| December 31, 2019 | | | | | |
| Futures | Soybean meal | Sell | 700 | \$ - | - |

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

| | December 31, 2020 | December 31, 2019 |
|--|--------------------------|--------------------------|
| Equity investments at fair value through other comprehensive income: | | |
| Listed common shares: Domestic- TTET UNION CORPORATION | \$ 2,547,181 | 2,162,870 |
| Unlisted common shares: Domestic | 100,561 | 101,427 |
| Other | <u>349</u> | <u>365</u> |
| Total | <u>\$ 2,648,091</u> | <u>2,264,662</u> |

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Equity investments at fair value through other comprehensive income

The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategic purposes.

For information on dividends received from the aforementioned equity investments measured at fair value through other comprehensive income as of December 31, 2020 and 2019, please refer to Note 6(ab).

There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity to these investments as of December 31, 2020 and 2019.

(ii) For credit risk and market risk, please refer to note 6(ac).

(iii) The aforementioned financial assets had not been pledged as collateral for its long-term borrowings.

Sensitivity analysis- equity price risks:

If the price of equity securities changes on the reporting date (the two-period analysis adopts the same basis and assumes that other changing factors remain unchanged), the impact on the comprehensive profit and loss items is as follows:

| Prices of securities at the reporting date | For the years ended December 31, | | | |
|---|---|-------------------|---|-------------------|
| | 2020 | | 2019 | |
| | Other comprehensive income after tax | Net income | Other comprehensive income after tax | Net income |
| Increasing 1% | \$ 26,481 | - | 22,647 | - |
| Decreasing 1% | \$ (26,481) | - | (22,647) | - |

(d) Notes and trade receivables

| | December 31, 2020 | December 31, 2019 |
|--|--------------------------|--------------------------|
| Notes receivable from operating activities | \$ 1,107,562 | 1,027,381 |
| Trade receivables—measured as amortized cost | 5,539,715 | 5,324,972 |
| Less: Loss allowance | (313,735) | (342,292) |
| | \$ 6,333,542 | 6,010,061 |

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provisions were determined as follows:

| | December 31, 2020 | | |
|-----------------------------|----------------------------------|---|-------------------------------------|
| | Gross carrying amount | Weighted average loss rate | Loss allowance provision |
| Current | \$ 5,220,693 | 0~3% | 101,448 |
| 1 to 30 days past due | 664,785 | 0~10% | 5,282 |
| 31 to 60 days past due | 105,564 | 0~15% | 1,832 |
| 61 to 90 days past due | 41,139 | 0~50% | 6,780 |
| 91 to 180 days past due | 199,644 | 0~100% | 4,924 |
| 181 to 365 days past due | 136,825 | 0~100% | 14,483 |
| More than 365 days past due | <u>278,627</u> | 0~100% | <u>178,986</u> |
| | <u>\$ 6,647,277</u> | | <u>313,735</u> |

| | December 31, 2019 | | |
|-----------------------------|----------------------------------|---|-------------------------------------|
| | Gross carrying amount | Weighted average loss rate | Loss allowance provision |
| Current | \$ 4,890,985 | 0~3% | 17,390 |
| 1 to 30 days past due | 570,415 | 0~10% | 25,899 |
| 31 to 60 days past due | 192,170 | 0~15% | 3,430 |
| 61 to 90 days past due | 120,595 | 0~50% | 15,032 |
| 91 to 180 days past due | 203,010 | 0~100% | 25,041 |
| 181 to 365 days past due | 112,142 | 0~100% | 33,887 |
| More than 365 days past due | <u>263,036</u> | 0~100% | <u>221,613</u> |
| | <u>\$ 6,352,353</u> | | <u>342,292</u> |

The movements in the allowance for notes and trade receivables were as follows:

| | Accumulated loss |
|------------------------------|-----------------------------|
| Balance at January 1, 2020 | \$ 342,292 |
| Impairment losses recognized | 31,899 |
| Amounts written off | (64,268) |
| Foreign exchange gain (loss) | <u>651</u> |
| Amounts recoverable | <u>3,161</u> |
| Balance at December 31, 2020 | <u>\$ 313,735</u> |

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| | <u>Accumulated loss</u> |
|------------------------------|-----------------------------|
| Balance at January 1, 2019 | \$ 284,130 |
| Impairment losses recognized | 88,147 |
| Amounts written off | (10,565) |
| Foreign exchange gain (loss) | (28,443) |
| Amounts recoverable | <u>9,023</u> |
| Balance at December 31, 2019 | <u><u>\$ 342,292</u></u> |

As of December 31, 2020 and 2019, accounts receivable had not been pledged as collateral.

(e) Inventory

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|-------------------------------|------------------------------|------------------------------|
| Raw materials and consumables | \$ 4,537,771 | 4,266,521 |
| Materials in transit | 1,249,695 | 1,184,460 |
| Work in progress | 158,958 | 98,479 |
| Finished goods | 2,110,645 | 2,227,251 |
| Agricultural products | <u>91,263</u> | <u>175,982</u> |
| Total | <u><u>\$ 8,148,332</u></u> | <u><u>7,952,693</u></u> |
| Inventory FVLCTS | <u><u>\$ 91,263</u></u> | <u><u>175,982</u></u> |

The details of the cost of sales were as follows:

| | <u>For the years ended December 31,</u> | |
|---|---|--------------------------|
| | <u>2020</u> | <u>2019</u> |
| Inventory that has been sold | \$ 69,463,542 | 66,147,395 |
| Write-down of inventories (Reversal of write-downs) | 17,163 | (59,758) |
| Loss on disposal of inventory | 13,356 | 55,000 |
| Revenue from sale of scraps | <u>(105,398)</u> | <u>(103,905)</u> |
| | <u><u>\$ 69,388,663</u></u> | <u><u>66,038,732</u></u> |

As of December 31, 2020 and 2019, inventories have not been pledged as collateral for long-term borrowings.

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Biological assets

(i) The details of biological assets are as follows :

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|---|------------------------------|------------------------------|
| <u>Biological assets: Current</u> | | |
| Consumable biological assets: Poultry | \$ 1,055,686 | 883,039 |
| Consumable biological assets: Livestock | 589,225 | 508,022 |
| Bearer biological assets: Poultry | 112,311 | 153,078 |
| Bearer biological assets: Accumulated depreciation | (38,194) | (58,640) |
| Changes in the fair value of productive biological assets less costs to sell | 1,757 | 45,417 |
| Biological assets: Current | <u>\$ 1,720,785</u> | <u>1,530,916</u> |
| <u>Biological assets: Non-current</u> | | |
| Consumable biological assets: Poultry | \$ 134,821 | - |
| Consumable biological assets: Accumulated depreciation | (46,399) | - |
| Bearer biological assets: Livestock | 261,214 | 301,341 |
| Bearer biological assets: Accumulated depreciation | (86,470) | (100,910) |
| Biological assets: Non-current | <u>\$ 263,166</u> | <u>200,431</u> |

(ii) Changes in biological assets:

| | <u>Poultry</u> | <u>Livestock</u> | <u>Total</u> |
|---|---------------------|------------------|------------------|
| Balance at January 1, 2020 | \$ 1,022,894 | 708,453 | 1,731,347 |
| Increase due to purchases | 1,783,090 | 62,892 | 1,845,982 |
| Decrease due to sales | (1,879,413) | (2,057,072) | (3,936,485) |
| Net increase due to reproduction (death) | 295,300 | 2,049,696 | 2,344,996 |
| Changes in fair value less costs to sell | (18,352) | - | (18,352) |
| Effect of movements in exchange rates | 16,463 | - | 16,463 |
| Balance at December 31, 2020 | <u>\$ 1,219,982</u> | <u>763,969</u> | <u>1,983,951</u> |
| Current | \$ 1,131,560 | 589,225 | 1,720,785 |
| Non-current | 88,422 | 174,744 | 263,166 |
| | <u>\$ 1,219,982</u> | <u>763,969</u> | <u>1,983,951</u> |

(Continued)

GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| | <u>Poultry</u> | <u>Livestock</u> | <u>Total</u> |
|---|---------------------|------------------|------------------|
| Balance at January 1, 2019 | \$ 870,621 | 696,735 | 1,567,356 |
| Increase due to purchases | 1,461,696 | 66,146 | 1,527,842 |
| Decrease due to sales | (2,039,224) | (2,134,051) | (4,173,275) |
| Net increase due to reproduction (death) | 780,249 | 2,079,623 | 2,859,872 |
| Changes in fair value less costs to sell | (22,538) | - | (22,538) |
| Effect of movements in exchange rates | <u>(27,910)</u> | <u>-</u> | <u>(27,910)</u> |
| Balance at December 31, 2019 | <u>\$ 1,022,894</u> | <u>708,453</u> | <u>1,731,347</u> |
| Current | \$ 1,022,894 | 508,022 | 1,530,916 |
| Non-current | <u>-</u> | <u>200,431</u> | <u>200,431</u> |
| | <u>\$ 1,022,894</u> | <u>708,453</u> | <u>1,731,347</u> |

(iii) As of December 31, 2020 and 2019, the number of poultry owned amounted to:

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|--------------------------|------------------------------|------------------------------|
| Underage broiler | 8,336,072 | 7,112,938 |
| Underage breeder poultry | 240,286 | 272,037 |
| Breeder poultry | <u>955,599</u> | <u>850,142</u> |
| | <u>9,531,957</u> | <u>8,235,117</u> |

(iv) As of December 31, 2020 and 2019, the number of livestock owned amounted to:

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|------------------------|------------------------------|------------------------------|
| Underage swine | 97,141 | 112,008 |
| Underage breeder swine | 14,673 | 16,462 |
| Breeder swine | <u>16,788</u> | <u>12,841</u> |
| | <u>128,602</u> | <u>141,311</u> |

The Group slaughtered and sold approximately 135,576,436 and 112,952,185 units of biological assets in 2020 and 2019, respectively.

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Fair value

The fair value of biological assets is based on the most recent market transaction price. However, if there are major changes in economic conditions between the transaction date and the reporting date, the market price of similar assets will be adjusted to reflect the difference. The fair value of livestock to be sold is based on the market price of livestock of similar age, breed and gene. When the market-determined price or value of a biological asset cannot be obtained at the time of initial recognition, and the alternative estimate for determining the fair value is unreliable, the biological asset should be measured at its cost minus all accumulated depreciation and all accumulated impairment losses. The book value of biological assets not measured by fair value is a reasonable approximation of fair value.

The Group is exposed to the following risks related to raising poultry and livestock:

(i) Regulations and environmental risks

The Group is subject to laws and regulations in various countries in which it operates. The Group has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and to ensure that systems in place are adequate to manage those risks.

(ii) Supply and demand risks

The Group is exposed to risks arising from fluctuations in the price and sales volume of poultry and livestock. When possible, the Group manages this risk by aligning its raising volume with market supply and demand. Management performs regular industry trend analyzes to ensure that the Group's pricing structure is in line with the market and to ensure that projected slaughtering volumes are consistent with the expected demand.

(iii) Climate and other risks

The Group's poultry and livestock raising is exposed to the risk of damage from climate change, diseases, and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including raising animals in a closed environment and conducting regular health checks and disease investigation of poultry and livestock. The Group also insures itself against natural disasters such as floods and hurricanes.

As of December 31, 2020 and 2019, biological assets have not been pledged as collateral for long-term borrowings.

(g) Prepayments

The details of prepayments are as follows :

| | December 31, 2020 | December 31, 2019 |
|--------------------------|------------------------------|------------------------------|
| Prepayments to suppliers | \$ 696,412 | 465,251 |
| Other | 221,977 | 210,685 |
| | <u>\$ 918,389</u> | <u>675,936</u> |

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(h) Other financial assets- current

The details of other current financial assets are as follows:

| | December 31, 2020 | December 31, 2019 |
|--|------------------------------|------------------------------|
| Other advances receivable: associates | \$ 41,133 | 69,035 |
| Other advances receivable: other related parties | 66,129 | 114,704 |
| Guarantee deposits paid | 300,754 | 278,045 |
| Other trade receivable: other | <u>394,231</u> | <u>161,498</u> |
| | <u>\$ 802,247</u> | <u>623,282</u> |

(i) Obtaining non-controlling interest

The Group acquired more equity of KouChan Mill Co., Ltd. from another related party, Kou Feng Industrial Co., Ltd., for \$76,615 thousand in cash in March 2020, increasing its shareholding ratio from 55% to 85%. In addition, the Group acquired more equity of KouChan Mill Co., Ltd. for \$217,435 thousand in cash in May 2020. However, it was not proportionate to its previous shareholding ratio, thus decreasing it from 85% to 55%.

The effects of the changes in shareholdings were as follows:

| | December 31, 2020 |
|--|------------------------------|
| Carrying amount of non-controlling interest on acquisition | \$ 76,615 |
| Consideration paid to non-controlling interests | <u>(76,615)</u> |
| Capital surplus differences between consideration and carrying amounts subsidiaries acquired | <u>\$ -</u> |

The Group acquired more equity of Oriental Best Foods Co., Ltd. in March 2019 for \$31,400 thousand in cash, increasing its shareholding ratio from 70% to 90%.

The effects of the changes in shareholdings were as follows:

| | December 31, 2019 |
|--|------------------------------|
| Carrying amount of non-controlling interest on acquisition | \$ 20,651 |
| Consideration paid to non-controlling interests | <u>(31,400)</u> |
| Capital surplus differences between consideration and carrying amounts subsidiaries acquired | <u>\$ (10,749)</u> |

(Continued)

GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(j) Investments using the equity method

A summary of the Group's financial information for investments accounted for using the equity method at the reporting date is as follows:

| | December 31, 2020 | December 31, 2019 |
|------------|------------------------------|------------------------------|
| Associates | \$ <u>1,745,344</u> | <u>1,717,796</u> |

(i) Associates

1) Associates which are material to the Group consisted of the followings:

| Name of Associate | Relationship with the Group | Main operating country | Shareholding ratio | |
|--|--|---------------------------------------|------------------------------|------------------------------|
| | | | December 31, 2020 | December 31, 2019 |
| Advent Prosperity Real Estate Development Co. Ltd | Investment in associates | PRC | 32.64 % | 32.64 % |

There is no public quotation in the active market for investments in associates of the Group, hence its fair value cannot be reliably measured.

The following consolidated financial information of significant associates has been adjusted according to individually prepared IFRS financial statements of these associates:

Advent Prosperity Real Estate Development Co. Ltd :

| | December 31, 2020 | December 31, 2019 |
|---|---|------------------------------|
| Current assets | \$ 2,046,109 | 2,182,343 |
| Non-current assets | 643,261 | 527,512 |
| Current liabilities | <u>(138,584)</u> | <u>(184,908)</u> |
| Net assets | \$ <u>2,550,786</u> | <u>2,524,947</u> |
| Net assets attributable to non-controlling interests | <u>\$ -</u> | <u>-</u> |
| Net assets attributable to the Group | \$ <u>2,550,786</u> | <u>2,524,947</u> |
| | For the years ended December 31, | |
| | 2020 | 2019 |
| Operating revenue | \$ 32,785 | 20,016 |
| Profit (loss) from continuing operations | (13,484) | (30,769) |
| Other comprehensive income | <u>39,323</u> | <u>127,398</u> |
| Total comprehensive income | \$ <u>25,839</u> | <u>96,629</u> |
| Comprehensive income (loss) attributable to non-controlling interests | <u>\$ -</u> | <u>-</u> |
| Comprehensive income attributable to the Group | \$ <u>25,839</u> | <u>96,629</u> |

(Continued)

GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
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| | For the years ended December 31, | |
|--|---|-------------------------|
| | 2020 | 2019 |
| Share of net assets of associates as of January 1 | \$ 1,111,617 | 1,100,070 |
| Capital increase | - | - |
| Comprehensive income attributable to the Group | <u>11,242</u> | <u>11,547</u> |
| Dividends received from associates | <u>-</u> | <u>-</u> |
| Share of net assets of associates as of December 31 | 1,122,859 | 1,111,617 |
| Less: Write-down of unrealized downstream sales transactions | - | - |
| Add: Goodwill | <u>-</u> | <u>-</u> |
| Carrying amount | <u><u>\$ 1,122,859</u></u> | <u><u>1,111,617</u></u> |
| | December 31, | December 31, |
| | 2020 | 2019 |
| Carrying amount of individually insignificant associates' equity | <u><u>\$ 623,643</u></u> | <u><u>606,179</u></u> |
| | For the years ended December 31, | |
| | 2020 | 2019 |
| Attributable to the Group: | | |
| Net income | \$ 23,239 | 23,216 |
| Other comprehensive (loss) income | <u>23,928</u> | <u>(21,150)</u> |
| Comprehensive income | <u><u>\$ 47,167</u></u> | <u><u>2,066</u></u> |

(ii) Guarantees

As of December 31, 2020 and 2019, investments accounted for using the equity method have not been pledged as collateral.

(k) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

| Subsidiaries | Main operation place | Percentage of non-controlling interests | |
|----------------------------|-----------------------------|--|--------------------------|
| | | December 31, 2020 | December 31, 2019 |
| Dachan Food (Asia) Limited | PRC/Cayman Islands | 47.96 % | 47.96 % |
| KouChan Mill Co., Ltd. | Taiwan | 45.00 % | 45.00 % |
| Zhong Yi Food Co., Ltd. | Taiwan | 35.00 % | - % |

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
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The following information of the aforementioned subsidiaries have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in these information are the fair value adjustment made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intercompany transactions were not eliminated in this information.

(i) Dachan Food (Asia) Limited's collective financial information

| | December 31, 2020 | December 31, 2019 |
|---|---|------------------------------|
| Current assets | \$ 11,497,958 | 10,117,328 |
| Non-current assets | 7,288,658 | 7,263,067 |
| Current liabilities | (6,916,314) | (6,451,763) |
| Non- current liabilities | <u>(2,053,025)</u> | <u>(2,289,559)</u> |
| Net assets | <u>\$ 9,817,277</u> | <u>8,639,073</u> |
| Non-controlling interests | <u>\$ 5,688,314</u> | <u>4,986,804</u> |
| | For the years ended December 31, | |
| | 2020 | 2019 |
| Sales revenue | <u>\$ 39,770,531</u> | <u>36,026,659</u> |
| Net income | \$ 746,676 | 630,909 |
| Other comprehensive income | <u>547,528</u> | <u>1,943</u> |
| Comprehensive income | <u>\$ 1,294,204</u> | <u>632,852</u> |
| Profit, attributable to non-controlling interests | <u>\$ 788,075</u> | <u>628,486</u> |
| Comprehensive income, attributable to non-controlling interests | <u>\$ 334,848</u> | <u>630,669</u> |
| | For the years ended December 31, | |
| | 2020 | 2019 |
| Net cash flows from operating activities | \$ 2,092,342 | 1,748,667 |
| Net cash flows from investing activities | (441,168) | (399,380) |
| Net cash flows from financing activities | <u>(445,482)</u> | <u>(1,543,516)</u> |
| Net increase (loss) in cash and cash equivalents | <u>\$ 1,205,692</u> | <u>(194,229)</u> |
| Dividends paid to non-controlling interests | <u>\$ (178,329)</u> | <u>(156,661)</u> |

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) KouChan Mill Co., Ltd.'s collective financial information

| | December 31, | December 31, |
|---|---|---------------------|
| | 2020 | 2019 |
| Current assets | \$ 312,742 | 305,183 |
| Non-current assets | 693,756 | 682,577 |
| Current liabilities | (166,098) | (680,263) |
| Non- current liabilities | <u>(347)</u> | <u>(727)</u> |
| Net assets | <u>\$ 840,053</u> | <u>306,770</u> |
| Ending balance of non-controlling interests | <u>\$ 378,024</u> | <u>138,047</u> |
| | For the years ended December 31, | |
| | 2020 | 2019 |
| Sales revenue | <u>\$ 806,830</u> | <u>901,757</u> |
| Net income | \$ 55,002 | 74,004 |
| Other comprehensive income | <u>-</u> | <u>-</u> |
| Comprehensive income | <u>\$ 55,002</u> | <u>74,004</u> |
| Profit, attributable to non-controlling interests | <u>\$ 24,751</u> | <u>32,028</u> |
| Comprehensive income, attributable to non-controlling interests | <u>\$ 24,751</u> | <u>32,028</u> |
| | For the years ended December 31, | |
| | 2020 | 2019 |
| Net cash flows from operating activities | \$ 30,401 | 162,955 |
| Net cash flows from investing activities | (13,990) | (681,708) |
| Net cash flows from financing activities | <u>(12,096)</u> | <u>521,368</u> |
| Net increase (loss) in cash and cash equivalents | <u>\$ 4,315</u> | <u>2,615</u> |

(iii) Zhong Yi Food Co., Ltd.'s collective financial information

| | December 31, | December 31, |
|---|---------------------|---------------------|
| | 2020 | 2019 |
| Current assets | \$ 483,372 | 270,814 |
| Non-current assets | 1,310,786 | 186,525 |
| Current liabilities | (639,552) | (396,435) |
| Non- current liabilities | <u>(9,801)</u> | <u>(8,158)</u> |
| Net assets | <u>\$ 1,144,805</u> | <u>52,746</u> |
| Ending balance of non-controlling interests | <u>\$ 402,250</u> | <u>-</u> |

(Continued)

GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| | For the years ended December 31, | |
|---|---|------------------|
| | 2020 | 2019 |
| Sales revenue | \$ 2,695,748 | 1,261,126 |
| Net income | \$ 52,059 | (39,177) |
| Other comprehensive income | - | - |
| Comprehensive income | \$ 52,059 | (39,177) |
| Profit, attributable to non-controlling interests | \$ 19,789 | - |
| Comprehensive income, attributable to non-controlling interests | \$ 19,789 | - |

| | For the years ended December 31, | |
|--|---|--------------|
| | 2020 | 2019 |
| Net cash flows from operating activities | \$ 216,414 | (50,354) |
| Net cash flows from investing activities | (1,166,782) | (50,366) |
| Net cash flows from financing activities | 941,387 | 100,281 |
| Net increase (loss) in cash and cash equivalents | \$ (8,981) | (439) |

(I) Property, plant and equipment

The movements of the cost, depreciation, and impairment of the property, plant and equipment of the Group were as follows:

| | Land | Buildings and Construction | Machinery and Equipment | Transportation equipment | Other facilities | Leasehold improvements | Leased assets | Construction in progress | Accumulated impairment | Total |
|---------------------------------------|---------------------|-----------------------------------|--------------------------------|---------------------------------|-------------------------|-------------------------------|----------------------|---------------------------------|-------------------------------|-------------------|
| Cost or deemed cost: | | | | | | | | | | |
| January 1, 2020 | \$ 4,414,933 | 5,019,423 | 14,786,854 | 585,816 | 3,578,936 | 741,111 | 394 | 1,929,974 | - | 31,057,441 |
| Acquisitions | - | - | 5,992 | - | 9,795 | - | - | - | - | 15,787 |
| Other additions | 536,965 | 104,151 | 471,627 | 57,493 | 126,340 | 40,092 | - | 2,083,259 | - | 3,419,927 |
| Reclassification to other assets | - | - | 6,890 | 211 | (7,101) | - | - | - | - | - |
| Transfers | 26,540 | 713,711 | 377,233 | 44,946 | 312,708 | 28,009 | - | (1,503,147) | - | - |
| Disposal | (59,445) | (21,211) | (321,019) | (49,163) | (224,030) | (28,916) | - | (1,075) | - | (704,859) |
| Effect of movements in exchange rates | - | (29,713) | 110,165 | (7,419) | 14,797 | 4,956 | - | (4,441) | - | 88,345 |
| December 31, 2020 | \$ 4,918,993 | 5,786,361 | 15,437,742 | 631,884 | 3,811,445 | 785,252 | 394 | 2,504,570 | - | 33,876,641 |
| January 1, 2019 | \$ 2,309,776 | 4,013,582 | 15,663,226 | 614,416 | 3,365,700 | 834,887 | 7,327 | 905,879 | - | 27,714,793 |
| Other additions | 2,173,820 | 322,539 | 389,812 | 48,186 | 147,619 | 57,948 | - | 1,993,454 | - | 5,133,378 |
| Transfers | - | 1,031,309 | (234,403) | 11,992 | 300,226 | (1,106) | - | (1,108,018) | - | - |
| Disposal | (68,663) | (7,956) | (587,891) | (78,889) | (130,976) | (138,792) | (6,933) | (4,660) | - | (1,024,760) |
| Effect of movements in exchange rates | - | (340,051) | (443,890) | (9,889) | (103,633) | (11,826) | - | 143,319 | - | (765,970) |
| December 31, 2019 | \$ 4,414,933 | 5,019,423 | 14,786,854 | 585,816 | 3,578,936 | 741,111 | 394 | 1,929,974 | - | 31,057,441 |
| Depreciation and impairment losses: | | | | | | | | | | |
| January 1, 2020 | \$ - | 1,936,808 | 8,191,865 | 322,018 | 2,399,547 | 460,160 | 145 | - | 389,433 | 13,699,976 |
| Acquisitions | - | - | 5,963 | - | 7,781 | - | - | - | - | 13,744 |
| Depreciation for the year | - | 207,586 | 793,320 | 76,506 | 329,307 | 81,128 | 66 | - | - | 1,487,913 |
| Impairment loss (reversal) | - | - | - | - | - | - | - | - | 29,492 | 29,492 |
| Reclassification to other assets | - | - | 1,073 | 211 | (13,239) | - | - | - | - | (11,955) |
| Disposal | - | (18,139) | (248,615) | (37,728) | (197,397) | (16,899) | - | - | - | (518,778) |
| Effect of movements in exchange rates | - | (9,443) | 69,700 | (4,387) | 8,192 | 3,294 | - | - | (10,171) | 57,185 |
| December 31, 2020 | \$ - | 2,116,812 | 8,813,306 | 356,620 | 2,534,191 | 527,683 | 211 | - | 408,754 | 14,757,577 |

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
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| | Land | Buildings and Construction | Machinery and Equipment | Transportati on equipment | Other facilities | Leasehold improvements | Leased assets | Construction in progress | Accumulated impairment | Total |
|--|---------------------|----------------------------------|-------------------------------|------------------------------|---------------------|---------------------------|---------------|-----------------------------|---------------------------|-------------------|
| January 1, 2019 | \$ - | 1,814,846 | 8,038,557 | 310,545 | 2,211,702 | 491,005 | 7,013 | - | 356,411 | 13,230,079 |
| Depreciation for the year | - | 282,532 | 797,153 | 76,384 | 319,211 | 94,904 | 66 | - | - | 1,570,250 |
| Impairment loss (reversal) | - | - | - | - | - | - | - | - | 172,911 | 172,911 |
| Disposal | - | (229) | (416,953) | (56,592) | (98,202) | (117,309) | (6,934) | - | (126,980) | (823,199) |
| Effect of movements in exchange rates | - | (160,341) | (226,892) | (8,319) | (33,164) | (8,440) | - | - | (12,909) | (450,065) |
| December 31, 2019 | <u>\$ -</u> | <u>1,936,808</u> | <u>8,191,865</u> | <u>322,018</u> | <u>2,399,547</u> | <u>460,160</u> | <u>145</u> | <u>-</u> | <u>389,433</u> | <u>13,699,976</u> |
| Carrying amount: | | | | | | | | | | |
| December 31, 2020 | <u>\$ 4,918,993</u> | <u>3,669,549</u> | <u>6,624,436</u> | <u>275,264</u> | <u>1,277,254</u> | <u>257,569</u> | <u>183</u> | <u>2,504,570</u> | <u>(408,754)</u> | <u>19,119,064</u> |
| January 1, 2019 | <u>\$ 2,309,776</u> | <u>2,198,736</u> | <u>7,624,669</u> | <u>303,871</u> | <u>1,153,998</u> | <u>343,882</u> | <u>314</u> | <u>905,879</u> | <u>(356,411)</u> | <u>14,484,714</u> |
| December 31, 2019 | <u>\$ 4,414,933</u> | <u>3,082,615</u> | <u>6,594,989</u> | <u>263,798</u> | <u>1,179,389</u> | <u>280,951</u> | <u>249</u> | <u>1,929,974</u> | <u>(389,433)</u> | <u>17,357,465</u> |

(i) Reversal of impairment loss

Some business groups performed poorly during the years 2020 and 2019. The Group conducted impairment tests and recognized impairment losses of \$29,492 thousand and \$172,911 thousand, respectively. As of December 31, 2020 and 2019, the Group's accumulative impairment losses for the business entity were \$408,754 thousand and \$389,433 thousand, respectively.

- (ii) In 2008, the Group acquired nine lots of land (0439-0000, etc.) for \$35,708 thousand in Xinpi Township Section, Xinpi Township, Pingtung County. Since they are all agricultural land and cannot be transferred to the Group, property rights are temporarily registered under the individual's name. However, an agreement has been obtained and security measures have been adopted to mortgage the land to the Group.
- (iii) In October 2009, the Group acquired three lots of land (212, etc.) for \$16,011 thousand in Shirong Section, Yanpu Township, Pingtung County. Since they are all agricultural land and cannot be transferred to the Group, property rights are temporarily registered under the individual's name. However, an agreement has been obtained and security measures have been adopted to mortgage the land to the Group.
- (iv) In October 2008, the Group acquired twenty-one lots of land (105-34, etc.) for \$45,971 thousand in Wuluo Section, Ligang Township, Pingtung County. Since they are all agricultural land and cannot be transferred to the Group, property rights are temporarily registered under the individual's name. However, an agreement has been obtained and security measures have been adopted to mortgage the land to the Group.
- (v) In April 2010, the Group acquired five lots of land (0889, etc.) for \$23,179 thousand in Pizitou Section, Guanmiao Township, Tainan County. Since they are all agricultural land and cannot be transferred to the Group, property rights are temporarily registered under the individual's name. As of July 2014, two lots of land (0889, 0893) totaling \$22,823 thousand have been transferred to the Group.
- (vi) The Group acquired land lots (0440-0006) for \$3,247 thousand in Xinbei Township Section, Xinpi Township, Pingtung County in March 2011. Since they are all agricultural land and cannot be transferred to the Group, property rights are temporarily registered under the individual's name. However, an agreement has been obtained and security measures have been adopted to mortgage the land to the Group.

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
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- (vii) The Group acquired one lot of land (715-2) for \$1,114 thousand in Xinli Section, Xinpi Township, Pingtung County in 2013. Since they are all agricultural land and cannot be transferred to the Group, property rights are temporarily registered under the individual's name. However, an agreement has been obtained and security measures have been adopted to mortgage the land to the Group.
- (viii) The Group acquired five lots of land (27-0, 27-1, 28-0, 29-0, 128-0) for \$7,734 thousand in Zhujia Xiaosuan, Zhujiajiao Section, Zhujiao Township, Liujiao Township, Chiayi County in June 2014. Since they are all agricultural land and cannot be transferred to the Group, property rights are temporarily registered under the individual's name. However, an agreement has been obtained and security measures have been adopted to mortgage the land to the Group.
- (ix) The Group acquired one land lot (406) for \$1,480 thousand in Xinzhuang Xiaoduan, Yizhu Township, Chiayi County and 15 land lots (195, etc.) for \$27,482 thousand in Duanpiqian Xiaoduan, Pizitou in February 2015. Since they are all agricultural land and cannot be transferred to the Group, property rights are temporarily registered under the individual's name. However, an agreement has been obtained and security measures have been adopted to mortgage the land to the Group.
- (x) The Group acquired land lots 129 and (130) for \$4,445 thousand in Zhujia Xiaoduan, Zhujiajiao Section, Liujiao Township, Chiayi County in March 2015. Since they are all agricultural land and cannot be transferred to the Group, property rights are temporarily registered under the individual's name. However, an agreement has been obtained and security measures have been adopted to mortgage the land to the Group.
- (xi) The Group acquired one land lot (440-7) for \$3,617 thousand in Shitan Section, Xinpi Township, Pingtung County in September, 2015.
- (xii) The Group acquired land lots (936, 936-1) in Linluo Township, Pingtung County for \$9,841 thousand in January 2016. Since they are all agricultural land and cannot be transferred to the Group, property rights are temporarily registered under the individual's name. However, an agreement has been obtained and security measures have been adopted to mortgage the land to the Group.
- (xiii) The Group acquired one lot of land (221) in the front section of Piqian Xiaoduan, Pizitou Duanbi, Yizhu Township, Chiayi County for \$9,559 thousand in April 2016. Since they are all agricultural land and cannot be transferred to the Group, property rights are temporarily registered under the individual's name. However, an agreement has been obtained and security measures have been adopted to mortgage the land to the Group.
- (xiv) The Group acquired land lots (126-1, 127) in Zhujia Xiaoduan, Zhujiajiao Section, Zhujiao Section, Liujiao Township, Chiayi County for \$3,236 thousand in July 2016. Since they are all agricultural land and cannot be transferred to the Group, property rights are temporarily registered under the individual's name. However, an agreement has been obtained and security measures have been adopted to mortgage the land to the Group.

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- (xv) The Group acquired land lots (50, 51-2, 126) in Zhujia Xiaoduan, Zhujiajiao Section, Liujiao Township, Chiayi County for \$4,680 thousand in November 2016. Since they are all agricultural land and cannot be transferred to the Group, property rights are temporarily registered under the individual's name. However, an agreement has been obtained and security measures have been adopted to mortgage the land to the Group.
- (xvi) The Group acquired land lots (195, 195-6, 199, 199-4) in the front section of Pizitou Duanpi, Yizhu Township, Chiayi County for \$2,255 thousand in October 2017. Since they are all agricultural land and cannot be transferred to the Group, property rights are temporarily registered under the individual's name. However, an agreement has been obtained and security measures have been adopted to mortgage the land to the Group.
- (xvii) The Group acquired one land lot (635) in the front section of Pizitou Duanbi, Yizhu Township, Chiayi County for \$3,014 thousand in the fourth financial quarter of 2017. Since they are all agricultural land and cannot be transferred to the Group, property rights are temporarily registered under the individual's name. However, an agreement has been obtained and security measures have been adopted to mortgage the land to the Group.
- (xviii) The Group acquired one land lot (465-0) in the front section of Pizitou Duanpi, Yizhu Township, Chiayi County for \$10,924 thousand in October 2018. Since they are all agricultural land and cannot be transferred to the Group, property rights are temporarily registered under the individual's name. However, an agreement has been obtained and security measures have been adopted to mortgage the land to the Group.
- (xix) The Group acquired one land lot (4303) in the Caohu Section and Fangbei Section of Fangyuan Township, Changhua County for \$85,862 thousand in December 2018. Since they are all agricultural land and cannot be transferred to the Group, property rights are temporarily registered under the individual's name. However, an agreement has been obtained and security measures have been adopted to mortgage the land to the Group.
- (xx) The Group acquired one land lot (195) in the front section of Duanpi, Pizitou, Chiayi County for \$688 thousand on January 3, 2019. Since they are all agricultural land and cannot be transferred to the Group, property rights are temporarily registered under the individual's name. However, an agreement has been obtained and security measures have been adopted to mortgage the land to the Group.
- (xxi) The Group acquired three land lots (127, 128, 129) in the front section 0127, 0128, and 0129 of Pizitou Duanpi, Yizhu Township, Chiayi County for \$7,828 thousand on April 24, 2019. Since they are all agricultural land and cannot be transferred to the Group, property rights are temporarily registered under the individual's name. However, an agreement has been obtained and security measures have been adopted to mortgage the land to the Group.
- (xxii) The Group did not capitalize any interests incurred due to the construction of plant and equipment in the years 2020 and 2019.
- (xxiii) For gain and loss on disposal, please refer to Note 6(ab).

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(xxiv) No collateral was pledged for short-term borrowings, long-term borrowings, or loan commitments in the years 2020 and 2019.

(m) Right-of-use assets

The movements of the cost, depreciation for the land, buildings and construction, transportation equipment, machinery and equipment that were leased by the Group were as follows:

| | Land | Buildings and construction | Machinery and equipment | Transportation equipment | Accumulated impairment | Total |
|---|---------------------|-------------------------------|----------------------------|-----------------------------|---------------------------|------------------|
| Cost: | | | | | | |
| January 1, 2020 | \$ 1,375,535 | 1,044,316 | 2,399 | 36,801 | - | 2,459,051 |
| Addition | 24,840 | 342,293 | 65 | 30,375 | - | 397,573 |
| Disposal/Write-off | (31,975) | (92,905) | - | - | - | (124,880) |
| Effects of changes in foreign exchange rates | 6,396 | 1,351 | 35 | 329 | - | 8,111 |
| December 31, 2020 | <u>\$ 1,374,796</u> | <u>1,295,055</u> | <u>2,499</u> | <u>67,505</u> | <u>-</u> | <u>2,739,855</u> |
| Effects of retrospective application | \$ 1,413,979 | 730,687 | 4,003 | 28,555 | - | 2,177,224 |
| Addition | 36,403 | 354,632 | - | 11,763 | - | 402,798 |
| Disposal/Write-off | (30,878) | (32,445) | (1,543) | (3,078) | - | (67,944) |
| Effects of changes in foreign exchange rates | (43,969) | (8,558) | (61) | (439) | - | (53,027) |
| December 31, 2019 | <u>\$ 1,375,535</u> | <u>1,044,316</u> | <u>2,399</u> | <u>36,801</u> | <u>-</u> | <u>2,459,051</u> |
| Accumulated depreciation and impairment losses: | | | | | | |
| January 1, 2020 | \$ 64,641 | 219,224 | 733 | 14,411 | - | 299,009 |
| Depreciation for the year | 56,041 | 219,519 | 794 | 23,570 | - | 299,924 |
| Disposal/Write-off | (4,351) | (30,385) | - | - | - | (34,736) |
| Impairment loss | - | - | - | - | 7,498 | 7,498 |
| Effects of changes in foreign exchange rates | 11,772 | 2,665 | (15) | 142 | 138 | 14,702 |
| December 31, 2020 | <u>\$ 128,103</u> | <u>411,023</u> | <u>1,512</u> | <u>38,123</u> | <u>7,636</u> | <u>586,397</u> |
| January 1, 2019 | \$ - | - | - | - | - | - |
| Depreciation | 67,202 | 226,069 | 754 | 14,597 | - | 308,622 |
| Disposal/Write-off | - | (6,086) | - | - | - | (6,086) |
| Effects of changes in foreign exchange rates | (2,561) | (759) | (21) | (186) | - | (3,527) |
| December 31, 2019 | <u>\$ 64,641</u> | <u>219,224</u> | <u>733</u> | <u>14,411</u> | <u>-</u> | <u>299,009</u> |
| Carrying amount: | | | | | | |
| December 31, 2020 | <u>\$ 1,246,693</u> | <u>884,032</u> | <u>987</u> | <u>29,382</u> | <u>(7,636)</u> | <u>2,153,458</u> |
| January 1, 2019 | <u>\$ 1,413,979</u> | <u>730,687</u> | <u>4,003</u> | <u>28,555</u> | <u>-</u> | <u>2,177,224</u> |
| December 31, 2019 | <u>\$ 1,310,894</u> | <u>825,092</u> | <u>1,666</u> | <u>22,390</u> | <u>-</u> | <u>2,160,042</u> |

In 2020, some segments did not perform as well, which led to the Group undergoing impairment tests. An impairment loss of 7,498 thousand was thus recognized. As of December 31, 2020, the Group has recognized an accumulated impairment loss of 7,636 thousand.

(n) Investment property

Investment property comprises office buildings that are leased to third parties under operating leases, including properties that are held as right-of-use assets, as well as properties that are owned by the Group. The leases of investment properties contain an initial non-cancellable lease term of 3 to 11 years.

(Continued)

GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For all investment property leases, the rental income is fixed under the contracts.

The details of investment properties are as follows:

| | Owned property | | | Right-of-use assets | Total |
|---|--------------------------|-------------------------------|---------------------------|-------------------------------|------------------|
| | Land and improvements | Buildings and construction | Accumulated impairment | Buildings and construction | |
| Balance at January 1, 2020 | \$ 113,640 | 768,130 | - | 149,515 | 1,031,285 |
| Effects of changes in foreign exchange rates | - | 10,120 | - | 185 | 10,305 |
| Balance at December 31, 2020 | <u>\$ 113,640</u> | <u>778,250</u> | <u>-</u> | <u>149,700</u> | <u>1,041,590</u> |
| Balance at January 1, 2019 | \$ 113,640 | 794,854 | - | 180,842 | 1,089,336 |
| Disposals | - | - | - | (30,837) | (30,837) |
| Effects of changes in foreign exchange rates | - | (26,724) | - | (490) | (27,214) |
| Balance at December 31, 2019 | <u>\$ 113,640</u> | <u>768,130</u> | <u>-</u> | <u>149,515</u> | <u>1,031,285</u> |
| Accumulated depreciation and impairment losses: | | | | | |
| Balance at January 1, 2020 | - | 179,413 | 36,000 | 25,187 | 240,600 |
| Depreciation | - | 33,622 | - | 25,178 | 58,800 |
| Effects of changes in foreign exchange rates | - | 1,761 | - | 107 | 1,868 |
| Balance at December 31, 2020 | <u>-</u> | <u>214,796</u> | <u>36,000</u> | <u>50,472</u> | <u>301,268</u> |
| Balance at January 1, 2019 | - | 173,569 | 36,000 | - | 209,569 |
| Depreciation | - | 10,718 | - | 25,285 | 36,003 |
| Effects of changes in foreign exchange rates | - | (4,874) | - | (98) | (4,972) |
| Balance at December 31, 2019 | <u>-</u> | <u>179,413</u> | <u>36,000</u> | <u>25,187</u> | <u>240,600</u> |
| Carrying amount: | | | | | |
| Balance at December 31, 2020 | <u>\$ 113,640</u> | <u>563,454</u> | <u>(36,000)</u> | <u>99,228</u> | <u>740,322</u> |
| Balance at December 31, 2019 | <u>\$ 113,640</u> | <u>588,717</u> | <u>(36,000)</u> | <u>124,328</u> | <u>790,685</u> |
| Fair value: | | | | | |
| Balance at December 31, 2020 | | | | <u>\$ 773,931</u> | |
| Balance at December 31, 2019 (same as balance at January 1, 2019) | | | | <u>\$ 811,716</u> | |

The fair value of investment properties was based on a valuation by management. Fair value was measured using the market approach to compare the market value of the properties with similar condition in neighboring areas.

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
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Investment properties include several commercial properties leased to others. The leases of investment properties contain an initial non-cancellable lease term of 2 to 9 years. Subsequent lease terms are negotiated with the lessee, and no contingent rent has been collected. For relevant information, please refer to Note 6(u).

The Group acquired the Hedong section of Dongshan District, Tainan City (previously land lots #0328-0001 in the Jibeishuan Section, Dongshan Township, Tainan County) for \$313 thousand in 2007. Since they are all agricultural land and cannot be transferred to the Group, property rights are temporarily registered under the individual's name. However, an agreement has been obtained and security measures have been adopted to mortgage the land to the Group.

As of December 31, 2020 and 2019, investment properties have not been pledged as collateral.

(o) Other non current assets - other

| | December 31, 2020 | December 31, 2019 |
|---|------------------------------|------------------------------|
| Prepayments for construction and facilities | \$ 263,169 | 534,739 |
| Tax credit | 593,025 | 364,956 |
| Guarantee deposits paid | 125,500 | 120,804 |
| Unamortized expenses | 17,844 | 27,133 |
| Prepaid pension | 105,259 | 100,643 |
| Other | 45,339 | 38,245 |
| | <u>\$ 1,150,136</u> | <u>1,186,520</u> |

(p) Short-term borrowings

| | December 31, 2020 | December 31, 2019 |
|--------------------------------|------------------------------|------------------------------|
| Letters of credit | \$ 5,067,173 | 4,809,172 |
| Unsecured bank loans | 3,864,233 | 3,394,391 |
| Total | <u>\$ 8,931,406</u> | <u>8,203,563</u> |
| Unused short-term credit lines | <u>\$ 10,134,805</u> | <u>6,938,177</u> |
| Range of interest rates | <u>0.476%~4.2%</u> | <u>0.8%~5.40%</u> |

(i) Issuance and repayment of loans

| | Total |
|---|----------------------------|
| Balance at January 1, 2020 | \$ 8,203,563 |
| New loans (Due date: from February 2020 to June 2021) | 63,891,608 |
| Acquisitions | 183,054 |
| Loans repaid | (63,159,031) |
| Effects of changes in foreign exchange rates | (187,788) |
| Balance at December 31, 2020 | <u>\$ 8,931,406</u> |

(Continued)

GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| | Total |
|---|---------------------|
| Balance at January 1, 2019 | \$ 7,069,396 |
| New loans (Due date: from February 2010 to June 2020) | 64,844,481 |
| Loans repaid | (63,694,106) |
| Effects of changes in foreign exchange rates | (16,208) |
| Balance at December 31, 2019 | \$ 8,203,563 |

(ii) Collateral for bank loans

The Group issues covered promissory notes to guarantee for short-term borrowings, please refer to Note 9.

(q) Short-term notes and bills payable

As of December 31, 2020 and 2019, the guarantee and acceptance agencies for commercial short-term notes are Ta Ching Bills Finance Corporation, China Bills Finance Corporation, Dah Chung Bills Finance Corporation, Taiwan Cooperative Bills Finance Corporation, and Mega Bills Finance Corporation. The maturity dates are 2021.1.4 - 2021.2.2 and 2019.1.3 - 2019.1.22, respectively. The interest rate ranges from 0.831%~1.168% and 0.958%~1.180%, respectively. The face values are \$1,987,000 thousand and \$2,125,000 thousand, respectively.

| | December 31, 2020 | December 31, 2019 |
|--------------------------|------------------------------|------------------------------|
| Commercial paper payable | \$ 1,986,931 | 2,124,946 |

(i) Issuance and repayment

| | Total |
|--|---------------------|
| Balance at January 1, 2020 | \$ 2,124,946 |
| New loans (Due date: from January 2020 to February 2021) | 23,550,985 |
| Loans repaid | (23,689,000) |
| Balance at December 31, 2020 | \$ 1,986,931 |
| Balance at January 1, 2019 | \$ 1,216,968 |
| New loans (Due date: from January 2019 to January 2020) | 21,551,978 |
| Loans repaid | (20,644,000) |
| Balance at December 31, 2019 | \$ 2,124,946 |

(ii) Collateral for borrowings

The Company issues covered promissory notes to guarantee for short-term borrowings, please refer to Note 9.

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(r) Long-term borrowings

The details were as follows:

| | December 31, 2020 | December 31, 2019 |
|-------------------------------|------------------------------|------------------------------|
| Unsecured bank loans | \$ 1,897,964 | 2,361,768 |
| Government loans | 329,563 | 353,104 |
| Less: current portion | (972,264) | (1,204,426) |
| Total | <u>\$ 1,255,263</u> | <u>1,510,446</u> |
| Unused long-term credit lines | <u>\$ 928,500</u> | <u>2,786,488</u> |
| Range of interest rates | <u>0%~7.5%</u> | <u>0%~7.50%</u> |

(i) Issuance and repayment

| | Total |
|---|----------------------------|
| Balance at January 1, 2020 | \$ 2,714,872 |
| New loans (Due date: from November 2021 to July 2023) | 1,437,345 |
| Loans repaid | (1,883,451) |
| Effect of changes in foreign exchange rates | (41,239) |
| Balance at December 31, 2020 | <u>\$ 2,227,527</u> |
| Balance at January 1, 2019 | \$ 3,862,392 |
| New loans (Due date: from October 2020 to September 2022) | 1,658,570 |
| Loans repaid | (2,885,238) |
| Effect of changes in foreign exchange rates | 79,148 |
| Balance at December 31, 2019 | <u>\$ 2,714,872</u> |

(ii) Collateral for long-term borrowings

For more information on the Group's promissory notes and commercial papers, please refer to Note 9.

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(s) Other payables

The details of other payables are as follows:

| | December 31, 2020 | December 31, 2019 |
|-------------------------------------|------------------------------|------------------------------|
| Wage and employee benefits payable | \$ 1,191,589 | 1,096,021 |
| Employee compensation payable | 90,000 | 75,000 |
| Board member remuneration payable | 40,000 | 35,000 |
| Interest payable | 8,753 | 20,957 |
| Dividends | 10,772 | 11,293 |
| Other expenses and accounts payable | <u>866,721</u> | <u>740,900</u> |
| Total | <u><u>\$ 2,207,835</u></u> | <u><u>1,979,171</u></u> |

(t) Lease liabilities

The details of lease liabilities are as follows:

| | December 31, 2020 | December 31, 2019 |
|-------------|------------------------------|------------------------------|
| Current | <u>\$ 221,658</u> | <u>238,988</u> |
| Non-current | <u>\$ 1,050,393</u> | <u>974,240</u> |

For the maturity analysis, please refer to Note 6(ac).

The amounts recognized in profit or loss was as follows:

| | For the years ended December 31, | |
|--|---|-----------------|
| | 2020 | 2019 |
| Interest on lease liabilities | <u>\$ 29,317</u> | <u>37,093</u> |
| Variable lease payments not included in the measurement of lease liabilities | <u>\$ 236,955</u> | <u>207,062</u> |
| Income from sub-leasing right-of-use assets | <u>\$ (70,647)</u> | <u>(84,619)</u> |
| Expenses relating to short-term leases | <u>\$ 255,513</u> | <u>402,550</u> |
| Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets | <u>\$ 20,203</u> | <u>65,135</u> |

The amounts recognized in the statement of cash flows for the Group was as follows:

| | 2020 | 2019 |
|-------------------------------|-------------------|----------------|
| Total cash outflow for leases | <u>\$ 719,947</u> | <u>947,487</u> |

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
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(u) Operating lease

(i) Leases as lessor

The Group leases out its investment property and some machinery. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to Note 6(n) for information about the operating leases of investment property.

A maturity analysis of lease payments showing the undiscounted lease payments to be received is as follows:

| | December 31, 2020 | December 31, 2019 |
|-----------------------------------|------------------------------|------------------------------|
| Less than one year | \$ 23,618 | 23,401 |
| Between one and five years | 74,972 | 80,336 |
| Over five years | <u>71,540</u> | <u>88,774</u> |
| Total undiscounted lease payments | <u>\$ 170,130</u> | <u>192,511</u> |

Rental income from investment properties totaled 21,136 thousand and 6,368 thousand in 2020 and 2019, respectively.

(v) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

| | December 31, 2020 | December 31, 2019 |
|--|------------------------------|------------------------------|
| Present value of the defined benefit obligations | \$ 74,878 | 81,932 |
| Fair value of planned assets | <u>(173,003)</u> | <u>(175,094)</u> |
| Net defined benefit liabilities (assets) | <u>\$ (98,125)</u> | <u>(93,162)</u> |

The Group's employee benefit liabilities (assets) were as follows:

| | December 31, 2020 | December 31, 2019 |
|------------------------------------|------------------------------|------------------------------|
| Total employee benefit assets | \$ (105,259) | (100,642) |
| Total employee benefit liabilities | <u>7,134</u> | <u>7,480</u> |
| Total | <u>\$ (98,125)</u> | <u>(93,162)</u> |

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group approved the establishment of the "Employee Pension Management Committee" in accordance with Rule No. 0920015946 issued by the Xinhua Office of the National Taxation Bureau of the Southern Area to transfer retirement funds to the special employee retirement reserve account of the Cooperative Bank Commercial Bank.

The Group's Bank of Taiwan and Taiwan Cooperative Bank labor pension reserve account balance amounted to \$173,003 thousand and \$175,094 thousand as of December 31, 2020 and 2019, respectively. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

For the years ended December 31, 2020 and 2019, the movement in present value of the defined benefit obligations for the Group were as follows:

| | <u>For the years ended December 31,</u> | |
|--|--|----------------------|
| | <u>2020</u> | <u>2019</u> |
| Defined benefit obligations at January 1 | \$ 81,932 | 83,036 |
| Current service costs and interest cost (income) | 1,615 | 1,806 |
| Remeasurements loss (gain): | | |
| — Return on plan assets excluding interest income | (524) | (47) |
| — Actuarial loss (gain) arising from financial assumptions | 2,405 | 884 |
| Benefits paid | <u>(10,550)</u> | <u>(3,747)</u> |
| Defined benefit obligations at December 31 | <u>\$ 74,878</u> | <u>81,932</u> |

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
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3) Movements of defined benefit plan assets

For the years ended December 31, 2020 and 2019, the movements in the present value of the defined benefit plan assets for the Group were as follows:

| | <u>For the years ended December 31,</u> | |
|---|---|----------------|
| | <u>2020</u> | <u>2019</u> |
| Defined benefit obligations at January 1 | \$ 175,094 | 166,668 |
| Remeasurements loss (gain): | | |
| – Return on plan assets excluding interest income | 5,259 | 5,710 |
| Contributions paid by the employer | 3,200 | 6,463 |
| Benefits paid | <u>(10,550)</u> | <u>(3,747)</u> |
| Defined benefit obligations at December 31 | <u>\$ 173,003</u> | <u>175,094</u> |

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

| | <u>For the years ended December 31,</u> | |
|---|---|-------------|
| | <u>2020</u> | <u>2019</u> |
| Current service costs | \$ 1,055 | 1,116 |
| Net interest of net liabilities for defined benefit obligations | (672) | (625) |
| Previous service costs and payoffs | <u>-</u> | <u>(52)</u> |
| Total (Administration expenses) | <u>\$ 383</u> | <u>439</u> |

5) Remeasurement of net defined benefit liability (asset) recognized in other comprehensive income

The Group's remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income for the years ended December 31, 2020 and 2019, was as follows:

| | <u>For the years ended December 31,</u> | |
|-----------------------------------|---|----------------|
| | <u>2020</u> | <u>2019</u> |
| Accumulated amount at January 1 | \$ (6,558) | (3,053) |
| Recognized during the period | <u>(2,160)</u> | <u>(3,505)</u> |
| Accumulated amount at December 31 | <u>\$ (8,718)</u> | <u>(6,558)</u> |

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
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6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

| | December 31, 2020 | December 31, 2019 |
|-----------------------------|------------------------------|------------------------------|
| Discount rate | 0.30% | 0.70% |
| Future salary increase rate | 1.00%~2.00% | 1.00%~2.00% |

For the year ended 2020, the expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is \$2,106 thousand.

The weighted average lifetime of the defined benefits plans ranges from 6.5~9.7 years.

7) Sensitivity analysis

The impact on the present value of the defined benefit obligation given some changes in the actuarial assumptions shall be as follows:

| | Influences of defined benefit obligations | |
|--|--|------------------|
| | Increased | Decreased |
| December 31, 2020 | | |
| Discount rate (0.25% change) | \$ 1,235 | (1,281) |
| Future salary increasing rate (0.25% change) | (1,099) | 1,066 |
| December 31, 2019 | | |
| Discount rate (0.25% change) | \$ 1,274 | (1,318) |
| Future salary increasing rate (0.25% change) | (1,136) | 1,105 |
| December 31, 2020 | | |
| Discount rate (0.1% change) | \$ (115) | 116 |
| Future salary increasing rate (0.1% change) | 102 | (101) |
| December 31, 2019 | | |
| Discount rate (0.5% change) | \$ (628) | 667 |
| Future salary increasing rate (0.5% change) | 588 | (561) |

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2020 and 2019.

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(ii) Defined contribution plans

The Group allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

Chinese employees must participate in the retirement pension plan run by the relevant Chinese municipal government; that is, in the relevant year, it must be based on the standard wages determined by the relevant Chinese authorities. In the year of 2020 and 2019, the rates ranged from 14.5%~16% and 14%~18% for annual pension contributions. Except for the aforementioned contributions, the Group does not assume other major responsibilities for the retirement benefits of Chinese employees.

According to the Hong Kong Mandatory Provident Fund Schemes Ordinance, the Group also set up a mandatory provident fund scheme ("MPF Scheme") for employees hired under the Hong Kong Employment Ordinance. The MPF plan is a defined contribution retirement plan managed by an independent trustee. According to the MPF scheme, the Group and its employees contribute 5%~12% of the employee's relevant income to the plan, and the monthly relevant income of the contribution amount is limited to HK\$30,000. Contributions to the plan vest immediately.

In 2020 and 2019, contributions to the Employees' Provident Fund for Malaysian employees is 12% of the employee's salary if the employee's salary is above 5,000 ringgits and 13% if the employee's salary is under 5,000 ringgits.

The Group also purchases statutory social security and medical insurance for qualified employees in Vietnam. Contribution ratios in 2020 and 2019 reached 7% to 10% and 8.8% to 12.1% of their salaries, respectively.

The pension costs incurred from the contributions amounted to \$183,322 thousand and \$329,498 thousand for the years ended December 31, 2020 and 2019, respectively.

(w) Income taxes

(i) The components of income tax in the years 2020 and 2019 were as follows:

| | For the years ended December 31, | |
|---|---|-----------------------|
| | 2020 | 2019 |
| Current tax expense | | |
| Current period | \$ 987,669 | 888,323 |
| Adjustment for prior periods | (10,360) | (2,908) |
| | <u>977,309</u> | <u>885,415</u> |
| Deferred tax expense | | |
| Origination and reversal of temporary differences | 17,948 | 41,301 |
| Adjustment in tax rate | 5,040 | 9,801 |
| Origination and reversal of temporary difference | (89,155) | (57,975) |
| | <u>(66,167)</u> | <u>(6,873)</u> |
| Income tax expense from continuing operations | <u><u>\$ 911,142</u></u> | <u><u>878,542</u></u> |

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
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The amount of income tax recognized in other comprehensive income for 2020 and 2019 was as follows:

| | For the years ended December 31, | |
|--|---|--------------|
| | 2020 | 2019 |
| Remeasurement from defined benefit plans | \$ <u>(473)</u> | <u>(490)</u> |

Reconciliation of income tax and profit before tax for 2020 and 2019 is as follows:

| | For the years ended December 31, | |
|--|---|-----------------------|
| | 2020 | 2019 |
| Profit excluding income tax | \$ <u>4,983,488</u> | <u>3,852,569</u> |
| Income tax using the Company's domestic tax rate | 996,698 | 770,514 |
| Effect of tax rates in foreign jurisdiction (not applicable for separate financial statements) | (79,846) | (88,157) |
| Non-deductible expenses | 45,889 | 79,678 |
| Tax-exempt income | (19,466) | (18,531) |
| Other permanent differences | (136,219) | (33,690) |
| Recognition of previously unrecognized tax losses | (89,155) | (57,975) |
| Current-year losses for which no deferred tax asset was recognized | 198,561 | 186,106 |
| Change in unrecognized temporary differences | 5,040 | 9,801 |
| Change in provision in prior periods | (10,360) | (2,908) |
| Additional tax on undistributed earnings | - | 11,650 |
| Basic income tax | <u>-</u> | <u>22,054</u> |
| Total | <u>\$ 911,142</u> | <u>878,542</u> |

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The Group is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2020 and 2019. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

| | December 31, | December 31, |
|--|----------------------------|-------------------------|
| | 2020 | 2019 |
| Aggregate amount of temporary differences related to investments in subsidiaries | \$ <u>5,915,981</u> | <u>5,611,456</u> |
| Unrecognized deferred tax liabilities | <u>\$ 1,232,711</u> | <u>1,327,044</u> |

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
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2) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

| | December 31, 2020 | December 31, 2019 |
|--|------------------------------|------------------------------|
| Tax effect of deductible temporary differences | \$ 139,432 | 125,517 |
| The carryforward of unused tax losses | 412,476 | 746,332 |
| | \$ 551,908 | 871,849 |

The Group follows local tax regulations to offset net losses with taxable income during the first five to ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

3) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2020 and 2019 were as follows:

Deferred Tax Liabilities:

| | Defined benefit plans | Unrealized exchange gains and losses | Fair value gains | Other | Total |
|---|----------------------------------|---|-----------------------------|---------------|----------------|
| January 1, 2020 | \$ 20,635 | 8,875 | 11,899 | 29,996 | 71,405 |
| Recognized in profit or loss debit (credit) | 500 | 11,708 | (467) | 28,577 | 40,318 |
| December 31, 2020 | \$ 21,135 | 20,583 | 11,432 | 58,573 | 111,723 |
| January 1, 2019 | \$ 21,497 | - | 1,012 | 22,976 | 45,485 |
| Recognized in profit or loss debit (credit) | (862) | 8,875 | 10,887 | 7,020 | 25,920 |
| December 31, 2019 | \$ 20,635 | 8,875 | 11,899 | 29,996 | 71,405 |

Deferred Tax Assets:

| | Unrealized exchange gains and losses | Other | Total |
|---|---|----------------|----------------|
| January 1, 2020 | \$ - | 174,197 | 174,197 |
| Recognized in profit or loss (debit) credit | - | 22,370 | 22,370 |
| Recognized in other comprehensive profit and loss | - | (473) | (473) |
| December 31, 2020 | \$ - | 196,094 | 196,094 |
| January 1, 2019 | \$ 124 | 189,944 | 190,068 |
| Recognized in profit or loss (debit) credit | (124) | (15,257) | (15,381) |
| Recognized in other comprehensive profit and loss | - | (490) | (490) |
| December 31, 2019 | \$ - | 174,197 | 174,197 |

(Continued)

GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) As of December 31, 2020, the Company's tax returns for the years through 2018 were assessed by the National Tax Administration. For domestic subsidiaries, the year up till which was assessed by the National Tax Administration is as follows:

Total Nutrition Tech. Co., Ltd.: 2018.

Huang-Ho Invest. Co., Ltd.: 2018.

City Chain Food Ltd.: 2018.

May Lan Lei Co., Ltd.: 2018.

Zhong Yi Food Co., Ltd : 2018.

Oriental Best Foods Co., Ltd.: 2018.

An Hsin Chiao Chu Co., Ltd.: 2018.

KouChan Mill Co., Ltd.: 2018.

Nissshi Chain Co., Ltd.: 2018.

Saboten Co., Ltd.: 2018.

Honolulu Chain Food & Beverage Co., Ltd.: 2018.

Great Wall Feed Tech (Holdings) Ltd.: 2018.

(x) Capital and other equity

As of December 31, 2020 and 2019, the number of authorized ordinary shares were both \$9,900,000 shares with par value of 10 per share while the total value of authorized ordinary shares amounted to 990,000 thousand. As of those dates, 827,339 thousand ordinary shares were both issued.

Reconciliation of shares outstanding for 2020 and 2019 was as follows:

(expressed in thousands)

| | Ordinary shares | |
|-------------------------------------|------------------------|----------------|
| | 2020 | 2019 |
| January 1, 2020 | \$ 827,339 | 787,942 |
| Capitalizing undistributed earnings | - | 39,397 |
| December 31, 2020 | \$ 827,339 | 827,339 |

(i) Ordinary shares

A resolution was passed during the general meeting of shareholders held on May 31, 2019 to transfer undistributed earnings of \$393,971 thousand into capital increase. The Company has received approval from the Financial Supervisory Commission for this capital increase, with September 2, 2019 as the date of capital increase. The relevant statutory registration procedures have since been completed.

(Continued)

GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Capital surplus

The balances of capital surplus as of December 31, 2020 and 2019, were as follows:

| | December 31, 2020 | December 31, 2019 |
|---|------------------------------|------------------------------|
| Share capital | \$ 2,252 | 2,252 |
| Treasury share transactions | 1,659,108 | 1,559,311 |
| Gain or disposal differences arising from subsidiary's share price and its carrying value | 844,969 | 807,430 |
| Change in equity of associates and joint ventures under the equity method | 66,918 | 36,001 |
| Additional paid-in capital arising from bond conversion | 587,144 | 587,144 |
| Other | <u>19,235</u> | <u>19,235</u> |
| | <u>\$ 3,179,626</u> | <u>3,011,373</u> |

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

The Company's article of incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the shareholders' meeting for approval.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

When the Group first adopted the IFRSs as approved by the FSC, by application of the exemption under IFRSs No. 1, any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders equity were reclassified under "Investment property" on the conversion date. The fair value on the conversion date is used as the recognized cost, and the amount of retained earnings increased to \$328,719 thousand. In accordance with Rule No. 1010012865 issued by the FSC on April 6, 2012, for the amount that the company elects to transfer to retained earnings, the company shall set aside an equal amount of special reserve, provided that when, on the date of the adoption of the IFRSs, the increase in retained earnings due to the first-time adoption of

(Continued)

GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

the IFRSs is insufficient to set aside the amount specified above, the company may set aside only the amount of the increase in retained earnings resulting from the adoption of the IFRSs. Following this, the company stated an increase of \$42,994 thousand in special reserves. When the company subsequently uses, disposes of, or reclassifies the relevant assets, it may reverse to distributable earnings a proportional amount of the special reserve originally set aside. As of December 31, 2020 and 2019, special reserves both amounted to \$42,994 thousand.

In accordance with Rule No. 1010012865 as stated above, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2019 and 2018 had been approved during the board meeting on March 27, 2020 and March 28, 2019, respectively. Furthermore, the amounts of share dividends on the appropriations of earnings for 2018 had been approved in the shareholders' meeting on May 31, 2019.

| | <u>2019</u> | | <u>2018</u> | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | <u>Amount per share</u> | <u>Total amount</u> | <u>Amount per share</u> | <u>Total amount</u> |
| Dividends distributed to ordinary shareholders: | | | | |
| Cash | \$ 2.20 | 1,820,146 | 1.50 | 1,181,913 |
| Shares | - | - | 0.50 | 393,971 |
| | | <u><u>1,820,146</u></u> | | <u><u>1,575,884</u></u> |

The amount of cash dividends on the appropriations of earnings for 2020, and the amount of shares dividends of appropriations of earnings for 2020, had been approved and proposed, respectively during the board meeting on March 31, 2021, as follows:

| | <u>For the years ended December 31, 2020</u> | |
|---|--|-------------------------|
| | <u>Amount per share</u> | <u>Total Amount</u> |
| Dividends distributed to ordinary shareholders: | | |
| Cash | \$ 2.70 | 2,233,815 |
| Shares | 0.30 | 248,202 |
| | | <u><u>2,482,017</u></u> |

(Continued)

GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

More information on earnings distribution is available on the Market Observation Post System website.

(iv) Treasury shares

Company shares held by subsidiaries

In 2020 and 2019, subsidiaries of the Company did not acquire any company shares. The number of shares held by subsidiaries and their respective market price are as follows:

| <u>Name of subsidiary</u> | <u>December 31, 2020</u> | | <u>December 31, 2019</u> | |
|----------------------------|--------------------------|---------------------------------|--------------------------|---------------------------------|
| | <u>Market price</u> | <u>Shares owned (thousands)</u> | <u>Market price</u> | <u>Shares owned (thousands)</u> |
| Huang-Ho Invest. Co., Ltd. | \$ 999,449 | 19,674 | 858,778 | 19,674 |
| City Chain Food Ltd. | <u>1,304,963</u> | <u>25,688</u> | <u>1,121,292</u> | <u>25,688</u> |
| Total | <u>\$ 2,304,412</u> | <u>45,362</u> | <u>1,980,070</u> | <u>45,362</u> |

In March 2019, when stating subsidiary interests, retained earnings arising from the sale of the Company's shares by the subsidiary was treated as treasury stocks and then classified as "capital surplus-treasury stock transaction". The amount was \$363,674 thousand.

As of December 31, 2020 and 2019, the total value of Company shares held by subsidiaries both amounted to \$219,132 thousand.

(v) Other equity interest

| | <u>Exchange differences on translation of foreign financial statements</u> | <u>Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income</u> | <u>Total</u> |
|---|--|--|------------------|
| Balance at January 1, 2020 | \$ (899,515) | 1,801,643 | 902,128 |
| Exchange differences on foreign operations | 56,596 | - | 56,596 |
| Exchange differences on associates accounted for using equity method | 41,175 | - | 41,175 |
| Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | - | 384,312 | 384,312 |
| Balance at December 31, 2020 | <u>\$ (801,744)</u> | <u>2,185,955</u> | <u>1,384,211</u> |

(Continued)

GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| | Exchange differences on translation of foreign financial statements | Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | Total |
|---|--|--|----------------|
| Balance at January 1, 2019 | \$ (627,977) | 1,390,519 | 762,542 |
| Exchange differences on foreign operations | (204,215) | - | (204,215) |
| Exchange differences on associates accounted for using equity method | (67,323) | - | (67,323) |
| Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | - | 411,124 | 411,124 |
| Balance at December 31, 2019 | <u>\$ (899,515)</u> | <u>1,801,643</u> | <u>902,128</u> |

(y) Employee compensation and directors' remuneration

In accordance with the memorandum of the Company should contribute no less than 2% of the profit as employee compensation and less than 2% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration of each director and supervisor and of compensation for employees entitled to receive the abovementioned employee compensation is approved by the Board of Directors. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2020 and 2019, the Company estimated its employee remuneration both amounting to \$90,000 thousand and \$75,000 thousand, and directors' remuneration both amounting \$40,000 thousand and \$35,000 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2019 and 2018. If the Board of Directors choose to distribute shares as employee compensation, calculations shall be done one day prior the date of their meeting.

The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2020 and 2019. Related information would be available on the Market Observation Post System website.

(Continued)

GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(z) Earnings per share

(i) Basic earnings per share

The details on the calculation of basic earnings per share as of December 31, 2020 and 2019 was based on the profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding. Calculations are as follows:

1) Profit attributable to ordinary shareholders of the Group

| | For the years ended December 31, | |
|---|---|------------------|
| | 2020 | 2019 |
| Profit attributable to ordinary shareholders of the Company | \$ <u>3,122,071</u> | <u>2,283,601</u> |

2) Weighted average number of ordinary shares

| | For the years ended December 31, | |
|--|---|----------------|
| | 2020 | 2019 |
| Issued ordinary shares at January 1 | \$ 827,339 | 787,942 |
| Effect of the Company's shares held by subsidiaries recognized as treasury share | (45,362) | (48,188) |
| Effect of share dividends | - | 39,397 |
| Weighted average number of ordinary shares at December 31 | \$ <u>781,977</u> | <u>779,151</u> |

(ii) Weighted average number of ordinary shares

The details on the calculation of diluted earnings per share as of December 31, 2020 and 2019 was based on the profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding after adjusting the effects of all dilutive potential ordinary shares. Calculations are as follows:

1) Profit attributable to ordinary shareholders of the Company (diluted)

| | For the years ended December 31, | |
|---|---|------------------|
| | 2020 | 2019 |
| Profit attributable to ordinary shareholders of the Company (diluted) | \$ <u>3,122,071</u> | <u>2,283,601</u> |

2) Diluted earnings per share

| | For the years ended December 31, | |
|---|---|----------------|
| | 2020 | 2019 |
| Weighted average number of ordinary shares (basic) | \$ 781,977 | 779,151 |
| Effect of employee share bonus | 1,772 | 1,718 |
| Weighted average number of ordinary shares (diluted) at December 31 | \$ <u>783,749</u> | <u>780,869</u> |

(Continued)

GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(aa) Revenue from contracts with customers

| | | For the year ended December 31, 2020 | | | | | | | |
|-------------------------------|----------------------|---|-----------------------------|---------------------------|-------------------------|---------------------------|-------------------|----------------|-------------------|
| | | Agricultural Food | Meat Integration | Processed Food | Food Service | Southeast Asia | East Asia | Other | Total |
| Primary geographical markets: | | | | | | | | | |
| | Taiwan | \$ 20,761,370 | 11,953,589 | 2,967,201 | 1,331,240 | - | - | 23,300 | 37,036,700 |
| | China | 1,434,776 | - | 46,410 | 658,467 | 2,739,287 | 21,396,077 | - | 26,275,017 |
| | Vietnam | - | - | - | - | - | 14,361,398 | - | 14,361,398 |
| | Other regions | - | - | - | - | - | 3,977,777 | - | 3,977,777 |
| | | <u>\$ 22,196,146</u> | <u>11,953,589</u> | <u>3,013,611</u> | <u>1,989,707</u> | <u>2,739,287</u> | <u>39,735,252</u> | <u>23,300</u> | <u>81,650,892</u> |
| Major product line: | | | | | | | | | |
| | Feeds | \$ 11,915,179 | 1,644,615 | - | - | 453,438 | 24,090,707 | - | 38,103,939 |
| | Grains, meal and oil | 9,253,041 | - | - | - | - | - | - | 9,253,041 |
| | Chicken meat | - | 10,308,974 | - | - | - | 7,680,991 | - | 17,989,965 |
| | Foods | - | - | 3,013,611 | 1,989,707 | - | 7,963,554 | - | 12,966,872 |
| | Other | 1,027,926 | - | - | - | 2,285,849 | - | 23,300 | 3,337,075 |
| | | <u>\$ 22,196,146</u> | <u>11,953,589</u> | <u>3,013,611</u> | <u>1,989,707</u> | <u>2,739,287</u> | <u>39,735,252</u> | <u>23,300</u> | <u>81,650,892</u> |
| | | For the year ended December 31, 2019 | | | | | | | |
| | | Agricultural Food | Meat Integration | Processed Food | Food Service | Southeast Asia | East Asia | Other | Total |
| Primary geographical markets: | | | | | | | | | |
| | Taiwan | \$ 21,170,655 | 10,102,373 | 2,661,720 | 1,849,720 | - | - | 101,560 | 35,886,028 |
| | China | 1,526,677 | - | 255,328 | 429,216 | 3,653,246 | 17,681,253 | - | 23,545,720 |
| | Vietnam | - | - | - | - | - | 13,567,277 | - | 13,567,277 |
| | Other regions | - | - | - | - | - | 4,770,961 | - | 4,770,961 |
| | | <u>\$ 22,697,332</u> | <u>10,102,373</u> | <u>2,917,048</u> | <u>2,278,936</u> | <u>3,653,246</u> | <u>36,019,491</u> | <u>101,560</u> | <u>77,769,986</u> |
| Major product line: | | | | | | | | | |
| | Feeds | \$ 17,613,525 | 1,798,171 | - | - | 1,327,658 | 19,626,889 | - | 40,366,243 |
| | Grains, meal and oil | 3,893,181 | - | - | - | - | - | - | 3,893,181 |
| | Chicken meat | - | 8,304,202 | - | - | - | 7,240,279 | - | 15,544,481 |
| | Foods | - | - | 2,917,048 | 2,278,936 | - | 9,152,323 | - | 14,348,307 |
| | Other | 1,190,626 | - | - | - | 2,325,588 | - | 101,560 | 3,617,774 |
| | | <u>\$ 22,697,332</u> | <u>10,102,373</u> | <u>2,917,048</u> | <u>2,278,936</u> | <u>3,653,246</u> | <u>36,019,491</u> | <u>101,560</u> | <u>77,769,986</u> |

(ab) Net other income (expenses)

(i) Interest income

The details of interest income were as follows:

| | | For the years ended December 31, | |
|--|------------------------------------|---|---------------|
| | | 2020 | 2019 |
| | Interest income from bank deposits | <u>\$ 16,558</u> | <u>90,439</u> |

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Other gains and losses

The details of other gains and losses were as follows:

| | For the years ended December 31, | |
|---|---|----------------|
| | 2020 | 2019 |
| Foreign exchange gains (losses) | \$ 345,523 | 48,555 |
| Gains (losses) on financial assets (liabilities) at fair value through profit or loss | (55,928) | (82,055) |
| Dividends income | 96,564 | 176,149 |
| Rent income | 52,248 | 54,690 |
| Gains (losses) on disposals of property, plant and equipment | 27,561 | 68,908 |
| Reversal of impairment loss on property, plant and equipment | (36,990) | (172,911) |
| Loss of changes in the fair value of biological assets | (18,352) | (22,538) |
| Government grants | 75,605 | 24,674 |
| Gain on disposal of subsidiaries | 38,489 | - |
| Other | 493,854 | 272,061 |
| | \$ 1,018,574 | 367,533 |

(iii) Finance costs

The details of finance costs were as follows:

| | For the years ended December 31, | |
|-------------------------------------|---|----------------|
| | 2020 | 2019 |
| Interest expense: Borrowings | \$ 250,310 | 370,397 |
| Interest expense: lease liabilities | 29,317 | 37,093 |
| Total | \$ 279,627 | 407,490 |

(Continued)

GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ac) Financial instruments

(i) Types of financial instruments

1) Financial assets

| | December 31, 2020 | December 31, 2019 |
|---|------------------------------|------------------------------|
| Cash and cash equivalents | \$ 4,488,486 | 2,942,742 |
| Financial assets measured at fair value through profit and loss | 21,880 | 5,603 |
| Notes receivables | 1,107,562 | 1,027,381 |
| Trade receivables | 5,225,980 | 4,982,680 |
| Other current financial assets | 802,247 | 623,282 |
| Financial assets measured at fair value through profit and loss | 2,648,091 | 2,264,662 |
| Other non-current assets, other | <u>718,525</u> | <u>485,760</u> |
| Total | <u>\$ 15,012,771</u> | <u>12,332,110</u> |

2) Financial liabilities

| | December 31, 2020 | December 31, 2019 |
|--|------------------------------|------------------------------|
| Short-term borrowings | \$ 8,931,406 | 8,203,563 |
| Short-term notes and bills payable | 1,986,931 | 2,124,946 |
| Financial liabilities measured at fair value through profit and loss | 23,830 | 69,844 |
| Notes payable | 219,123 | 204,113 |
| Trade payable | 4,516,214 | 4,222,168 |
| Other payables | 2,207,835 | 1,979,171 |
| Long-term liabilities, current portion | 972,264 | 1,204,426 |
| Other current liabilities, others | 131,860 | 142,089 |
| Long-term borrowings | 1,255,263 | 1,510,446 |
| Guarantee deposits received | 83,332 | 80,762 |
| Rent liabilities | <u>1,272,051</u> | <u>1,213,228</u> |
| Total | <u>\$ 21,600,109</u> | <u>20,954,756</u> |

(Continued)

GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Credit risk

1) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk. As of December 31, 2020 and 2019, the Group's maximum exposure to credit risk amounted to \$12,364,241 thousand and \$10,061,845, respectively.

2) Concentration of credit risk

The Group has a broad customer base so there is no significant concentration of transactions with a single customer and the sales area is spread out. Therefore, there is no concentration of credit risk. In order to reduce credit risk, the Group also regularly and continuously evaluates the financial position of customers and requires customers to provide collateral when necessary.

(iii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

| | <u>Carrying amount</u> | <u>Contractual cash flows</u> | <u>Within 6 months</u> | <u>6-12 months</u> | <u>1-2 years</u> | <u>2-5 years</u> | <u>Over 5 years</u> |
|--|----------------------------|-----------------------------------|----------------------------|--------------------|------------------|------------------|---------------------|
| December 31, 2020 | | | | | | | |
| Short-term borrowings | \$ 8,931,406 | 8,971,882 | 8,971,882 | - | - | - | - |
| Short-term notes and bills payable | 1,986,931 | 1,987,632 | 1,987,632 | - | - | - | - |
| Financial liabilities measured at fair value through other comprehensive income: current | 23,830 | 23,830 | 23,830 | - | - | - | - |
| Note and trade payable | 4,735,337 | 4,735,337 | 4,735,337 | - | - | - | - |
| Other payables | 886,246 | 886,246 | 886,246 | - | - | - | - |
| Long term liabilities, current portion | 972,264 | 992,594 | - | 992,594 | - | - | - |
| Other current liabilities, others | 131,860 | 131,860 | 131,860 | - | - | - | - |
| Long-term borrowings | 1,255,263 | 1,300,542 | - | - | - | 1,300,542 | - |
| Guarantee deposits received | 83,332 | 83,332 | 31,381 | 2,456 | 16,492 | 32,360 | 643 |
| Lease liabilities | 1,272,051 | 1,569,726 | 133,327 | 121,442 | 191,561 | 399,376 | 724,020 |
| | <u>\$ 20,278,520</u> | <u>20,682,981</u> | <u>16,901,495</u> | <u>1,116,492</u> | <u>208,053</u> | <u>1,732,278</u> | <u>724,663</u> |
| December 31, 2019 | | | | | | | |
| Short-term borrowings | \$ 8,203,563 | 8,240,657 | 8,240,657 | - | - | - | - |
| Short-term notes and bills payable | 2,124,946 | 2,125,692 | 2,125,692 | - | - | - | - |
| Financial liabilities measured at fair value through other comprehensive income: current | 69,844 | 69,844 | 69,844 | - | - | - | - |
| Note and trade payable | 4,426,281 | 4,426,281 | 4,426,281 | - | - | - | - |
| Other payables | 773,150 | 773,150 | 773,150 | - | - | - | - |
| Long term liabilities, current portion | 1,204,426 | 1,206,293 | - | 1,206,293 | - | - | - |
| Other current liabilities, others | 142,089 | 142,089 | 142,089 | - | - | - | - |
| Long-term borrowings | 1,510,446 | 1,515,357 | - | - | - | 1,515,357 | - |
| Guarantee deposits received | 80,762 | 80,762 | 41,100 | 2,843 | 4,868 | 31,751 | 200 |
| Lease liabilities | 1,213,228 | 1,262,158 | 93,471 | 90,521 | 159,481 | 431,225 | 487,460 |
| | <u>\$ 19,748,735</u> | <u>19,842,283</u> | <u>15,912,284</u> | <u>1,299,657</u> | <u>164,349</u> | <u>1,978,333</u> | <u>487,660</u> |

(Continued)

GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iv) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk were as follows:

| | December 31, 2020 | | | December 31, 2019 | | |
|------------------------------|---------------------|------------------|-----------|---------------------|------------------|-----------|
| | Foreign currency | Exchange rate | TWD | Foreign currency | Exchange rate | TWD |
| <u>Financial liabilities</u> | | | | | | |
| <u>Monetary items</u> | | | | | | |
| USD | \$ 253,895 | 29.624 | 7,521,449 | 247,479 | 30.487 | 7,544,855 |
| CNY | 81,365 | 4.365 | 355,141 | 176,047 | 4.297 | 756,557 |

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, loans and borrowings; and trade and other payables that are denominated in foreign currency. On December 31, 2020 and 2019, a strengthening (weakening) of 1% of the NTD against the USD and the CNY, ceteris paribus, would have increased (decreased) the net profit before tax by \$78,766 thousand and \$83,014 thousand, respectively. The analysis is performed on the same basis for both years.

3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For relevant information on foreign exchange gain (loss) (including realized and unrealized portions) in the years 2020 and 2019, please refer to Note 6(ab).

(v) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 1 basis points, ceteris paribus, the Group's net income would have increased / decreased by \$42,905 thousand and \$48,556 thousand in 2020 and 2019, respectively. This is mainly due to the Group's borrowing at variable rates and investment in variable-rate bills.

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vi) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, financial instruments used for hedging, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, disclosure of fair value information is not required:

| | December 31, 2020 | | | | |
|---|---------------------|------------------|-----------------|----------------|------------------|
| | Book value | Fair Value | | | Total |
| | Level 1 | Level 2 | Level 3 | | |
| Financial assets measured at fair value through profit and loss | | | | | |
| Derivative instruments not used for hedging | | | | | |
| Forward exchange contracts | \$ 9,472 | - | 9,472 | - | 9,472 |
| Corn structured swaps | 11,969 | - | 11,969 | - | 11,969 |
| Non-derivative financial assets: current | | | | | |
| Stocks in listed companies | 439 | 439 | - | - | 439 |
| Subtotal | <u>\$ 21,880</u> | <u>439</u> | <u>21,441</u> | <u>-</u> | <u>21,880</u> |
| Financial assets measured at fair value through other comprehensive profit and loss | | | | | |
| Stocks in domestic listed companies | \$ 2,547,181 | 2,547,181 | - | - | 2,547,181 |
| Stocks in unlisted companies | 100,561 | - | - | 100,561 | 100,561 |
| Other | 349 | - | 349 | - | 349 |
| Subtotal | <u>\$ 2,648,091</u> | <u>2,547,181</u> | <u>349</u> | <u>100,561</u> | <u>2,648,091</u> |
| Financial liabilities measured at fair value through profit and loss | | | | | |
| Derivative instruments not used for hedging | | | | | |
| Forward exchange contracts | \$ (22,820) | - | (22,820) | - | (22,820) |
| Option contracts | (1,010) | - | (1,010) | - | (1,010) |
| Subtotal | <u>\$ (23,830)</u> | <u>-</u> | <u>(23,830)</u> | <u>-</u> | <u>(23,830)</u> |

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| | December 31, 2019 | | | | |
|--|---------------------|------------------|-----------------|----------------|------------------|
| | Book value | Fair Value | | | Total |
| | | Level 1 | Level 2 | Level 3 | |
| Financial assets measured at fair value through profit and loss | | | | | |
| Non-derivative financial assets: current | | | | | |
| Futures margin | \$ 5,164 | 5,164 | - | - | 5,164 |
| Stocks in listed companies | 439 | 439 | - | - | 439 |
| Subtotal | <u>\$ 5,603</u> | <u>5,603</u> | <u>-</u> | <u>-</u> | <u>5,603</u> |
| Financial assets measured at fair value through other comprehensive income | | | | | |
| Stocks in listed companies | 2,162,870 | 2,162,870 | - | - | 2,162,870 |
| Stocks in unlisted companies | 101,427 | - | - | 101,427 | 101,427 |
| Other | 365 | - | 365 | - | 365 |
| Subtotal | <u>\$ 2,264,662</u> | <u>2,162,870</u> | <u>365</u> | <u>101,427</u> | <u>2,264,662</u> |
| Financial liabilities at fair value through profit or loss | | | | | |
| Derivative instruments not used for hedging | | | | | |
| Forward exchange contracts | \$ <u>(69,844)</u> | <u>-</u> | <u>(69,844)</u> | <u>-</u> | <u>(69,844)</u> |

- 2) Valuation techniques for financial instruments measured at fair value
- a) Financial instruments

If a financial instrument has a public quotation in an active market, said public quotation shall be the fair value. The market price announced by the major exchange is decided following the basis for the fair value of listed equity instruments.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. If the conditions above are not met, the market is deemed inactive. Generally speaking, wide bid-ask spreads, significant increases in bid-ask spreads, or very little trading volume are indicators of inactive markets.

If the financial instruments held by the Group have an active market, their fair values are listed as follows according to their categories and attributes:

- For listed companies, financial assets and liabilities traded in an active market have their fair values determined by market price.

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
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If the financial instruments held by the Group do not have an active market, their fair values are listed as follows according to their categories and attributes:

- Equity instruments without a quoted price: Fair value is estimated using comparable company valuation multiples. The main assumption is based on the surplus multiplier derived from the market price from comparable listed companies. This estimate has been adjusted for the discount effect by its lack of market liquidity.

b) The fair value of derivative financial products is the amount that the Group is expecting to obtain or to pay if it terminates the contract on the reporting date as agreed. It typically includes the unrealized gains and losses of unsettled contracts in the current period. Most of the derivative financial products of the Group have quotations from financial institutions for reference.

c) Non-financial instruments

For information on the evaluation of biological assets, please refer to Note 6(f). For information on the evaluation of investment properties, please refer to Note 6(n).

3) Transfers between Level 1 and Level 2

There were no significant transfers between Level 1 and Level 2 in both 2020 and 2019.

4) Reconciliation of Level 3 fair values

| | Measured at fair value through other comprehensive income |
|---|--|
| January 1, 2020 | \$ 101,427 |
| Capital reduction | (506) |
| Effect of changes in foreign exchange rates | (360) |
| December 31, 2020 | <u>\$ 100,561</u> |
| January 1, 2019 | \$ 103,793 |
| Disposal | (2,190) |
| Effect of changes in foreign exchange rates | (176) |
| December 31, 2019 | <u>\$ 101,427</u> |

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

Due to the fact that the Group's Level 3 financial instruments measured at fair value through other comprehensive profit and loss has no active market public quotation and the relationship between the significant unobservable input value and the fair value cannot be fully grasped in practice, quantitative information is not exposed.

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
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Most of the Group's Level 3 financial instruments measured at fair value only has one single significant unobservable input. Only equity instrument investments without an active market have multiple significant unobservable inputs. The significant unobservable input values of equity instrument investments without an active market are independent of each other, so there is no correlation.

Quantified information of significant unobservable inputs was as follows:

| <u>Item</u> | <u>Valuation technique</u> | <u>Significant unobservable inputs</u> | <u>Inter-relationship between significant unobservable inputs and fair value measurement</u> |
|--|------------------------------|---|---|
| Financial liabilities measured at fair value through profit or loss – equity investment without an active market | Comparable to listed company | <ul style="list-style-type: none"> · Discount due to lack of market liquidity (30% for both 2020.12.31 and 2019.12.31) · P/E Multiplier (18.39~26.49 and 14.20~21.89 for 2020.12.31 and 2019.12.31, respectively) | <ul style="list-style-type: none"> · The higher the discount due to a lack of market liquidity, the lower the fair value · The higher the multiplier and premium for control, the higher the fair value |
| | Net Asset Value Method | <ul style="list-style-type: none"> · Net asset value | The estimated fair value would increase if the net asset value were higher |

6) Valuation process of fair value measurements in Level 3

The fair value of the Group uses unobservable input values, and the observable input values must be significantly adjusted based on unobservable parameters to be classified as Level 3. The input value of this level is measured on the basis of the earnings multiplier derived from the market quotation of comparable listed companies. The evaluation results will then be checked later to ensure consistency with the evaluation source and ensure that the evaluation results are reasonable.

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
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7) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Group's fair value measurement of financial instruments is reasonable, but using different evaluation models or evaluation parameters may lead to different evaluation results. Should the evaluation parameters change, the impact on the current profit and loss or other comprehensive income or loss for financial instruments classified as Level 3 is as follows:

| | Input | Changes | Other comprehensive income | |
|---|-----------|---------|----------------------------|-------------|
| | | | Favorable | Unfavorable |
| December 31, 2020 | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Equity investment without an active market | P/E Ratio | 5% | 4,793 | (4,793) |
| December 31, 2019 | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Equity investment without an active market | P/E Ratio | 5% | 10,520 | (10,520) |

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(vii) Offsetting financial assets and financial liabilities

The Group performs transactions not applicable to the International Financial Reporting Standards Sections 42 NO. 32, but the Group has an exercisable master netting arrangement or similar agreement in place with its counterparties, and both parties reach a consensus regarding net settlement. The aforesaid exercisable master netting arrangement or similar agreement can be settled at the total amount. In the event of default involving one of the parties, the other party can have the transaction net settled. Relevant information is presented as follows:

| December 31, 2020 | | | | | | |
|--|---|--|---|--|--------------------------|------------------------|
| Financial assets that are offset which have an exercisable master netting arrangement or similar agreement | | | | | | |
| | Gross amounts of recognized financial assets (a) | Gross amounts of financial assets offset in the balance sheet (b) | Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b) | Amounts not off set in the balance sheet (d) | | Net amount (e)=(c)-(d) |
| | | | | Financial instruments (Note) | Cash collateral received | |
| Forward exchange contracts | \$ 9,472 | - | 9,472 | 8,081 | - | 1,391 |
| Corn structured swaps | 11,969 | - | 11,969 | - | - | 11,969 |
| Total | \$ 21,441 | - | 21,441 | 8,081 | - | 13,360 |

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| December 31, 2020 | | | | | | |
|---|--|---|---|--|--------------------------|------------------------|
| Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement | | | | | | |
| | Gross amounts of recognized financial liabilities (a) | Gross amounts of financial liabilities offset in the balance sheet (b) | Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b) | Amounts not off set in the balance sheet (d) | | Net amount (e)=(c)-(d) |
| | | | | Financial instruments | Cash collateral received | |
| Forward exchange contracts | \$ (22,820) | - | (22,820) | (8,081) | - | (14,739) |
| Option contracts | (1,010) | - | (1,010) | - | - | (1,010) |
| Total | \$ (23,830) | - | (23,830) | (8,081) | - | (15,749) |

| December 31, 2019 | | | | | | |
|---|--|---|---|--|--------------------------|------------------------|
| Financial liabilities that are offset which have an exercisable master netting arrangement or similar agreement | | | | | | |
| | Gross amounts of recognized financial liabilities (a) | Gross amounts of financial liabilities offset in the balance sheet (b) | Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b) | Amounts not off set in the balance sheet (d) | | Net amount (e)=(c)-(d) |
| | | | | Financial instruments | Cash collateral received | |
| Forward exchange contracts | \$ (69,844) | - | (69,844) | - | - | 69,844 |

Note: Master netting arrangements and non cash financial collaterals are included.

(ad) Financial risk management

(i) Overview

The Group has exposures to the following risks from its financial instruments:

- 1) credit risk
- 2) liquidity risk
- 3) market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above-mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Board of Directors oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's Board of Directors is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(iii) Credit risk

The Group's main credit risk lies in financial products of cash, equity securities, and accounts receivable. Cash is kept in different financial institutions. Equity securities held are funds issued by listed companies with excellent credit ratings. The Group controls the credit risks exposed to each financial institution and believes that the Group's cash and equity securities held will not have a significant concentration of credit risk.

1) Trade and other receivables

The Group's main potential credit risk comes from financial products in accounts receivable and other receivables. In order to reduce credit risk, the company continuously evaluates the financial position of customers, regularly assesses the possibility of recovering accounts receivable, and makes allowances for doubtful debts. The total loss of doubtful debts is within the management's expectations.

The credit risk exposure of the Group is mainly affected by the individual conditions of each customer. However, management also considers statistical data of the customer base, including the default risk of the customer's industry and country, as these factors may affect credit risk.

The Group's Risk Management Committee has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer and represent the maximum open amount without requiring approval from the Risk Management Committee; these limits are reviewed quarterly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
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The Group's main transaction customers are not new customers, and no impairment loss has been recognized for these customers. When monitoring the credit risk of customers, they are grouped according to their credit characteristics, including whether they are individuals or legal entities, whether they are distributors, retailers or end customers, their respective location, industry, age, expiry date, and previous existing financial difficulties. Customers rated as high risk will be monitored by the credit department.

The Group has set up allowance of doubtful debt to reflect estimates of the losses incurred in accounts receivable and other receivables and investments. The main components of the provision account include specific loss components related to individual major risk insurance, and the combined loss components established for similar asset groups that have occurred but have not been identified. The combined loss provision account is determined based on historical payment statistics of similar financial assets.

2) Investments

The Group places orders of equity securities and trades futures through the centralized market. It is expected that the counterparty will not default, so there is no major credit transaction risk.

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

For more information on the Group's policy to provide financial guarantees as of December 31, 2020 and 2019, please refer to Note 13(a).

(iv) Liquidity risk

The Group's capital and working capital are sufficient to meet all contractual obligations, so there is no liquidity risk caused by the inability to raise funds to fulfill contractual obligations. The changes in the fair value of the investment of the Group included in the profit and loss of financial assets have an active market, so it is expected that the financial assets can be quickly sold in the market at a price close to the fair value. The open positions of futures held by the Group can be liquidated in the market at a reasonable price, hence the liquidity risk is very low. The exchange rate of the forward foreign exchange contracts held by the Group has been determined, and there is no significant cash flow risk.

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
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The Group aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash flows on financial liabilities (other than trade payables) over the succeeding 60 days. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. As of December 31, 2020 and 2019, the Group's unused credit line amounted to \$10,993,505 thousand and \$11,987,919 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

In addition to the financial assets measured by cost, equity securities held by the Group also have financial assets whose fair value changes are included in the profit and loss and financial assets available for sale. Therefore, such assets are measured by fair value. Subsequently, the Group will be exposed to the risk of price volatility in the equity securities market.

The Group's forward foreign exchange contracts are of a hedging nature, and the profits and losses arising from changes in interest rates or exchange rates will roughly offset the profits and losses of the hedged project, so the market price risk is not significant.

The Group engaged in futures and option trading contracts, and had set a stop loss point based on risk during operation. As the loss incurred can be controlled within the expected range, the market price risk is not significant to the company as a whole and can be reasonably expected.

The fair value of wealth investment products invested by the Group will fluctuate according to market interest rates, so the Group will be exposed to the risk of changes in market prices.

1) Currency risk

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the NTD, US Dollar (USD), and Chinese Yuan (CNY). The currencies used in these transactions are the NTD, USD, and CNY.

At any point in time, the Group hedges its estimated foreign currency exposure with respect to its forecast sales and purchases over the following six months. The Group also uses forward exchange contracts with a maturity of less than one year from the reporting date to hedge its currency risk.

For group companies that use NTD as their functional currency, all USD loans borrowed will be hedged using forward contracts with the same maturity date as the loan repayment date.

Loan interest is priced in the currency of its principal. Typically, the currency of the loan is the same as the currency of the cash flow generated by the operation of the Group, mainly denominated in NTD, but sometimes in USD or CNY. In this case, economic hedging is provided without the need to sign derivatives, so hedging accounting is not adopted.

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
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Regarding other monetary assets and liabilities denominated in foreign currencies, the Group buys or sells foreign currencies at real-time exchange rates to ensure that the net exposure risk remains at an acceptable level when short-term imbalances occur.

2) Interest rate risk

On December 31, 2020 and 2019, the short-term and long-term borrowings of the Group consisted of debts with floating interest rates. Therefore, changes in market interest rates will cause the effective interest rates of short-term and long-term borrowings to change accordingly. For detailed interest rate analyses with respect to fluctuations in future cash flows, please refer to Note 6(ac).

3) Other market price risk

In addition to meeting the expected consumption and sales demand, the Group has not signed any commodity contracts; these commodity contracts are not delivered on a net basis.

(ae) Capital management

The Board of Directors' policy is to maintain a sound capital base to preserve the confidence of investors, creditors, and the market in order to support the development of future operations. Capital includes share capital, capital reserves, retained earnings, non-controlling interests and net liabilities of the Group. The Board of Directors controls the debt-to-capital ratio and at the same time controls the level of ordinary stock dividends.

The Group's debt-to-equity ratios at the end of the reporting period as of December 31, 2020 and 2019, are as follows:

| | December 31, 2020 | December 31, 2019 |
|---------------------------------|------------------------------|------------------------------|
| Total liabilities | \$ 23,806,284 | 22,976,218 |
| Less: Cash and cash equivalents | <u>(4,488,486)</u> | <u>(2,942,742)</u> |
| Net debt | <u>\$ 19,317,798</u> | <u>20,033,476</u> |
| Total equity | <u>\$ 27,886,752</u> | <u>24,324,519</u> |
| Debt-to-equity ratio | <u>40.92 %</u> | <u>45.16 %</u> |

(af) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2020 and 2019, were as follows:

- (i) For information on obtaining right-of-use assets by lease, please refer to Note 6(m) for details.

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
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(ii) Reconciliation of liabilities arising from financing activities were as follows:

| | 2020.1.1 | Cash flow | Non-cash changes | | | December 31, 2020 |
|---|----------------------|------------------|------------------|---------------------------|----------------|-------------------|
| | | | Rent | Changes in exchange rates | Acquisitions | |
| Long-term borrowings | \$ 2,714,872 | (446,106) | - | (41,239) | - | 2,227,527 |
| Short-term borrowings | 8,203,563 | 732,577 | - | (187,788) | 183,054 | 8,931,406 |
| Short-term notes and bills payable | 2,124,946 | (138,015) | - | - | - | 1,986,931 |
| Guarantee deposits received | 80,762 | 2,570 | - | - | - | 83,332 |
| Lease liabilities | 1,213,228 | (248,606) | 307,429 | - | - | 1,272,051 |
| Other current liabilities, others | 159,429 | (8,343) | - | - | - | 151,086 |
| Total liabilities from financing activities | <u>\$ 14,496,800</u> | <u>(105,923)</u> | <u>307,429</u> | <u>(229,027)</u> | <u>183,054</u> | <u>14,652,333</u> |

| | 2019.1.1 | Cash flow | Non-cash changes | | | December 31, 2019 |
|---|----------------------|----------------|------------------|---------------------------|----------|-------------------|
| | | | Rent | Changes in exchange rates | | |
| Long-term borrowings | \$ 3,862,392 | (1,226,668) | - | 79,148 | - | 2,714,872 |
| Short-term borrowings | 7,069,396 | 1,150,375 | - | (16,208) | - | 8,203,563 |
| Short-term notes and bills payable | 1,216,968 | 907,978 | - | - | - | 2,124,946 |
| Guarantee deposits received | 79,384 | 1,378 | - | - | - | 80,762 |
| Lease liabilities | 1,223,391 | (320,266) | 310,103 | - | - | 1,213,228 |
| Other current liabilities, others | 151,612 | 7,817 | - | - | - | 159,429 |
| Total liabilities from financing activities | <u>\$ 13,603,143</u> | <u>520,614</u> | <u>310,103</u> | <u>62,940</u> | <u>-</u> | <u>14,496,800</u> |

(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are related parties that have made transactions with the Group during the periods covered in the consolidated financial statements.

| <u>Name of related party</u> | <u>Relationship with the Group</u> |
|--|------------------------------------|
| FoodChina Company | Associate (Note) |
| Advent Prosperity Real Estate Development Co., Ltd | Associate |
| Dachan Liangyou Food (Shanghai) Co., Ltd. | Associate |
| Dachan Liangyou Food (Tianjin) Co., Ltd. | Associate |
| Tianjin Hai Rei Food Limited | Associate |
| Gallant / Dachan Seafood Co., Ltd. | Associate |
| Rupp & Dachan Foods (Tianjin) Co., Ltd. | Associate |
| San Inn Abattoir Co. | Associate |
| Marubeni Corporation | Other related party |

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
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| <u>Name of related party</u> | <u>Relationship with the Group</u> |
|--|--|
| Marubeni(Dallian) Co., Ltd. | Other related party |
| Kou Feng Industrial Co., Ltd. | Other related party |
| TTET Union Corporation | Other related party |
| Beijing Hengtaifeng Catering Co.,Ltd. | Other related party |
| DaCheng Land Development Ltd. | Other related party |
| Mengcun Hui Autonomous County Construction Investment Co., Ltd. | Other related party |
| BGI Genomics Co., Ltd | Other related party |
| Better Me Food Technology (Beijing) Co.,Ltd. | Other related party (The entity was controlled by key management personnel of the Group) |
| Beijing Sisters Kitchen Food and Beverage Management Co. | Other related party (The entity was controlled by key management personnel of the Group) |
| Beijing Daxiao Nutrition Food Science and Technology Co., Ltd. | Other related party (The entity was controlled by key management personnel of the Group) |

Note: Recognized as a subsidiary since the third financial quarter of 2020.

(b) Significant transactions with related parties

(i) Sales

The amounts of significant sales by the Group to related parties were as follows:

| | For the years ended December 31, | |
|-----------------------|---|------------------|
| | 2020 | 2019 |
| Associates | \$ 1,387,386 | 2,770,761 |
| Other related parties | 736,931 | 914,582 |
| | \$ 2,124,317 | 3,685,343 |

The sales prices and trading conditions listed above are not significantly different from general customer sales.

Trade receivable from related parties were uncollateralized, and no expected credit loss were required after the assessment by the management.

(ii) Purchases

The amounts of significant purchases by the Group from related parties were as follows:

| | For the years ended December 31, | |
|-----------------------|---|------------------|
| | 2020 | 2019 |
| Associates | \$ 1,071,182 | 1,580,299 |
| Other related parties | 834,388 | 881,118 |
| | \$ 1,905,570 | 2,461,417 |

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The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors. The payment terms ranged from one to two months, which were no different from the payment terms given by other vendors.

(iii) Receivables from Related Parties

The receivables from related parties were as follows:

| <u>Account</u> | <u>Relationship</u> | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|---|-----------------------|------------------------------|------------------------------|
| Notes receivable | Associates | \$ 1,004 | 97,750 |
| Trade receivable | Other related parties | 31,202 | 76,116 |
| Other receivable (other current financial assets) | Associates | 41,133 | 68,893 |
| Other receivable (other current financial assets) | Other related parties | 66,129 | 77,716 |
| | | <u>\$ 139,468</u> | <u>320,475</u> |

(iv) Payables to Related Parties

The payables to related parties were as follows:

| <u>Account</u> | <u>Relationship</u> | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|--|-----------------------|------------------------------|------------------------------|
| Trade payable | Associates | \$ 31,828 | 79,362 |
| Trade payable | Other related parties | 65,048 | 62,228 |
| Other payables (other current financial liabilities) | Associates | 3,855 | 1,298 |
| Other payables (other current financial liabilities) | Other related parties | 190,630 | 187,370 |
| | | <u>\$ 291,361</u> | <u>330,258</u> |

(v) Borrowings from Related Parties

The borrowings from related parties were as follows:

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|-----------------------|------------------------------|------------------------------|
| BGI Genomics Co., Ltd | \$ - | <u>15,041</u> |

The Group's borrowing from related parties is based on the financial institution's one-year benchmark interest rate of 4.35%, which is used as a guarantee for the loan. From January 1 to December 31 in 2020 and 2019, related parties' interest expenses were \$0 thousand and \$654 thousand, respectively.

(Continued)

GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vi) Guarantee

The Group provided guarantees for loans for other related parties during the years ended December 31, 2020 and 2019, with a quota of \$306,022 thousand and \$302,712 thousand, respectively.

(vii) Processing fee

Processing fees in 2020 and 2019 are as follows:

| | For the years ended December 31, | |
|-----------------------|---|----------------|
| | 2020 | 2019 |
| Other related parties | \$ 309,670 | 304,560 |

The Group commissioned TTET Union Corporation to process soybeans and soybean crude oil in 2020 and 2019. The processing fee of soybeans was \$809~\$1,167 and \$923~\$993 per metric ton, respectively. Processing of soybean crude oil was charged \$822~\$968 and \$891~\$912 per metric ton, respectively.

(viii) Leases

The Group leased its buildings and plants used for production to associates in January 2015, and signed a 15-year lease contract with a 30-year depreciation period based on the book value (the residual value withdrawal ratio is 5%). The calculated depreciation expenses are used as rent, and the annual rent calculation formula for the first five years = book value (1/5%)/30. In the last ten years of the lease, in addition to the depreciation expenses mentioned above, the cost of funds calculated at the beginning of the year based on the book value of the premises and the one-year benchmark loan interest rate of the People's Bank of China is added as the rent. Annual rent calculation for the next ten years = book value (1/5%)/30 + capital cost of the nth year. Moreover, for office buildings leased to related companies, the contracts are signed every year, and the monthly rent is calculated based on the leased area and the actual monthly utility bill. The Company revised the contract on July 26, 2016. In order to support the development of related parties and reduce their operating expenses, the lease period of the agreed office building was changed to July 1, 2015 to December 31, 2019. Rent for buildings and office buildings from July 1, 2016 to December 31, 2019 was reduced to \$0 thousand. On January 1, 2020, the lease period of the agreed office building was changed to January 1, 2020 to December 31, 2020. Rent for buildings and office buildings for the year ended December 31, 2020 was reduced by CNY4,447 thousand. Rental income for both 2020 and 2019 amounted to \$14,382 thousand and \$0 thousand (tax included), respectively. As of December 31, 2020 and 2019, all payments have been settled.

The Group leased its buildings and plants used for production to other related parties in January 2014 and signed a lease contract. On December 1, 2018, rent was revised to \$225 thousand per month payable mid-month the following month. The Company collected rents for houses and premises during the remaining lease period in 2015. The rental income in 2020 and 2019 was 10,026 thousand and 10,688 thousand (tax included). As of December 31, 2020 and 2019, all payments have been settled.. For other current financial assets, please refer to Note 7(b)iii.

(Continued)

GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ix) Management services

Management services for the years 2020 and 2019 comprised:

| | For the years ended December 31, | |
|---------------------|---|---------------|
| | 2020 | 2019 |
| Associate | 15,442 | 7,623 |
| Other related party | \$ 4,480 | 2,198 |
| | \$ 19,922 | 21,641 |

(x) Property transaction

The Group purchased shares of KouChan Mill Co., Ltd. from another related party, Kou Feng Industrial Co., Ltd. in March 2020. Please refer to Note 6(i) for more information.

The Group purchased land, buildings and equipment of the Taoyuan Yangmei Factory from other related party Kou Feng Industrial Co., Ltd. on February 27, 2019. The land was 49,637.03 square meters and the transaction price was based on the appraisal report issued by the CCIS Property Appraisal Firm and Tian Shia Property Appraisal Firm. The total price of the land was \$1,553,044 thousand, the total building price was \$29,948 thousand, and the total equipment price was \$8,172 thousand, amounting to 1,591,164 thousand in total. Kou Feng Industrial Co., Ltd. intends to authorize its product trademarks for free for five years to the Group. As of March 22, 2019, ownership of the land has been transferred. As of June 25, 2019, all payments have been settled.

The Group sold the treasury shares to Kou Feng Industrial Co., Ltd. on March 19, 2019 at a price of \$450,741 thousand (after tax) based on the Company's average closing price of 60 trading days prior February 27, 2019, which was \$33.8 per share, as the calculation basis. There were 13,395 thousand shares in total and the cost was \$87,068 thousand. The disposal gains and losses are transferred to capital reserve-treasury stock transaction and amounted to \$363,674 thousand. The Group completed the stock transfer on March 21, 2019.

(c) Key management personnel compensation

Key management personnel compensation comprised:

| | For the years ended December 31, | |
|------------------------------|---|----------------|
| | 2020 | 2019 |
| Short term employee benefits | \$ 154,333 | 132,601 |
| Post-employment benefits | 1,479 | 1,452 |
| | \$ 155,812 | 134,053 |

In 2020 and 2019, the Group recognized costs of 8,580 thousand and 7,296 for 5 and 4 cars for the use of key management personnel, respectively.

(Continued)

GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(8) Pledged assets:

The carrying values of pledged assets were as follows:

| <u>Pledged assets</u> | <u>Object</u> | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|-------------------------------|-------------------------|------------------------------|------------------------------|
| Fixed deposit | Guarantee deposits paid | \$ 2,916 | 11,821 |
| Property, plant and equipment | Other payable | - | 5,254 |
| | | <u>\$ 2,916</u> | <u>17,075</u> |

(9) Significant Commitments and contingencies:

(a) The Group's unrecognized contractual commitments are as follows:

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|---|------------------------------|------------------------------|
| Acquisition of property, plant and equipment (unpaid) | <u>\$ 3,040,520</u> | <u>1,810,899</u> |

(b) The Group's outstanding standby letter of credit are as follows:

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|--|------------------------------|------------------------------|
| Outstanding standby letter of credit (USD) | <u>USD 39,325</u> | <u>65,633</u> |
| Outstanding standby letter of credit (TWD) | <u>TWD 5,648</u> | <u>-</u> |
| Outstanding standby letter of credit (JPY) | <u>JPY 231,500</u> | <u>-</u> |
| Outstanding standby letter of credit (EUR) | <u>EUR 2,046</u> | <u>-</u> |
| Outstanding standby letter of credit (GBP) | <u>GBP 12</u> | <u>-</u> |

(c) The Group's issuance of promissory notes in order provide guarantees for loans are as follows:

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|------------------------------|------------------------------|------------------------------|
| Outstanding promissory notes | <u>\$ 19,697,860</u> | <u>13,914,335</u> |

(10) Losses Due to Major Disasters:None

(11) Subsequent Events:None

(Continued)

GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(12) Other:

- (a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

| By item | By function | For the year ended December 31 | | | | | |
|----------------------------|-------------|--------------------------------|-------------------|-----------|--------------|-------------------|-----------|
| | | 2020 | | | 2019 | | |
| | | Cost of Sale | Operating Expense | Total | Cost of Sale | Operating Expense | Total |
| Employee benefits | | | | | | | |
| Salary | | 2,149,828 | 2,538,003 | 4,687,831 | 2,018,543 | 2,912,924 | 4,931,467 |
| Labor and health insurance | | 147,717 | 165,095 | 312,812 | 192,505 | 196,541 | 389,046 |
| Pension | | 76,022 | 107,683 | 183,705 | 123,267 | 206,670 | 329,937 |
| Others | | 83,521 | 88,616 | 172,137 | 71,888 | 111,416 | 183,304 |
| Depreciation | | 1,254,486 | 592,151 | 1,846,637 | 1,208,538 | 706,337 | 1,914,875 |
| Depletion | | - | - | - | - | - | - |
| Amortization | | 22,379 | 22,411 | 44,790 | 5,493 | 33,697 | 39,190 |

(Continued)

GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

(i) Loans to other parties:

| Number | Name of lender | Name of borrower | Account name | Related party | Highest balance of financing to other parties during the period | Ending balance | Actual usage amount during the period | Range of interest rates during the period | Purposes of fund financing for the borrower | Transaction amount for business between two parties | Reasons for short-term financing | Allowance for bad debt | Collateral | | Individual funding loan limits | Maximum limit of fund financing |
|--------|--|--|------------------------------------|---------------|---|----------------|---------------------------------------|---|---|---|----------------------------------|------------------------|------------|-------|--------------------------------|---------------------------------|
| | | | | | | | | | | | | | Item | Value | | |
| 0 | Great Wall Enterprise Co., Ltd. | Mei Lan Lei Co., Ltd. | Other receivables: related parties | Yes | 1,600,000 | 1,600,000 | 576,238 | 1.2% | 2 | - | Business financing | - | None | - | 4,036,216 | 8,072,431 |
| 0 | " | City Chain Food Ltd. | " | Yes | 100,000 | 100,000 | - | 1.2% | 2 | - | " | - | " | - | 4,036,216 | 8,072,431 |
| 0 | " | Total Nutrition Tech. Co., Ltd. | " | Yes | 50,000 | 50,000 | - | 1.2% | 2 | - | " | - | " | - | 4,036,216 | 8,072,431 |
| 0 | " | Huang Ho Invest. Co., Ltd. | " | Yes | 50,000 | 50,000 | - | 1.2% | 2 | - | " | - | " | - | 4,036,216 | 8,072,431 |
| 0 | " | An Hsin Chiao Chu Co., Ltd. | " | Yes | 30,000 | 30,000 | - | 1.2% | 2 | - | " | - | " | - | 4,036,216 | 8,072,431 |
| 0 | " | Oriental Best Foods Co., Ltd. | " | Yes | 100,000 | 100,000 | 36,000 | 1.2% | 2 | - | " | - | " | - | 4,036,216 | 8,072,431 |
| 1 | Great Wall International (Holdings) Ltd. | Great Wall Milling Co., Ltd. | " | Yes | 9,099 | 8,559 | 8,559 | 0 | 2 | - | " | - | " | - | 2,820,857 | 2,820,857 |
| 1 | " | Tianjin Food Investment Co., Ltd. | " | Yes | 336,056 | 316,112 | 316,112 | 3.5% | 2 | - | " | - | " | - | 2,820,857 | 2,820,857 |
| 2 | Dachan Food (Asia) Limited | Great Wall Foods (Dalian) Co., Ltd. | " | Yes | 106,155 | 99,855 | 99,855 | 0% | 2 | - | " | - | " | - | 3,230,521 | 3,230,521 |
| 2 | " | Dachan Food (Hebei) Co., Ltd. | " | Yes | 266,904 | 251,064 | 251,064 | 0% | 2 | - | " | - | " | - | 3,230,521 | 3,230,521 |
| 2 | " | Great Wall Agri (Yingkou) Co., Ltd. | " | Yes | 485,280 | 456,480 | 456,480 | 0% | 2 | - | " | - | " | - | 3,230,521 | 3,230,521 |
| 2 | " | Dachan Wanda (Tianjin) Co., Ltd. | " | Yes | 818,910 | 770,310 | 770,310 | 0% | 2 | - | " | - | " | - | 3,230,521 | 3,230,521 |
| 3 | Greatwall FeedTech (Holding) Ltd. | Greatwall FeedTech (Tianjin) Co., Ltd. | " | Yes | 30,330 | 28,530 | 28,530 | 0% | 2 | - | " | - | " | - | 163,166 | 163,166 |
| 4 | Route 66 Fast Food Ltd. | Beijing Universal Chain Food Co., Ltd. | " | Yes | 34,880 | 32,810 | 32,810 | 0% | 2 | - | " | - | " | - | 286,302 | 286,302 |
| 4 | " | Tai Ji Food Co., Ltd. | " | Yes | 44,464 | 41,825 | 41,825 | 0% | 2 | - | " | - | " | - | 286,302 | 286,302 |
| 4 | " | Ma Cheng Co., Ltd. | " | Yes | 39,630 | 27,105 | 27,105 | 0% | 2 | - | " | - | " | - | 286,302 | 286,302 |
| 8 | Mei Lan Lei Co., Ltd. | Great Wall Enterprise Co., Ltd. | " | Yes | 95,000 | 95,000 | - | 1.2% | 2 | - | " | - | " | - | 700,902 | 700,902 |
| 8 | " | Wonder Biotek Co., Ltd. | " | Yes | 20,000 | 20,000 | - | 1.2% | 2 | - | " | - | " | - | 700,902 | 700,902 |
| 9 | City Chain Food Ltd. | Tianjin Fast Food Co., Ltd. | " | Yes | 134,733 | 134,213 | 134,213 | 0% | 2 | - | " | - | " | - | 706,864 | 706,864 |
| 9 | " | Tai Ji Food Co., Ltd. | " | Yes | 32,889 | 31,383 | 31,383 | 0% | 2 | - | " | - | " | - | 706,864 | 706,864 |
| 9 | " | Ma Cheng Co., Ltd. | " | Yes | 5,000 | 5,000 | 5,000 | 1.2% | 2 | - | " | - | " | - | 706,864 | 706,864 |
| 9 | " | Route 66 Fast Food Ltd. | " | Yes | 75,825 | 71,325 | 71,325 | 0% | 2 | - | " | - | " | - | 706,864 | 706,864 |
| 9 | " | Great Wall Enterprise Co., Ltd. | " | Yes | 50,000 | 50,000 | - | 1.2% | 2 | - | " | - | " | - | 706,864 | 706,864 |

(Continued)

GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| Number | Name of lender | Name of borrower | Account name | Related party | Highest balance of financing to other parties during the period | Ending balance | Actual usage amount during the period | Range of interest rates during the period | Purposes of fund financing for the borrower | Transaction amount for business between two parties | Reasons for short-term financing | Allowance for bad debt | Collateral | | Individual funding loan limits | Maximum limit of fund financing |
|--------|--|--|------------------------------------|---------------|---|----------------|---------------------------------------|---|---|---|----------------------------------|------------------------|------------|-------|--------------------------------|---------------------------------|
| | | | | | | | | | | | | | Item | Value | | |
| 9 | City Chain Food Ltd. | An Hsin Chiao Chu Co., Ltd. | Other receivables: related parties | Yes | 30,000 | 30,000 | - | 1.2% | 2 | - | Business financing | - | None | - | 706,864 | 706,864 |
| 10 | Dachan Aquaculture Limited (DAL) | PT. Misaja Mitra (MM) | " | Yes | 84,894 | 51,311 | 51,311 | 0% | 2 | - | " | - | " | - | 183,454 | 183,454 |
| 10 | " | PT. Mustika Minanusa Aurora (MMA) | " | Yes | 30,330 | 14,265 | 14,265 | 0% | 2 | - | " | - | " | - | 183,454 | 183,454 |
| 11 | Total Nutrition Tech. Co., Ltd. | Great Wall Enterprise Co., Ltd. | " | Yes | 180,000 | 180,000 | 180,000 | 1.2% | 2 | - | " | - | " | - | 283,330 | 283,330 |
| 11 | " | Huang Ho Invest. Co., Ltd. | " | Yes | 50,000 | - | - | 1.2% | 2 | - | Business financing | - | None | - | 283,330 | 283,330 |
| 11 | " | Oriental Best Foods Co., Ltd. | " | Yes | 50,000 | 50,000 | 20,000 | 1.2% | 2 | - | " | - | " | - | 283,330 | 283,330 |
| 12 | Neo Foods Co., Ltd. | Great Wall Enterprise Co., Ltd. | " | Yes | 20,000 | 15,000 | 15,000 | 1.2% | 2 | - | " | - | " | - | 19,481 | 19,481 |
| 13 | Greatwall Northeast Asia Corporation (NAC) | Dachan Wanda (Tianjin) Co., Ltd. | " | Yes | 667,260 | 627,660 | 627,660 | 0% | 2 | - | " | - | " | - | 3,295,453 | 3,295,453 |
| 14 | Dachan Wanda (Tianjin) Co., Ltd. | Green Pac Bio Co., Ltd. | " | Yes | 28,526 | 28,416 | 28,416 | 4.6% | 2 | - | " | - | " | - | 514,021 | 514,021 |
| 15 | Taixu & Dachan Foods Co., Ltd. | Taixu & Dachan Foods (Bengbu) Co., Ltd. | " | Yes | 30,721 | 17,487 | 17,487 | 0% | 2 | - | " | - | " | - | 57,595 | 57,595 |
| 16 | TNT Biotechnology Co., Ltd. | Great Wall International (Holdings) Ltd. | " | Yes | 24,599 | 24,251 | 24,251 | 0% | 2 | - | " | - | " | - | 127,560 | 127,560 |

Note 1: The purposes of fund financing for the borrower are classified as follows:

1. For those with business dealings: 1.
2. For those with short-term financing: 2.

Note 2: The total amount of loans to other parties must not exceed 40% of the Group's net worth, while loans to individual entities must not exceed 20% of the Group's net worth.

Note 3: The above-mentioned loans and transactions to related parties have been written off.

Note 4: For the subsidiaries, the total amount of loans to other parties and to individual entities must not exceed 40% of its net worth.

(ii) **Guarantees and endorsements for other parties:**

| No. | Name of guarantor | Counter-party of guarantee and endorsement | | Limitation on amount of guarantees and endorsements for a specific enterprise | Highest balance for guarantees and endorsements during the period | Balance of guarantees and endorsements as of reporting date | Actual usage amount during the period | Property pledged for guarantees and endorsements (Amount) | Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements | Maximum amount for guarantees and endorsements | Parent company endorsements/ guarantees to third parties on behalf of subsidiary | Subsidiary endorsements/ guarantees to third parties on behalf of parent company | Endorsements/ guarantees to third parties on behalf of companies in Mainland China |
|-----|---|--|-------------------------------|---|---|---|---------------------------------------|---|---|--|--|--|--|
| | | Name | Relationship with the Company | | | | | | | | | | |
| 1 | Great Wall International (Holdings) Ltd. (Note 3) | Dachan Liangyou Food (Shanghai) Co., Ltd. | 5 | 7,052,142 | 307,208 | 306,022 | 172,684 | - | 4.34 % | 14,104,284 | | | Y |
| 1 | " | Seafood International Inc. | 2 | 7,052,142 | 303,300 | 285,300 | - | - | 4.05 % | 14,104,284 | Y | | |
| 1 | " | Great Wall Milling Co., Ltd. | 2 | 7,052,142 | 424,620 | 342,360 | 205,017 | - | 4.85 % | 14,104,284 | Y | | |
| 1 | " | Great Wall Grains International, Ltd. | 2 | 7,052,142 | 713,250 | 713,250 | - | - | 10.11 % | 14,104,284 | Y | | |
| 5 | Asia Nutrition Technologies (VN) Co., Ltd. (Note 4) | ANT FEED CO., LTD. | 4 | 1,413,821 | 90,990 | 85,590 | 28,530 | - | 6.05 % | 2,827,641 | | | |

(Continued)

GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| No. | Name of guarantor | Counter-party of guarantee and endorsement | | Limitation on amount of guarantees and endorsements for a specific enterprise | Highest balance for guarantees and endorsements during the period | Balance of guarantees and endorsements as of reporting date | Actual usage amount during the period | Property pledged for guarantees and endorsements (Amount) | Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements | Maximum amount for guarantees and endorsements | Parent company endorsements/ guarantees to third parties on behalf of subsidiary | Subsidiary endorsements/ guarantees to third parties on behalf of parent company | Endorsements/ guarantees to third parties on behalf of companies in Mainland China |
|-----|--|---|-------------------------------|---|---|---|---------------------------------------|---|---|--|--|--|--|
| | | Name | Relationship with the Company | | | | | | | | | | |
| 6 | Liaoning Great Wall Agri Industrial Co., Ltd. (Note 3) | Dachan Food (Hebei) Co., Ltd. | 4 | 1,144,219 | 19,749 | 19,673 | - | - | 1.72 % | 2,288,438 | | | Y |
| 7 | Great Wall Agri (Hei Long Jiang) Co., Ltd. (Note 3) | Liaoning Great Wall Agri Industrial Co., Ltd. | 4 | 440,754 | 129,758 | 13,902 | 13,902 | 3,180 | 3.15 % | 881,508 | | | Y |

Note 1: Guarantees and endorsements for other parties are classified into six types of relationships as follows:

1. For those with business dealings.
2. For subsidiaries with over 50% of common shares.
3. When the parent company and its subsidiaries own more than 50% of common shares of the invested company.
4. When the parent company owns more than 50% of common shares of the company either directly or indirectly through its subsidiaries.
5. For those in the same industry who are contractually obligated to endorse each other due to projects.
6. For companies that are endorsed and guaranteed by each investor based on their shareholding ratio due to joint ventures.
7. For companies in the same industry engaged in pre-sale house sales contracts who are contractually obligated to provide guarantees and endorsements in accordance with the Consumer Protection Act.

Note 2: The total amount of guarantees and endorsements for other parties must not exceed the Group's total net worth, while guarantees and endorsements for individual entities must not exceed 50% of the Group's net worth.

Note 3: For subsidiaries, the total amount of guarantees and endorsements for other parties must not exceed double its total net worth and must not be higher than the Group's total net worth. Guarantees and endorsements for individual entities must not exceed the subsidiary's total net worth, and must not be higher than 50% of the Group's total net worth.

(iii) Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures):

| Name of holder | Category and name of security | Relationship with company | Account title | Ending balance | | | | Highest Percentage of ownership (%) | Note |
|---------------------------------|---|---------------------------|---|--------------------------|----------------|-----------------------------|------------|-------------------------------------|------|
| | | | | Shares/Units (thousands) | Carrying value | Percentage of ownership (%) | Fair value | | |
| Great Wall Enterprise Co., Ltd. | Ordinary shares: Lien Hwa Industrial Holdings Corp. | Board of Directors | Financial assets measured at fair value through profit or loss: current | 36,974 | 439 | - | 439 | - % | |
| | Ordinary shares: TTET Union Co. | Board of Directors | Financial assets measured at fair value through other comprehensive profit or loss: non current | 15,416,960 | 2,196,917 | 9.64 | 2,196,917 | 9.64 % | |
| | Ordinary shares: China Trade and Development Co. | - | " | 20,004 | 199 | 0.03 | 199 | 0.03 % | |
| | Ordinary shares: Da Chiang International Co., Ltd. | Board of Directors | " | 7,889,655 | 56,615 | 3.94 | 56,615 | 3.94 % | |
| | Ordinary shares: ZHONG ZHDNG CO.,LTD. | - | " | 461,760 | 4,618 | 2.59 | 4,618 | 2.59 % | |
| | Ordinary shares: Yo Ho Beach Resort Co., Ltd. | - | " | 1,848,000 | 16,800 | 1.81 | 16,800 | 1.81 % | |
| | Ordinary shares: Deyong Biological Technology Co., Ltd. | Board of Directors | " | 117,997 | 459 | 3.70 | 459 | 3.70 % | |
| | Ordinary shares: Yahsen Frozen Foods Co., Ltd. | - | " | 40,425 | - | 0.08 | - | 0.08 % | |
| Great Wall Enterprise Co., Ltd. | Ordinary shares: Hsin Tung Yang Co. Ltd. | - | Financial assets measured at fair value through other comprehensive profit or loss: non current | 137,000 | 1,480 | 0.16 | 1,480 | 0.16 % | |
| Huang Ho Invest. Co., Ltd. | Great Wall Enterprise Co., Ltd. | Company | Treasury shares | 19,674,191 | 121,687 | 2.38 | 999,449 | 2.38 % | |

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| Name of holder | Category and name of security | Relationship with company | Account title | Ending balance | | | | Highest Percentage of ownership (%) | Note |
|---------------------------------------|--|---------------------------|---|--------------------------|----------------|-----------------------------|------------|-------------------------------------|------|
| | | | | Shares/Units (thousands) | Carrying value | Percentage of ownership (%) | Fair value | | |
| Huang Ho Invest. Co., Ltd. | Ordinary shares: Da Chiang International Co., Ltd. | Board of Directors | Financial assets measured at fair value through other comprehensive profit or loss: non current | 1,724,138 | 12,500 | 0.86 | 12,500 | 0.86 % | |
| | Ordinary shares: TTET Union Co. | Board of Directors | Financial assets measured at fair value through other comprehensive profit or loss: non current | 2,457,997 | 350,264 | 1.54 | 350,264 | 1.54 % | |
| City Chain Food Ltd. | Great Wall Enterprise Co., Ltd. | Company | Treasury shares | 25,688,242 | 128,909 | 3.10 | 1,304,963 | 3.10 % | |
| Oriental Best Foods Co., Ltd. | Cashbox Partyworld Co., Ltd. | - | Financial assets measured at fair value through other comprehensive profit or loss: non current | 26,010 | 1,055 | 0.02 | 1,055 | 0.02 % | |
| Route 66 Fast Food Ltd. | Beijing Hengfengtai Catering Management Co., Ltd. | - | " | - | 6,835 | 9.09 | 6,835 | 9.09 % | |
| Great Wall Food (Hong Kong) Co., Ltd. | Dynasty Club | - | " | - | 349 | - | 349 | - % | |

Note 1: The assumptions made of the market price is as follows:

1. For those with an open market price, it refers to the average closing price as of the date on the balance sheet. However, for open end funds, the market price refers to its net asset value as of the date on the balance sheet.
2. For those without an open market price, net asset value per share is used.

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

| Name of company | Name of property | Transaction date | Transaction amount | Status of payment | Counter-party | Relationship with the Company | If the counter-party is a related party, disclose the previous transfer information | | | | References for determining price | Purpose of acquisition and current condition | Others |
|-------------------------|--------------------------------|------------------|--------------------|-------------------|---------------------------------|-------------------------------|---|-------------------------------|------------------|--------|--|--|--------|
| | | | | | | | Owner | Relationship with the Company | Date of transfer | Amount | | | |
| Zhong Yi Food Co., Ltd. | Property, plant, and equipment | 2020.2.3 | 820,420 | Complete | Great Wall Enterprise Co., Ltd. | Subsidiary | Note | Note | Note | - | CCIS Real Estate Joint Appraisers Firm | Expanding their egg business | |

Note: Information not found as the previous transfer took place ages ago.

- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

| Name of company | Related party | Nature of relationship | Transaction details | | | | Transactions with terms different from others | | Notes/Accounts receivable (payable) | | Note |
|---------------------------------|---------------------------------|------------------------|---------------------|-----------|-------------------------------------|---------------------------|---|---------------|-------------------------------------|---|------|
| | | | Purchase/Sale | Amount | Percentage of total purchases/sales | Payment terms | Unit price | Payment terms | Ending balance | Percentage of total notes/accounts receivable (payable) | |
| Great Wall Enterprise Co., Ltd. | Mei Lan Lei Co., Ltd. | Subsidiary | Purchase | 3,780,189 | 19 % | 2 months | - | - | (228,446) | (32)% | |
| Great Wall Enterprise Co., Ltd. | FoodChina Company | Associate | Purchase | 813,464 | 4 % | Same as regular customers | - | - | (59,558) | (4)% | |
| Great Wall Enterprise Co., Ltd. | TTET Union Corporation | Other related party | Purchase | 267,430 | 1 % | Same as regular customers | - | - | (5,417) | (1)% | |
| Great Wall Enterprise Co., Ltd. | Total Nutrition Tech. Co., Ltd. | Subsidiary | Purchase | 338,787 | 2 % | Same as regular customers | - | - | (20,729) | (4)% | |

(Continued)

GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| Name of company | Related party | Nature of relationship | Transaction details | | | | Transactions with terms different from others | | Notes/Accounts receivable (payable) | | Note |
|---------------------------------|---------------------------------|------------------------|-----------------------|-----------|-------------------------------------|---------------------------|---|---------------|-------------------------------------|---|------|
| | | | Purchase/Sale | Amount | Percentage of total purchases/sales | Payment terms | Unit price | Payment terms | Ending balance | Percentage of total notes/accounts receivable (payable) | |
| Great Wall Enterprise Co., Ltd. | FoodChina Company | Associate | Sale | 2,015,372 | 9 % | Same as regular customers | - | | 320,770 | 13 % | |
| Great Wall Enterprise Co., Ltd. | Mei Lan Lei Co., Ltd. | Subsidiary | Sale | 1,235,034 | 5 % | 2 months | - | | - | - % | |
| Great Wall Enterprise Co., Ltd. | Zhong Yi Food Co., Ltd. | Subsidiary | Sale | 816,920 | 3 % | 270 days | - | | 415,517 | 14 % | |
| Great Wall Enterprise Co., Ltd. | Total Nutrition Tech. Co., Ltd. | Subsidiary | Sale | 283,737 | 1 % | Same as regular customers | - | | 10,818 | - % | |
| Mei Lan Lei Co., Ltd. | TTET Union Corporation | Other related party | Purchase (Outsourced) | 287,877 | - % | Same as regular customers | - | | - | - % | |

Note: Transactions between the parent company and its subsidiaries have been written off.

(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

| Name of company | Counter-party | Nature of relationship | Ending balance | Turnover rate | Overdue | | Amounts received in subsequent period | Allowance for bad debts |
|---------------------------------|---------------------------------|------------------------|-------------------|---------------|---------|--------------|---------------------------------------|-------------------------|
| | | | | | Amount | Action taken | | |
| Great Wall Enterprise Co., Ltd. | Zhong Yi Food Co., Ltd. | Subsidiary | 415,517 (Note) | 12.12 % | - | | 22,089 | - |
| Great Wall Enterprise Co., Ltd. | FoodChina Company | Associate / Subsidiary | 320,770 (Note) | 15.92 % | - | | 320,689 | - |
| Mei Lan Lei Co., Ltd. | Great Wall Enterprise Co., Ltd. | Subsidiary | 228,446 (Note) | 8.72 % | - | | 158,697 | - |

Note 1: Refers to trade receivables and notes receivables.

Note 2: Transactions between the parent company and its subsidiaries have been written off.

(ix) Trading in derivative instruments: Please refer to notes 6(b)

(x) Business relationships and significant intercompany transactions:

| No. | Name of company | Name of counter-party | Nature of relationship | Intercompany transactions | | | |
|-----|---------------------------------|------------------------|------------------------|------------------------------------|-----------|---|--|
| | | | | Account name | Amount | Trading terms | Percentage of the consolidated net revenue or total assets |
| 0 | Great Wall Enterprise Co., Ltd. | Mei Lan Lei Co., Ltd. | 1 | Sales revenue | 1,235,034 | Adjusted according to market price and company policies | 1.00% |
| 0 | " | " | 1 | Cost of sales | 3,780,189 | | 4.00% |
| 0 | " | " | 1 | Trades' current account receivable | 576,228 | | 1.00% |
| 0 | " | " | 1 | Other receivables | 545 | | -% |
| 0 | " | " | 1 | Accounts payable | 204,028 | | -% |
| 0 | " | " | 1 | Notes payable | 24,418 | | -% |
| 0 | " | " | 1 | Rental income | 11,429 | | -% |
| 0 | " | " | 1 | Finance income | 7,307 | | -% |
| 0 | " | " | 1 | Finance expense | 8 | Same as regular trading terms | -% |
| 0 | " | FoodChina Company | 1 | Sales revenue | 649,748 | Same as regular trading terms | 1.00% |
| 0 | " | " | 1 | Cost of sales | 619,683 | Same as regular trading terms | 1.00% |
| 0 | " | " | 1 | Accounts receivable | 320,770 | Same as regular trading terms | -% |
| 0 | " | " | 1 | Accounts payable | 59,558 | | -% |
| 0 | " | " | 1 | Rental income | 177 | | -% |
| 0 | " | " | 1 | Other income | 5,590 | | -% |
| 0 | " | " | 1 | Inventory | 4,340 | | -% |
| 0 | " | City Chain Food Ltd. | 1 | Sales revenue | 4,183 | Same as regular trading terms | -% |
| 0 | " | " | 1 | Accounts receivable | 613 | | -% |
| 0 | " | " | 1 | Service income | 1 | | -% |
| 0 | " | " | 1 | Other income | 37 | | -% |
| 0 | " | " | 1 | Finance expense | 3 | | -% |
| 0 | " | " | 1 | Rental income | 4,354 | | -% |
| 0 | " | KouChan Mill Co., Ltd. | 1 | Cost of sales | 24,601 | | -% |
| 0 | " | " | 1 | Accounts payable | 4,734 | | -% |
| 0 | " | " | 1 | Finance income | 271 | Same as regular trading terms | -% |

(Continued)

GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| No. | Name of company | Name of counter-party | Nature of relationship | Intercompany transactions | | | |
|-----|---------------------------------|--|------------------------|---------------------------------|---------|-------------------------------|--|
| | | | | Account name | Amount | Trading terms | Percentage of the consolidated net revenue or total assets |
| 0 | Great Wall Enterprise Co., Ltd. | KouChan Mill Co., Ltd. | 1 | Service income | 7,111 | Same as regular trading terms | -% |
| 0 | " | Total Nutrition Tech. Co., Ltd. | 1 | Finance expense | 737 | | -% |
| 0 | " | " | 1 | Sales revenue | 283,737 | | -% |
| 0 | " | " | 1 | Cost of sales | 360,577 | | -% |
| 0 | " | " | 1 | Accounts receivable | 10,818 | | -% |
| 0 | " | " | 1 | Trades' current account payable | 180,000 | | -% |
| 0 | " | " | 1 | Rental income | 9,585 | Same as regular trading terms | -% |
| 0 | " | " | 1 | Other income | 3,224 | Same as regular trading terms | -% |
| 0 | " | " | 1 | Service income | 840 | | -% |
| 0 | " | " | 1 | Accounts payable | 20,729 | | -% |
| 0 | " | " | 1 | Notes payable | 5,584 | | -% |
| 0 | " | " | 1 | Outsourced processing expense | 16,821 | | -% |
| 0 | " | An Hsin Chiao Chu Co., Ltd. | 1 | Sales revenue | 11,734 | | -% |
| 0 | " | " | 1 | Cost of sales | 389 | Same as regular trading terms | -% |
| 0 | " | " | 1 | Accounts receivable | 1,424 | | -% |
| 0 | " | " | 1 | Other income | 160 | | -% |
| 0 | " | " | 1 | Rental income | 143 | | -% |
| 0 | " | " | 1 | Other payables | 114 | | -% |
| 0 | " | " | 1 | Finance income | 20 | | -% |
| 0 | " | Nisshi Chain Co., Ltd. | 1 | Cost of sales | 307 | Same as regular trading terms | -% |
| 0 | " | Zhong Yi Food Co., Ltd. | 1 | Sales revenue | 816,920 | | 1.00% |
| 0 | " | " | 1 | Cost of sales | 12,640 | | -% |
| 0 | " | " | 1 | Accounts payable | 1,194 | Same as regular trading terms | -% |
| 0 | " | " | 1 | Accounts receivable | 415,517 | Same as regular trading terms | 1.00% |
| 0 | " | " | 1 | Other income | 4,879 | | -% |
| 0 | " | " | 1 | Finance income | 898 | | -% |
| 0 | " | " | 1 | Rental income | 1,441 | | -% |
| 0 | " | " | 1 | Service income | 122 | | -% |
| 0 | " | Oriental Best Foods Co., Ltd. | 1 | Sales revenue | 52,003 | | -% |
| 0 | " | " | 1 | Cost of sales | 9,229 | | -% |
| 0 | " | " | 1 | Trades' current account payable | 36,000 | | -% |
| 0 | " | " | 1 | Accounts receivable | 3,202 | | -% |
| 0 | " | " | 1 | Other receivables | 37 | | -% |
| 0 | " | " | 1 | Finance income | 433 | | -% |
| 0 | " | " | 1 | Service income | 2,242 | | -% |
| 0 | " | " | 1 | Other payables | 1,154 | | -% |
| 0 | " | Saboten Co., Ltd. | 1 | Sales revenue | 6,632 | | -% |
| 0 | " | " | 1 | Cost of sales | 774 | | -% |
| 0 | " | " | 1 | Other payables | 35 | | -% |
| 0 | " | " | 1 | Accounts receivable | 354 | | -% |
| 0 | " | " | 1 | Rental income | 81 | | -% |
| 0 | " | " | 1 | Other income | 4 | | -% |
| 0 | " | Honolulu Chain Food & Beverage Co., Ltd. | 1 | Sales revenue | 39 | | -% |
| 0 | " | " | 1 | Cost of sales | 129 | | -% |
| 0 | " | " | 1 | Rental income | 72 | | -% |
| 0 | " | Wonder Biotek Co., Ltd. | 1 | Rental income | 23 | | -% |
| 0 | " | " | 1 | Accounts receivable | 2 | | -% |
| 0 | " | Neo Foods Co., Ltd. | 1 | Rental income | 22 | | -% |
| 0 | " | " | 1 | Trades' current account payable | 15,000 | | -% |
| 0 | " | " | 1 | Finance expense | 184 | | -% |
| 0 | " | " | 1 | Other income | 19 | | -% |

Note 1: Numbers are classified as follows:

1. Parent company: 0
2. Subsidiaries are numbered in numerical order from 1.

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Note 2: Nature of relationship is classified as follows:

1. Parent company to its subsidiaries.
2. Subsidiary to its parent company.
3. Subsidiary to subsidiary.

Note 3: Transactions between the parent company and its subsidiaries have been written off.

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2020 (excluding information on investees in Mainland China):

(In USD/HKD)

| Name of investor | Name of investee | Location | Main businesses and products | Original investment amount | | Balance as of December 31, 2020 | | | Highest Percentage of ownership | Net income (losses) of investee | Share of profits/losses of investee | Note |
|--|---|-----------|--|----------------------------|-------------------|---------------------------------|-------------------------|----------------|---------------------------------|---------------------------------|-------------------------------------|------|
| | | | | December 31, 2020 | December 31, 2019 | Shares (thousands) | Percentage of ownership | Carrying value | | | | |
| Great Wall Enterprise Co., Ltd. | Total Nutrition Tech. Co., Ltd. | Taiwan | Feed | 314,006 | 314,006 | 48,149,500 | 100.00 % | 703,734 | 100.00 % | 139,580 | 139,580 | |
| | Huang Ho Invest. Co., Ltd. | " | Investments | 249,395 | 314,395 | 14,500,000 | 100.00 % | 352,683 | 100.00 % | 11,914 | 11,914 | |
| | Great Wall International (Holdings) Ltd. | Hong Kong | Holdings | 2,122,110 | 2,122,110 | 70,490,813 | 100.00 % | 7,047,801 | 100.00 % | 507,311 | 507,311 | |
| | City Chain Food Ltd. | Taiwan | Fast Food Restaurants | 856,496 | 856,496 | 132,062,705 | 100.00 % | 448,490 | 100.00 % | (99,851) | (99,851) | |
| | Mei Lan Lei Co., Ltd. | " | Production, sale, and research of feed | 120,010 | 120,010 | 48,000,000 | 100.00 % | 1,756,668 | 100.00 % | 678,811 | 678,811 | |
| | KouChan Mill Co., Ltd. | " | Flour production and sales | 373,799 | 79,750 | 33,550,000 | 55.00 % | 462,029 | 85.00 % | 55,002 | 30,251 | |
| | Oriental Best Foods Co., Ltd. | " | Food processing and sale | 141,405 | 141,405 | 72,061 | 90.00 % | 197,554 | 90.00 % | 20,313 | 18,282 | |
| | An Hsin Chiao Chu Co., Ltd. | " | Sale of fresh meat | 55,000 | 20,000 | 5,500,000 | 100.00 % | 10,472 | 100.00 % | (5,716) | (5,716) | |
| | Neo Foods Co., Ltd. | " | Food manufacturing and sale | 50,000 | - | 5,000,000 | 100.00 % | 48,702 | 100.00 % | (1,298) | (1,298) | |
| | Great Wall FeedTech Enterprise Co., Ltd. | " | Production, sale, and research of feed | 37,274 | 37,274 | 340,000 | 100.00 % | 5,847 | 100.00 % | 744 | 744 | |
| | Wonder Biotek Co., Ltd. | " | Medicine production and sales | 150,000 | 100,000 | 15,000,000 | 100.00 % | 50,946 | 100.00 % | (44,540) | (44,540) | |
| | Zhong Yi Food Co., Ltd. | " | Egg production and sale | 780,000 | 160,000 | 78,000,000 | 65.00 % | 746,873 | 100.00 % | 54,540 | 36,751 | |
| | San Inn Abattoir Co. | " | Abattoir | 66,469 | - | 1,116,000 | 40.00 % | 66,469 | 40.00 % | - | - | |
| City Chain Food Ltd. | Nisshi Chain Co., Ltd. | " | Bakery | 68,459 | 68,459 | 4,364,652 | 67.29 % | 10,041 | 67.29 % | (5,325) | (3,583) | |
| | Saboten Co., Ltd. | " | Japanese restaurants | 39,000 | 39,000 | 2,000,000 | 50.00 % | 64,282 | 50.00 % | 22,654 | 11,327 | |
| | Route 66 Fast Food Ltd. | Hong Kong | Investment holdings | USD 29,668,603 | USD 24,642,247 | 26,592,247 | 100.00 % | 143,150 | 100.00 % | (52,454) | (52,454) | |
| | Saboten (China) Limited | " | Investment holdings | USD 1,250,000 | USD 1,250,000 | 1,550,000 | 50.00 % | 56,530 | 50.00 % | 21,199 | 10,599 | |
| | DaChan Shin Yeh Ltd. | " | Chinese and western fast food | USD 700,000 | USD 700,000 | 700,000 | 40.00 % | 17,695 | 40.00 % | (3,409) | (1,364) | |
| | Honolulu Chain Food & Beverage Co., Ltd. | Taiwan | Chinese and western fast food | 11,000 | 11,000 | 11,000,000 | 55.00 % | 9,556 | 55.00 % | (8,205) | (4,513) | |
| | Xiang Cheng Co., Ltd. | " | Chinese food and dining | 5,000 | 5,000 | 500,000 | 50.00 % | 4,235 | 50.00 % | 82 | 41 | |
| | Ma Cheng Co., Ltd. | " | Western food and dining | 18,000 | 18,000 | 1,800,000 | 90.00 % | 2,025 | 90.00 % | (4,384) | (3,945) | |
| Total Nutrition Tech. Co., Ltd. | TNT Biotechnology Co., Ltd. | Hong Kong | Investment holdings | USD 13,110,000 | USD 13,110,000 | 13,110,000 | 100.00 % | 318,899 | 100.00 % | 46,203 | 46,203 | |
| Great Wall International (Holdings) Ltd. | Asia Nutrition Technologies Corporation Co., Ltd. | " | Investment holdings | USD 7,391,940 | USD 7,391,940 | 6,690,472 | 100.00 % | 1,211,975 | 100.00 % | 132,485 | 132,485 | |
| | Greatwall Food Investment (H.K.) Co., Ltd. | " | Investment holdings | HKD 62,500,000 | HKD 62,500,000 | 5,422,000 | 100.00 % | (1,401) | 100.00 % | (308) | (308) | |
| | Greatwall Food (H.K.) Co., Ltd. | " | Food wholesale | HKD 500,000 | HKD 500,000 | 50,000 | 100.00 % | (13,781) | 100.00 % | (1,598) | (1,598) | |
| | FoodChina Company | " | Investment holdings | USD 5,070,000 | USD 1,680,000 | 19,700,000 | 53.39 % | 191,603 | 53.39 % | 15,826 | 8,450 | |
| | Seafood International Inc. | " | Investment holdings | USD 4,183,974 | USD 4,183,974 | 3,744,000 | 100.00 % | 100,765 | 100.00 % | - | - | |
| | Tianjin Food Invest Co., Ltd. | " | Investment holdings | USD 9,729,433 | USD 9,729,433 | 9,500,000 | 78.40 % | 874,245 | 78.40 % | 10,468 | 8,207 | |
| | Waverly Star Ltd. | " | Investment holdings | USD 29,160,858 | USD 29,160,858 | 29,160,858 | 100.00 % | 2,970,013 | 100.00 % | 316,097 | 316,097 | |
| | Golden Harvest Inc. | " | Investment holdings | USD 1 | USD 1 | 1 | 100.00 % | (17,048) | 100.00 % | (1,942) | (1,942) | |
| | Great Wall FeedTech (Holdings) Ltd. | " | Investment holdings | USD 10,630,000 | USD 10,630,000 | 8,260,000 | 100.00 % | 407,914 | 100.00 % | 16,499 | 16,499 | |
| | Clydebridge Ltd. | " | Investment holdings | USD 3,544,000 | USD 3,544,000 | 3,544,000 | 94.66 % | 260,764 | 94.66 % | 52,594 | 49,785 | |
| | Global Food Corp. | " | Aquaculture trading | USD 1 | USD 1 | 1 | 100.00 % | (515) | 100.00 % | - | - | |
| | Gallant Dachan Seafood Co., Ltd. | Vietnam | Aquaculture processing and sales | USD 2,500,000 | USD 2,500,000 | 2,500,000 | 50.00 % | 108,890 | 50.00 % | 26,409 | 13,204 | |
| Great Wall International (Holdings) Ltd. | Dachan (Asia Pacific) Limited | Hong Kong | Investment holdings | USD 11,200,000 | USD 11,200,000 | 11,200,000 | 75.17 % | 7,574 | 93.33 % | (61,207) | (46,009) | |
| | Fresh Aqua Corporation | " | Aquaculture trading | USD 1 | USD 1 | 1 | 100.00 % | - | 100.00 % | - | - | |

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| Name of investor | Name of investee | Location | Main businesses and products | Original investment amount | | Balance as of December 31, 2020 | | | Highest Percentage of wnership | Net income (losses) of investee | Share of profits/losses of investee | Note |
|---|---|-----------|-------------------------------------|----------------------------|-------------------|---------------------------------|------------------------|----------------|--------------------------------|---------------------------------|-------------------------------------|------|
| | | | | December 31, 2020 | December 31, 2019 | Shares (thousands) | Percentage of wnership | Carrying value | | | | |
| Great Wall International Holdings) Ltd. | Fresh Aqua Limited | Hong Kong | Aquaculture trading | USD 1,282 | USD - | 1,282 | 100.00 % | 15,888 | 100.00 % | 16,446 | 16,446 | |
| | Great Wall Grains International Limited | " | Commodity trading | USD 1,000,000 | USD - | 1,000,000 | 100.00 % | 28,356 | 100.00 % | (129) | (129) | |
| | Global Seafood Limited | " | Aquaculture trading | USD 1,282 | USD - | 1,282 | 100.00 % | 5,234 | 100.00 % | 5,392 | 5,392 | |
| | Pacific Harvest Limited | " | Aquaculture trading | USD 1,282 | USD - | 1,282 | 100.00 % | (67) | 100.00 % | (108) | (108) | |
| | Seafood International Limited | " | Aquaculture trading | USD 1,282 | USD - | 1,282 | 100.00 % | 9,982 | 100.00 % | 10,319 | 10,319 | |
| | Universal Food Limited | " | Aquaculture trading | USD 1,282 | USD - | 1,282 | 100.00 % | 16,778 | 100.00 % | 17,370 | 17,370 | |
| | Myint Dachan Company Limited | Myanmar | Production and sale of feed | USD 10,494,097 | USD 8,964,097 | 10,494,097 | 51.00 % | 292,112 | 51.00 % | (15,023) | (7,662) | |
| Waverly Star Ltd. | Dachan Food (Asia) Limited | " | Investment holdings | USD 29,160,858 | USD 29,160,858 | 375,899,946 | 36.99 % | 2,973,446 | 36.99 % | 854,901 | 316,228 | |
| Asia Nutrition Technologies Corporation | Dachan Food (Asia) Limited | " | Investment holdings | USD 5,759,421 | USD 5,759,421 | 152,924,906 | 15.05 % | 1,209,796 | 15.05 % | 854,901 | 128,663 | |
| Dachan Food (Asia) | Dachan (Asia Pacific) Limited | " | Investment holdings | USD 800,000 | USD 800,000 | 800,000 | 5.37 % | 541 | 6.67 % | (3,287) | - | |
| | FoodChina Company | " | Investment holdings | USD 300,000 | USD 300,000 | 400,000 | 1.08 % | 8,544 | 1.08 % | 15,826 | - | |
| | Taiwan International Gene Co., Ltd. | Vietnam | Sale of boars for breeding purposes | USD 900,000 | USD 900,000 | 900,000 | 30.00 % | 25,632 | 30.00 % | - | - | |
| Route 66 Fast Food Ltd. | Yung Huo (China) Co., Ltd. | Hong Kong | Investment holdings | USD 3,713,685 | USD 3,713,685 | 3,730,000 | 79.03 % | 23,241 | 79.03 % | (194) | (154) | |
| | FoodChina Company | " | Investment holdings | USD 137,122 | USD 138,364 | 400,000 | 1.08 % | 3,905 | 1.08 % | 15,826 | (26) | |
| TNT Biotechnology Co., Ltd. | TNT Huabang Holdings Limited | " | Investment holdings | USD 1,385,160 | USD 1,825,728 | 1,110,000 | 100.00 % | 34,292 | 100.00 % | 8,240 | 8,240 | |

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of CNY/USD)

| Name of investee | Main businesses and products | Total amount of paid-in capital | Method of investment | Accumulated outflow of investment from Taiwan as of January 1, 2019 | Investment flows | | Accumulated outflow of investment from Taiwan as of December 31, 2020 | Net income (losses) of the investee | Percentage of ownership | Highest percentage of ownership | Investment income (losses) | Book value | Highest Percentage of ownership | Accumulated remittance of earnings in current period |
|---|---|---------------------------------|----------------------|---|------------------|--------|---|-------------------------------------|-------------------------|---------------------------------|----------------------------|------------|---------------------------------|--|
| | | | | | Outflow | Inflow | | | | | | | | |
| Great Wall Food (Tianjin) Co., Ltd. | Production and sale of flour related products | 9,378 | (2) | 53,136 | - | - | 53,136 | 4,069 | 78.40% | 3,190.00% | 954,749 | - | - | - |
| Miyasun Great Wall Foods (Dalian) Co., Ltd. | Production and sale of processed chicken products | 9,872 | (2) | - | - | - | - | 15,187 | 52.04% | 8,231.00% | 142,949 | - | - | - |
| Great Wall Foods (Dalian) Co., Ltd. | Production and sale of chicken and feed | 26,600 | (2) | 315,908 | - | - | 315,908 | 329,906 | 30.70% | 101,281.00% | 700,406 | - | - | - |
| Liaoning Great Wall Agri Industrial Co., Ltd. | Production and sale of feed | 19,201 | (2) | 229,600 | - | - | 229,600 | 97,879 | 52.04% | 50,936.00% | 615,036 | - | - | - |
| Great Wall Agri (Hei Long Jiang) Co., Ltd. | Production and sale of feed | 1,563 | (2) | - | - | - | - | 26,703 | 52.04% | 13,896.00% | 242,735 | - | - | - |
| Great Wall Agri (Yingkou) Co., Ltd. | Production and sale of feed | 14,636 | (2) | 57,813 | - | - | 57,813 | 131,159 | 52.04% | 68,255.00% | (11,086) | - | - | - |
| Great Wall Agri (Tieling) Co., Ltd. | Production and sale of chicken and feed | 14,151 | (2) | 84,655 | - | - | 84,655 | 48,907 | 52.04% | 25,451.00% | 651,216 | - | - | - |
| Dachan Wanda (Tianjin) Co., Ltd. | Production and sale of chicken and feed | 579,060 | (2) | - | - | - | - | 87,214 | 52.04% | 45,386.00% | 668,742 | - | - | - |
| Qingdao Dachan Technologies Feed Co., Ltd. | Production and sale of feed | - | (2) | - | - | - | - | (213) | -% | (111.00)% | - | - | - | - |

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GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| Name of investee | Main businesses and products | Total amount of paid-in capital | Method of investment | Accumulated outflow of investment from Taiwan as of January 1, 2019 | Investment flows | | Accumulated outflow of investment from Taiwan as of December 31, 2020 | Net income (losses) of the investee | Percentage of ownership | Highest percentage of ownership | Investment income (losses) | Book value | Highest Percentage of ownership | Accumulated remittance of earnings in current period |
|--|--|---------------------------------|----------------------|---|------------------|--------|---|-------------------------------------|-------------------------|---------------------------------|----------------------------|------------|---------------------------------|--|
| | | | | | Outflow | Inflow | | | | | | | | |
| Dongbei (Beijing) Consultant Co., Ltd. | Management consulting services | 500 | (2) | - | - | - | - | (4,402) | 52.04% | (2,291.00)% | (7,595) | - | - | - |
| Beijing FoodChina Online Information & Technology Ltd. | Feed trading, animal products wholesale, and feed and agricultural products retail | 59,874 | (2) | - | - | - | - | (7,173) | 55.03% | (3,947.00)% | 12,609 | - | - | - |
| Dongbei Agri (Changchun) Co., Ltd. | Production and sale of feed | 1,111 | (2) | 19,483 | - | - | 19,483 | 22,636 | 52.04% | 11,780.00% | 96,876 | - | - | - |
| Great Wall Agri (Henan) Co., Ltd. | Production and sale of feed | 1,900 | (2) | - | - | - | - | (1,316) | 52.04% | (685.00)% | 3,685 | - | - | - |
| Great Wall Gourmet (Shanghai) Co., Ltd. | Production and sale of chicken, pork, and frozen processed foods | 6,940 | (2) | 82,000 | - | - | 82,000 | (12,383) | 52.04% | (6,444.00)% | 84,635 | - | - | - |
| DaChan Showa Foods (Tianjin) Co., Ltd. | Production and sale of feed | 8,950 | (2) | 26,158 | - | - | 26,158 | 29,150 | 55.00% | 16,032.00% | 180,224 | - | - | - |
| Dachan (Hunan) Feed Technologies Co., Ltd. | Production and sale of feed | 2,234 | (2) | - | - | - | - | (5,934) | 52.04% | (3,088.00)% | 27,467 | - | - | - |
| Dachan Food (Hebei) Co., Ltd. | Production and sale of feed | 53,767 | (2) | - | - | - | - | (215,098) | 52.04% | 111,937.00)% | 24,615 | - | - | - |
| Dachan Food (Panjin) Co., Ltd. | Production and sale of chicken | 3,000 | (2) | - | - | - | - | (2,254) | 52.04% | (1,173.00)% | 46,224 | - | - | - |
| Dachan Liangyou Food (Shanghai) Co., Ltd. | Production and sale of flour related products | 200,000 | (2) | - | - | - | - | 47,044 | 43.00% | 20,229.00% | 257,534 | - | - | - |
| Great Wall Agrotech Huludao Co., Ltd. | Production and sale of feed | 3,800 | (2) | - | - | - | - | 1,524 | 52.04% | 793.00% | 50,768 | - | - | - |
| Great Wall FeedTech (Tianjin) Co., Ltd. | Production and sale of feed | 14,536 | (2) | - | - | - | - | 24,717 | 100.00% | 24,717.00% | 423,286 | - | - | - |
| Shanghai Universal Chain Food Co., Ltd. | Italian food and dining, bakery, and restaurant management services | 3,100 | (2) | 101,680 | - | - | 101,680 | (4,063) | 100.00% | (4,063.00)% | 156,174 | - | - | - |
| Great Wall Yung Huo Food (Beijing) Co., Ltd. | Chinese fast food chains | 15,954 | (2) | 44,647 | - | - | 44,647 | (137) | 79.03% | (108.00)% | (14,308) | - | - | - |
| Nanjing Tengcheng Enterprise Management Co., Ltd. | Restaurant management | 21,006 | (2) | 37,902 | - | - | 37,902 | 7,601 | 100.00% | 7,601.00% | 62,063 | - | - | - |
| Beijing Universal Chain Food Co., Ltd. | Italian food and dining and bakery | 5,580 | (2) | 87,449 | 28,248 | - | 115,697 | (5,169) | 100.00% | (5,169.00)% | 15,064 | - | - | - |
| Saboten Catering Operation (Beijing) Co., Ltd. | Japanese food and dining and restaurant management services | 2,500 | (2) | 46,938 | - | - | 46,938 | 25,572 | 50.00% | 12,786.00% | 56,228 | 72,018 | - | - |
| Shanghai Xunshi Foods Co., Ltd. | Chinese fast food chains | 278 | (2) | - | - | - | - | - | 70.00% | -% | (5,690) | - | - | - |
| Beijing Dingfenggang Catering Co., Ltd. | Chinese fast food chains | 3,000 | (2) | 29,641 | - | - | 29,641 | (2,487) | 55.00% | (1,368.00)% | 17,073 | - | - | - |

(Continued)

GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| Name of investee | Main businesses and products | Total amount of paid-in capital | Method of investment | Accumulated outflow of investment from Taiwan as of January 1, 2019 | Investment flows | | Accumulated outflow of investment from Taiwan as of December 31, 2020 | Net income (losses) of the investee | Percentage of ownership | Highest percentage of ownership | Investment income (losses) | Book value | Highest Percentage of ownership | Accumulated remittance of earnings in current period |
|--|--------------------------------------|---------------------------------|----------------------|---|------------------|--------|---|-------------------------------------|-------------------------|---------------------------------|----------------------------|------------|---------------------------------|--|
| | | | | | Outflow | Inflow | | | | | | | | |
| Beijing Duhsiaoyueh Restaurant Co., Ltd. | Chinese fast food chains | 19,000 | (2) | 21,719 | 29,988 | - | 51,707 | (25,641) | 70.00% | 17,949.00% | 3,418 | - | - | - |
| Tianjin Fast Food Co., Ltd. | Food processing | 5,800 | (2) | 175,676 | - | - | 175,676 | 8,347 | 100.00% | 8,347.00% | (40,406) | - | - | - |
| TNT Biotechnology (Tianjin) Co., Ltd. | Feed | 11,602 | (2) | 303,344 | - | - | 303,344 | 39,018 | 100.00% | 39,018.00% | 280,151 | - | - | - |
| Taixu & DaChan Foods (Dalian) Co., Ltd. | Production and sale of pork | 21,595 | (2) | - | - | - | - | 1,119 | 20.82% | 233.00% | 8,680 | - | - | - |
| Shangdong Dachan Biotechnology Co., Ltd. | Production and sale of feed | 3,000 | (2) | - | - | - | - | 28,240 | 52.04% | 14,696.00% | (47,786) | - | - | - |
| Tai Ji Food Co., Ltd. | Processing and sale of food | 4,150 | (2) | 48,993 | - | - | 48,993 | (38,668) | 100.00% | 38,668.00% | (73,447) | - | - | - |
| Advent Prosperity Real Estate Development Co., Ltd. | Real Estate | 435,500 | (2) | - | - | - | - | (9,892) | 32.64% | (6,068.00)% | 1,122,859 | - | - | - |
| Dachan Shinyeh Catering Management (Beijing) Co., Ltd. | Chinese and western fast food chains | 1,670 | (2) | 20,792 | - | - | 20,792 | (3,310) | 40.00% | (1,324.00)% | 11,043 | - | - | - |
| Shanghai Guangcheng Catering Co., Ltd. | Chinese food and dining | 4,884 | (2) | - | - | - | - | (33,373) | 20.68% | (5,006.00)% | 87,502 | - | - | - |
| Hepeer Catering Management (Beijing) Co., Ltd. | Chinese food and dining | 6,000 | (2) | - | - | - | - | - | 20.00% | -% | 2,080 | - | - | - |
| Tianjin Hai Rei Food Limited | Food processing | 4,994 | (2) | - | - | - | - | (1,125) | 20.82% | (450.00)% | 3,372 | - | - | - |
| Rupp & DaChan Foods (Tianjin) Co., Ltd. | Feed research | 35,000 | (2) | - | - | - | - | (12,405) | 20.82% | (4,962.00)% | 54,025 | - | - | - |

(ii) Limitation on investment in Mainland China:

(In USD)

| | Accumulated Investment in Mainland China as of December 31, 2020 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on Investment |
|---------------------------------|--|--|---------------------------|
| Great Wall Enterprise Co., Ltd. | (USD 69,145,001) 1,969,250 | (USD 238,133,856) 6,782,052 | 12,108,647 |

Note 1: Investments are classified into four types as follows:

1. Investment in Mainland China companies by remittance through a third region
2. Establishing a company in a third region then investing in Mainland China companies.
3. Investment in Mainland China via reinvesting in an established company in a third region.
4. Direct investment in a Mainland China company.
5. Other.

Note 2: The relevant figures in the chart above related to foreign currencies have been converted to NTD according to the exchange rate as of the reporting date. For profit or loss recognition, conversion into NTD is made according to the annual and monthly weighted average exchange rate.

Note 3: This figure does not include capital surpluses.

(iii) Significant transactions: None

(Continued)

GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Major shareholders:

| Shareholder's Name | Shareholding | Shares | Percentage |
|-----------------------------|---------------------|---------------|-------------------|
| Fu Chu Investment Co., Ltd. | | 71,086,943 | 8.59 % |

Note: (i) The information of major shareholders includes shareholders who hold more than 5% of the Group's ordinary shares and preferred shares that have been delivered through non-physical registration (including treasury shares) on the last business day at the end of each quarter. There may be differences between the number of shares made through non-physical registration documented in this financial report and the actual figure due to differences in the calculation basis implemented.

(ii) If the shareholder delivers the shares to the trust, the individual account of the trustee who opened the trust account is disclosed. As for the Statement of Changes in Beneficial Ownership filed in accordance with the Securities and Exchange Act by insiders owning 10% or more of the company's outstanding stock, their shareholding includes their own shareholding plus the shares delivered to the trust and with the right to use the trust's property. For information on insiders' Statements of Changes in Beneficial Ownership, please refer to Public Information Observatory.

(Continued)

GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information:

The Group has six reportable segments as follow. The reportable segments are the Group's strategic divisions. They offer different products and services and are managed separately because they require different technology and marketing strategies. The chief operating decision maker of the Group reviews the internal management reports of each strategic operating unit at least quarterly.

- (a) Agricultural Food Business Group: Vertically integrated production and sales of feed, flour, fermented soybean meal, pork, and laying hens.
- (b) Meat Integration Business Group: Vertically integrated production and sales of white broilers, native chickens, and ducks in Taiwan.
- (c) Processed Food Business Group : Department of manufacturing and sales of processed food.
- (d) Food Service Business Group: Department of catering services and mall operations.
- (e) Southeast Asia Business Group: Production and sales of aquatic products and feed in Southeast Asia.
- (f) East Asia Business Group: A listed entity listed based in Hong Kong.

Other operating activities include investments in various industries and management consulting services. These departments did not meet any quantitative thresholds to be reportable segments in 2020 and 2019.

The Group's operating segment information and reconciliation are as follows:

| | For the years ended December 31, 2020 | | | | | | | | Total |
|---|---|--|--|--------------------------------------|--|--------------------------------|----------------------------|---------------------------------------|-------------------|
| | Agricultural Food Business Group | Meat Integration Business Group | Processed Food Business Group | Food Service Business Group | Southeast Asia Business Group | East Asia Business Group | Other Business Group | Reconciliati on and elimination | |
| Revenue from external customers | 22,196,146 | 11,953,589 | 3,013,611 | 1,989,707 | 2,739,287 | 39,735,252 | 23,300 | - | 81,650,892 |
| Intersegment revenues | 7,917,692 | 100,156 | 36,953 | 11,360 | - | 35,276 | - | (8,101,437) | - |
| Interest revenue | 4,264 | 1,870 | 386 | 3,212 | - | - | 16,506 | (9,680) | 16,558 |
| Total revenue | <u>\$ 30,118,102</u> | <u>12,055,615</u> | <u>3,050,950</u> | <u>2,004,279</u> | <u>2,739,287</u> | <u>39,770,528</u> | <u>39,806</u> | <u>(8,111,117)</u> | <u>81,667,450</u> |
| Interest expenses | \$ (32,165) | (16,014) | (5,913) | (8,961) | - | - | (228,342) | 11,768 | (279,627) |
| Depreciation and amortization | (198,930) | - | (31,266) | (348,746) | (66,277) | (623,431) | (622,777) | - | (1,891,427) |
| Share of profit (loss) of associates and joint ventures accounted for using equity method | - | - | - | - | - | - | - | 16,035 | 16,035 |
| Reportable segment profit before tax | <u>\$ 2,124,887</u> | <u>833,327</u> | <u>136,766</u> | <u>(47,296)</u> | <u>104,293</u> | <u>1,598,070</u> | <u>392,816</u> | <u>(159,375)</u> | <u>4,983,488</u> |

GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

| | For the years ended December 31, 2019 | | | | | | | | |
|---|---|--|--|--------------------------------------|--|--------------------------------|----------------------------|---------------------------------------|-------------------|
| | Agricultural Food Business Group | Meat Integration Business Group | Processed Food Business Group | Food Service Business Group | Southeast Asia Business Group | East Asia Business Group | Other Business Group | Reconciliati on and elimination | Total |
| Revenue from external customers | \$ 22,697,332 | 10,102,373 | 2,917,048 | 2,278,936 | 3,653,246 | 36,019,491 | 101,560 | - | 77,769,986 |
| Intersegment revenues | 5,012,468 | 1,184,561 | 60,355 | 2,184 | - | 7,169 | - | (6,266,737) | - |
| Interest revenue | 3,534 | 1,436 | 279 | 4,549 | - | - | 89,792 | (9,151) | 90,439 |
| Total revenue | <u>\$ 27,713,334</u> | <u>11,288,370</u> | <u>2,977,682</u> | <u>2,285,669</u> | <u>3,653,246</u> | <u>36,026,660</u> | <u>191,352</u> | <u>(6,275,888)</u> | <u>77,860,425</u> |
| Interest expenses | \$ (29,693) | (15,460) | (5,562) | (12,066) | - | - | (356,170) | 11,461 | (407,490) |
| Depreciation and amortization | (96,715) | - | (27,602) | (372,681) | (68,637) | (693,678) | (694,752) | - | (1,954,065) |
| Share of profit (loss) of associates and joint ventures accounted for using equity method | - | - | - | - | - | - | - | 80,873 | 80,873 |
| Reportable segment profit before tax | <u>\$ 1,887,139</u> | <u>625,348</u> | <u>138,410</u> | <u>(70,257)</u> | <u>72,079</u> | <u>1,150,404</u> | <u>176,417</u> | <u>(126,971)</u> | <u>3,852,569</u> |

(a) The material reconciling items of the above reportable segment are as below:

| Name of product | For the years ended December 31, | |
|----------------------|----------------------------------|-------------------|
| | 2020 | 2019 |
| Feeds | \$ 38,103,939 | 40,366,243 |
| Grains, meal and oil | 9,253,041 | 3,893,181 |
| Chicken meat | 17,989,965 | 15,544,481 |
| Foods | 12,966,872 | 14,348,307 |
| Other | 3,337,075 | 3,617,774 |
| Total | <u>\$ 81,650,892</u> | <u>77,769,986</u> |

(b) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

Revenue from external customers:

| Geographical region | For the years ended December 31, | |
|------------------------|----------------------------------|-------------------|
| | 2020 | 2019 |
| Taiwan | \$ 37,036,701 | 35,886,028 |
| China | 26,275,016 | 23,545,720 |
| Vietnam | 14,361,398 | 13,567,277 |
| Other (all <10%) | 3,977,777 | 4,770,961 |
| Total operating income | <u>\$ 81,650,892</u> | <u>77,769,986</u> |

GREAT WALL ENTERPRISE CO., LTD. AND SUBSIDIARIES
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Non-current assets:

| Geographical region | For the years ended December 31, | |
|----------------------------|---|-------------------|
| | 2020 | 2019 |
| Taiwan | \$ 14,040,564 | 12,609,323 |
| China | 6,799,934 | 6,817,411 |
| Vietnam | 1,111,316 | 1,102,408 |
| Other (all <10%) | 1,529,096 | 1,227,438 |
| Total non-current assets | \$ 23,480,910 | 21,756,580 |

Non-current assets include property, plant and equipment, investment property, intangible assets, and other assets, not including financial instruments, deferred tax assets, pension fund assets, and rights arising from an insurance contract (non-current).

(c) Major customers

The Group did not have customers whose revenue accounted for more than 10% of the revenue stated in the income statement in 2020 and 2019.

VI. Effect on the Financial Position of Any Financial Difficulties Experienced by the Company and Its Affiliates in the Most Recent Fiscal Year and during the Current Fiscal Year up to the Date of Publication of the Annual Report: None.

VII. The financial forecast for the last two years and the reasons for the difference between the original forecast and the actual achievement: No financial forecast.

Seven, Risk Management and Analysis on Financial Status and Operating Results

I. Financial Status

(I) Comparative analysis of financial status - Consolidated financial statements

Unit: NT\$ Thousand

| Item | Year | 2020 | 2019 | Difference | |
|-------------------------------|------|------------|------------|------------|--------|
| | | | | Amount | % |
| Current assets | | 23,517,338 | 21,286,860 | 2,230,478 | 10.48% |
| Property, plant and equipment | | 19,119,064 | 17,357,465 | 1,761,599 | 10.15% |
| Other non-current assets | | 9,056,634 | 8,656,412 | 400,222 | 4.62% |
| Total assets | | 51,693,036 | 47,300,737 | 4,392,299 | 9.29% |
| Current liabilities | | 21,147,353 | 20,172,456 | 974,897 | 4.83% |
| Non-current liabilities | | 2,658,931 | 2,803,762 | (144,831) | -5.17% |
| Total liabilities | | 23,806,284 | 22,976,218 | 830,066 | 3.61% |
| Share capital | | 8,273,391 | 8,273,391 | 0 | 0.00% |
| Capital surplus | | 3,179,626 | 3,011,373 | 168,253 | 5.59% |
| Retained earnings | | 7,562,982 | 6,259,370 | 1,303,612 | 20.83% |
| Other equity interest | | 1,384,211 | 902,128 | 482,083 | 53.44% |
| Treasury stock | | (219,132) | (219,132) | 0 | 0.00% |
| Non-controlling interest | | 7,705,674 | 6,097,389 | 1,608,285 | 26.38% |
| Total equity | | 27,886,752 | 24,324,519 | 3,562,233 | 14.64% |

The main reasons for increase or decrease of more than 20% are provided below:

1. Retained earnings: Mainly due to the increase in net profit for the period.
2. Other equity interest: Increase in unrealized gains on financial assets at fair value through other comprehensive income
3. Non-controlling interests: Increase in net assets of DaChan Food (Asia) Limited and Z.Y. Food Company Limited.

(II) Comparative analysis of financial status - Parent company only financial statements

Unit: NT\$ Thousand

| Item | Year | 2020 | 2019 | Difference | |
|-------------------------------|------|------------|------------|------------|--------|
| | | | | Amount | % |
| Current assets | | 7,072,346 | 6,378,039 | 694,307 | 10.89% |
| Property, plant and equipment | | 7,415,968 | 7,350,717 | 65,251 | 0.89% |
| Other non-current assets | | 15,427,527 | 13,180,520 | 2,247,007 | 17.05% |
| Total assets | | 29,915,841 | 26,909,276 | 3,006,565 | 11.17% |
| Current liabilities | | 9,297,381 | 8,222,653 | 1,074,728 | 13.07% |
| Non-current liabilities | | 437,382 | 459,493 | (22,111) | -4.81% |
| Total liabilities | | 9,734,763 | 8,682,146 | 1,052,617 | 12.12% |
| Share capital | | 8,273,391 | 8,273,391 | 0 | 0.00% |
| Capital surplus | | 3,179,626 | 3,011,373 | 168,253 | 5.59% |
| Retained earnings | | 7,562,982 | 6,259,370 | 1,303,612 | 20.83% |
| Other equity interest | | 1,384,211 | 902,128 | 482,083 | 53.44% |
| Treasury stock | | (219,132) | (219,132) | 0 | 0.00% |
| Total equity | | 20,181,078 | 18,227,130 | 1,953,948 | 10.72% |

The main reasons for increase or decrease of more than 20% are provided below:

1. Retained earnings: Mainly due to the increase in net profit for the period.
2. Other equity interest: Increase in unrealized gains on financial assets at fair value through other comprehensive income

(III) Significant impact on the Company and response plans: No significant impact.

II. Financial Performance

(I) Comparative analysis of financial performance - Consolidated financial statements

Unit: NT\$ Thousand

| Item | Year | | Difference | |
|--|------------|------------|------------|---------|
| | 2020 | 2019 | Amount | % |
| Operating revenue | 81,650,892 | 77,769,986 | 3,880,906 | 4.99% |
| Operating costs | 69,388,663 | 66,038,732 | 3,349,931 | 5.07% |
| Operating profit | 12,262,229 | 11,731,254 | 530,975 | 4.53% |
| Operating expenses | 8,050,281 | 8,010,040 | 40,241 | 0.50% |
| Net operating profit | 4,211,948 | 3,721,214 | 490,734 | 13.19% |
| Non-operating revenue and expenses | 771,540 | 131,355 | 640,185 | 487.37% |
| Net income before tax from continuing operating department | 4,983,488 | 3,852,569 | 1,130,919 | 29.35% |
| Less: Income tax expense | 911,142 | 878,542 | 32,600 | 3.71% |
| Net profit for the year | 4,072,346 | 2,974,027 | 1,098,319 | 36.93% |
| Other comprehensive income (loss) for the year | 629,592 | (91,653) | 721,245 | 786.93% |
| Total comprehensive income for the year | 4,701,938 | 2,882,374 | 1,819,564 | 63.13% |

The main reasons for increase or decrease of more than 20% are provided below:

1. Non-operating revenue and expenses: Increase in foreign currency exchange benefits and other benefits.
2. Other comprehensive gains and losses for the current period: Increase in the translation difference of the foreign operating agency's financial statements.
3. Net profit before tax, net profit for the current period and total comprehensive gains and losses for the current period: Mainly due to the synergistic effect of the increase in net operating profit and non-operating income for the current period.

(II) Comparative analysis of financial performance - Parent company only financial statements

Unit: NT\$ Thousand

| Item | Year | 2020 | 2019 | Difference | |
|--|------|------------|------------|------------|---------|
| | | | | Amount | % |
| Operating revenue | | 27,173,338 | 27,785,090 | (611,752) | -2.20% |
| Operating costs | | 23,121,741 | 23,991,737 | (869,996) | -3.63% |
| Operating profit | | 4,051,597 | 3,793,353 | 258,244 | 6.81% |
| Operating expenses | | 2,100,881 | 2,044,186 | 56,695 | 2.77% |
| Net operating profit | | 1,950,716 | 1,749,167 | 201,549 | 11.52% |
| Non-operating revenue and expenses | | 1,622,291 | 932,575 | 689,716 | 73.96% |
| Net income before tax from continuing operating department | | 3,573,007 | 2,681,742 | 891,265 | 33.23% |
| Less: Income tax expense | | 450,936 | 398,141 | 52,795 | 13.26% |
| Net profit for the year | | 3,122,071 | 2,283,601 | 838,470 | 36.72% |
| Other comprehensive income (loss) for the year | | 483,770 | 142,601 | 341,169 | 239.25% |
| Total comprehensive income for the year | | 3,605,841 | 2,426,202 | 1,179,639 | 48.62% |

The main reasons for increase or decrease of more than 20% are provided below:

1. Non-operating revenue and expenses: Increase in foreign currency exchange benefits.
2. Other comprehensive gains and losses for the current period: Increase in the translation difference of the foreign operating agency's financial statements.
3. Net profit before tax, net profit for the current period and total comprehensive gains and losses for the current period: Mainly due to the synergistic effect of the increase in net operating profit and non-operating income for the current period.

(III) Analysis of operating profit changes

Unit: NT\$ Thousand

| | Net profit in 2020 | Net profit in 2019 | Deviation |
|------------------|--------------------|--------------------|-----------|
| Meat Department | 3,739,980 | 3,578,032 | 161,948 |
| Feeds Department | 7,970,500 | 7,625,315 | 345,185 |
| Others | 551,749 | 527,907 | 23,842 |
| Total | 12,262,229 | 11,731,254 | 530,975 |

It can be seen from the above table that the department with the most significant changes in the Company's gross profit is the Feed Department. The price-volume analysis of some products that have a significant impact on gross profit in this department is as follows:

Unit: NT\$ Thousand

| | Variation from the previous period | Reason for deviation | | | |
|-------|------------------------------------|--------------------------|-----------------|----------------------|---------------------|
| | | Selling price difference | Cost difference | Sales mix difference | Quantity difference |
| Feeds | 345,185 | (353,388) | 314,697 | 299,309 | 84,567 |

(IV) Sales volume forecast and basis

Based on past performance and changes in market demands, the estimated sales volume for 2021 is as follows:

| Item | Sales volume (tons) |
|---------------------------------------|---------------------|
| Feeds | 3,600,000 |
| Meat (white broiler + native chicken) | 400,000 |
| Bulk supplies | 514,000 |

(V) Potential impact on the future financial operations and corresponding plans: no significant impact.

III. Analysis on Cash Flow

(I) Cash Flow Analysis for the Current Year

| Item | Year | 2020 | 2019 | Percentage of increase (decrease)% |
|-----------------------------|------|---------|--------|------------------------------------|
| Cash flow ratio | | 30.59% | 27.37% | 3.22% |
| Cash flow sufficiency ratio | | 125.85% | 85.84% | 40.01% |
| Cash reinvestment ratio | | 10.48% | 10.79% | -0.31% |

The analysis of the increase and decrease ratio is as follows:

The cash flow ratios for the current year increased compared with the previous year, mainly due to the increase in net profit before tax of NT\$ 1,130,919 thousand, the decrease in acquisition of property, plant and equipment of NT\$ 1,713,451 thousand, the increase in short-term loans of NT\$ 727,843 thousand, and the increase in cash dividends of NT\$ 603,240 thousand.

(II) Cash liquidity analysis for the upcoming year

Unit: NT\$ Thousand

| Cash balance amount at the beginning of the year (1) | Estimated annual net cash provided by operating activities (2) | Estimated annual cash outflow (3) | Estimated cash balance (deficit) (1)+(2)-(3) | Measures for managing cash deficit | |
|--|--|-----------------------------------|--|------------------------------------|----------------|
| | | | | Investment Plan | Financial Plan |
| 4,488,486 | 5,927,000 | 5,150,000 | 5,265,486 | - | - |

1. Cash flow analysis for the current year

- (1) Operating activities: The reason for the net inflow of operating activities in the coming year is that the expected operating conditions will be better than this year, resulting in the expected net cash inflows from operating activities.
- (2) Investment activities: It is expected that there will be no increase or sale of long-term investments in the coming year, so there is little change.
- (3) Wealth management activities: It is expected that long-term liabilities and cash dividends maturing within one year will be repaid in the coming year, so net cash outflows from financing activities are expected to occur.

In summary, the net cash inflow from operating activities in the coming year will support the annual outflow.

2. Improvement plan for insufficient liquidity: None.

IV. Effect on Financial Operations of Any Major Capital Expenditures during the Most Recent Fiscal Year

- (I) The Company is expected to have a relatively large capital expenditure of NT\$ 898,000 thousand in 2021, mainly investing in the construction of Erlin Egg Washing Plant. For related expenditure items, please refer to the table below.

(II)

1. Status of major capital expenditure and source of funds

| Plan | Actual or projected source of funds | Actual or projected completion date | Funds Required (Thousand) | Actual or projected capital expenditure status (Thousand) | | |
|---------------------------|-------------------------------------|-------------------------------------|---------------------------|---|---------|---------|
| | | | | 2020 | 2021 | 2022 |
| Land | Operating profit | 2020 | 26,000 | 26,000 | | |
| Plant | Operating profit | 2022 | 464,000, | | 139,200 | 324,800 |
| Production line equipment | Operating profit | 2022 | 408,000 | | | 408,000 |

2. Estimated possible benefit assessment: Assuming 10 years of amortization.
- (1) The depreciation cost of buildings and equipment is NT\$ 87,200 thousand per year. (10 years of depreciation for buildings, 10 years for equipment, without salvage value)
 - (2) The benefit of the new plant is that it is in the vicinity of Changhua, the egg production area in Taiwan, and coordinates with north-south logistics to reduce the cost of raw material scheduling and transportation. It also introduces automated warehousing and high-capacity automated equipment to reduce production costs and increase marginal contributions. In the first year (2023), the sales volume will reach 4,800 tons, the net sales amount will be NT\$ 3,316,227 thousand, and the contribution margin ratio will reach 7.0%. From the second year, the sales will grow 10% annually, and the net profit after tax will reach 0.3~1.0%.
 - (3) The net present value, payback period and internal rate of return of this investment case are estimated in the following table:

Unit: NT\$ Thousand

| IRR | NPV | Payback Period |
|--------|--------|----------------|
| 4.14 % | 84,656 | 8.36 |

V. Main Reasons for the Profit or Loss of the Reinvestment Policy in the Most Recent Year, Improvement Plans and Investment Plans for the Coming Year

(I) Reinvestment policy in the most recent year

The Company upholds the investment in industries and industrial policies that we are familiar with, focuses on bulk materials and agricultural and livestock food chains, provides humans with the highest quality animal protein, moves towards a more comprehensive bio-nutrition technology field, uses Taiwan as its operations research and operation center- “Invest in Taiwan, Realize Global Layout”, and strives to develop into a “life nutrition science company”.

(II) Major reasons for profit or loss of reinvestments and improvement plan:

1. Reasons for profit or loss: Please refer to the notes to the consolidated financial report for the profit from the reinvestment.
2. Improvement plans: The catering business group experienced a loss this year. Due to the impact of COVID-19, the limit on the number of people eating out affected the dining habits of consumers in restaurants. In the future, adjustments will be made with the cooperation of existing branches and delivery platforms. In addition to enhancing product diversification, the Company also uses the Group’s vertical integration advantages to reduce the cost of raw materials procurement, and actively strengthens the brand image in the minds of consumers.

(III) Investment plan for the coming year

1. Expand Taiwan's egg product business and flour mills.
2. Expand Vietnam's feed production capacity.
3. Expand food processing capacity in Mainland China.

VI. Risk management analysis and evaluation

(I) Effect upon the Company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future

1. Impact on the Company's profits (losses):

Unit: NTD Thousand/ %

| Item | 2020 |
|--|---------|
| Net interest revenue | 263,069 |
| Net foreign exchange gains (losses) | 345,523 |
| Net interest revenue to net operating revenue | 0.32% |
| Net interest revenue to net profit before tax | 5.28% |
| Net exchange gains (losses) to net operating revenue | 0.42% |
| Net exchange gains (losses) to net profit before tax | 6.93% |

(1) Interest rate fluctuations

The Company's domestic short-term and long-term loans at the end of 2020 are debts with floating interest rates, so changes in market interest rates will cause the effective interest rate of short-term and long-term loans to change accordingly, leading to fluctuations in future cash flows. For every 1% change in interest rates, the annual interest rate will affect approximately NT\$63.38 million.

(2) Exchange rate fluctuations

The Company has foreign currency-denominated import business capital transactions, and the exchange rate changes mainly affect the purchase costs. The Company is engaged in derivative financial commodity trading contracts mainly for non-trading purposes and holds forward USD foreign exchange. The establishment of forward foreign exchange contracts is to avoid the risk of foreign currency debt due to exchange rate changes. Since it is a hedging nature

of foreign exchange transactions, the profits and losses arising from exchange rate changes will roughly offset the profits and losses of the hedged items. Therefore, the overall cost of the Company is not affected by the price risk caused by exchange rate changes.

(3) Inflation

The raw materials needed for the Company's production mainly come from foreign imports or internal transfer pricing. Therefore, the increase in domestic inflation has a limited impact on the Company's profit, and the Company is mainly engaged in the domestic sales industry. The increase in domestic inflation may also affect the Company's sales. Therefore, inflation has minimal impact on the Company's overall profitability.

2. Future countermeasures

(1) Countermeasures against interest rate fluctuations

The Company's domestic individual financial reporting current ratio was 76%, and the debt ratio was 33% at the end of 2020. To meet short-term working capital needs, bank financing uses low-interest commercial promissory notes and short-term bank loans as the main tools.

(2) Countermeasures against exchange rate fluctuations

The Company adopts dynamic hedging strategies for fluctuations in the appreciation and depreciation of NTD against USD, openings or foreign currency debt positions, and observes global economic trends, and avoids risks arising from exchange rate changes on the principle of conservativeness and stability.

(3) Countermeasures against inflation

The Company is mainly for domestic sales. The increase in domestic inflation rate can also affect the Company's sales. Therefore, inflation has minimal impact on the Company's overall profit. The Company will uphold the spirit of saving everything and continue to promote various streamlining programs to avoid the impact of inflation.

(II) The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and countermeasures to be taken in the future

1. The Company did not engage in high-risk or highly leveraged investments.
2. In accordance with the relevant laws and regulations of the Securities and Futures Bureau of the FSC, the Company has formulated the

“Procedures for Loaning Funds to Others” and the “Implementation Measures for Endorsement and Guarantee”. At the same time, the Company’s auditing unit has also formulated relevant systems for risk management and evaluation in accordance with the “Guidelines for Establishing Internal Control System Processing by Public Offering Companies” promulgated by the Securities and Futures Bureau. As of 2020, the maximum limit of the Company’s capital loan to others was NT\$7,513,100 thousand, and the end-of-period capital loan limit to others was NT\$1,930,000 thousand. The objects were City Chain Food Ltd., May Lan Lei Co., Ltd., Total Nutrition Technologies Co., Ltd., Yellow River Investment Co., Ltd., Anxin Qiaochu Co., Ltd., Kouchan Mill Co., Ltd., Oriental Best Foods Co., Ltd., Z.Y. Food Company Limited, and Dachan Great Wall International (Holdings) Co., Ltd. The actual transfer targets were May Lan Lei Co., Ltd. at NT\$524,000 thousand and Oriental Best Foods Co., Ltd. at NT\$36,000 thousand. In addition, the Company did not engage in endorsement guarantees as of 2020.

3. The Company conducts derivative commodity transactions in accordance with the established “Procedures Governing Derivatives Trading”. In order to avoid the risk of USD exchange rate fluctuations and reduce the cost of corn procurement, the derivative commodity transaction items are USD forward foreign exchange and corn derivatives. For commodities, the realized exchange gains as of 2020 were NT\$253,961 thousand, and the realized losses of corn derivatives were NT\$18,780 thousand. 12 月 31 日

(III) Research and development work to be carried out in the future, and further expenditures expected for research and development work

1. Animal nutrition R&D - Continuously develop the best products and systems for different materials:
 - ①Develop high-quality artificial milk and suckling pig feed.
 - ②Cooperate with the contract department to expand the number of contracts and develop the most efficient contracted pig breeding system and feed.
 - ③In conjunction with the improvement of breeding performance of breeding pigs, develop a high-efficiency system for the use of special feeds for breeding animals.
 - ④Develop high-efficiency layer feed products and feeding systems.
 - ⑤High-performance feed products with no resistance and waste reduction.

2. Functional raw materials and product development: Combining the advantages of Almighty Biotechnology to develop functional raw materials and products, especially in animal health and environmental maintenance, such as N100, N, functional probiotics, high-moisture lactic acid bacteria, high-efficiency subtilis, and yeast cell walls, immunomodulators, organic acids, functional peptides and other products.100A
 3. Establish a safe and reliable biological security defense system:
 - ①Establish a biosafety planning and audit department, planning, supervising and implementing biosafety implementation work to reduce disease risks.
 - ②Implement antibody and pathogen monitoring technology, such as: PCR, Eliza's detection tools for pathological detection and analysis, understand the farm's disease pollution status, formulate an effective epidemic prevention plan and prevent the risk of disease.
 4. Environmental protection and minimal antibiotic product development: After long-term R&D, DaChan feed has no antibiotics in layer feed, pig late stage, and broiler late stage, achieving the goal of zero drug residues. We have also successively introduced environmentally friendly feeds for pigs, laying hens, and low N.P.NH3 pollution. In the future, we will continue to improve on the goals of safety and environmental protection.
 5. Development of pet food: The Company will invest manpower and technical resources in the development of dry food, wet food, snacks and health products for dogs and cats, make use of the Group's relevant advantages to develop raw materials with unique functions and differentiated products, consider specific channels and consumer demands, and assist in opening up new markets.
 6. Wonder Vax Company Limited will launch four poultry products on the market this year. In addition to self-use, they will also be sold to the domestic market. This year, more chicken, duck and pig vaccine products will be launched in the development process and will be launched in succession. For self-use and domestic demand, the market will develop in Southeast Asia in the future.
- (IV) Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad: None.**
- (V) Effect on the Company's financial operations of developments in science and technology as well as industrial change: None.**
- (VI) Impact of corporate image change on corporate crisis management: None.**
- (VII) Expected benefits and possible risks associated with any merger and acquisitions: None.**
- (VIII) Expected benefits and possible risks associated with any plant expansion:**

None.

(IX) Risks associated with any consolidation of sales or purchasing operations

The Company's purchases are mainly imported bulk materials, mainly through futures trading and foreign exchange operations to avoid procurement risks. The Company's top ten sales vendors account for less than 10% of the Company's sales, and there is no risk of centralized sales.

(X) Impacts and risk resulting from major equity transfer or replacement of directors, supervisors, or substantial shareholders holding more than 10% of the Company's shares: None.

(XI) Impact and risk associated with changes in management rights: None.

(XII) Litigation and non-litigation matters

Disclosure of issues in dispute, monetary amount of claims, filing date, parties involved, and status of any litigation or other legal proceedings within the latest fiscal year and as of the date of the annual report where the Company and/or any of its directors, supervisors, president, person in charge, shareholders with 10% or more share ownership, or affiliates are involved in a pending litigation, legal proceedings or administrative proceedings, or a final judgment or ruling which may have a material adverse effect on the Company's shareholder equity or price of securities: None.

(XIII) Other Significant risks:

1. Food safety risks and countermeasures:

The Company has established a high-quality and responsible food supply chain through detailed and strict TGAP(Taiwan Good Agriculture Practice), checks at each level from the source of bulk raw materials, feed production, nutritional formula, breeder breeding, incubation, contract breeding, to five-star electric slaughter factory. We are leading the industry to implement the monitoring operation system without drug residues, and confirm that the products and raw materials are 100% free of drug residues.

Safety and quality have always been the Company's core philosophy and strengths. In order to strengthen the implementation of food safety and strengthen industrial competitiveness, DaChan opened a quality inspection center building to establish a complete and traceable production history through vertical integration, adopts professional quality control and inspection technology from farm to table, strictly controls and ensure their safety and quality for consumers.

2. Information security risks and countermeasures:

The Company has established a complete network and computer security protection system to control or maintain the Company's manufacturing operations and accounting and other important corporate operations. By reviewing and evaluating rules and procedures annually, the Company ensures appropriateness and effectiveness of its network security. However, it is still unable to fully guarantee the exemption from the risks and attacks which are subject to ever-changing innovation in cybersecurity threats. Technological changes have not caused major operational risks and impacts on the Company's information security in the most recent year up to the date of publication of the Annual Report.

VII. Other Necessary Supplements: None.

Eight, Subsidiary Information and Other Special Notes

I, Information on Affiliates

The merger report of affiliates has been issued.

(I) Organizational Chart

Figure I

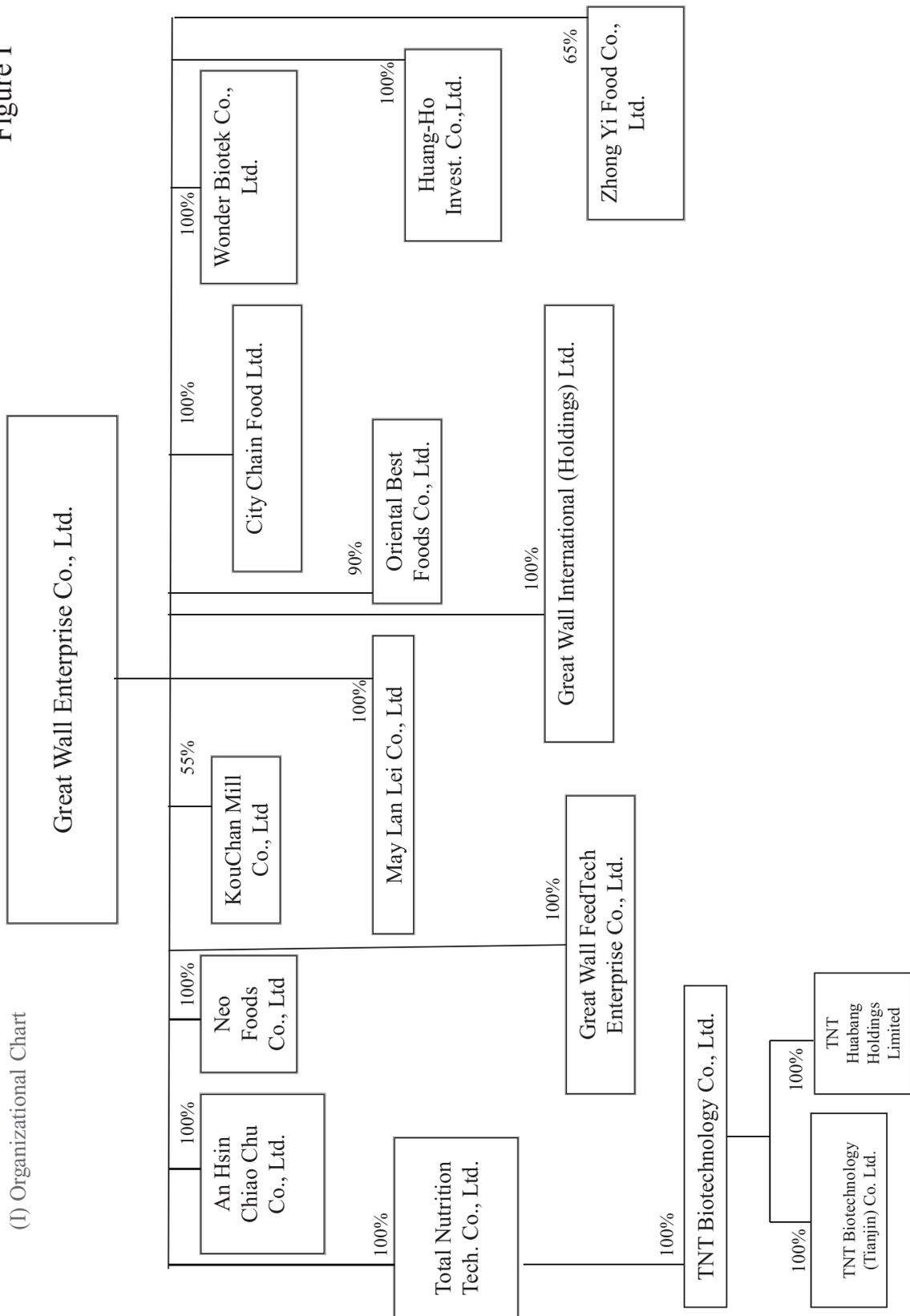


Figure II

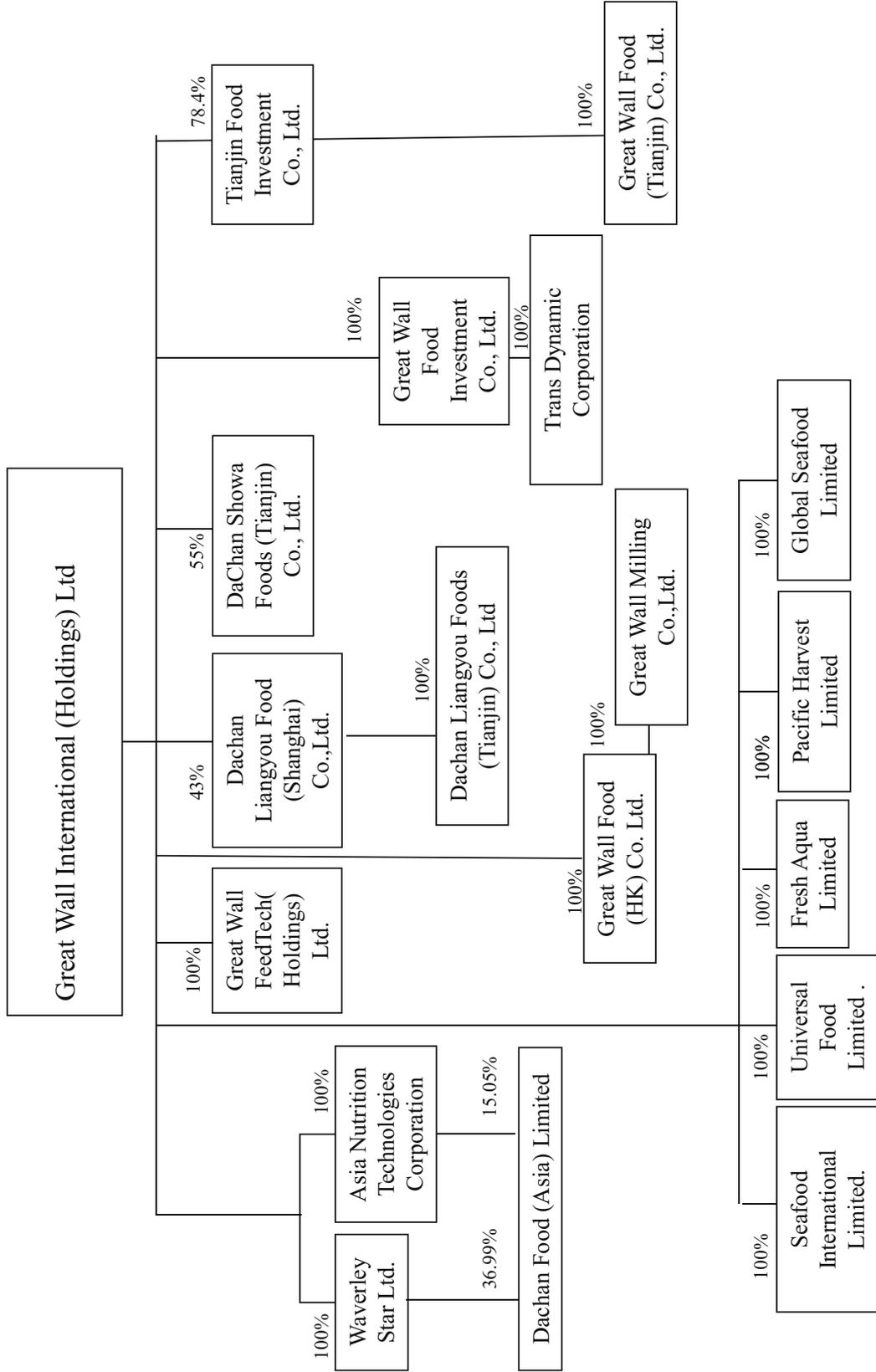
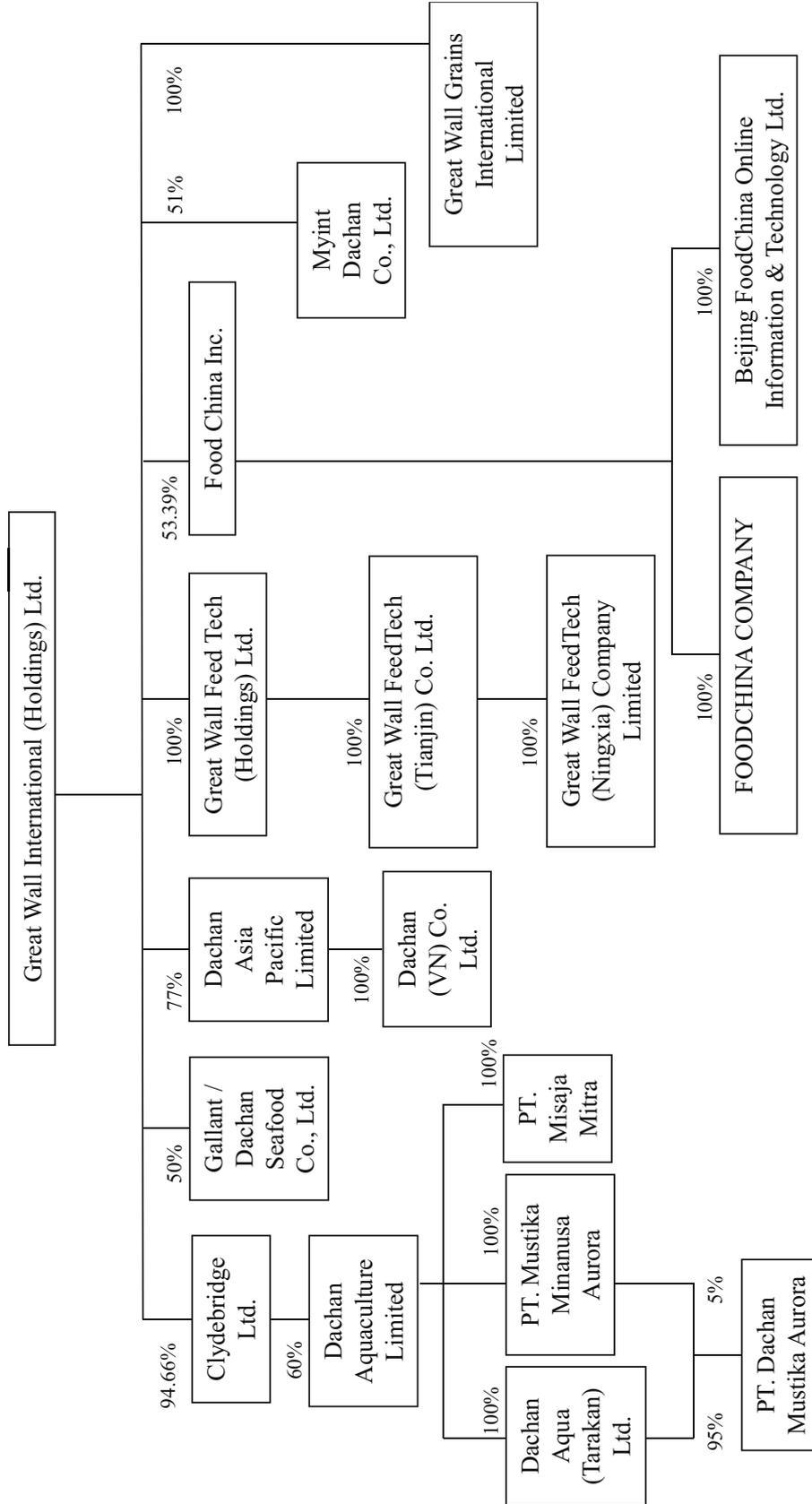


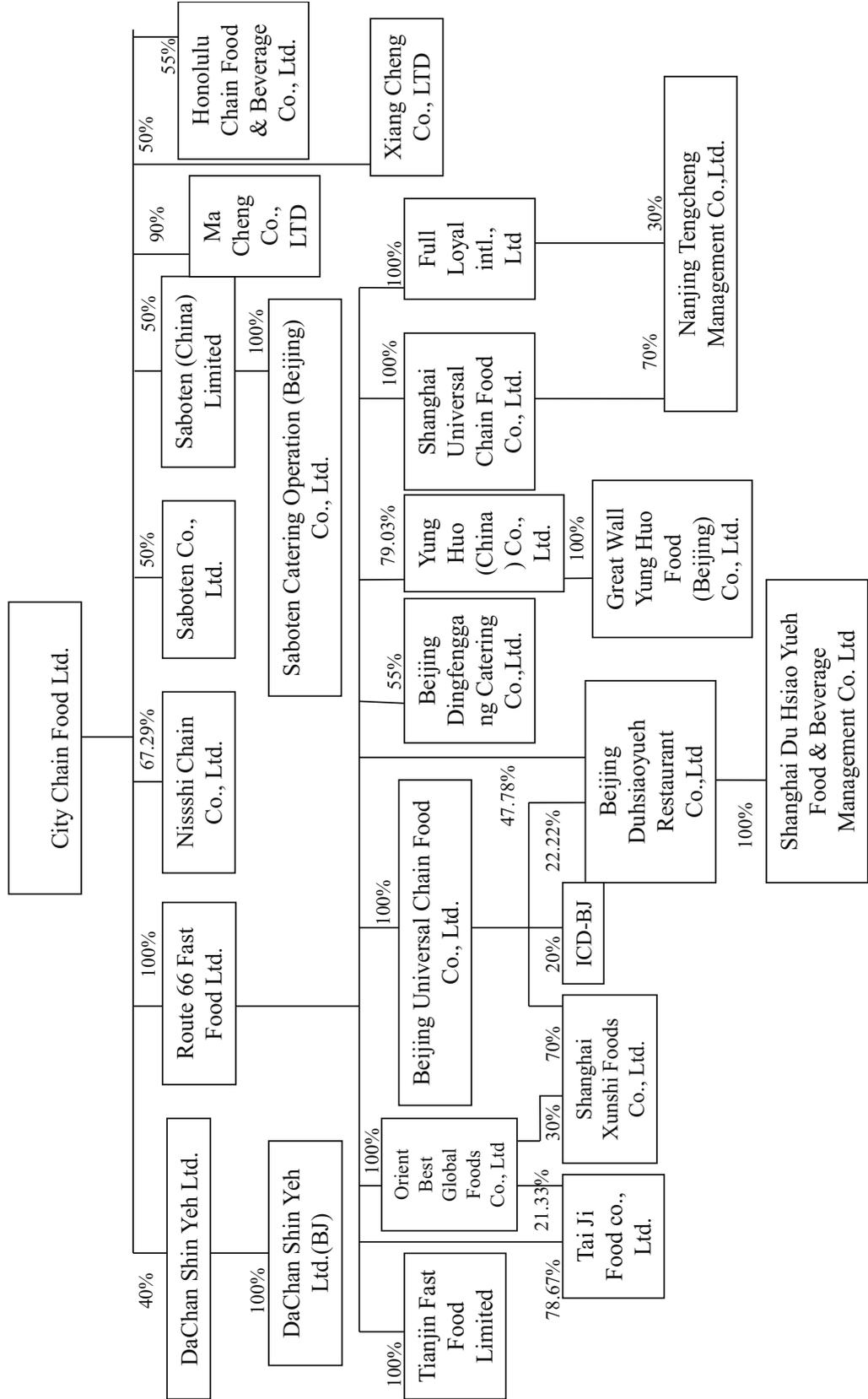
Figure II (Continued)



1. GWALN-BVI : Great Wall Agritech (Liaoning) Co., Ltd. (BVI)
2. GWALN-HK : Great Wall Agritech (Liaoning) Co., Ltd. (HK)
3. GWAHLJ : Great Wall Agri (Hei Long Jiang) Co., Ltd.
4. GWAHLD : Great Wall Agrotech Huludao Co., Ltd.
5. GWASY : Great Wall Agrotech Feed (Shenyang) Co., Ltd.
6. GWAHE : Great Wall Agri (Henan) Co., Ltd.
7. LGW : Liaoning Great Wall Agri-Industrial Co., Ltd.
8. DZXL-HK : Dachan Zhong Xin Limited
9. HAC : Hwabei Agri Corporation
10. DWHK : Dachan Wanda (HK) Ltd.
11. UML : Union Manufacturing Ltd.
12. TWD : Dachan Wanda (Tianjin) Co.Ltd.
13. GWGS : Great Wall Gourmet (Shanghai) Co., Ltd.
14. DBC-BJ : Dongbei (Beijing) Consultant Co., Ltd
15. ZLQ : ZHENGLANQI DACHAN ECO-RANCH CO LTD
16. IIL : Impreza Investments Ltd.
17. GWDL : Great Wall Dalian Investments Co., Ltd.
18. GWF-DL : Great Wall Foods (Dalian) Co., Ltd.
19. GWKM : Great Wall Kuang-Ming Investment (BVI) Co., Ltd.
20. MIY-BVI : Miyasun-Great Wall (BVI) Co., Ltd.
21. MIY-DL : Miyasun-Great Wall Foods (Dailian) Co., Ltd.
22. DBC: Dongbei Agri Corporation
23. GWAYK: Great Wall Agri (Yingkou) Co., Ltd.
24. GWATL: Great Wall Agri (Tieling) Co., Ltd.
25. DBCCC: Dongbei Agri (Changchun) Co., Ltd.
26. DHFT: DaChan (Hunan) Feed Technologies Co., Ltd.
27. DFH: Dachan Food (Hebei) co., Ltd.
28. DFPJ: Dachan Food (Panjin) Co., Ltd.
29. ANTIC-VN: Asia Nutrition Technologies (VN) Investment Co., Ltd.
30. ANT-HN: Asia Nutrition Technologies (HN) Co., Ltd.
31. ANT-HN-NA: Asia Nutrition Technologies (HN) Company Limited
32. ANT-VN: Asia Nutrition Technologies (VN) Co.,
33. ANT-VN-BD: BRANCH OF ASIA NUTRITION TECHNOLOGIES (VN) IN BINH DUONG
34. ANT-LA: Asia Nutrition Technologies (LA) Co., Ltd.
35. ANT-MV: Asia Nutrition Technologies (MV) Co., Ltd.
36. ANT Feed: ANT Feed .Co.Ltd
37. MSV: Marksville Corporation
38. GWNT: Great Wall Nutrition Technologies Sdn. Bhd.
39. DAPL: Dachan (Asia-Pacific) Limited
40. DCL-VN: Dachan (VN) Company Limited
41. DCF: DaChan Livestock Development Co., Ltd.
42. TDF-BVI: TAIXU & DACHAN FOODS HOLDINGS CO LTD
43. TDF-HK: TAIXU & DACHAN FOODS CO LTD
44. TDF-DL: TAIXU & DACHAN FOODS (DALIAN) CO LTD
45. GWA-SC: DACHAN AGRICULTURAL TECHNOLOGIES (SICHUAN) CO LTD
46. DF-BB: BENGBU DACHAN FOOD CO LTD
47. TDPR-BJ: TIANJIN DACHAN PROSPECT RESEARCH AND DEVELOPMENT CO LTD
48. SDB: SHANDONG DACHAN BIOTECHNOLOGY CO LTD
49. YDF: YANZHOU DACHAN FOOD CO LTD
50. S&F-BVI: China S & F Farm Holdings Co.,Ltd.
51. TIG-BVI: TAIWAN INTERNATIONAL GENE CO., LTD
52. TDF-BDF: TAIXU & DACHAN FOODS (BENGBU) CO LTD
53. TCC-TD: TIANJIN CHAO CHENG FOOD TRADE CO LTD
54. TJSP: TIAN JIN SUPER PIG AST Co., Ltd

Figure III - Full names of all companies

Figure IV



(1) Basic information of the Company's Affiliated Enterprises:

Unit: NT \$ Thousand

| Name of Affiliate | Date of establishment | Address | Paid-in capital | Major Lines of Business or Products | Original currency |
|---|-----------------------|--|-----------------|---|-------------------|
| MAY LAN LEE CO., LTD. | 1991/12/26 | No. 87, Huangong Road, Yongkang District, Taiwan | #N/A | #N/A Feed, wholesale of livestock, poultry and edible fats and oils, retail of agricultural products, livestock products and aquatic products. | NTD |
| ORIENTAL BEST FOODS CO., LTD. | 1988/7/26 | No. 2-20, Nanyang Road, Zhongli District, Taiwan | #N/A | #N/A Feed production and marketing | NTD |
| Asia Nutrition (Taiwan) Co., Ltd. | 2007/12/17 | No. 3, Fuzhou Second Street, Fuzhou, Yongkang District, Taiwan | #N/A | #N/A Sale of processed feed | NTD |
| Z.Y. Food Company Limited | 2018/02/7 | No. 3, Fuzhou Second Street, Fuzhou, Yongkang District, Taiwan | #N/A | #N/A Retail of agricultural products | NTD |
| Wonder-Vac Company Limited | 2017/12/25 | No. 3, Fuzhou Second Street, Fuzhou, Yongkang District, Taiwan | #N/A | #N/A Animal drugs | NTD |
| Liaoning Duchan Agriculture and Animal Husbandry Industry Co., Ltd. | 1990/6/16 | No. 28, Buhai Street, Yuhong District, Shenyang City, China | #N/A | #N/A Chicken, feed production and marketing | RMB |
| DaChun Feed (Dalian) Co., Ltd. | 1995/7/1 | 26, Tanqidi Road, Paitai Economic Development Zone, Wafangdian, Liaoning, China### | #N/A | #N/A Chicken, feed production and marketing | RMB |
| Duchan Wanhai (Taiwan) Co., Ltd. | 1999/2/15 | Near Yangsheng Bridge, Jiming Road, Xiangji District, Taichung, China### | #N/A | #N/A Chicken, feed production and marketing | RMB |
| Duchan Agriculture and Animal Husbandry (Taiwan) Co., Ltd. | 1997/2/1 | China Textile Economic Development Zone (No. 1, Fushikeng Road, Yuzhuhou District)### | #N/A | #N/A Chicken, feed production and marketing | RMB |
| Duchan Agriculture and Animal Husbandry (Yamoukou) Co., Ltd. | 1997/6/1 | North of Ouhaoqiao Village, Yong'an Town, Dashihoan City, Liaoning Province | #N/A | #N/A Chicken, feed production and marketing | RMB |
| Duchan Feed (Shanghai) Co., Ltd. | 1995/7/1 | No. 1, Cuiqiangqiao Road, Paitai Economic Development Zone, Wafangdian City, Dalian, China | #N/A | #N/A Production and sales of processed chicken products | RMB |
| Duchan Agriculture and Animal Husbandry (Helongjiang) Co., Ltd. | 1994/6/23 | No. 48, Konaikang Road, Konaikang Industrial Zone, Soudaifeng District, Shandong, China | #N/A | #N/A Production and marketing of chicken, pork, and cold-dressed processed feeds | RMB |
| East Section of Beijing Road, Linn Economic and Technological Development Zone, Harbin | 2005/5/25 | | #N/A | #N/A Feed production and marketing | RMB |
| Northeast Agriculture and Animal Husbandry (Changchun) Co., Ltd. | 2006/8/4 | No. 6471 Qingnian Road, Changchun City | #N/A | #N/A Feed production and marketing | RMB |
| Hunan Duchan Technology Feed Co., Ltd. | 2006/9/29 | No. 58, Taijia Road, Taiwanshi Investment Zone, Wancheng County, Hunan Province | #N/A | #N/A Feed production and marketing | RMB |
| Yanzhou Farm Feed Co., Ltd. | 2008/3/20 | Yanzhou Foreign Trade Export Processing Zone (800 meters south of 6 kilometers from Yanji National Highway 327) | #N/A | #N/A Chicken and feed production and marketing | RMB |
| DaChun Feed (Hebei) Co., Ltd. | 2008/3/10 | Gaozhai Town People's Government House, Mengshan Hui Autonomous County, Cangzhou City, Hebei Province | #N/A | #N/A Production of various livestock and poultry feeds, aquatic feeds, pet feeds, complete feeds, concentrated feeds (concentrated feeds), sales of our products | RMB |
| Duchan Agricultural Technology (Hilidao) Co., Ltd. | 2009/7/15 | Shangzuo Village, Shaiyeting Township, Lianshan District, Huludao City, China | #N/A | #N/A Feed production and marketing | RMB |
| Duchan Animal Agriculture and Animal Husbandry Technology Berhain DaChun Feed Co., Ltd. | 2008/12/23 | Group 6, Chundian Village, Guanyin Town, Pengshan County, Meishan City, Sichuan Province | #N/A | #N/A Feed production and marketing | RMB |
| Beijing Northeast Asia Consulting Co., Ltd. | 2008/10/30 | Room 104, Block C, Wantong Center, No. 6A, Chaoyangmenwai Street, Chaoyang District, Beijing | #N/A | #N/A Chicken and feed production and marketing | RMB |
| DaChun Feed (Panjin) Co., Ltd. | 2008/11/28 | Panjin Village, Shalime Town, Panjin City | #N/A | #N/A Feed, agriculture and animal husbandry; investment and management consulting in the food industry. | RMB |
| Qingdao Duchan Technology Feed Co., Ltd. | 2008/11/14 | No. 12, Hongqiang Road, Overseas Chinese Science and Technology Park, Pingliu, Qingdao, Shandong | #N/A | #N/A Feed production and marketing | RMB |
| Jilin Zhongxinbaofu Feed Co., Ltd. | 2009/7/24 | Industrial Cluster Area, Xincai County, Heilan Province, China | #N/A | #N/A Feed production and marketing | RMB |
| Zhengnan Animal DaChun Feed (Dajiang) Co., Ltd. | 2011/1/5 | No. 4, Building 1-2, Xinqiwan Commercial and Residential Building, Changlehe Town, Youlai County, Jilin City | #N/A | #N/A Feed production and marketing | RMB |
| Shandong Duchan Biotechnological Technology Co., Ltd. | 2012/5/21 | 2012/5/21 Zhengnan Banner Shuangou Town | #N/A | #N/A Feed production and marketing | RMB |
| Shandong Duchan Biotechnological Technology Co., Ltd. | 2012/11/12 | No. 8-22, Paitai Village, Paitai Town, Paitai New District, Dalian | #N/A | #N/A Wholesale pre-packaged food | RMB |
| Hainan Duchan Agriculture and Animal Husbandry Deshadan Co., Ltd. | 2012/6/14 | South of Lianhang Machinery, South Outer Ring Road, Yongsheng High-tech Development Zone, Dezhou District, Shandong Province | #N/A | #N/A Feed production and marketing | RMB |
| Harbin DaKe Khan Agriculture and Animal Husbandry Technology Co., Ltd. | 2015/9/25 | Xiaoxu Xianzei Village, Gaozhai Town, Mengxin Hui Autonomous County | #N/A | #N/A Construction and lease of poultry farms | RMB |
| Tianjin Duchan Qianzhan Biotechnology R&D Co., Ltd. | | Xinglong Town Industrial Park, Bayan County | #N/A | #N/A Feed production and marketing | RMB |
| Shenzhen Green Pae Bio Co., Ltd. | 2015/12/14 | 5th Floor, Building 11, Beishan Industrial Zone, Yantian District, Shenzhen | #N/A | Promotion, consultation and application of environmental protection technology; research, development and exchange of environmental protection technology; algae cultivation; sale of feed additive; Sewage treatment; production and sales of feed additives | RMB |
| Tianjin Chaocheng Food Trading Co., Ltd. | 2017/10/12 | 88 Jiaping Road, Xiyang District, Tianjin | #N/A | #N/A Feed production and marketing | RMB |
| Tianjin Supo Agricultural Technology Co., Ltd. | 2018/2/26 | 1.5 km east of Dabaohuang Village, Nuijiaji Town, Baodi District, Tianjin | #N/A | Agricultural technology; livestock farm environmental control technology; consultation | RMB |
| Innreza Investments Limited | 1995/3/17 | Suite 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | 418,656 | #N/A biotechnology research and development, and service; pig breeding and sales | USD |
| Great Wall Dhillan Investment Company Limited | 1995/2/23 | Suite 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | 697,760 | Investment Holding | USD |
| Great Wall Agritech (Lianning) Company Limited (HK) | 1990/9/13 | Suite 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | 615,024 | Investment Holding | USD |
| Dunqiao Agr. Corporation | 1996/11/27 | Suite 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | 2,528,075 | Investment Holding | HKD |
| Huobai Agr. Limited | 1988/12/23 | Suite 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | 1,965,503 | Investment Holding | USD |
| Great Wall Kuanze-Ming Inx. (BVI) Company Limited | 1996/2/7 | Suite 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | 219,296 | Investment Holding | USD |
| Great Wall North East Asia Corporation | 1995/3/17 | Suite 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | 216,875 | Investment Holding | USD |
| Great Wall (BVI) Company Limited | 1996/12/23 | Suite 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | 142,827 | Investment Holding | USD |
| DaChun Food (Asia) Limited | 2010/7/15 | Suite 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | 6,166,529 | Investment Holding | USD |
| DaChun Zhong Xin Limited | 2012/3/7 | Suite 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | 370,041 | Investment Holding | USD |
| Tianxi & Duchan Foods Holdings CO LTD | 2011/11/29 | Suite 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | 166,608 | Investment Holding | USD |
| China Axiyan Farm Holdings | 2011/10/26 | Suite 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | 256,320 | Investment Holding | USD |
| Great Wall Nutrition Technologies SDN. BHD. | 1990/8/3 | PLO 511, Zone 12, Jalan Kahlil, Pasir Gudang IND. Area, 81700 Pasir Gudang, Johor, Malaysia | 38,886 | #N/A Feed production, sales, breeding stock import and export; food distribution trading and import and export business | MYR |
| Asia Nutrition Technologies (Vietnam) Co., Ltd. | 1995/4/29 | Bac Son Village, Thung Nhat District, Dong Nai Province Vietnam | #N/A | #N/A Feed production, sales, breeding stock import and export; food distribution trading and import and export business | 000VND |
| Asia Nutrition Technologies (Hainan) Co., Ltd. | 2003/1/22 | Tan Truong Commune, Cam Giang District, Hai Duong Province Vietnam | #N/A | #N/A Feed production, sales, breeding stock import and export; food distribution trading and import and export business | 000VND |
| Asia Nutrition Technologies (Longao) Co., Ltd. | 2007/5/10 | Cum CN Long Cang-Lang Dith, Xa Long Cang, Huyen Cum Duc, Long An Province, Vietnam | #N/A | #N/A Feed production, sales, breeding stock import and export; food distribution trading and import and export business | 000VND |
| Asia Nutrition Technologies (Pudung) Co., Ltd. | 2012/9/26 | A1.5 & A1.6 RD, Nhon Hoa industrial zone, Nhon Hoa Village, An Nhon district, Binh Dinh province. | #N/A | #N/A Feed production, sales, breeding stock import and export; food distribution trading and import and export business | 000VND |
| Asia Nutrition Technologies (Cambodia) Co., Ltd. | 1997/11/27 | Phnom Penh Special Economic Zone (plot P2-090-B, 091) National Road 4, Phnom Bsoeng Thom 3 | #N/A | #N/A Feed production, sales, breeding stock import and export; food distribution trading and import and export business | 000VND |
| Asia Nutrition Technologies (VN) Investment Company Limited | 2007/6/15 | Suite 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | 216,892 | #N/A Feed production, sales, breeding stock import and export; food distribution trading and import and export business | 000VND |
| MARKSUD FOOD LTD. | 1989/5/17 | 8th Floor-3, No.312, Section 4, Zhanxiao East Road, Taipei City | #N/A | #N/A Western restaurant business and bread and cake management | NTD |
| Shanghai Huancheng Jimo Catering Management Co., Ltd. | 1994/8/2 | Room 703-A, 310 Taishan Road, Changping District, Shanghai, China | #N/A | Catering management and providing related consultation; marketing planning; catering, fast food and supplying alcohol and non-alcoholic beverages | RMB |

| Name of Affiliate | Date of establishment | Address | Major Lines of Business or Products | Original currency |
|--|-----------------------|---|--|-------------------|
| Beijing Huansheng Jimo Catering Co., Ltd. | 2007/10/16 | Dachen Gezhuan, Jingtai Township, Chaoyang District, Beijing, China | #N/A Chinese and Western catering services | RMB |
| Beijing Dachen Yongle Catering Co., Ltd. | 1997/3/16 | Dachen Gezhuan, Jingtai Township, Chaoyang District, Beijing, China | #N/A Processing and production of cooked food; fast food; frozen food; Chinese and Western catering services; pastries | RMB |
| NISSHI CHAIN CO., LTD. | 1999/3/26 | 8th Floor-3, No.374, Section 4, Zhongxiao East Road, Taipei City | #N/A Baked food industry | NTD |
| Shanghai Xunshi Catering Management Co., Ltd. | 2002/7/30 | 8th Floor, Zhongyuan Building, No. 27, Lane 20th, Zhongshan West Road, Shanghai, China | #N/A Chinese and Western catering services and management | RMB |
| Kaishan Hai Food Products Co., Ltd. | 2002/4/23 | No. 5, Chongqing Road, Nantong City, Jiangsu Province, China | #N/A Seafood products | RMB |
| Shengshian Catering Management (Beijing) Co., Ltd. | 2011/1/09 | Building 3, Dachen Gezhuan (Zhongdian Ranhe), Jiantai Township, Chaoyang District, Beijing | #N/A Catering management, business management consulting, marketing planning | RMB |
| Tianjin Xunshi Food Co., Ltd. | 2011/9/20 | No. 16, Shuhai Road, Jinghai Economic Development Zone, Tianjin, China | #N/A Quick-frozen food processing, wholesale and retail of pre-packaged food and bulk food, special cargo transportation | RMB |
| Beijing Daxiwaye Catering Management Co., Ltd. | 2012/3/20 | Room 401, Inner F, Block 3, 4th Floor, No. 6A, Chaoyangmenwai Street, Chaoyang District, Beijing | #N/A Catering services; entering management; corporate management consulting; appropriate planning | RMB |
| Tianjin Hanui Food Co., Ltd. | 2014/8/26 | No. 16, Shuhai Road, Jinghai Economic Development Zone, Tianjin | #N/A Wholesale and retail of pre-packaged food and bulk food | RMB |
| Shanghai Du Xiaoyue Catering Management Co., Ltd. | 2014/11/14 | Room 291, Building 4, No. 431 Hanyi Road, Changning District, Shanghai | #N/A Catering management; business management consulting; marketing planning | RMB |
| Dachen Xin Ye Restaurant Management (Beijing) Co., Ltd. | 2015/3/19 | Unit 04, 6th Floor, Block B, Building 3, Dongdajiao Road, Chaoyang District, Beijing | #N/A Catering management; business management consulting | RMB |
| HOMOLU LU CHAIN FOOD & BEVERAGE CO., LTD. | 2017/3/17 | Room 1001, No. 188, Guanghui Street, Gulou District, Nanjing | #N/A Food management; catering services; business | RMB |
| Xiamen Chame CO., LTD. | 2018/5/10 | 8th Floor-3, No.312, Section 4, Zhongxiao East Road, Taipei City | #N/A Catering Service | NTD |
| Mei Changme CO., LTD. | 2018/6/14 | 4th Floor-3, No.312, Section 4, Zhongxiao East Road, Taipei | #N/A Baked Food Industry | NTD |
| Nuo Foods Company Limited | 2020/1/31 | 8th Floor-3, No.312, Section 4, Zhongxiao East Road, Dajin District, Taipei | #N/A Frozen prepared food | NTD |
| Roule 66 Fast Food Limited | 1993/12/15 | Site 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | 757,347 Investment Holding | USD |
| Yung Hao (China) Co., Limited | 2007/11/14 | Site 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | 134,426 Investment Holding | USD |
| Dachen Expressamente (lv)(China) Limited | 2010/6/21 | Site 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | 99,680 Investment Holding | USD |
| DaChan Shin Yeh Limited | 2014/8/18 | Site 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | 71,200 Investment Holding | USD |
| DaChan Food (Tianjin) Co., Ltd. | 1993/1/06 | No. 18, Shuhai Road, Jinghai Economic Development Zone, Tianjin, China | #N/A Flour-related product production, sales, and grain processing technical consulting services; food additives and entering services; house leasing; property management | RMB |
| Dachen Flour Co., Ltd. | 1991/7/29 | Site 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | #N/A Raw material import and export trade | HKD |
| Dachen Shoufa (Tianjin) Co., Ltd. | 2003/2/11 | No. 14, Shuhai Road, Jinghai Economic Development Zone, Tianjin, China | #N/A Production and sales of flour-related products; research and development, | RMB |
| KOUCHEAN MILL CO., LTD. | 2006/11/13 | No. 22, Erfuqin South Road, Futuqi Li, Yangmei District, Taoyuan City | #N/A Flour milled products | NTD |
| Dachen Lingyong Food (Shanghai) Co., Ltd. | 2006/11/23 | No. 5755, Dongting Road, Dongchuan Road, Caoji Town, Pudong New Area, Shanghai | #N/A Production of flour, feed powder, pasta and flour, food, food additives, sales of self-produced products | RMB |
| Dachen Lingyong Food (Tianjin) Co., Ltd. | 2014/11/13 | No. 18, Shuhai Road, Jinghai Economic Development Zone, Tianjin | #N/A Production of flour, feed powder, pasta and flour, food, food additives, sales of self-produced products | RMB |
| Great Wall Food Investment Company Limited | 1990/8/10 | Site 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | #N/A Investment Holding | HKD |
| Great Wall Food Investment Company Limited | 1993/6/21 | Site 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | 270,500 Investment Holding | USD |
| Tianjin Dynamic Corporation | 1994/6/27 | Site 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | #N/A Investment Holding | HKD |
| Totai Nutrition Technologies Co., LTD | 1987/1/11 | No. 3, Istasong Second Street, Yongfeng District, Taiwan City | #N/A Feed production, sales, breeding stock import and export; food distribution trading | NTD |
| TNT BIOTECHNOLOGY (Taiwan) Co., Ltd. | 2010/5/19 | Yihai Road, Jinhai Economic Development Zone, Taiwan City, Mainland China | #N/A Feed production and marketing | USD |
| Huabone (Taiwan) Biotechnology Co., Ltd. | 2005/12/14 | No. 1 Workshop, No. 3, Fuxing Building, No. 29, Xiang'an Road, Jintan Economic and Technological Development Zone, Mainland China | #N/A Feed production and marketing | USD |
| DNT Bioscience Company Limited | 2010/1/22 | Site 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | 373,373 Investment Holding | USD |
| DNT Huabone Holding Limited | 2010/6/8 | Site 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | 31,613 Investment Holding | USD |
| FOODS HINA COMPANY | 2001/2/13 | 9th Floor, No. 201, Section 3, Nanning East Road, Zhongshan District, Taipei City | #N/A Grain commerce, animal product wholesale, feed and agricultural products retail | NTD |
| Beijing Fortune Online Information Technology Co., Ltd. | 2000/1/01 | 19 Jianguo South Road, Jinnanmenwai Street, Chaoyang District, Beijing, China | #N/A Grain commerce, animal product wholesale, feed and agricultural products retail | RMB |
| FoshChina Inc. | 2000/6/15 | Site 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | 210,182 Investment Holding | USD |
| GREAT WALL FEEDTECH CO., LTD. | 2003/3/31 | 1st Floor, No. 125, Xinmei Street, Yanxiang, Yongfeng District, Taiwan City | #N/A Feed production and retail | NTD |
| Dachen Yongfang Nutrition Technology (Tianjin) Co., Ltd. | 2006/7/31 | Tianjin Jinhai Economic Development Zone, Tianjin | #N/A Feed production and marketing | RMB |
| Ningshi Dachen Yongfang Nutrition Technology Co., Ltd. | 2014/8/20 | No. 210, Lupanshan Road, West District, Yinchuan (National) Economic and Technological Development Zone | #N/A Production and sales of feed; breeding management consulting services; purchase and sales of raw materials | RMB |
| Great Wall Feed Tech (Holdings) Ltd. | 2004/6/24 | Site 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | 306,444 Investment Holding | USD |
| Star Feed Int'l (Hk) Limited | 2006/5/23 | Site 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | 106,639 Investment Holding | USD |
| PT. Mestika Mifanusa Aneka | 1988/3/14 | Jl. Gajah Mada Komplek, TPI, Tarakan, East Kalimantan, 27111-Indonesia | 29,489 Aquatic product processing | 000 RPD |
| Dachen Aqsuallure Limited | 2008/5/15 | Site 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | 324,672 Investment Holding | USD |
| PT. Dachen Musika Aurena | 2012/1/14 | Jl. Gajah Mada Siant Banna, Komplek TPI, Tarakan, 77111-Indonesia | 12,096 Aquatic product processing | USD |
| DaChan Aqua (Tarakan) Limited-BVI | 2011/11/30 | Site 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | 12,175 Investment Holding | USD |
| Cyberbridge Limited | 1995/8/16 | Site 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | 106,629 Investment Holding | USD |
| PT. Mtsaja Mitra | 2014/1/15 | Wiarna Nusantara Lt. 8/J, MH, Thurmin 59, RT. 009/RW. 005 Kel. Goudanghla, Kec. Menteng | 167,52 Import and export, refrigeration and processing of fish and shrimp and other aquatic products | USD |
| Grabel Food Corporation | 2003/7/23 | Site 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | #N/A Trading of Seafood Products | USD |
| Dachen (Vietnam) Co., Ltd. | 2011/1/25 | Khanho-2, Duongxuyen Ham Thich, Tran Ben Lue, Huyen Ben Lue, Huyen Lanh, An Xiet Nam | #N/A Feed Distribution and sales of various raw materials | VND |
| Dachen Jifeng Aquatic Products Co., Ltd. | 2010/4/12 | Quang Phu Industrial Zone, Quang Phu Ward, Quang Ngai City, Quang Ngai Province, Vietnam | #N/A Aquatic water aquaculture, aquatic product processing and trade; feed raw material trade; import and export of feed and feed additives | VND |
| Myint Dachen Co., Ltd | 2011/9/7 | No. 297, Shwe Dagon Pagoda Road, Phayay Cyi Quarter, Dagon Township, Yongon | 856,023 Investment Holding | MMK |
| Huimint Consultant Limited | 2000/10/20 | Site 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | #N/A Investment Holding | USD |
| Fresh Aqua Corporation | 2014/2/18 | Site 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | # Trading of Seafood Products | USD |
| Golden Harvest Inc. | 2003/11/25 | Site 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | # Investment Holding | USD |
| Dachen (Asia-Pacific) Limited | 2008/5/15 | Site 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | 407,834 Investment Holding | USD |
| Wayley's Star Limited | 1996/1/22 | Site 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | 830,501 Investment Holding | USD |
| Asia Nutrition Technologies Corporation | 1997/1/14 | Site 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | 190,545 Investment Holding | USD |
| Asia Nutrition Technologies Investment Company Limited | 1997/1/14 | Site 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | 36,477 Investment Holding | USD |
| Great Wall Food (HS) Company Limited | 1988/10/14 | Site 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | # Sales of flour and canned beverage products | HKD |
| Great Wall International Holdings Limited | 1990/11/13 | Site 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | 2,007,578 Investment Holding | USD |
| Guang'er Investment Co., Ltd. | 2010/12/16 | Site 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | Investment in various businesses | USD |
| Starfed International Limited | 2020/2/24 | Site 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | 28,400 Investment Holding | USD |
| Starfed International Limited | 2021/1/18 | Site 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | 37 Trading of Seafood Products | USD |
| Universal Food Limited | 2021/1/18 | Site 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | 37 Trading of Seafood Products | USD |
| Fresh Aqua Limited | 2021/1/18 | Site 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | 37 Trading of Seafood Products | USD |
| Global Seafood Limited | 2021/1/18 | Site 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | 37 Trading of Seafood Products | USD |
| Pacific Harvest Limited | 2021/1/18 | Site 1806, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon, Hong Kong | 37 Trading of Seafood Products | USD |

(III) Director, Supervisor and President of the related party

| Company | Title | Name or Representative | Service Term | Year of Appointment |
|---|--------------------|------------------------|--------------|---------------------|
| May Lan Lei Company Limited | Chairman | Chuang Kun-Yen | 3 years | 2016 |
| | Board of Director | Tseng Tien-Fu | 3 years | 2016 |
| | Board of Director | Lai Tung-Chun | 3 years | 2016 |
| Oriental Best Foods Company Limited | Supervisor | Wu Hsueh Min | 3 years | 2016 |
| | Chairman | HAN, CHIA-YAU | 3 years | 2019 |
| | Board of Director | Han Chia Yin | 3 years | 2019 |
| | Board of Director | CHOU, SHU-HENG | 3 years | 2019 |
| | Board of Director | Jan Jin-Ho | 3 years | 2019 |
| | Supervisor | Wu Hsueh Min | 3 years | 2019 |
| An Hsin Chiao Chu Company Limited | Chairman | HAN Chia Yin | 3 years | 2016 |
| | Board of Director | HAN Chia Yau | 3 years | 2016 |
| | Board of Director | Lai Tung Chun | 3 years | 2016 |
| Zhong Yi Food Company Limited | Supervisor | Liu Chien Chung | 3 years | 2016 |
| | Chairman | Han Fang-Hao | 3 years | 2020 |
| | Board of Director | CHOU, SHU-HENG | 3 years | 2020 |
| | Board of Director | Hsia Hsien-Yu | 3 years | 2020 |
| | Supervisor | Liu Chien Chung | 3 years | 2020 |
| | Chairman | HAN, CHIA-YAU | 3 years | 2017 |
| Wonder Vax Company Limited | Board of Director | Chuang Kun-Yen | 3 years | 2017 |
| | Board of Director | Liang Chien-Kuo | 3 years | 2017 |
| | Supervisor | CHOU, SHU-HENG | 3 years | 2017 |
| Neo Foods Company Limited | Chairman | HAN, CHIA-YAU | 3 years | 2020 |
| LIAONING GREAT WALL AGRI-INDUSTRIAL CO LTD | executive director | Sun Teh-Hong | 3 years | 2016 |
| Great Wall Foods (Dalian) Company Limited | Supervisor | Chou Ying-Hung | 3 years | 2019 |
| | Chairman | Sun Teh-Hong | 3 years | 2016 |
| | Board of Director | Han Chia-Yin | 3 years | N/A |
| | Board of Director | Yoshinobu TAKAHASHI | 3 years | 2019 |
| | Board of Director | Jin UMEZAKI | 3 years | 2019 |
| | Board of Director | Wenhui LI | 3 years | N/A |
| DACHAN WANDA (TIANJIN) CO LTD | Supervisor | Chou Ying-Hung | 3 years | 2019 |
| | Chairman | Harn Jia-Chen | 3 years | N/A |
| | Board of Director | KAN, Che Ming Paul | 3 years | N/A |
| | Board of Director | Sun Teh-Hong | 3 years | 2020 |
| | Supervisor | Chou Ying-Hung | 3 years | 2019 |
| | Vice Chairman | Sun Teh-Hong | 3 years | 2020 |
| Great Wall Agri (Tieling) Company Limited | Supervisor | Chou Ying-Hung | 3 years | 2019 |
| Great Wall Agri (Yingkou) Company Limited | Executive Director | Sun Teh-Hong | 3 years | 2020 |
| | Supervisor | Chou Ying-Hung | 3 years | 2019 |
| | Executive Director | Sun Teh-Hong | 3 years | 2020 |
| Miyasun-Great Wall Foods (Dailian) Company Limited | Supervisor | Chou Ying-Hung | 3 years | 2019 |
| | Executive Director | Sun Teh-Hong | 3 years | 2020 |
| | Executive Director | Sun Teh-Hong | 3 years | 2020 |
| Great Wall Gourmet (Shanghai) Company Limited | Supervisor | Chou Ying-Hung | 3 years | 2019 |
| | Executive Director | Sun Teh-Hong | 3 years | 2020 |
| | Supervisor | Chou Ying-Hung | 3 years | 2019 |
| Great Wall Agri (Hei Long Jiang) Company Limited | Executive Director | Sun Teh-Hong | 3 years | 2020 |
| | Supervisor | Chou Ying-Hung | 3 years | 2019 |
| | Executive Director | Sun Teh-Hong | 3 years | 2020 |
| Dongbei Agri (Changchun) Company Limited | Supervisor | Chou Ying-Hung | 3 years | 2019 |
| | Executive Director | Sun Teh-Hong | 3 years | 2020 |
| | Supervisor | Chou Ying-Hung | 3 years | 2019 |
| DaChan (Hunan) Feed Technologies Company Limited | Executive Director | Sun Teh-Hong | 3 years | 2020 |
| | Supervisor | Chou Ying-Hung | 3 years | 2019 |
| | Executive Director | Sun Teh-Hong | 3 years | 2016 |
| GREAT WALL AQROTECH FEED (SHENYANG) CO LTD | Supervisor | Chou Ying-Hung | 3 years | 2019 |
| | Executive Director | Sun Teh-Hong | 3 years | 2020 |
| | Supervisor | Chou Ying-Hung | 3 years | 2019 |
| Yanzhou Dachan Food Co., Ltd. | Executive Director | Sun Teh-Hong | 3 years | 2020 |
| DaChan Food (Hebei) Company Limited | Supervisor | Chou Ying-Hung | 3 years | 2019 |
| | Executive Director | Sun Teh-Hong | 3 years | 2020 |
| | Supervisor | Chou Ying-Hung | 3 years | 2019 |
| Great Wall Agrotech Huludao Company Limited | Executive Director | Sun Teh-Hong | 3 years | 2020 |
| | Supervisor | Chou Ying-Hung | 3 years | 2019 |
| | Executive Director | Sun Teh-Hong | 3 years | 2020 |
| DACHAN AGRICULTURAL TECHNOLOGIES (SICHUAN) CO LTD | Supervisor | Chou Ying-Hung | 3 years | 2019 |
| | Executive Director | Sun Teh-Hong | 3 years | 2020 |
| | Supervisor | Chou Ying-Hung | 3 years | 2019 |
| BENGBU DACHAN FOOD CO LTD | Executive Director | Sun Teh-Hong | 3 years | 2020 |
| | Supervisor | Chou Ying-Hung | 3 years | 2019 |
| | Executive Director | Sun Teh-Hong | 3 years | 2020 |
| Dongbei (Beijing) Consultant Company Limited | Supervisor | Chou Ying-Hung | 3 years | 2019 |
| | Executive Director | Sun Teh-Hong | 3 years | 2020 |
| | Supervisor | Chou Ying-Hung | 3 years | 2019 |
| Qingdao DaChan Technologies Feed Company Limited | Executive Director | Sun Teh-Hong | 3 years | 2016 |
| | Supervisor | Chou Ying-Hung | 3 years | 2019 |
| | Executive Director | Sun Teh-Hong | 3 years | 2020 |
| Great Wall Agri (Henan) Company Limited | Supervisor | Chou Ying-Hung | 3 years | 2019 |
| | Executive Director | Sun Teh-Hong | 3 years | 2020 |
| | Supervisor | Chou Ying-Hung | 3 years | 2019 |
| Tianjin DaChan Prospect Research And Development Co., Ltd. | Executive Director | Sun Teh-Hong | 3 years | 2020 |
| | Supervisor | Chou Ying-Hung | 3 years | 2019 |
| | Executive Director | Sun Teh-Hong | 3 years | 2020 |
| ZHENGLANQI DACHAN ECO-RANCH CO LTD | Supervisor | Chou Ying-Hung | 3 years | 2019 |
| | Executive Director | Sun Teh-Hong | 3 years | 2020 |
| | Supervisor | Chou Ying-Hung | 3 years | 2019 |
| Taixu & Dachan Foods (Dalian) Co. Ltd. | Executive Director | Ou Chang-Jou | 3 years | N/A |
| | Supervisor | Chou Ying-Hung | 3 years | 2019 |
| | Executive Director | Sun Teh-Hong | 3 years | 2020 |
| SHANDONG DACHAN BIOTECHNOLOGY CO LTD | Supervisor | Chou Ying-Hung | 3 years | 2019 |
| | Executive Director | Sun Teh-Hong | 3 years | 2020 |
| | Supervisor | N/A | 3 years | N/A |
| DaChan Livestock Development Co., Ltd. | Supervisor | Huang Chan-Chang | 3 years | N/A |
| | Chairman | Han Jia-Hwan | 3 years | 2015 |
| | Director | Lu Shih-Che | 3 years | 2015 |
| GREEN PAC BIO CO LTD | Director | Han Chia-Yin | 3 years | 2015 |
| | Director | N/A | 3 years | 2015 |
| | Director | N/A | 3 years | 2015 |
| | Director | N/A | 3 years | 2015 |
| | Director | N/A | 3 years | 2015 |
| | Director | N/A | 3 years | 2015 |
| | Director | N/A | 3 years | 2015 |
| | Supervisor | N/A | 3 years | 2015 |
| | Supervisor | N/A | 3 years | 2015 |
| | Supervisor | N/A | 3 years | 2015 |
| Shandong Green Environment Technology Co Ltd | Executive Director | Jonathan Fang-Tsu Han | 3 years | 2015 |
| | Supervisor | #N/A | 3 years | 2015 |
| | Executive Director | Jonathan Fang-Tsu Han | 3 years | 2017 |
| GREEN PAC BIO CO LTD | Supervisor | #N/A | 3 years | 2017 |
| | Executive Director | Ou Chang-lou | 3 years | N/A |
| | Supervisor | Chou Ying-Hung | 3 years | 2019 |
| TAIXU & DACHAN FOODS (BENGBU) CO LTD | Executive Director | Ou Chang-lou | 3 years | N/A |
| BEIJING DAXIAO NUTRITION FOOD SCIENCE AND TECHNOLOGY CO LTD | Supervisor | Chou Ying-Hung | 3 years | 2019 |
| | Chairman | #N/A | 3 years | 2017 |

| Company | Title | Name or Representative | Service Term | Year of Appointment |
|--|-------------------------------------|------------------------|--------------|---------------------|
| | Director | Han Jia-Hwan | 3 years | 2017 |
| | Director | #N/A | 3 years | 2017 |
| | Director | #N/A | 3 years | 2017 |
| | Director | #N/A | 3 years | 2017 |
| | Director | #N/A | 3 years | 2017 |
| | Supervisor | #N/A | 3 years | 2017 |
| Beijing Weixi Agricultural Development Co., Ltd | Chairman | #N/A | 2 years | N/A |
| | Director | #N/A | 2 years | N/A |
| | Director | #N/A | 2 years | N/A |
| | Director | #N/A | 2 years | N/A |
| | Director | #N/A | 2 years | 2017 |
| | Director | #N/A | 2 years | 2017 |
| | Director | Han Jia-Hwan | 2 years | N/A |
| | Director | #N/A | 2 years | N/A |
| | Supervisor | #N/A | 2 years | N/A |
| | Supervisor | #N/A | 2 years | N/A |
| Rupp & Dachan Foods(Tianjin)Co.,Ltd. | #N/A | Jonathan Fang-Tsu Han | 3 years | 2017 |
| | Director | Tu Feng | 3 years | 2017 |
| | Director | Josef Jakob Rupp | 3 years | 2017 |
| | Director | Harald Albert Fischli | 3 years | 2017 |
| | Director | Clemens Harald Fischli | 3 years | 2019 |
| | Supervisor | Chou Ying-Hung | 3 years | 2019 |
| | Supervisor | Markus Duernberger | 3 years | 2017 |
| TIANJIN CHAO CHENG FOOD TRADE CO LTD | Executive Director | Sun Teh-Hong | 3 years | 2020 |
| | Supervisor | Jonathan Fang-Tsu Han | 3 years | 2017 |
| TIAN JIN SUPER PIG AST Co., Ltd | Executive Director | Sun Teh-Hong | 3 years | 2020 |
| | Supervisor | Chou Ying-Hung | 3 years | 2019 |
| | Director | Han Chia-Yin | N/A | 2013 |
| | Director | Sun Teh-Hong | N/A | 2020 |
| | Director | Han Chia-Yin | N/A | 2013 |
| | Director | Sun Teh-Hong | N/A | 2020 |
| | Director | Yoshinobu TAKAHASHI | N/A | 2019 |
| | Director | Jin UMEZAKI | N/A | 2019 |
| | Director | Wenhui LI | N/A | 2013 |
| | Director | Han Jia-Hwan | N/A | 1990 |
| | Director | Han Chia-Yau | N/A | 1994 |
| | Director | KAN,Che Ming Paul | N/A | 1990 |
| | Director | Han Chia-Yau | N/A | 1994 |
| | Director | KAN,Che Ming Paul | N/A | 1990 |
| | Director | KAN,Che Ming Paul | N/A | 1998 |
| | Director | Harn Jia-Chen | N/A | 1999 |
| | Director | Sun Teh-Hong | N/A | 2020 |
| | Director | KAN,Che Ming Paul | N/A | 1999 |
| | Director | Harn Jia-Chen | N/A | 1999 |
| | Director | Sun Teh-Hong | N/A | 2020 |
| | Director | KAN,Che Ming Paul | N/A | 1998 |
| | Director | Harn Jia-Chen | N/A | 1999 |
| | Director | Sun Teh-Hong | N/A | 2016 |
| | Director | KAN,Che Ming Paul | N/A | 2000 |
| | Director | Harn Jia-Chen | N/A | 2000 |
| | Director | Sun Teh-Hong | N/A | 2020 |
| | Director | Han Chia-Yin | N/A | 2013 |
| | Director | Sun Teh-Hong | N/A | 2020 |
| | Director | Sun Teh-Hong | N/A | 2020 |
| | Director | Han Chia-Yin | N/A | 2013 |
| | Director | Han Chia-Yin | N/A | 2013 |
| | Director | Sun Teh-Hong | N/A | 2020 |
| Dachan Food(Asia) Limited | executive director&chairman | Wei, Chun-hsien | N/A | 2021 |
| | executive director | Han Chia-Yin | N/A | 2015 |
| | non-executive directors, | Han Chia-Yau | N/A | 2016 |
| | non-executive directors, | Harn Jia-Chen | N/A | 2017 |
| | non-executive directors, | Han Jia-Hwan | N/A | 2019 |
| | non-executive directors, | Chao Tien-Shin | N/A | 2017 |
| | non-executive directors, | Wei Anning | N/A | 2016 |
| | independent non-executive directors | Way Yung-Do | N/A | 2016 |
| | independent non-executive directors | Chen Chih | N/A | 2017 |
| | independent non-executive directors | Ting Yu-Shan | N/A | 2016 |
| | independent non-executive directors | Hsia, Li-Yan | N/A | 2021 |
| | Director | Han Jia-Hwan | N/A | 2019 |
| | Chairman | Han Jia-Hwan | N/A | 2012 |
| | Director | Han Chia-Yin | N/A | 2012 |
| | Director | Ou Chang-Jou | N/A | 2019 |
| | Director | Chang Hua-Hsin | N/A | 2020 |
| | Director | Chen Tyan-Wen | N/A | 2012 |
| | Director | Wu Yih-Guei | N/A | 2012 |
| | Director | Lin Tai-Sheng | N/A | 2012 |
| | Director | Wang Chih-Hsing | N/A | 2012 |
| | Director | Wu Tong-Liang | N/A | 2012 |
| China S & F Farm Holdings Co.,Ltd. | Chairman | Sun Teh-Hong | N/A | 2020 |
| | Director | Harn Jia-Chen | N/A | 2018 |
| | Director | Han Jia-Hwan | N/A | 1995 |
| | Director | Han Chia-Yin | N/A | 2016 |
| | Director | Tan Lay See | N/A | 2017 |
| Asia Nutrition Technologies (VN) Company Limited | Chairman | Huang Lieh-Chun | N/A | 2012 |
| | Vice Chairman | Chang Yu Lung | N/A | 2012 |
| | Director | Su Meng Chih | N/A | 2012 |
| Asia Nutrition Technologies (HN) Company Limited | Chairman | Huang Lieh-Chun | N/A | 2012 |
| | Vice Chairman | Chang Yu Lung | N/A | 2012 |
| | Director | Su Meng Chih | N/A | 2012 |
| Asia Nutrition Technologies (LA) Company Limited | Chairman | Huang Lieh-Chun | N/A | 2012 |
| | Vice Chairman | Chang Yu Lung | N/A | 2012 |
| | Director | Su Meng Chih | N/A | 2012 |
| Asia Nutrition Technologies (MV) Company Limited | Chairman | Huang Lieh-Chun | N/A | 2012 |
| | Vice Chairman | Chang Yu Lung | N/A | 2012 |

| Company | Title | Name or Representative | Service Term | Year of Appointment |
|---|---------------|------------------------|--------------|---------------------|
| | Director | Su Meng Chih | N/A | 2012 |
| ANT Feed Co.Ltd | Chairman | Huang Lieh-Chun | N/A | 2018 |
| | Director | Chang Ching Chia | N/A | 2018 |
| | Chairman | Huang Kun-Fu | N/A | 1998 |
| | Director | Han Jia-Hwan | N/A | 2000 |
| | Director | Han Chia-Yin | N/A | 2012 |
| | Director | Sun Teh-Hong | N/A | 2020 |
| | Director | Huang Lieh-Chun | N/A | 2006 |
| Marksville Corporation | Director | KAN,Che Ming Paul | N/A | 2007 |
| City Chain Company Limited | Chairman | HAN Chia Yau | 3 years | 2016 |
| | Director | HAN Chia Yin | 3 years | 2016 |
| | Director | Wu Hsueh Min | 3 years | 2016 |
| | Supervisor | CHOU Shu Heng | 3 years | 2016 |
| Shanghai Universal Chain Food Company Limited | Chairman | HAN Chia Yau | 4 years | 2010 |
| | Director | HAN Chia Yin | 4 years | 2010 |
| | Director | CHOU Shu Heng | 4 years | 2010 |
| | Director | YU Jui Lin | 4 years | 2010 |
| | Director | | 4 years | 2010 |
| Beijing Universal Chain Food Company Limited | Chairman | HAN Chia Yau | 4 years | 2009 |
| | Director | HARN Jia Chen | 4 years | 2009 |
| | Director | HAN Chia Yin | 4 years | 2009 |
| | Supervisor | TSENG Wen Huang | | |
| Great Wall Yung Huo Food (Beijing) Company Limited | Chairman | LIU Hsiao Hu | 3 years | 2016 |
| | Director | HAN Chia Yau | 3 years | 2016 |
| | Director | HARN Jia Chen | 3 years | 2016 |
| NISSSHI CHAIN CO LTD | Chairman | HAN Chia Yau | 3 years | 2018 |
| | Director | HAN Chia Yin | 3 years | 2018 |
| | Director | Han Fang Hao | 3 years | 2018 |
| | Director | OMURA KAZUYOSHI | 3 years | 2018 |
| | Director | ISHIMOTO YUKIYOSHI | 3 years | 2018 |
| | Supervisor | CHOU Shu Heng | 3 years | 2018 |
| Shanghai Xunshi Foods Company Limited | Chairman | HARN Jia Chen | 3 years | 2012 |
| | Director | HAN Chia Yau | 3 years | 2012 |
| | Director | HAN Chia Yin | 3 years | 2012 |
| | Director | | 3 years | 2012 |
| | Director | JAN Jin Ho | 3 years | 2012 |
| Saboten Company Limited | Chairman | HAN Chia Yau | 3 years | 2019 |
| | Director | HAN Chia Yin | 3 years | 2019 |
| | Director | TANUMA Chiaki | 3 years | 2019 |
| | Director | ENOMOTO Katsuhiko | 3 years | 2019 |
| | Supervisor | CHOU Shu Heng | 3 years | 2019 |
| | Supervisor | KONDO Ken | 3 years | 2019 |
| Tai Ji Food co., Ltd. | Chairman | HAN Chia Yau | 3 years | 2011 |
| | Director | HARN Jia Chen | 3 years | 2011 |
| | Director | HAN Chia Yin | 3 years | 2011 |
| | Director | | 3 years | 2011 |
| | Director | JAN Jin Ho | 3 years | 2011 |
| | Supervisor | CHOU Shu Heng | 3 years | 2011 |
| Saboten Catering Operation (Beijing) Co., Ltd. | Chairman | HARN Jia Chen | 3 years | 2019 |
| | Director | HAN Chia Yau | 3 years | 2019 |
| | Director | HAN Chia Yin | 3 years | 2019 |
| | Director | ENOMOTO KATSUHIRO | 3 years | 2017 |
| | Director | KONDO KEN | 3 years | 2017 |
| | Director | NAKAJIMA HIROSHI | 3 years | 2014 |
| | Supervisor | YU Jui Lin | 3 years | 2014 |
| Tianjin Fast Food Limited | Chairman | HARN Jia Chen | 3 years | 2014 |
| | Director | HAN Chia Yin | 3 years | 2014 |
| | Director | JAN Jin Ho | 3 years | 2014 |
| | Supervisor | LAN Yung Hsu | 3 years | 2014 |
| Beijing Duhsiaoyueh Restaurant Co.,Ltd | Chairman | HARN Jia Chen | 3 years | 2015 |
| | Vice Chairman | HUNG Kuei Lan | 3 years | 2015 |
| | Director | YU Jui Lin | 3 years | 2015 |
| | Director | HAN Chia Yin | 3 years | 2018 |
| | Director | HUNG Hsiu Hung | 3 years | 2015 |
| | Supervisor | CHANG Kan Ling | 3 years | 2015 |
| Hepeer Catering Management (Beijing) Co., Ltd. | Chairman | Tsai Bing Jung | 3 years | 2012 |
| | Director | Tsai Hsin Jung | 3 years | 2012 |
| | Director | | 3 years | 2012 |
| | Director | HARN Jia Chen | 3 years | 2012 |
| | Director | YU Jui Lin | 3 years | 2012 |
| | Supervisor | YANG Peng Kuan | 3 years | 2012 |
| TIANJIN HAI REI FOOD LIMITED | Chairman | Han Jiahuan | 3 years | 2018 |
| | Director | HARN Jia Chen | 3 years | 2018 |
| | Director | Huang Wenbin | 3 years | 2014 |
| | Director | Huang Shikai | 3 years | 2014 |
| | Director | Wang Shiqun | 3 years | 2014 |
| | Supervisor | Cherry trees | 3 years | 2014 |
| | Supervisor | Chen Xiujuan | 3 years | 2014 |
| Shanghai Du Hsiao Yueh Food & Beverage Management Co. Ltd | Director | HARN Jia Chen | 3 years | 2015 |
| | Supervisor | | 3 years | 2015 |
| Dachan Shinyeh Catering Management (Beijing) Co., Ltd. | Chairman | LEE Hung-Chun | 3 years | 2015 |
| | Director | LEE Hsiu-Ying | 3 years | 2015 |
| | Director | HAN Chia Yau | 3 years | 2015 |
| | Director | HARN Jia Chen | 3 years | 2015 |
| | Director | CHAO Tien-Shin | 3 years | 2015 |
| | Supervisor | LAN Yung Hsu | 3 years | 2015 |
| Nanjing Tengcheng Management Co.,Ltd. | Chairman | HAN Chia Yau | 3 years | 2015 |
| | Director | HARN Jia Chen | 3 years | 2015 |
| | Director | HAN Chia Yin | 3 years | 2015 |
| | Supervisor | LAN Yung Hsu | 3 years | 2015 |
| Beijing Dingfenggang Catering Co.,Ltd. | Chairman | HARN Jia Chen | 3 years | 2014 |
| | Director | HAN Chia Yin | 3 years | 2017 |
| | Director | | 3 years | 2014 |
| | Director | CHAO, SHIAN-JUNG | 3 years | 2017 |
| | Director | YEUNG Siu Yip | 3 years | 2014 |

| Company | Title | Name or Representative | Service Term | Year of Appointment |
|--|--------------------|------------------------|--------------|---------------------|
| | Director | HAN Chia Yau | 3 years | 2017 |
| | #N/A | YANG Peng Kuan | 3 years | 2017 |
| | Supervisor | LAN Yung Hsu | 3 years | 2017 |
| Honolulu Chain Food & Beverage Co.Ltd. | Chairman | HAN Chia Yau | 3 years | 2017 |
| | Director | HARN Jia Chen | 3 years | 2017 |
| | Director | HAN Chia Yin | 3 years | 2017 |
| | Director | CHAO, SHIAN-JUNG | 3 years | 2017 |
| | Director | YEUNG Siu Yip | 3 years | 2017 |
| | Director | | 3 years | 2017 |
| | Supervisor | CHOU Shu Heng | 3 years | 2017 |
| | Supervisor | | 3 years | 2017 |
| Ma Cheng Co., LTD | Chairman | HAN Chia Yin | 3 years | 2018 |
| | Director | Hsia Hsien Yu | 3 years | 2018 |
| | Director | Hung, Che-Wei | 3 years | 2018 |
| Xiang Cheng Co., LTD | Chairman | HAN Chia Yin | 3 years | 2018 |
| | Director | SUNG, CHIA-HSUAN | 3 years | 2018 |
| | Director | Wang Lu Chieh | 3 years | 2018 |
| | Director | HSUEH, YUNG-HSIANG | 3 years | 2018 |
| | Supervisor | CHOU Shu Heng | 3 years | 2018 |
| Neo Foods Company Limited | Chairman | HAN Chia Yau | 3 years | 2020 |
| | Director | KAN Che Ming Paul | N/A | 2012 |
| | Director | CHOU Shu-Heng | N/A | 2012 |
| | Director | HAN Chia-Yau | N/A | 1996 |
| | Director | KAN Che Ming Paul | N/A | 1996 |
| Saboten (China) Limited | Director | Han Chia-Yau | N/A | 2010 |
| | Director | Harn Jia-Chen | N/A | 2010 |
| | Director | Han Chia-Yin | N/A | 2010 |
| | Director | TANUMA Chiaki | N/A | 2010 |
| | Director | KONDO Ken | N/A | 2010 |
| | Director | ENOMOTO Katsuhiko | N/A | 2016 |
| DaChan Shin Yeh Limited | Chairman | LEE Hung-Chun | N/A | 2014 |
| | Director | HAN Chia-Yau | N/A | 2014 |
| | Director | HARN Jia-Chen | N/A | 2014 |
| | Director | LEE Hsiu-Ying | N/A | 2014 |
| | Director | CHAO Tien-Shin | N/A | 2014 |
| Great Wall Food (Tianjin) Company Limited | Chairman | HAN, JIA CHEN | 4 years | 2012 |
| | Vice Chairman | YUAN, MING-CHI | 4 years | 2012 |
| | Director | HAN, CHIA-YAU | 4 years | 2012 |
| | Director | QUAN, WEN-SHENG | 4 years | 2009 |
| | Director | KAN CHE MING PAUL | 4 years | 2009 |
| Great Wall Milling Company Limited | Director | HAN, JIA CHEN | N/A | 2012 |
| | Director | KAN CHE MING PAUL | N/A | 2012 |
| | Director | HAN, CHIA-YAU | N/A | 2012 |
| Dachan Showa Foods (Tianjin) Company Limited | Chairman | HAN, JIA CHEN | 2 years | 2020 |
| | Vice Chairman | KOMAI TAKAYA | 2 years | 2020 |
| | Director | ADACHI TSUYOSHI | 2 years | 2020 |
| | Director | KAN CHE MING PAUL | 2 years | 2020 |
| | Director | QUAN, WEN-SHENG | 2 years | 2020 |
| KOUCHAN MILL Company Limited | Chairman | HAN, FANG-HAO | 3 years | 2020 |
| | Director | CHOU, TSAO-HSIUNG | 3 years | 2020 |
| | Director | CHOU, SHU-HENG | 3 years | 2020 |
| | Director | MIZUMOTO YASUTAKA | 3 years | 2020 |
| | Director | OHNO MASASHI | 3 years | 2020 |
| | Supervisor | WU, HSUEH MIN | 3 years | 2020 |
| Dachan Liangyu Food (Shanghai) Company Limited | Chairman | Xiong, Hui | 4 years | 2020 |
| | Vice Chairman | HAN, JIA CHEN | 4 years | 2020 |
| | Director | HAN, CHIA-YAU | 4 years | 2020 |
| | Director | QUAN, WEN-SHENG | 4 years | 2020 |
| | Director | Mizumoto Yasutaka | 4 years | 2020 |
| | Director | Shen, Jun Hua | 4 years | 2020 |
| | Director | Pan, Run Ping | 4 years | 2020 |
| | Director | Gu, Qing Gang | 4 years | 2020 |
| | Director | Zeng, Xiao Rong | 4 years | 2020 |
| | Supervisor | CHOU, SHU-HENG | 4 years | 2020 |
| Dachan Liangyu Food (Tianjin) Company Limited | Executive Director | Xiong, Hui | 4 years | 2020 |
| Tianjin Dacheng Xingye Real Estate Development Co. Ltd | Director | HAN Chia Yau | N/A | 2013 |
| | Director | Harn Jia-Chen | N/A | 2013 |
| | Director | Han Chia Yin | N/A | 2013 |
| | Director | Chao Tien-Shin | N/A | 2013 |
| | Director | YU Paul | N/A | 2013 |
| | Director | CHANG Yuh-Ta | N/A | 2013 |
| | Director | WANG Juei -Liu | N/A | 2013 |
| | Director | HSUAN Chien-Shen | N/A | 2013 |
| | Supervisor | Lan Yung Hsu | N/A | 2013 |
| | Director | HAN Chia Yau | N/A | 1994 |
| | Director | KAN, Che Ming Paul | N/A | 1990 |
| | Director | Harn Jia-Chen | N/A | 2003 |
| | Director | HAN Chia Yau | N/A | 1994 |
| | Director | #N/A | N/A | 2004 |
| | Director | KAN, Che Ming Paul | N/A | 2010 |
| | Director | #N/A | N/A | 2016 |
| | Director | Harn Jia-Chen | N/A | 1997 |
| | Director | KAN, Che Ming Paul | N/A | 1997 |
| | Director | HAN Chia Yau | N/A | 2007 |
| Total Nutrition Technology Company Limited | Chairman | HAN Chia Yau | 3 years | 2016 |
| | Director | Lu Min Chih | 3 years | 2016 |
| | Director | Chuang Kun-Yen | 3 years | 2016 |
| | Supervisor | CHOU, SHU-HENG | 3 years | 2016 |
| Biotechnology (Tianjin) Co. Ltd. | Chairman | HAN Chia Yau | 3 years | 2016 |
| | Director | Harn Jia-Chen | 3 years | 2016 |
| | Director | Zeng, Xiao Rong | 3 years | 2016 |
| | Supervisor | Han Chia Yin | 3 years | 2016 |
| Huabang (Tianjin) Biotechnology Co. Ltd. | Chairman | #N/A | 3 years | 2017 |
| | Director | Zeng, Xiao Rong | 3 years | 2017 |
| | Director | Han Chia Yin | 3 years | 2017 |

| Company | Title | Name or Representative | Service Term | Year of Appointment |
|---|--------------------|------------------------|--------------|---------------------|
| | Supervisor | Chuang Kun-Yen | 3 years | 2017 |
| | Director | HAN Chia Yau | N/A | 2010 |
| | Director | Harn Jia-Chen | N/A | 2010 |
| | Director | KAN,Che Ming Paul | N/A | 2010 |
| | Director | HAN Chia Yau | N/A | 2010 |
| | Director | Lu Min Chih | N/A | 2010 |
| FOODCHINA COMPANY | Chairman | Han Jia-Hwan | 3 years | 2019 |
| | Director | CHEN FA CHENG | 3 years | 2019 |
| | Director | Chang, Tsee-Shen | 3 years | 2019 |
| | Supervisor | CHOU,SHU-HENG | 3 years | 2019 |
| Beijing FoodChina Online Information & Technology Limited | Representative | Han Jia-Hwan | N/A | 2000 |
| | Chairman | SUN BAO | N/A | 2019 |
| | Director | YANG LIFENG | N/A | 2000 |
| | Director | DU DONGQIANG | N/A | 2006 |
| | Director | Han JIA-HWAN | N/A | 2000 |
| | Director | HARN JIA-CHEN | N/A | 2017 |
| | Director | Zeng, Xiao Rong | N/A | 2017 |
| Great Wall FeedTech Enterprise Company Limited | Chairman | HAN Chia Yau | 3 years | 2017 |
| | Vice Chairman | Harn Jia-Chen | 3 years | 2017 |
| | Director | Chuang Kun-Yen | 3 years | 2017 |
| | Director | Lu Min Chih | 3 years | 2017 |
| | Supervisor | Wu Hsueh Min | 3 years | 2017 |
| Great Wall FeedTech (Tianjin) Company Limited | Chairman | HAN Chia Yau | 3 years | 2014 |
| | Vice Chairman | Harn Jia-Chen | 3 years | 2014 |
| | Director | Lu Min Chih | 3 years | 2014 |
| | Director | Zeng, Xiao Rong | 3 years | 2014 |
| Great Wall FeedTech (Ningxia) Company Limited | Executive Director | HAN Chia Yau | 3 years | 2014 |
| | Supervisor | Harn Jia-Chen | 3 years | 2014 |
| | Chairman | HAN Chia Yau | N/A | 2007 |
| | Director | Harn Jia-Chen | N/A | 2009 |
| | Director | KAN,Che Ming Paul | N/A | 2000 |
| | Director | KAN,Che Ming Paul | N/A | 2009 |
| | Director | HAN, CHIA-YAU | 5 years | 2019 |
| | Director | Fieyono Hiu | 5 years | 2019 |
| | Supervisor | HAN, CHIA-YIN | 5 years | 2019 |
| | Director | HAN, CHIA-YAU | N/A | 2008 |
| | Director | Fieyono Hiu | N/A | 2008 |
| | Director | KAN CHE MING PAUL | N/A | 2008 |
| | Director | WU, WEN-YUAN | N/A | 2008 |
| | Chairman | Fieyono Hiu | 5 years | 2017 |
| | Director | HAN, CHIA-YAU | 5 years | 2017 |
| | Supervisor | HAN, CHIA-YIN | 5 years | 2017 |
| | Director | HAN Chia Yau | N/A | 2012 |
| | Director | KAN,Che Ming Paul | N/A | 2011 |
| | Director | Budiyono Hiu | N/A | 2012 |
| | Director | Sofyan Udin Hianggio | N/A | 2012 |
| | Director | KAN,Che Ming Paul | N/A | 1995 |
| | Director | Thomas Oscar | N/A | 2009 |
| | Director | HAN, CHIA-YAU | N/A | 2018 |
| | Director | KAN CHE MING PAUL | N/A | 2018 |
| | Director | WU, WEN-YUAN | N/A | 2018 |
| | Director | Fieyono Hiu | N/A | 2018 |
| | Supervisor | CHOU, SHU-HENG | N/A | 2018 |
| | Director | KAN,Che Ming Paul | N/A | 2009 |
| Dachan (VN) Company Limited | Director | HAN, CHIA-YAU | N/A | 2015 |
| | Director | HAN, CHIA-YIN | N/A | 2015 |
| | Director | SU, MENG CHIH | N/A | 2015 |
| | Director | KAN CHE MING PAUL | N/A | 2015 |
| | Director | HUANG, LIEH-CHUN | N/A | 2015 |
| Gallant / Dachan Seafood Company Limited | Chairman | HAN, CHIA-YIN | 5 years | 2016 |
| | Director | HO, SHAN-TIEN | 5 years | 2016 |
| | Director | HAN, CHIA-YAU | N/A | 2018 |
| | Director | CHAO, TIEN-SHIN | N/A | 2018 |
| | Director | CHANG, WEI | N/A | 2018 |
| | Director | CHOU, SHU-HENG | N/A | 2018 |
| | Director | NAN LIN LIN TUN | N/A | 2018 |
| | Director | DAW AYE AYE | N/A | 2018 |
| | Director | KYAW TIN | N/A | 2018 |
| | Director | KAN,Che Ming Paul | N/A | 2014 |
| | Director | KAN,Che Ming Paul | N/A | 2010 |
| | Director | HAN Chia Yau | N/A | 2011 |
| | Director | KAN,Che Ming Paul | N/A | 2010 |
| | Director | HUANG, LIEH-CHUN | N/A | 2015 |
| | Director | HAN Chia Yau | N/A | 1996 |
| | Director | KAN,Che Ming Paul | N/A | 1996 |
| | Director | HAN Chia Yau | N/A | 1997 |
| | Director | KAN,Che Ming Paul | N/A | 2011 |
| | Director | HAN Chia Yau | N/A | 1997 |
| | Director | KAN,Che Ming Paul | N/A | 2011 |
| | Director | HAN Chia Yau | N/A | 1994 |
| | Director | Harn Jia-Chen | N/A | 1988 |
| | Director | KAN,Che Ming Paul | N/A | 1988 |
| | Director | HAN Chia Yau | N/A | 1994 |
| | Director | KAN,Che Ming Paul | N/A | 1990 |
| Huang-Ho Invest. Company Limited | Chairman | HAN Chia Yau | 3 years | 2016 |
| | Director | Harn Jia-Chen | 3 years | 2016 |
| | Director | Han Chia Yin | 3 years | 2016 |
| | Supervisor | CHOU,SHU-HENG | 3 years | 2016 |
| | Director | KAN,Che Ming Paul | N/A | 2020 |
| | Director | KAN,Che Ming Paul | N/A | 2020 |
| | Director | KAN,Che Ming Paul | N/A | 2020 |
| | Director | KAN,Che Ming Paul | N/A | 2020 |
| | Director | KAN,Che Ming Paul | N/A | 2020 |
| | Director | KAN,Che Ming Paul | N/A | 2020 |
| Great Wall Grains International Limited | Director | HAN Chia Yau | N/A | 2020 |
| | Director | KAN,Che Ming Paul | N/A | 2020 |

| Company | Title | Name or Representative | Service Term | Year of Appointment |
|--|------------|------------------------|--------------|---------------------|
| | Director | Hsia Hsien-Yu | N/A | 2020 |
| Great Wall International (Holdings) Ltd. | Director | HAN Chia Yau | N/A | 1994 |
| | Director | KAN,Che Ming Paul | N/A | 1990 |
| Huang-Ho Invest. Company Limited | Chairman | HAN Chia Yau | 3 years | 2016 |
| | Director | Harn Jia-Chen | 3 years | 2016 |
| | Director | Han Chia Yin | 3 years | 2016 |
| | Supervisor | CHOU,SHU-HENG | 3 years | 2016 |
| Seafood International Limited | Director | KAN,Che Ming Paul | N/A | 2020 |
| Global Seafood Limited | Director | KAN,Che Ming Paul | N/A | 2020 |
| Universal Food Limited | Director | KAN,Che Ming Paul | N/A | 2020 |
| Fresh Aqua Limited | Director | KAN,Che Ming Paul | N/A | 2020 |
| Pacific Harvest Limited | Director | KAN,Che Ming Paul | N/A | 2020 |
| Great Wall Grains International Limited | Director | HAN Chia Yau | N/A | 2020 |
| | Director | KAN,Che Ming Paul | N/A | 2020 |
| | Director | Hsia Hsien-Yu | N/A | 2020 |

(IV) Summarized Operation Results of Affiliated Enterprises

| Name of Company | Capital(NT \$ thousands) | Total Assets(NT \$ thousands) | Total Liabilities(NT \$ thousands) | Net Worth(NT \$ thousands) | Net Revenue(NT \$ thousands) | Operating Profit(NT \$ thousands) | Profit or loss for the period(After tax) | post-tax profit or loss(NT \$ thousands) | Earnings per Share(After tax) | Original currency |
|--|--------------------------|-------------------------------|------------------------------------|----------------------------|------------------------------|-----------------------------------|--|--|-------------------------------|-------------------|
| MAY LAN LEI CO., LTD. | 480,000 | 4,100,927 | 2,348,671 | 1,752,255 | 8,327,380 | 736,821 | 678,186,025 | 678,186 | 14.13 | NTD |
| ORIENTAL BEST FOODS CO., LTD. | 80,067 | 515,891 | 392,315 | 123,576 | 719,239 | 25,008 | 20,313,058 | 20,313 | 2.54 | NTD |
| Anxin Qiaochu CO., LTD. | 55,000 | 32,815 | 22,343 | 10,472 | 85,079 | (5,864) | (5,715,708) | (5,716) | (1.04) | NTD |
| Z.Y. Food Company Limited | 1,200,000 | 1,794,094 | 644,971 | 1,149,123 | 2,695,748 | 64,396 | 56,539,692 | 56,540 | 0.47 | NTD |
| Wonder Vax Company Limited | 150,000 | 68,700 | 17,754 | 50,946 | 0 | (46,420) | (44,540,409) | (44,540) | (2.97) | NTD |
| Liaoning DaChan Agriculture and Animal Husbandry Industry Co., Ltd. | 547,804 | 1,577,044 | 398,396 | 1,178,649 | 5,198,103 | 389,829 | 22,836,007 | 97,877 | 0.18 | RMB |
| DaChan Food (Dalian) Co., Ltd. | 956,149 | 3,390,316 | 1,108,871 | 2,281,445 | 8,542,174 | 680,914 | 76,970,127 | 329,902 | 0.35 | RMB |
| DaChan Wanda (Tianjin) Co., Ltd. | 2,527,481 | 3,003,566 | 1,713,026 | 1,290,540 | 2,748,305 | 287,838 | 20,347,612 | 87,212 | 0.04 | RMB |
| DaChan Agriculture and Animal Husbandry (Tieling) Co., Ltd. | 459,988 | 1,522,699 | 271,328 | 1,251,370 | 5,211,133 | 182,342 | 11,410,464 | 48,906 | 0.11 | RMB |
| DaChan Agriculture and Animal Husbandry (Yingkou) Co., Ltd. | 456,987 | 512,265 | 533,567 | (21,302) | 1,961,968 | 159,859 | 30,600,818 | 131,158 | 0.29 | RMB |
| DaChan Palace Food (Dalian) Co., Ltd. | 327,634 | 465,210 | 190,522 | 274,689 | 631,101 | 49,760 | 3,690,313 | 15,817 | 0.05 | RMB |
| DaChan Food (Shanghai) Co., Ltd. | 233,202 | 165,812 | 3,178 | 162,634 | 0 | (28) | (2,889,235) | (12,384) | (0.05) | RMB |
| DaChan Agriculture and Animal Husbandry (Heilongjiang) Co., Ltd. | 52,904 | 585,125 | 118,687 | 466,438 | 1,052,305 | 129,588 | 6,229,796 | 26,702 | 0.51 | RMB |
| Northeast Agriculture and Animal Husbandry (Changchun) Co., Ltd. | 37,450 | 331,646 | 145,491 | 186,155 | 924,985 | 76,741 | 5,281,269 | 22,636 | 0.62 | RMB |
| Hunan DaChan Technology Feed Co., Ltd. | 74,835 | 66,616 | 13,836 | 52,779 | 141,397 | 8,567 | (1,384,445) | (5,934) | (0.08) | RMB |
| Yanzhou Anxian Farm Food Co., Ltd. | 218,240 | 133,403 | 159,298 | (25,895) | 298,289 | 70,321 | 7,345,159 | 31,482 | 0.15 | RMB |
| DaChan Food (Hebei) Co., Ltd. | 1,530,825 | 1,548,572 | 1,501,338 | 47,234 | 4,044,798 | (96,954) | (50,184,593) | (215,096) | (0.14) | RMB |
| DaChan Agricultural Technology (Huiliudao) Co., Ltd. | 113,273 | 167,258 | 69,703 | 97,555 | 536,266 | 34,188 | 355,474 | 1,524 | 0.01 | RMB |
| Sichuan DaChan Agriculture and Animal Husbandry Technology Co., Ltd. | 87,296 | 119,512 | 68,909 | 50,603 | 288,595 | 16,673 | (1,257,135) | (5,388) | (0.06) | RMB |
| Bengbu DaChan Food Co., Ltd. | 728,311 | 2,248,567 | 1,421,331 | 827,236 | 8,698,693 | 636,795 | 9,252,342 | 39,656 | 0.06 | RMB |
| Beijing Northeast Asia Consulting Co., Ltd. | 14,918 | 210,674 | 225,285 | (14,611) | 0 | 0 | (1,027,113) | (4,402) | (0.30) | RMB |
| DaChan Food (Panjin) Co., Ltd. | 87,337 | 88,823 | 0 | 88,823 | 0 | 0 | (525,900) | (2,254) | (0.03) | RMB |
| DaChan Agriculture and Animal Husbandry (Henan) Co., Ltd. | 56,633 | 13,342 | 6,260 | 7,082 | 0 | 0 | (307,045) | (1,316) | (0.02) | RMB |
| Zhengnan Banner DaChan Ecological Ranch Co., Ltd. | 436 | 85,140 | 182,617 | (97,477) | 0 | 0 | (2,211,904) | (9,480) | (22.12) | RMB |
| Taiwan Livestock DaChan Food (Dalian) Co., Ltd. | 242,246 | 317,961 | 44,531 | 273,430 | 334,670 | 48,994 | 1,801,112 | 7,720 | 0.03 | RMB |
| Taiwan Livestock DaChan Food (Bengbu) Co., Ltd. | 174,592 | 681,031 | 434,994 | 246,037 | 880,087 | 138,677 | 11,470,870 | 49,165 | 0.29 | RMB |
| Shandong DaChan Biological Technology Co., Ltd. | 82,648 | 367,705 | 459,530 | (91,825) | 1,151,606 | 67,209 | 6,588,482 | 28,239 | 0.35 | RMB |
| Mengzhou Hui Autonomous County DaChan Animal Husbandry Development | 4,365 | 319,633 | 312,803 | 6,830 | 0 | 0 | 1,428,476 | 6,123 | 1.43 | RMB |
| Tianjin DaChan Qianzhan Biotechnology R&D Co., Ltd. | 436 | 234,203 | 285,955 | (51,751) | 4,082 | 2,928 | 13,733,867 | 58,865 | 137.34 | RMB |
| Tianjin Chaocheng Food Trading Co., Ltd. | 4,365 | 51,320 | 40,152 | 11,168 | 166,433 | 41,149 | 2,544,983 | 10,908 | 2.54 | RMB |
| Tianjin Supo Agricultural Technology Co., Ltd. | 0 | 255 | 139,991 | (139,736) | 0 | 0 | (791,418) | (3,392) | #DIV/0! | RMB |
| Impreza Investments Limited | 418,656 | 2,858,429 | 648,237 | 2,210,192 | 5,851,732 | 689,061 | 13,084,227 | 386,627 | 0.89 | USD |
| Great Wall Dalian Investment Company Limited | 697,760 | 2,854,092 | 648,237 | 2,205,855 | 5,851,732 | 689,061 | 13,086,427 | 386,692 | 0.53 | USD |
| Great Wall Agritech (Liaoning) Company Limited (BV1) | 615,024 | 615,187 | 285 | 614,902 | 0 | 0 | (2,018) | (60) | (0.00) | USD |
| Great Wall Agritech (Liaoning) Company Limited (HK) | 615,759 | 654,907 | 393 | 654,515 | 0 | 0 | (4,832) | (143) | (0.00) | USD |
| Dongbei Agri Corporation | 2,328,075 | 4,249,456 | 2,638,315 | 1,611,141 | 12,172,053 | 365,298 | (788,046) | (23,286) | (0.01) | USD |
| DaChan Wanda(HK) Limited | 1,830,522 | 4,410,148 | 3,217,758 | 1,192,390 | 11,499,041 | 974,881 | 8,664,859 | 256,039 | 0.13 | USD |
| Hwabei Agri Corporation | 1,965,503 | 4,714,013 | 3,440,450 | 1,273,562 | 11,499,013 | 974,853 | 7,771,966 | 229,655 | 0.11 | USD |
| Union Manufacturing Limited | 219,296 | 166,021 | 5,437 | 160,584 | 0 | (28) | (421,023) | (12,441) | (0.05) | USD |
| Great Wall Kuang-Ming Inv. (BV1) Company Limited | 216,875 | 1,330,390 | 732,528 | 597,862 | 1,692,525 | 237,433 | 3,895,466 | 115,108 | 0.78 | USD |
| Miyasun Great Wall (BV1) Company Limited | 142,827 | 381,763 | 113,920 | 267,843 | 1,692,525 | 237,433 | 3,895,466 | 115,108 | 0.78 | USD |
| Great Wall Northeast Asia Corporation | 6,166,529 | 18,484,729 | 8,341,506 | 10,143,223 | 45,283,846 | 4,309,967 | 50,629,630 | 1,496,060 | 0.23 | USD |
| DaChan Food (Asia) Co., Ltd. | 370,041 | 18,890,920 | 8,969,339 | 9,921,581 | 39,770,539 | 4,380,907 | 43,482,613 | 1,284,872 | 3.35 | USD |

| Name of Company | Capital(NT \$ thousands) | Total Assets(NT \$ thousands) | Total Liabilities(NT \$ thousands) | Net Worth(NT \$ thousands) | Net Revenue(NT \$ thousands) | Operating Profit(NT \$ thousands) | Profit or loss for the period(After tax) | post-tax profit or loss(NT \$ thousands) | Earnings per Share(After tax) | Original currency |
|---|--------------------------|-------------------------------|------------------------------------|----------------------------|------------------------------|-----------------------------------|--|--|-------------------------------|-------------------|
| DaChan Zhong Xin Limited | 370,041 | 18,890,920 | 8,969,339 | 9,921,581 | 39,770,539 | 4,380,907 | 43,482,613 | 1,284,872 | 3.35 | USD |
| Taixu & DaChan Foods Holdings CO LTD | 166,608 | 870,391 | 469,038 | 401,352 | 1,209,280 | 187,673 | 3,365,036 | 99,434 | 0.58 | USD |
| Taixu & DaChan Foods CO LTD | 256,320 | 833,440 | 457,641 | 375,799 | 1,209,280 | 187,673 | 3,366,929 | 99,490 | 0.37 | USD |
| China Anxian Farm Holdings | 199,360 | 199,048 | 0 | 199,048 | 0 | 0 | (1,358) | (40) | (0.00) | USD |
| Great Wall Nutrition Technologies SDN. BHD. | 38,886 | 210,203 | 47,762 | 162,440 | 263,202 | 51,527 | 462,812 | 13,676 | 0.34 | USD |
| Asia Nutrition Technologies (Vietnam) Co., Ltd. | 398,720 | 1,589,490 | 843,612 | 745,878 | 3,188,922 | 323,357 | 14,056,665 | 415,362 | 1.00 | USD |
| Asia Nutrition Technologies (Hanoi) Co., Ltd. | 159,488 | 922,100 | 427,254 | 494,847 | 3,492,911 | 358,667 | 6,378,084 | 188,467 | 1.14 | USD |
| Asia Nutrition Technologies (Long'an) Co., Ltd. | 126,977 | 843,247 | 399,377 | 443,870 | 2,586,837 | 148,412 | 2,704,270 | 79,909 | 0.61 | USD |
| Asia Nutrition Technologies (Pingding) Co., Ltd. | 141,035 | 662,207 | 498,565 | 163,643 | 1,470,504 | 98,355 | 1,187,934 | 35,102 | 0.24 | USD |
| Asia Nutrition Technologies (Cambodia) Co., Ltd. | 142,400 | 409,494 | 287,085 | 122,409 | 698,002 | 38,403 | 318,983 | 9,426 | 0.06 | USD |
| Asia Nutrition Technologies (VN) Investment Company Limited | 216,892 | 390,856 | 6,571 | 384,285 | 0 | 0 | 9,982,321 | 294,969 | 1.31 | USD |
| CITY CHAIN FOOD LTD. | 1,537,026 | 3,029,733 | 1,134,071 | 1,895,662 | 1,962,398 | (183,113) | 142,448,757 | 142,449 | 0.93 | NTD |
| Shanghai Huancheng Jinuo Catering Management Co., Ltd. | 114,824 | 225,639 | 50,847 | 174,792 | 35,843 | (18,154) | (415,828) | (1,782) | (0.02) | RMB |
| Beijing Huancheng Jinuo Catering Co., Ltd. | 184,957 | 182,935 | 165,940 | 16,995 | 297,310 | (56,089) | (6,558,726) | (28,111) | (0.15) | RMB |
| Beijing DaChan Yonghe Catering Co., Ltd. | 69,634 | 45,574 | 63,678 | (8,104) | 0 | (136) | (31,739) | (136) | (0.00) | RMB |
| NISSHI CHAIN CO., LTD. | 64,866 | 42,014 | 27,091 | 14,922 | 126,449 | 85,664 | (5,324,803) | (5,325) | (0.82) | NTD |
| Shanghai Xunshi Catering Management Co., Ltd. | 10,039 | 758 | 8,887 | (8,128) | 0 | 0 | 0 | 0 | 0.00 | RMB |
| Shengcheng Catering Co., Ltd. | 78,000 | 310,524 | 181,959 | 128,564 | 730,659 | 519,377 | 22,654,159 | 22,654 | 2.90 | NTD |
| Kunshan Taiji Food Enterprise Co., Ltd. | 123,105 | 2,796 | 76,243 | (73,447) | 46,410 | (56,727) | (9,021,732) | (38,668) | (0.32) | RMB |
| Shengbodian Catering Management (Beijing) Co., Ltd. | 67,795 | 171,845 | 59,388 | 112,456 | 306,852 | 22,409 | 5,966,229 | 25,572 | 0.38 | RMB |
| Tianjin Xunshi Food Co., Ltd. | 160,037 | 127,176 | 167,582 | (40,406) | 0 | (10,116) | 1,947,444 | 8,347 | 0.05 | RMB |
| Beijing Duxiaoyue Catering Management Co., Ltd. | 82,931 | 46,666 | 41,783 | 4,883 | 98,670 | (18,614) | (5,982,436) | (25,641) | (0.31) | RMB |
| Tianjin Haihui Food Co., Ltd. | 21,800 | 19,867 | 14,313 | 5,554 | 13,528 | (2,837) | (659,006) | (2,825) | (0.13) | RMB |
| Shanghai Du Xiaoyue Catering Management Co., Ltd. | 6,547 | 35,554 | 34,779 | 775 | 74,349 | (9,129) | (1,907,099) | (8,174) | (1.27) | RMB |
| DaChan Xin Ye Restaurant Management (Beijing) Co., Ltd. | 44,596 | 62,764 | 35,157 | 27,607 | 59,814 | (10,208) | (1,174,694) | (5,035) | (0.11) | RMB |
| Tengcheng Catering Management (Nanjing) Co., Ltd. | 91,688 | 94,069 | 32,006 | 62,063 | 35,843 | (5,523) | 1,773,494 | 7,601 | 0.08 | RMB |
| HONOLULU CHAIN FOOD & BEVERAGE CO., LTD. | 24,530 | 83,598 | 66,223 | 17,375 | 267,484 | 183,809 | (8,205,051) | (8,205) | (3.34) | NTD |
| Xiang Cheng co., Ltd. | 10,000 | 9,817 | 1,347 | 8,470 | 10,709 | 5,978 | 81,601 | 82 | 0.08 | NTD |
| Ma Cheng Co., Ltd. | 20,000 | 15,193 | 12,943 | 2,250 | 8,578 | 5,212 | (4,385,550) | (4,384) | (2.19) | NTD |
| Route 66 Fast Food Limited | 757,347 | 632,133 | 498,453 | 133,680 | 398,022 | (140,410) | (2,248,259) | (66,434) | (0.08) | USD |
| Yung Huo (China) Co., Limited | 134,426 | (17,963) | 11,447 | (29,410) | 0 | (58) | (6,581) | (194) | (0.00) | USD |
| DaChan Espressamente ily (China) Limited | 99,680 | 29,285 | 9 | 29,276 | 0 | 0 | (341) | (10) | (0.00) | USD |
| Saboten (China) Limited | 71,200 | 172,526 | 59,465 | 113,061 | 306,855 | 227,444 | 717,399 | 21,199 | 0.29 | USD |
| DaChan Shin Yeh Limited | 71,200 | 64,983 | 790 | 64,192 | 0 | 0 | (3,374) | (100) | (0.00) | USD |
| DaChan Food (Tianjin) Co., Ltd. | 288,567 | 1,223,111 | 5,323 | 1,217,788 | 0 | 0 | 949,284 | 4,069 | 0.01 | RMB |
| DaChan Flour Co., Ltd. | 0 | 0 | 0 | 0 | 0 | 0 | 6,120 | 0 | 0.61 | HKD |
| DaChan Showa Foods (Tianjin) Co., Ltd. | 263,426 | 359,243 | 31,565 | 327,678 | 252,860 | 81,909 | 6,800,719 | 29,149 | 0.11 | RMB |
| KOUCHAN MILL CO., LTD. | 610,000 | 1,006,497 | 166,445 | 840,052 | 806,830 | 66,494 | 55,002,353 | 55,002 | 0.90 | NTD |
| DaChan Liangyou Food (Shanghai) Co., Ltd. | 872,960 | 1,088,454 | 489,540 | 598,914 | 1,404,022 | 138,345 | 10,387,926 | 44,524 | 0.05 | RMB |
| DaChan Liangyou Food (Tianjin) Co., Ltd. | 436,480 | 522,016 | 132,656 | 389,360 | 873,314 | 57,401 | 3,023,637 | 12,960 | 0.03 | RMB |
| Great Wall Food Investment Company Limited | 0 | 0 | 0 | 0 | 0 | 0 | (80,927) | 0 | (0.00) | HKD |
| Tianjin Food Investment Company Limited | 270,560 | 1,427,823 | 312,715 | 1,115,108 | 0 | 0 | 354,247 | 10,468 | 0.04 | USD |
| Trans Dynamic Corporation | 0 | 0 | 0 | 0 | 0 | 0 | (66,052) | 0 | (0.00) | HKD |
| TOTAL NUTRITION TECHNOLOGIES CO., LTD. | 481,495 | 833,495 | 125,169 | 708,326 | 2,069,123 | 152,656 | 139,581,083 | 139,581 | 2.90 | NTD |
| TOTAL NUTRITION TECHNOLOGIES (Tianjin) CO., LTD. | 338,662 | 313,946 | 33,797 | 280,149 | 780,136 | 37,901 | 9,103,293 | 39,018 | 0.12 | RMB |
| TNT Biotechnology Company Limited | 373,373 | 344,441 | 25,542 | 318,899 | 776,952 | 35,312 | 1,563,610 | 46,203 | 0.12 | USD |
| TNT Huabang Holding Limited | 31,613 | 24,619 | 772 | 23,847 | 0 | (1,535) | 278,844 | 8,240 | 0.25 | USD |

| Name of Company | Capital(NT \$ thousands) | Total Assets(NT \$ thousands) | Total Liabilities(NT \$ thousands) | Net Worth(NT \$ thousands) | Net Revenue(NT \$ thousands) | Operating Profit(NT \$ thousands) | Profit or loss for the period(After tax) | post-tax profit or loss(NT \$ thousands) | Earnings per Share(After tax) | Original currency |
|--|--------------------------|-------------------------------|------------------------------------|----------------------------|------------------------------|-----------------------------------|--|--|-------------------------------|-------------------|
| FOOD CHINA COMPANY | 136,510 | 893,090 | 689,708 | 203,382 | 7,857,228 | 89,728 | 23,448,581 | 23,449 | 1.72 | NTD |
| Beijing Fortune Online Information Technology Co., Ltd. | 261,337 | 143,874 | 120,961 | 22,913 | 33,676,863 | 6,541 | (1,673,456) | (7,173) | (0.03) | RMB |
| FoodChina Inc. | 210,182 | 1,058,184 | 699,310 | 358,875 | 8,981,263 | 96,673 | 535,600 | 15,826 | 0.07 | USD |
| GREAT WALL FEEDTECH CO., LTD. | 3,400 | 7,530 | 1,684 | 5,846 | 0 | (0) | 743,737 | 744 | 2.19 | NTD |
| DaChan Yongkang Nutrition Technology (Tianjin) Co., Ltd. | 418,889 | 532,412 | 109,128 | 423,285 | 640,189 | 120,814 | 5,643,059 | 24,187 | 0.06 | RMB |
| Ningxia DaChan Yongkang Nutrition Technology Co., Ltd. | 209,510 | 311,839 | 131,519 | 180,320 | 640,189 | 28,131 | 123,772 | 530 | 0.00 | RMB |
| Great Wall FeedTech(Holdings) Ltd. | 306,445 | 591,326 | 183,412 | 407,914 | 1,016,824 | 148,946 | 558,351 | 16,499 | 0.05 | USD |
| Seafood International Inc. | 106,629 | 145,337 | 44,572 | 100,765 | 322,538 | 27,229 | 0 | 0 | 0.00 | USD |
| PT. Mustika Mianusa Aurora | 29,489 | 272,220 | 155,985 | 116,235 | 1,070,636 | 110,480 | 910,654 | 26,909 | 0.88 | USD |
| DaChan Aquaculture Limited | 324,672 | 721,055 | 262,421 | 458,634 | 1,851,206 | 186,091 | 2,970,655 | 87,780 | 0.26 | USD |
| PT. DaChan Mustika Aurora | 12,096 | 8,858 | 1,875 | 6,983 | 1,322 | (275) | (9,695) | (286) | (0.02) | USD |
| DaChan Aqua (Tarakan) Limited-BYI | 12,175 | 9,007 | 3,599 | 5,407 | 1,322 | (275) | (14,449) | (427) | (0.03) | USD |
| Clydebridge Limited | 106,629 | 827,988 | 369,059 | 458,928 | 1,851,206 | 186,091 | 1,779,874 | 52,594 | 0.48 | USD |
| PT. Misaja Mitra | 167,521 | 302,733 | 127,242 | 175,491 | 802,654 | 77,563 | 784,961 | 23,195 | 0.13 | USD |
| Global Food Corporation | 0 | 9,388 | 9,904 | (515) | 324,115 | (13,952) | 0 | 0 | 0.00 | USD |
| DaChan (Vietnam) Co., Ltd. | 336,064 | 908,300 | 632,297 | 276,003 | 1,111,212 | (10,297) | (830,100) | (24,529) | (0.07) | USD |
| DaChan Jiafeng Aquatic Products Co., Ltd. | 120,687 | 266,475 | 150,109 | 192,824 | 440,821 | 29,180 | 20,757,262 | 25,489 | 0.21 | VND000 |
| Fresh Aqua Corporation | 0 | 9,219 | 9,219 | 0 | 267,105 | 17,117 | 0 | 0 | 0.00 | USD |
| Golden Harvest Inc. | 0 | 3,361 | 20,409 | (17,048) | 269,878 | 4,722 | (65,721) | (1,942) | (65,720.73) | USD |
| DaChan (Asia-Pacific) Limited | 407,834 | 917,969 | 631,013 | 286,956 | 1,111,212 | (10,297) | (2,071,359) | (61,207) | (0.14) | USD |
| Waverley Star Limited | 830,501 | 18,738,946 | 8,779,964 | 9,958,982 | 39,769,926 | 4,368,866 | 11,184,891 | 330,503 | 0.38 | USD |
| Asia Nutrition Technologies Corporation | 190,545 | 1,215,850 | 3,875 | 1,211,975 | 0 | 0 | 4,483,539 | 132,485 | 0.67 | USD |
| Asia Nutrition Technologies Investment Company Limited | 36,477 | 239 | 3,865 | (3,626) | 0 | 0 | (137,617) | (4,066) | (0.11) | USD |
| Great Wall Food (HK) Company Limited | 0 | 0 | 0 | 0 | 0 | 0 | (419,384) | 0 | (0.84) | HKD |
| Great Wall International (Holdings) Limited | 2,007,578 | 25,170,194 | 11,286,354 | 13,883,840 | 45,912,592 | 4,940,457 | 18,505,227 | 546,813 | 0.26 | USD |
| Huang River Investment Co., Ltd. | 145,000 | 1,369,645 | 742 | 1,368,903 | 0 | (2,685) | 55,196,786 | 55,197 | 3.81 | NTD |
| Myint DaChan Co., Ltd | 586,023 | 785,902 | 213,133 | 572,769 | 166,784 | (7,023) | (508,409) | (15,023) | (0.02) | USD |
| Marksville Corporation | 0 | 211,448 | 47,762 | 163,685 | 263,202 | 51,527 | 461,697 | 13,643 | 461,697.48 | USD |
| Neo Foods Company Limited | 50,000 | 49,267 | 565 | 48,702 | 0 | (1,477) | (1,297,571) | (1,298) | (0.26) | NTD |
| Seafood International Limited | 37 | 80,024 | 70,043 | 9,982 | 149,399 | 14,940 | 349,208 | 10,319 | 272.38 | USD |
| Global Seafood Limited | 37 | 39,076 | 33,842 | 5,234 | 76,528 | 3,670 | 182,481 | 5,392 | 142.34 | USD |
| Universal Food Limited | 37 | 106,760 | 89,982 | 16,778 | 148,077 | 7,605 | 587,842 | 17,370 | 458.52 | USD |
| Fresh Aqua Limited | 37 | 42,625 | 26,737 | 15,888 | 84,634 | 16,817 | 556,572 | 16,446 | 434.13 | USD |
| Pacific Harvest Limited | 37 | 16,742 | 16,809 | (67) | 54,315 | 1,026 | (3,641) | (108) | (2.84) | USD |
| Great Wall Grains International Limited | 28,480 | 28,899 | 543 | 28,356 | 0 | 0 | (4,355) | (129) | (0.00) | USD |

II. Private Placement of Securities during the Most Recent Fiscal Year and during the Current Fiscal Year up to the Date of Publication of the Annual Report: None.

III. Holding or Disposal of Shares in Aurora by Subsidiaries during the Most Recent Fiscal Year and during the Current Fiscal Year up to the Date of Publication of the Annual Report

Unit: NT\$ thousands; Shares; %

| Name of Subsidiary | Paid-in Capital | Source of Capital | The Company's shareholding ratio | Date of Acquisition or Disposal | Amount and Number of Shares Acquired | Amount and Number of Shares Disposed of | Investment Income | Amount and Shares Held up to the Date of Publication of the Annual Report | Pledge | Making of Endorsements/Guarantees to Subsidiary | Loaning of Funds to Subsidiary |
|-----------------------------|-----------------|-------------------|----------------------------------|--|--------------------------------------|---|-------------------|---|---|---|--------------------------------|
| Huang-Ho Invest. Co., Ltd. | 145,000 | Private capital | 100 | 2019 | 936,866 shares NT \$0 | 13,395,000 shares NT \$450,747,000 | NT \$363,680,000 | 19,674,191 shares NT \$121687000 | | - | - |
| | | | | 2020 | - | - | - | 19,674,191 shares NT \$121687000 | | - | - |
| | | | | As of the date of publication of the Annual Report | - | - | - | 19,674,191 shares NT \$121687000 | 9,100,000 shares No material impact. | - | - |
| To Shing Industry Co., Ltd. | 1,537,026 | Private capital | 100 | 2019 | 1,223,249 shares NT \$0 | - | - | 25,688,242 shares NT \$128908000 | | - | - |
| | | | | 2020 | - | - | - | 25,688,242 shares NT \$128908000 | | - | - |
| | | | | As of the date of publication of the Annual Report | - | - | - | 25,688,242 shares NT \$128908000 | No material impact. | - | - |

IV Other Necessary Supplements: None.

Nine. In the most recent year and up to the date of publication of the annual report, any event that has a significant impact on shareholders' equity or securities prices as stipulated in Article 36, paragraph 2, paragraph 2 of the Stock Exchange Law: none.