

Stock Code : 4148



**全宇生技控股有限公司**  
**All Cosmos Bio-Tech Holding Corporation**

**ANNUAL REPORT**  
**2020**

Company website: <http://www.allcosmos.com>

Taiwan Stock Exchange Website: <http://mops.twse.com.tw>

**Published on April 30, 2021**

1.0 Name and Title of The Spokesman and Deputy Spokesman, Telephone and Email Address

Spokesman : Janice Cheow Telephone : +607-252-3788  
Title : Chief Financial Officer Email address : janice@allcosmos.com  
Deputy Spokesman : Janice Cheow (temporary) Telephone: (02)2712-0685  
Title : Chief Financial Officer Email Address : janice@allcosmos.com

2.0 Name, Title, Telephone and Email Address of designated litigation and non-litigation agent within the territory of the Republic of China

Spokesman : Annie Peng Telephone : (02)2712-0685  
Title : Director Email address : acbt.tpe@msa.hinet.net

3.0 Address and Telephone of The Head Office, Branch Office and Factory

3.1 Company name : All Cosmos Bio-Tech Holding Corporation

Website : www.allcosmos.com Telephone : +607-252-3788  
Address : One Nexus Way, Cayman Bay, Grand Cayman KY1-9005, Cayman Islands

3.2 Subsidiary in Malaysia

Company Name : All Cosmos Industries Sdn. Bhd.

Website : www.allcosmos.com Telephone : +607-252-3788  
Address : PLO 650, Jalan Keluli 7, Pasir Gudang Industrial Estate, 81700 Pasir  
Gudang, Johor, Malaysia.

Company Name : Sabah Softwoods Hybrid Fertiliser Sdn. Bhd.

Website : www.sshf.com.my Telephone : +608-986 3280  
Address : Lot 50 & 51, Phase 2, Jalan Tengah Nipah, 5.5KM, 91100 Lahad Datu,  
Sabah, Malaysia.

Company Name : Arif Efektif Sdn. Bhd.

Telephone : +607-252-3788  
Address : PLO 539, Jalan Keluli, Pasir Gudang Industrial Estate, 81700 Pasir  
Gudang, Johor, Malaysia.

Company Name : Kinabalu Life Sciences Sdn. Bhd. Telephone : +6089-767600

Address : Lot B12, Phase 1C, Portcity@POIC, KM5, Jalan Tengah Nipah, 91100  
Lahad Datu, Sabah, Malaysia

Company Name : Sawit Ecoshield Sdn. Bhd.

Telephone : +6088-235811  
Address : Jalan Kelapa Sawit, Off KM 4, Jalan Tuaran, 88300 Kota Kinabalu, Sabah,  
Malaysia.

Company Name : Cosmos Biowood Sdn. Bhd.

Telephone : +607-3558833  
Address : 12A, Jalan Dedap 17, Taman Johor Jaya, 81100 Johor Bahru, Johor,  
Malaysia.

Company Name : GK Bio International Sdn. Bhd. Telephone : +603-61421139  
 Address : 42-2, Jalan PJU 5/11, Dataran Sunway, Kota Damansara, 47810 Petaling  
 Jaya, Selangor, Malaysia.

### 3.3 Subsidiary in Indonesia

Company Name : PT All Cosmos Indonesia Telephone : +6261-8201288  
 Address : Ira Building Jl. Cactus Raya Blok J No.1 Komp. Perumahan Taman Setia  
 Budi Indah Medan - 20131, Sumatera Utara – Indonesia

Company Name : PT All Cosmos Biotek  
 Address : Jalan Kelapa Sawit – Nomor 1, KEK Sei Mangkei, Kecamatan Bosar  
 Maligas, Kabupaten Simalungun, Sumatera Utara, Indonesia.

### 3.4 Taiwan Branch

Address : 7F-4, 181, Fuxing North Road, Taipei, Taiwan, R.O.C.  
 Telephone : (02)2712-0685

### 4.0 Name, Address, Website And Telephone Number of The Stock Transfer Institution

Company Name : SinoPac Securities Corporation  
 Address : 3F., No.17, Bo'ai Rd., ZhongZheng Dist., Taipei City 100, Taiwan, R.O.C.  
 Website : [www.sinopacsecurities.com](http://www.sinopacsecurities.com)  
 Telephone : (02)2381-6288

### 5.0 Latest Annual Financial Report of CPA, Firm Name, Address, Website And Telephone Number

CPA's Name : Chen, Chiang-Hsun 、 Ho, Jui Hsuan  
 Firm Name : Deloitte & Touche  
 Address : 20F, No. 100, Songren Road, Xinyi District, Taipei City, Taiwan, R.O.C.  
 Website : [www.deloitte.com.tw](http://www.deloitte.com.tw)  
 Telephone : (02)2725-9988

### 6.0 Overseas Securities And Stock Exchange Enquiries : None.

### 7.0 Company Website : [www.allcosmos.com](http://www.allcosmos.com)

### 8.0 List of Board of Directors

April 30, 2021

Title	Name	Nationality or place of registration	Education and Professional Qualifications
Chairman	All Cosmos Investment Ltd	Republic of Seychelles	Ph.D candidate, Institute of Wood Science and Technology, University of Putra,
	Representative :	Republic of	

	Peng Shih Hao	China	Malaysia Master of Business Administration, Honolulu University, Hawaii
Director	Sheng Hua Ltd	Republic of Seychelles	Kuan-Hsi High School
	Representative : Peng Sheng Ching	Republic of China	
Director	Maxtrength Corporation	Republic of Seychelles	Shih Hsin College of Journalism and Communication
	Representative : Peng Chia Lin	Republic of China	Director of Clinical Research, Quintiles
Director	Hsu Ken Tsai	Republic of China	Chihlee College of Technology, Department of Enterprise Management General Manager of Tachong Gas Station
Director	Chang Lu Chang	Republic of China	Bachelor of Finance and Taxation, National Chengchi University
Director	Chee Kheng Hoy	Malaysia	Doctor of Forest Diseases, University of Auckland Director of Malaysia Rubber Research Institute
Independent Director	Lo Tzu Wu	Republic of China	Institute of Law, National Chung Hsing University Weiyang Law Firm Lawyer
Independent Director	Yang Yung Cheng	Republic of China	Master in Finance, Fu Jen Catholic University Certified Accountant of higher examination Accountant, Moores Rowland CPAs
Independent Director	Lee Wen Chuan	Republic of China	Ph.D, Post Doctoral Research, Department of Life Science, National Tsing Hua University Post-Doctoral Research, UCLA Head of Agricultural Technology Research Institute Principal of Reboot Agricultural Technology., Ltd.

## Table of Contents

<b>1.0</b>	<b>Business Report.....</b>	<b>1</b>
<b>2.0</b>	<b>Company Profile.....</b>	<b>4</b>
	2.1 Date of incorporation.....	4
	2.2 Company history.....	4
	2.3 Risk Items.....	6
<b>3.0</b>	<b>Corporate Governance Report.....</b>	<b>7</b>
	3.1 Organization system.....	7
	3.2 Information on directors, supervisors, president, vice presidents, and management team.....	9
	3.3 Remuneration paid to directors, supervisors, president and vice presidents for the recent years.....	13
	3.4 Corporate governance operational situation.....	17
	3.5 Information on CPA professional fees.....	45
	3.6 Information on replacement of CPA: Announcement of accountants replacement shall be made within these two years and thereafter.....	46
	3.7 Where the company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm.....	47
	3.8 Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report) by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report.....	47
	3.9 Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another.....	48
	3.10 The total number of shares held by the capital business, and the combined calculation of the comprehensive shareholding ratio which involved companies, company directors, supervisors, managers directly or indirectly.....	49
<b>4.0</b>	<b>Capital Overview.....</b>	<b>51</b>
	4.1 Capital and shares.....	51

	4.2 Corporate bonds.....	55
	4.3 Preferred stocks.....	55
	4.4 Overseas depositary receipts.....	55
	4.5 Employee stock options.....	56
	4.6 Restriction of employee's rights on new shares status.....	57
	4.7 Status of new shares issuance in connection with mergers and acquisitions.....	57
	4.8 Financing plans and implementation.....	57
<b>5.0</b>	<b>Operational Overview.....</b>	<b>58</b>
	5.1 Business content.....	58
	5.2 Overview of market, production and sales.....	76
	5.3 The distribution ratio of number of employees, average service years, average age of employees, and education qualification who have been employed in the past two years and up to the date of publication .....	89
	5.4 Distributed information of environmental protection.....	89
	5.5 The relationship of employers and employees .....	90
	5.6 Important contracts.....	92
<b>6.0</b>	<b>Financial Overview.....</b>	<b>94</b>
	6.1 The Condensed Balance Sheets and Comprehensive Income Statements for the recent five years.....	94
	6.2 Financial Analysis over the recent five years.....	96
	6.3 Audit Committee Review Report of the Most Recent Financial Report.....	100
	6.4 Audited Consolidated Financial Statements of Parent and Subsidiary Companies in the most recent year .....	101
	6.5 The company and its affiliates shall disclose the impact of financial difficulties on their financial status in the most recent year and up to and including the date of publication of the annual report.....	101
<b>7.0</b>	<b>Financial Status, Review and Analysis of Financial Performance and Risks.....</b>	<b>102</b>
	7.1 Financial status.....	102
	7.2 Financial performance.....	103
	7.3 Cash flow.....	104
	7.4 Impact to finance and business by the significant capital expenditures in the most recent year.....	105
	7.5 Investment policy in the most recent year, the main reason for its profit or loss,	

	the improvement and investment plan for the following year.....	105
	7.6 Analysis and assessment of risk factors in the most recent year and up to the publication date of the annual report.....	107
	7.7 Other important matters.....	114
<b>8.0</b>	<b>Special Records.....</b>	<b>115</b>
	8.1 Affiliate Information .....	115
	8.2 Private placements of securities in the most recent year and as of the publish date of the annual report .....	117
	8.3 Shares of the Company that are held or disposed by a subsidiary in the most recent year and as of the publish date of the annual report .....	117
	8.4 Other necessary descriptions.....	118
	8.5 Significant impact on shareholders' equity or securities prices matter incurred as per Article 36- 2- 2 of the Securities Exchange Law .....	118
	8.6 A statement of significant differences from the provisions of the shareholders' rights and interests of the Republic of China.....	118

## 1.0 Business Report 2020

**Dear Shareholders,**

International Crude Palm Oil Price (CPO price) risen from the bottom of the fourth quarter of 2018, and continued to rise since May 2020, even reached a 10-year high by the end of 2020. However, Covid-19 pandemic has caused labor shortage in Malaysia oil palm industry. Meanwhile, La Nina phenomenon in 2019 resulted in insufficient fruit production. Unlike the rapid rebound of CPO price, the oil palm industry takes steady steps of recovery and the fertilizer budget of plantations also shows a slow mode of adjustment.

The company's strategy of expanding to different crop field is effective and helps to adjust revenue structure under current uncertain environment. In addition to losses in the first quarter due to the impact of the pandemic, the company resumed profitable from the second quarter of 2020 and achieves risk diversification and efficiency optimization by diversifying product types. In the meantime, our other mid- and long-term plans are still being steadily deployed, and we are highly confident in the development of the company. It is our honor to present the company's past year's operating results and future prospects to shareholders.

### 1. 2020 Operating Results

#### 1.1 Business plan implementation results

Unit: NT\$ in Thousand ; %

	2020	2019	Increase(Decrease) Amount	Change Ratio
Operating Revenue	1,642,783	1,767,699	(124,916)	-7.07%
Gross Profit	372,147	393,312	(21,165)	-5.38%
Net Profit For The Year	82,204	35,694	46,510	130.30%

In 2020, the company's revenue decreased by 7.07% as compared with 2019. It is mainly because CPO price fluctuated in 2019 and resulted in late opening of 2020 first half bid, which further led to significant shipment decline in January and February. Coupled with the fact that the Malaysian government implemented "Movement Control Order" in mid-March in response to the spread of Covid-19, operations in the first quarter of 2020 fell to the bottom. The company resumed operation quickly as we belong to essential economic sectors, and operations gradually stabilized since the second quarter. As the environment has not yet stabilized, the plantation's 2020 fertilizer budget did not increase significantly with the rising CPO price, and plantations' willingness to apply biochemical fertilizers is still more conservative than before. However, our long-standing research and development of microorganisms, plant vaccines, health foods and other diversified products started to contribute. Among them, microbial fertilizer N-bio booster for paddy has received a



two-year subsidy from the Malaysian government to provide sustainable revenue.

Considering the impact of the overall environment and the adjustment of product structure, although our 2020 revenue decreased in comparison with the previous year, our profit increase to 82,204 thousand by 130.30%.

## 1.2 Financial Revenue and Profitability

Financial Ratio Item		2020	2019
Financial Structure (%)	Debt to Asset Ratio	9.61	8.09
	Long-Term Capital to Fixed Assets Ratio	456.30	443.34
Solvency (%)	Current Ratio	825.24	1,019.57
	Quick Ratio	643.74	826.92
Profitability (%)	Return on Assets	3.26	1.53
	Return on Equity	4.08	1.69
	Earning Per Share (NT\$)	1.28	0.56

## 2. 2021 Operation Plan Summary:

The Malaysian Palm Oil Council (MPOC) predicts that the export volume of Malaysian palm oil in 2021 will increase by 22.62% compared to 2020. However, under the influence of the climate, the overall supply of palm oil may shrink. Although the CPO price is at a relatively high point, the biochemical fertilizer market is still slowly recovering. Hence, in addition to stabilizing our share in fertilizer market and develop new customers, the company takes further step to emphasize the expansion of diversified business and to further optimize sales structure. With our long lasting relationship with customers, we use our key microbial technology to obtain organic materials or chemical raw materials to create a future prosperity.

According to the estimation of MPOC, CPO price will remain at MYR3,000 (approximately US\$747.29) per metric ton in 2021. In addition to Malaysia, the company is also actively exploring new markets in Indonesia, and is ready to complete the construction of the Indonesia plant to further expand operations once the Covid-19 pandemic slows down. As for Green Circular Economy, the company will continue to cooperate with plantations to set up specialized treatment plants around their refineries, directly recycling remaining organic matters in the oil extraction process, put microorganisms according to different needs to produce plant vaccines to prevent Ganoderma and other plant disease. Furthermore, to reuse the remaining matters from recycling to make biochemical fertilizer which could not only improve soil pH, to effectively protect the environment, but to improve the soil's ability to absorb nutrients.

After 20 years of deep cultivation in the Malaysian biochemical fertilizer market, the company has grown in the past with higher average growth rate of the overall fertilizer industry and has become a pioneer in the global bio-compound fertilizer industry. The company has more than 600 kinds of

microbial strains and two patented technologies with high-end agricultural technology, including quantitative microbial technology and stabilizer technology platform. As global awareness on sustainable agriculture, improvement of soil degradation and ecological problems arise, the company's advanced technology can help to improve and maintain the environment moving towards the goal of green agriculture. Through continuous efforts to improve, research and development, we lay a solid foundation for future growth.

We hope that we can show our business results to our shareholders with our peers' efforts and our dedication. We commit to the spirit of continuous improvement and would like to thank our partners, shareholders and hardworking staffs for your long-standing support. Thank you for allowing me to express my sincere gratitude here!

All Cosmos Bio-Tech Holding Corporation  
Chairman Peng Shih Hao

## 2.0 Company Profile

### 2.1 Date of Incorporation : March 26, 2010

### 2.2 Company and Group History

All Cosmos Bio-Tech Holding Corporation (hereinafter referred to as the Company) was established in the Cayman Islands on March 26, 2010, and is one of the public listing company in Taiwan. The All Cosmos Group owns several subsidiary companies in Malaysia and Indonesia, the main product is biochemical compound fertilizer combined with organic matter, beneficial microorganisms and chemical raw materials. The sales market extends to South East Asia such as Malaysia, China, Indonesia, Vietnam and Taiwan.

The Group's products draw on the advantages of various unit fertilizers and strive to solve and replace the severe environmental pollution caused by traditional chemical fertilizers. Due to the high technical threshold, the Group is the first company in Malaysia to have beneficial microorganisms to be added into fertilizer. In addition, the Group cooperated with the Malaysian Palm Oil Board (MPOB) to develop the fertilizer MPOB F4, which is suitable for the local main agriculture crop oil palm tree, and was approved by the Malaysian Oil Palm Board and authorized to use its trademark. In addition to biochemical compound fertilizer, the Group's products were jointly developed with the Malaysian Oil Palm Bureau in 2012 to combat the treatment of the main disease of oil palm tree *Ganoderma lucidum*. The Group's products have been extended from crop production to pest control.

The important notes of the company are as follows:

Year	Items
1999	Incorporation of All Cosmos Industries Sdn Bhd in Johor, Malaysia, and established a biochemical compound fertilizer plant
2003	Obtained ISO2001 and ISO2000 certification
2003	Incorporation of Hybrid Generation Sdn. Bhd. in Sabah to develop the market in East Malaysia
2008	Awarded 10 years tax exemption with BioNexus Status certification
	Developed MPOB F4 three-in-one biochemical compound fertilizer in cooperation with Malaysia Oil Palm Bureau (MPOB)
	Received Overseas Outstanding Enterprise Award from Golden Bull Award
2009	Collaborated with the Malaysian University of Technology (UTM) to develop a nitrogen-fixing bacteria production platform
	Awarded the Product Innovation Award from the Malaysia International Commodities Exhibition (MICCOS), the Asia-Pacific International Entrepreneur Elite Award 2008-2009, and the Nanyang Business Daily Golden Bull Award
2010	Incorporation of All Cosmos Bio-Tech Holdings Corporation in Cayman

Year	Items
	Islands
	Awarded the Asia Pacific Bio Fertilizer Award from Frost & Sullivan
	Incorporation of Sabah Softwoods Hybrid Fertiliser Sdn Bhd in Sabah, Malaysia, for production and sales in Sabah and Indonesia markets
2011	Co-developing microbial fertilizers containing phage with the Malaysian Institute for Agricultural Research and Development (MARDI)
	The company's products are certified as green fertilizer products by the Malaysian Ministry of Science and Technology Innovation (MOSTI)
	Appointed by the Ministry of Science and Technology of Malaysia as an agricultural green consultant, which is also the only private enterprise consultant
	Awarded the Best Product Innovation Award Card in Malaysia; Double Gold Medal in International Consumption; Model Award of Taiwan Overseas Chinese Enterprise; Best International Overseas Enterprise Award in Taiwan; and Individual Outstanding Product Award in China.
2012	Joint development of 4-in-1 biochemical compound fertilizer with the Malaysian Palm Oil Board (MPOB)
	Awarded the Outstanding Brand Award from the Asian Entrepreneurship Alliance (AEA)
2013	Awarded the top three companies of BioNexus and the BioNexus Excellence Award from Biotech Corp.
	Awarded the Sin Chew Business Excellence Award 2013 for outstanding product and service quality
	Awarded the Gold Medal Best Agriculture Award and the Malaysian Innovation Product Award (ITEX'13)
2014	GanoEF products won the third place in the Patent Group Award
	Co-developed MPOB F4 Premium Biochemical Compound Fertilizer with Malaysia Palm Oil Board (MPOB)
	Won the 46th Outstanding Business Award from FMM
	All Cosmos Industries Sdn Bhd established the Second Plant in Johor, West Malaysia
2015	Awarded the 47th Outstanding Business Award from FMM
2016	Awarded the 48th Outstanding Business Award from FMM and the Outstanding Award for Quality of Fertilizer Products in Malaysia
	Granted the Patent for "Bio-Stabilized Fertilizer Technology" in Taiwan
	Granted the Patent for "Endophytic Fungus Production Technology" in Thailand

Year	Items
2017	All Cosmos Bio-Tech-KY officially listed in Taiwan Stock Exchange on 8 <sup>th</sup> of June
	Awarded the Bioeconomic Excellence Award from Biotech Corp
	Subsidiary company of All Cosmos Industries Sdn Bhd and Sabah Softwoods Hybrid Fertiliser Sdn Bhd have established a joint venture with Sawit Kinabalu Group, a subsidiary of the East Malaysian government, to establish a professional treatment plant to develop biological vaccines
2018	Established an Indonesian joint venture with YPJ Plantations Sdn. Bhd., a subsidiary of the Johor State Government of Malaysia, to produce and engage sales for Indonesian market.
	Signed the “Liquor Cellulose Depolymerization Patent and Technology Licensing and Service Plan Contract” with the Industrial Technology Research Institute
	Subsidiary Company Arif Efektif signed a technical sales contract with MARDI Malaysian Agricultural Research and Development Agency to obtain the use of induced resistant system for papaya seedlings to control papaya disease
2019	Signed a joint venture contract with Grape King Biotech Co., Ltd. to expand the health food biotechnology business in ASEAN countries

Please refer to page 115 for corporate structure.

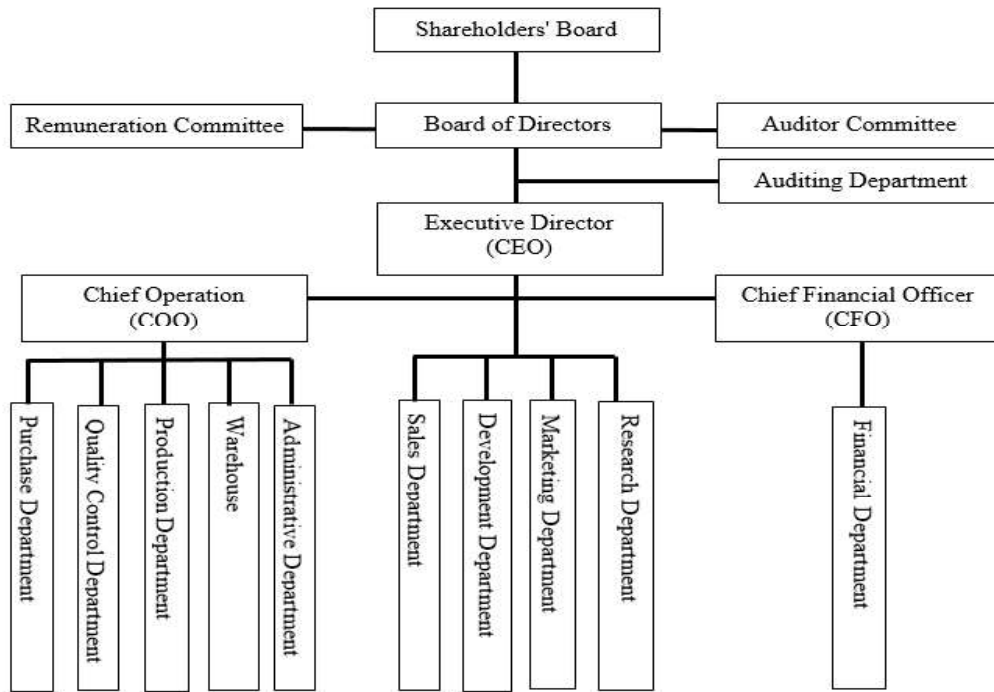
### 2.3. Risk Items

The Company’s internal auditors execute regular audit to control risk items and update to the board of directors on regular basis. For details please refer to page 107 to 114.

## 3.0 Corporate Governance Report

### 3.1 Organization System

#### 3.1.1 Organizational Structure



#### 3.1.2 Business Operations of Major Departments

Department name	Operation
Board of Directors	Establish policy directives and target policies for the company's business operations
Audit Committee	Supervise the company's business and financial status, the company's financial statements, and the effective implementation of internal control
Remuneration Committee	Regularly review the policies, systems, standards and structures of directors and managers' performance, appraisal and salary remuneration
Internal Audit Department	Research, planning and implementation of internal control and auditing systems, reporting of audit reports and tracking regularly for improvements
Purchasing Department	Responsible for general purchasing, raw material procurement, and supply chain management
Quality Control Department	Establish quality standards, execute quality control, ensure product quality, and tracks corrective actions
Production Department	Implement production planning, control production schedule and material status, maintain work safety and environmental requirements at production site, ensure product quality and production in progress

Warehouse Department	Inventory management and goods receiving and delivery
Administrative Department	Human resource management of the company
Sales Department	Responsible for product selling, relationship management with customers and strategic partners, and the management of domestic and international marketing channels and channel providers
Development Department	Maintain customer relationships, expand new markets, and develop the company's brand
Marketing Department	Market promotion and increasing product exposure through various means
Research Department	Develop research plan and new products
Financial Department	Responsible for company finance, accounting, and cost related matters, preparation and analysis of financial statements and reports, tax and other matters

### 3.2 Information of Directors, Supervisors, General Managers, Deputy General Managers, Associates, Departments And Branches

#### 3.2.1 Information of Directors And Supervisors

##### 3.2.1.1 Information of Directors and Supervisors (The Company has set up an audit committee with no supervisor)

April 30, 2021 Unit of Share: in Thousand

Title	Nationality	Name	Gender	Election Date	Terms	Date of First Election	Shareholding When Elected		Current Shareholding		Spouse & Minor Children Shareholding		Shareholding by Nominee Arrangement		Experience and Education	Other Positions in The Company and/or Other Companies	Executives, Directors or Supervisors Who Are Spouses or within Two Degrees of Kinship		
							No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%			Title	Name	Relationship
Chairman	Republic of Seychelles	All Cosmos Investment Ltd	-	2019.6.19	3yrs	2010.3.26	22,500	39.82%	22,500	35.13%	-	-	-	-	-	-	-	-	-
	R.O.C	Representative: Peng Shih Hao	Male	2019.6.19	3yrs	2010.3.26	-	-	245	0.38%	-	-	22,500	35.13%	- Ph.D candidate, Institute of Wood Science and Technology, University of Putra, Malaysia - Master of Business Administration, Honolulu University, Hawaii	- ACI – Director and CEO - SSHF-Director - All Cosmos Investment Ltd.-Chairman - Kinabalu Life Sciences Sdn Bhd-Director - Sawit Ecoshield Sdn Bhd-Director - GK Bio International Sdn Bhd-Director - PT All Cosmos Biotek-Director	Director	Peng Shih Hao	Father
Director	Republic of Seychelles	Sheng Hua Ltd	-	2019.6.19	3yrs	2014.6.30	2,500	4.42%	2,500	3.9%	-	-	-	-	-	-	-	-	-
	R.O.C	Representative: Peng Sheng Ching	male	2019.6.19	3yrs	2012.9.29	-	-	27	0.04%	40	0.06%	2,500	3.9%	- Kuan-Hsi High School	- ACI-Chairman - Sheng Hua Ltd.-Chairman	Chairman	Peng Shih Hao	Son
Director	R.O.C	Hsu Ken Tsai	male	2019.6.19	3yrs	2012.9.29	30	0.05%	30	0.05%	-	-	-	-	- Chihlee College of Technology, Department of Enterprise Management-General Manager of Tachong Gas Station	-	-	-	-
Director	R.O.C	Chang Lu Chang	male	2019.6.19	3yrs	2012.9.29	30	0.05%	30	0.05%	-	-	-	-	- Bachelor of Finance and Taxation, National Chengchi University	- YChen International Pte Ltd-Director	-	-	-
Director	Republic of Seychelles	Maxtrength Corporation	-	2019.6.19	3yrs	2014.6.30	4,500	7.96%	4,500	7.02%	-	-	-	-	-	-	-	-	-



Title	Nationality	Name	Gender	Election Date	Terms	Date of First Election	Shareholding When Elected		Current Shareholding		Spouse & Minor Children Shareholding		Shareholding by Nominee Arrangement		Experience and Education	Other Positions in The Company and/or Other Companies	Executives, Directors or Supervisors Who Are Spouses or within Two Degrees of Kinship		
							No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%			Title	Name	Relationship
	R.O.C	Representative: Peng Chia Lin	Female	2019.6.19	3yrs	2014.6.30	10	0.02%	45	0.07%	40	0.06%	4,500	7.02%	- Shih Hsin College of Journalism and Communication - Director of Clinical Research, Quintiles	- Maxtrength Corporation - Director - GK Bio International Sdn Bhd -Director	Director Director	Peng Sheng Ching Peng Shih Hao	Father Brother
Director	Malaysia	Chee Kheng Hoy	male	2019.6.19	3yrs	2014.6.30	-	-	-	-	-	-	-	-	- Ph.D of Forest Diseases, University of Auckland - Researcher and Head of Rubber Research Institute	- AESB-Director - Director of Malaysia Rubber Research Institute	-	-	-
Independent Director	R.O.C	Lo Tze Wu	male	2019.6.19	3yrs	2012.9.29	-	-	-	-	-	-	-	-	- National Chung Hsing University Institute of Law - Weyang Law Firm Lawyer	- Seyi Machinery Industry Co., Ltd-Supervisor - Shiwei Technology -Supervisor - Hongsheng Investment Co., Ltd-Supervisor - Sea Way Energy Co., Ltd	-	-	-
Independent Director	R.O.C	Yang Yung Cheng	male	2019.6.19	3yrs	2014.6.30	-	-	-	-	-	-	-	-	- Master in Finance, Fu Jen Catholic University - Certified Accountant of higher examination - Accountant, Moores Rowland CPAs	- Yungshan Construction Co., Ltd-Supervisor - Han Yi Yuan Integrating Medical Technology Co., Ltd – Supervisor - Dan Jie Construction Co., Ltd – Supervisor	-	-	-
Independent Director	R.O.C	Lee Wen Chuan	male	2019.6.19	3yrs	2019.6.19	-	-	-	-	-	-	-	-	- Bachelor of Plant Pathology, National Chung Hsing University - Ph.D, Post-Doctoral Research, Department of Life Science, National Tsing Hua University - Post Doctoral Research, UCLA - Head of Agricultural Technology Research Institute	- Reboot Agricultural Technology, Ltd – Principal - Taiwan Formosa Organic Association – Deputy Chairman - Taiwan Miadi Amla Cooperative – Consultant -Agricultural Bank of Taiwan – Consultant - Hsin Chu County Local Industry Development Association – Consultant - Tze Chiang Foundation - Consultant	-	-	-

Note 1: Explain the reason, rational, necessity, and countermeasures if the chairman and the general manager or the person with equivalent position (the top manager) is the same person, each other's spouse or first level relatives:

- (1) Chairman Peng leads the Company, integrates departments, and layout strategies with professional prospective, which is conducive for long term customer relationships. The Company still needs his experienced leadership in the long-term development.
- (2) The Chairman and CEO is the same person in the Company, and there is no case that more than half of the directors are concurrently employees.

3.2.1.2 The name of the corporate shareholder and the top ten shareholder name and its shareholding ratio:

April 30, 2021

Corporate Shareholder Name	Major Shareholder of Corporate Shareholder	Shareholding ratio (%)
All Cosmos Investment Ltd.	Peng Shih Hao	100%
Sheng Hua Ltd.	Peng Sheng Ching	100%
Maxtrench Corporation	Peng Chia Lin	100%

3.2.1.3 The major shareholders of the corporate shareholders are corporate shareholder: None.

3.2.1.4 Status of the professional knowledge and independency of the directors and supervisors (the company does not have a supervisor)

Condition Name	More than 5-year Work Experience and Professional Qualifications as Below			Independency Criteria												Number of other public companies in which the Individual is concurrently serving as an independent director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private College	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Approved a National Examination and Been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Peng Shih Hao	-	-	√						√	√		√	√	√	√	-
Peng Sheng Ching	-	-	√						√	√		√	√	√	√	-
Hsu Ken Tsai	-	-	√	√	√	√	√	√	√	√	√	√	√	√	√	-
Chang Lu Chang	-	-	√	√	√	√	√	√	√	√	√	√	√	√	√	-
Peng Chia Lin	-	-	√						√	√		√	√	√	√	-
Chee Kheng Hoy	-	-	√	√	√	√	√	√	√	√	√	√	√	√	√	-
Lo Tze Wu	-	√	√	√	√	√	√	√	√	√	√	√	√	√	√	-
Yang Yung Cheng	-	√	√	√	√	√	√	√	√	√	√	√	√	√	√	-
Lee Wen Chuan	-	-	√	√	√	√	√	√	√	√	√	√	√	√	√	-

Note : Please mark "□" at the beginning of the following conditions that various directors and supervisors match in two years before appointment and during their tenure.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or a supervisor of the Company or its affiliated company (However, the independent director that the Company or its parent company or subsidiary sets according to this law or local law is not subject to this limit).
- (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 manager listed in (1), or spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship listed in (2) and (3)
- (5) Not directly holding 5% or more of the total number of outstanding shares of the Company, top 5 shareholders, or appoint representative as director, supervisor, or employee according to Article 27, item 1 or 2 of Company Act. (if the independent directors of the company and its parent company, subsidiary, or a subsidiary of the same parent company hold concurrent positions for each other by law are not limited to this)
- (6) Not a director, supervisor, or officer of a company that is controlled by the same person with the Company's director seats or more than half of the voting seats. (if the independent directors of the company and its parent company, subsidiary, or a subsidiary of the same parent company hold concurrent positions for each other by law are not limited to this)
- (7) Not a director, supervisor, or officer of the same person or spouse with the Company's chairman, CEO or equivalent job. (if the independent directors of the company and its parent company, subsidiary, or a subsidiary of the same parent company hold concurrent positions for each other by law are not limited to this)
- (8) Not holding 5% or more of the total number of outstanding shares, or a director, supervisor, or management of a company or institution which has finance or business relationship with the Company. (Specific company or institution holds more than 20%, not exceeding 50% of the total number of outstanding shares, and the independent directors of the company and its parent company, subsidiary, or a subsidiary of the same parent company hold concurrent positions for each other by law are not limited to this)
- (9) Owner, partner, director, supervisor, manager or their spouse of a company or affiliated company, not providing auditing service to the Company, or accumulated fee charge from providing business, legal, finance, accounting or related services to the Company not exceeding NT\$500,000. Members of the Compensation Committee, Public Acquisition Review Committee, or M&A Special Committee who perform their functions in accordance with the Securities Exchange Act or the relevant laws and regulations of the Corporate Mergers and Acquisitions Act are not limited to this.
- (10) Not spouse or 2<sup>nd</sup> degree relatives of kinship with other directors.
- (11) Not a person of any conditions defined in Article 30 of the Company Act.
- (12) Not a governmental body, juridical person or its representative as defined in Article 27 of the Company

### 3.2.2 General Manager, Deputy General Manager, Associates, Department And Branch Managers

#### 3.2.2.1 Information on the President, Vice Presidents and Management Team

Title	Nationality	Name	Gender	Election Date	Shareholding		Spouse & Minor Children Shareholding		Shareholding by Nominee Arrangement		Experience and Education	Other Positions in other Companies	Managers as Spouse or within 2-Degree Kinship		
					No. of Shares	%	No. of Shares	%	No. of Shares	%			Title	Name	Relationship
ACBT CEO	R.O.C	Peng Shih Hao	Male	2012.9.28	245	0.38%	—	—	22,500	35.13%	Ph.D. candidate, Institute of Wood Science and Technology, University of Putra, Malaysia Master of Business Administration, Honolulu University, Hawaii	ACI-Director and CEO SSHFF-Director All Cosmos Investment Ltd. - Chairman Kinabalu Life Sciences Sdn Bhd-Director Savit Ecoshield Sdn Bhd-Director GK Bio International Sdn Bhd-Director PT All Cosmos Biotech-Director	ACI Chairman	Peng Sheng Chung	Father
ACBT CFO	Malaysia	Janice Cheow	Female	2016.4.22	—	—	—	—	—	—	Griffith University, Brisbane, Major Accounting Dominant Enterprise Berhad Account Executive Chong & Associate Audit Senior Associate	SSHFF-Director ACI-Chief Financial Officer Oasis Panel Sdn. Bhd.-Director Kinabalu Life Sciences Sdn Bhd -Director GK Bio International Sdn Bhd-Director PT All Cosmos Biotech-Director	—	—	—
ACBT Group General Manager	Singapore	Ling Siu Hung	Male	2017.1.1	—	—	—	—	—	—	University of Canterbury, New Zealand, Major Accounting Bloom Foss Pre Ltd Operation Management	SSHFF General Manager	—	—	—
ACI General Manager (Manufacturing)	Malaysia	Lai Chan Wai	Male	2015.1.1	—	—	—	—	—	—	Master in Manufacturing and Production Management Training & Development Acquired During Service	-	—	—	—
AESB	Malaysia	Wan Azha Bin Wan Mustapha	Male	2013.9.4	—	—	—	—	—	—	Ph.D. candidate, Institute of Wood Science and Technology, University of Putra, Malaysia	ACI Manager AESB - Director	—	—	—
ACI R&D Manager	Malaysia	Charles Then	Male	2019.9.4	—	—	—	—	—	—	Master in Engineering (Bioprocess), University Technology Malaysia	-	—	—	—
ACI Sales & Technical Manager	Malaysia	Roslan Bin Arshad	Male	2009.2.16	—	—	—	—	—	—	Bachelor in Agriculture (hons), University Pertanian Malaysia MPOB Research Station Sessang, Sarawak, Sarawak Research Officer MPOB HQ Bangi, Agonomis & Extension Unit	PT ACI Director and CEO	—	—	—

Note 1: Explain the reason, rational, necessity, and countermeasures if the chairman and the general manager or the person with equivalent position (the top manager) is the same person, each other's spouse or first level relatives:

- (1) Chairman Peng leads the Company, integrates departments, and layout strategies with professional prospective, which is conducive for long term customer relationships. The Company still needs his experienced leadership in the long-term development.
- (2) The Chairman and CEO is the same person in the Company, and there is no case that more than half of the directors are concurrently employees.

### 3.3 Remuneration Of Directors, Supervisors, General Managers And Deputy General Managers for the Recent Years

#### 3.3.1 Remuneration for directors of the board (including independent directors)

Unit: NT\$ in Thousand

Title	Name	Directors' Remuneration				Remuneration to Concurrent Employees				Ratio of Total Remuneration (A+B+C+D) to Net Profit After Tax (%)		Ratio of Total Remuneration (A+B+C+D+E+F+G) to Net Profit After Tax (%)		Get Any Remuneration from the Invested Businesses Other than Subsidiaries				
		Salary (A)		Retirement Pension Fund (B)		Directors' Remuneration (C)		Business Execution Expense (D)		Salary, Bonus & Allowance etc. (E)		Retirement Pension Fund (F)			Remuneration to employee (G)			
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report		The Company	All companies in the financial report		
Chairman	Peng Shih Hao																	
Director	Peng Sheng Ching																	
Director	Hsu Ken Tsai																	
Director	Chang Lu Chang	—	—	—	—	1,797	1,797	103	103	2.31%	2.31%	1,391	9,849	—	25	4.03%	14.32%	180
Director	Peng Chia Lin																	
Director	Chee Kheng Hoy																	
Independent Director	Lo Tze Wu																	
Independent Director	Yang Yung Cheng	1,380	1,380	—	—	—	—	63	63	1.76%	1.76%	—	—	—	—	1.76%	1.76%	—
Independent Director	Yang Yung Cheng																	
Independent Director	Lee Wen Chuan																	
Except as disclosed in the above table, the recent directors of the company provided services for all companies in the financial report (such as consultants who are not employees) NIL.																		

Note 1: The remuneration payment policy, system, standards and structure of general directors and independent directors of the company, and the relevance to the amount of remuneration according to the responsibilities, risks, time invested and other factors: The Articles of Association of the Company stipulates that the remuneration of directors shall be approved by the board of directors with reference to company of the same industry level. For each director attending board meetings, board committee meetings, shareholders meetings, or individual meetings of any class of shares or corporate bonds, or other reasonable expenses related to the fulfillment of the duties of directors or upcoming expenses for travel, accommodation and incidental expenses, are entitled to be paid or advanced payment. When the director needs to visit or emigrate abroad due to company needs, or when the board of directors determines that his work exceeds the duties of a general director, could receive additional remuneration upon the approval of the board, such additional remuneration shall be added to or replace any general remuneration provided under other terms.

Remuneration Scale Table

Unit: NT\$

The range of each director's remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report
Below NT\$1,000,000	Peng Shih Hao, Peng Sheng Ching, Peng Chia Lin, Chee Kheng Hoy, Hsu Ken Tsai, Chang Lu Chang, Lo Tze Wu, Yang Yung Cheng, Lee Wen Chuan	Peng Shih Hao, Peng Sheng Ching, Peng Chia Lin, Chee Kheng Hoy, Hsu Ken Tsai, Chang Lu Chang, Lo Tze Wu, Yang Yung Cheng, Lee Wen Chuan	Peng Shih Hao, Peng Sheng Ching, Chee Kheng Hoy, Hsu Ken Tsai, Chang Lu Chang, Lo Tze Wu, Yang Yung Cheng, Lee Wen Chuan	Chee Kheng Hoy, Hsu Ken Tsai, Chang Lu Chang, Lo Tze Wu, Yang Yung Cheng, Lee Wen Chuan
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	—	—	Peng Chia Lin	Peng Chia Lin
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	—	—	—	—
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)	—	—	—	Peng Shih Hao, Peng Sheng Ching
NT\$ 5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	—	—	—	—
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)	—	—	—	—
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	—	—	—	—
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)	—	—	—	—
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)	—	—	—	—
Above NT\$100,000,000	—	—	—	—
Total	9	9	9	9

3.3.2 Remuneration of the supervisor: The company does not have a supervisor and is not applicable.

### 3.3.3 Remuneration of The General Manager and Deputy General Manager :

Unit: NT\$ in Thousand

Title	Name	Salary (A)		Retirement Pension Fund (B)		Bonus & Allowance etc. (C)		Remuneration to employee (D)			The ratio of the total of A+B+C+D to the Net Profit After Tax (%)		Remuneration Received The From The Subsidiary Company
		The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	Shares Amount	The Company	All Companies in the Financial Report	
ACBT CEO	Peng Shih Hao												
ACBT General Manager	Ling Siu Hung	1,502	8,978	—	—	129	690	246	—	—	2.28%	12.06%	360
ACBT CFO	Janice Cheow												

Remuneration Scale Table

Unit: NT\$

Remuneration of The General Manager and Deputy General Manager	Names of General Managers and Deputy General managers	
	The Company	All Companies in the Financial Report
Below NT\$1000,000	Janice Cheow	—
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	Lin Siu Hung	—
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	—	Janice Cheow
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)	—	Ling Siu Hung, Peng Shih Hao
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	—	—
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)	—	—
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	—	—
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)	—	—
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)	—	—
Above NT\$100,000,000	—	—
Total	2	3

### 3.3.4 Name of Managers and their Distribution of Employee Remuneration

March 31, 2021 Unit: NT\$ in Thousand; %					
	Title	Name	Shares amount	Cash amount	Total The Proportion Of Total Amount To Net Profit After Tax
Manager	CEO	Peng Shih Hao			
	CFO	Janice Cheow			
	Group General Manager	Ling Siu Hung			
	ACI General Manager (Manufacturing)	Lai Chan Wai		246	246
	ACI R&D Manager	Charles Then	—		0.9530%
	ACI Sales & Technical Manager	Roslan Bin Arshad			

3.3.5 Comparison for the total amount of remuneration of the Directors, Supervisors, General Managers and Deputy General Managers of the company in the past two years accounted for the net profit after tax ratio of individual or individual financial reports and explained the payment of remuneration, relevance of policies, standards and portfolios, procedures for determining emoluments and business performance

3.3.5.1 Analysis of the company's and the consolidated report for the total amount of remuneration paid to the Directors, Supervisors, General Managers and Deputy General Managers of the company in the last two years to the net profit after tax of individual or individual financial reports

Year		2019		2020	
Item	Total Remuneration	Ratio on Net Profit After Tax of Consolidated Financial Report	Total Remuneration	Ratio on Net Profit After Tax of Consolidated Financial Report	
Director	3,594	10.07%	3,344	4.07%	
General Manager and Deputy General Manager	11,738	32.88%	7,585	9.23%	

Unit: NT\$ in Thousand

3.3.5.2 Policies, standards and combinations for payment of honoraria, procedures for determining remuneration, and correlation with business performance and future risks

The Company is following the guideline of “Employee Salary, Benefits and Other Remuneration Survey Report” which is published by the Federation of Malaysian Manufacturers (FMM) and the Malaysian Employers' Federation (MEF) and is used as a reference for the remuneration of the directors and managers of the company, based on the position and the contribution of the company and the profitability of the company determine the amount of salary compensation. In addition, the company also has a Remuneration Committee, which is a member of all independent directors, which regularly reviews and evaluates the policies, systems, standards and structures of directors and managers' performance and salary remuneration.

### 3.4 Corporate Governance Operation

#### 3.4.1 Operation of The Board of Directors

In the most recent year (2020) the Board of Directors convened 6 meetings, the attendance was listed as follows:

Title	Name	Actual Attendance	Entrusted To Attend Frequency	Actual Attendance Rate (%)	Remarks
Chairman	Peng Shih Hao	6	0	100.00	
Director	Peng Sheng Ching	5	1	83.33	
Director	Peng Chia Lin	6	0	100.00	
Director	Chee Kheng Hoy	6	0	100.00	
Director	Chang Lu Chang	6	0	100.00	
Director	Hsu Ken Tsai	6	0	100.00	
Independent Director	Lo Tze Wu	6	0	100.00	
Independent Director	Yang Yung Cheng	6	0	100.00	
Independent Director	Lee Wen Chuan	6	0	100.00	

Other matters to be recorded:

1. If the operation of the board of directors is in any of the following circumstances, the date, period, proposal content, all independent directors' opinions and the company's handling of independent directors' opinions shall be stated:

(1) The matters listed in Article 14(3) of the Securities Exchange Act :

Session	Date	Meeting Content	All Independent Directors' opinions and companies handling of opinions of Independent Directors
5 <sup>th</sup> time of the 5 <sup>th</sup> Board	24 March, 2020	Pass the Year 2020 remuneration for external auditors and assessment of its competence and independence	All independent directors approved.

(2) Other board resolutions that have been opposed or reserved by independent directors and have records or written statements in addition to previous matters:  
None

2. The implementation of directors' avoidance of the proposal of interest:

2020 year-end bonus proposal was passed on 18 December, 2020 board meeting. In addition to the directors that are the interested parties, all directors approved the proposal.

3. The listed company shall disclose the evaluation cycle, period, evaluation scope, method and evaluation content of the board of directors:



Cycle	Period	Scope	Method	Content
Execute annually	2020/01/01   2020/12/31	All directors, individual director, functional committee	Self evaluation of the board. Self evaluation of board members. Peer evaluation.	1. Board Evaluation 1.1 Level of participation to company operation 1.2 Improve quality of the board resolutions 1.3 Organization and structure of the board 1.4 Election and continuing education of board members 1.5 Internal control 2. Evaluation of individual board member 2.1 Mastery of company goals and tasks 2.2 Understanding of duties as board member 2.3 Level of participation to company operation 2.4 Internal relationship maintains and communication 2.5 Professionalism and continuing education of board members 2.6 Internal control 3. Evaluation of functional committee 3.1 Level of participation to company operation 3.2 Understanding of duties of functional committee 3.3 Improve quality of committee resolutions 3.4 Committee composition and member selection of functional committee 3.5 Internal control

4. Assessment of the objectives and performance of the Board of Directors for the current and recent years:

- (1) The Board of Directors of the company authorized the Audit Committee and the Remuneration Committee to assist the Board of Directors in performing their supervisory duties. The Committee consists entirely of three Independent Directors. The chairman of the committees reports their activities and resolutions to the Board of Directors on a regular basis.
- (2) To implement corporate governance, improve the function of the company's board of directors, build performance goals and improve efficiency of the board, the company has formulated the performance evaluation method of the board and reported evaluation result on 26 March, 2021 board meeting.

#### 3.4.2 Information on the Operation of the Audit Committee:

In the most recent year (2020) and as of the printing date of the annual report, the

Audit Committee convened 5 meetings. The attendance of the Audit Committee is as follows:

Title	Name	Actual Attendance	Entrusted To Attend Frequency	Attendance Rate (%)	Remarks
Independent Director	Lo Tze Wu	5	0	100.00	
Independent Director	Yang Yung Cheng	5	0	100.00	
Independent Director	Lee Wen Chuan	5	0	100.00	

Other matters to be recorded

1. If the operation of the audit committee is in any of the following circumstances, the date, period, proposal content, resolution of audit committee and the company's handling of independent committee members' opinions shall be stated:

(1) The matters listed in Article 14(5) of Securities and Exchange Act:

Session	Date	Meeting Content	The results of the Audit Committee's resolution and the company's handling of the Audit Committee's opinions
5 <sup>th</sup> time of the 4 <sup>th</sup> committee	2020.03.24	1. Approval of 2019 consolidated financial statements and business report 2. Approval of 2019 earnings distribution 3. Approval of 2019 declaration of internal control system and internal control review report 4. Approval of the change of independent auditor 5. Approval of independent auditors' competence, independence and remuneration	All Independent Directors approved
6 <sup>th</sup> time of the 4 <sup>th</sup> committee	2020.05.11	Approval of consolidated financial statements for the first quarter of 2020	All Independent Directors approved
7 <sup>th</sup> time of the 4 <sup>th</sup> committee	2020.08.12	Approval of consolidated financial statements for the second quarter of 2020	All Independent Directors approved
8 <sup>th</sup> time of the 4 <sup>th</sup> committee	2020.11.11	Approval of consolidated financial statements for the third quarter of 2020	All Independent Directors approved

- (2) Other resolutions that have not been approved by the Audit Committee but have been approved by more than two-thirds of all directors in addition to previous matters: None

2. The implementation of independent directors' avoidance of the proposal of interest, should state independent director's name, contents of proposal, reasons for avoidance, participation and voting status: None

3. Communication between the Independent Directors and the Internal Audit

Supervisors and Accountants (including major issues, methods and results of communication on the company's financial and business conditions):

- (1)The auditing unit of the company provides the audit report of the internal audit of the Independent Directors in accordance with the regulations, and reports the latest audit situation through the Board of Directors. The Independent Directors could check the financial and business execution status of the company at any time. If there are any doubts about the related operations of the company, it can be deal with the relevant unit Supervisor immediately for review and improvement. There is no such special situation in 2020. Audit committee communicated well with the internal auditors.

Session	Date of Audit Committee Meeting	Way of Communication	Communication Focus Point	Suggestions and Results
5 <sup>th</sup> time of the 4 <sup>th</sup> committee	2020.03.24	meeting	2019 “Declaration of Internal Control System” and “Internal Control System Review Report”	All the members present will submit it to the board of directors after deliberation and approval. There are no major items to be revised.
9 <sup>th</sup> time of the 4 <sup>th</sup> committee	2020.12.18	meeting	Discussion and communication of the 2021 audit plan	All the members present will submit it to the board of directors after deliberation and approval. There are no major items to be revised.

- (2)In the case of communication with external auditors, if the Independent Director has any doubts about the financial and business conditions of the company, he/she must deal with the accountant of the company at any time and guide the relevant units of the company to conduct review and improvement. The company's external auditors were present at the Annual Audit Committee twice in 2020. During the meeting, the financial statements of the year and other related legal requirements are reported. If there are special circumstances, they will report to the members of the Audit Committee immediately. There is no such special situation in 2019. The audit committee of the company communicated well with the external auditors.

3.4.3 The situation of the company's Corporate Governance and its differences with the listing company's practice rules

Assessed Items	Operation circumstances		Differences and its Reasons of the Code of Practice for Corporate Governance as compared with other listed companies and OTC companies
	Yes	No	
(1) Does the company formulate and expose the Code of Practice for Corporate Governance in accordance with the Code of Practice for Corporate Governance in Listed Companies?	√		No major differences
(2) the company's shareholding structure and shareholders' equity			
(i) Does the company stipulate internal operating procedures to deal with shareholders' suggestions, doubts, disputes and litigation matters, and implement them according to procedures?	√		No major differences
(ii) Does the company have a list of the ultimate controllers of the major shareholders and major shareholders of the actual control company?	√		No major differences
(iii) Does the company establish, implement and control the risk	√		No major differences

Assessed Items	Operation circumstances		Differences and its Reasons of the Code of Practice for Corporate Governance as compared with other listed companies and OTC companies
	Yes	No	
Abstracts			
control and firewall mechanism between the enterprises? (iv) Does the company stipulate internal regulations and prohibit insiders from using the undisclosed information on the market to buy and sell securities?	√		
(3) the composition and duties of the board of directors (i) Does the board of directors formulate a diversified policy and implement it in terms of membership? (ii) Does the company voluntarily set up other functional committees in addition to the salary remuneration committee and the audit committee? (iii) Does the company stipulate the performance appraisal methods of the board of directors and their assessment methods, and conduct performance evaluations every year and regularly?	√	<p>(i) The Company currently has nine directors, including one female director. The members of the board of directors have professional backgrounds in agriculture, commerce, law and accounting, and all have the necessary qualifications to perform their duties.</p> <p>(ii) The Company will establish other various functional committees in due course according to the company's business development and legal requirements.</p> <p>(iii) The Company already formulated performance evaluation method to improve functions of the board of directors and implement corporate governance, set performance goals to facilitate the operation efficiency of the board of directors, and already completed performance evaluation in the first quarter of 2021 and reported to the board of directors. .</p> <p>(iv) On March 24, 2020 the Company reported the independency assessment of the appointment of External Auditors in 2020 to the Board of Directors and the Audit Committee for deliberation. All</p>	<p>No major differences</p> <p>Future implementation as appropriate</p> <p>No major differences</p> <p>No major differences</p>

Assessed Items	Operation circumstances		Differences and its Reasons of the Code of Practice for Corporate Governance as compared with other listed companies and OTC companies
	Yes	No	
(iv) Does the company regularly assess the independence of the Chartered Accountant?	√	<p>Abstracts</p> <p>the directors passed the resolution that Deloitte &amp; Touche, Chen Chiang Hsun and Ho Jui Hsuan are in line with the company's independence and eligibility assessment criteria. The review is based on the "Chartered Accountant Review and Evaluation Form" prepared by the Company and the "Accountant's independence statement" issued by the accountant. The specific indicators and assessments of the review assessment form are as follows:</p> <ol style="list-style-type: none"> <li>1. Accountant independency</li> <li>2. Accountant's moral behavior</li> <li>3. Financial report quality, timeliness</li> <li>4. Auditor professionalism</li> <li>5. Assess the various risks that exist or potential to monitor the company</li> <li>6. Communication with management</li> <li>7. Rationality of Audit Fee</li> </ol>	
4. Does the listing company has competent and adequate number of corporate governance personnel , and assign head of corporate governance to be responsible for corporate governance related matters (including but not limited to providing information required by	√	<p>The company has stipulated "standard operating procedures for handling directors' requirements" in 2019, and the board of directors has designated the financial department as the deliberation unit. Although there is currently no corporate governance supervisor, there is full-time staff in the Finance Department to handle corporate governance related matters. (including providing directors with the information necessary for the execution of their business, assisting directors to comply with laws and regulations, handling matters</p>	No major differences

Assessed Items	Operation circumstances		Differences and its Reasons of the Code of Practice for Corporate Governance as compared with other listed companies and OTC companies
	Yes	No	
Abstracts			
directors and supervisors to conduct business, assist directors and supervisors in regulation compliance, and handling matters related to meetings of the board of directors and shareholders meeting in accordance with the law, making meeting minutes for board meeting and shareholders meeting, etc.)?)		related to board meeting, audit committee, remuneration committee and shareholders' meeting in accordance with the law, producing board and shareholders' meeting minutes, etc. And arranging directors continuous training courses.	
5. Does the company establish communication channels with interested parties (including but not limited to shareholders, employees, customers and suppliers), set up stakeholder areas on the company's website, and respond appropriately to important corporate societies of concern to stakeholders? Responsibility issues?	√	The company instructs the departments including investor relations, stock affairs, human resources, customer service and procurement to communicate with stakeholders, and has contact information of spokesperson and relevant business departments on the company website to maintain good communication channels and provide timely and effective response to stakeholders.	No major differences
6. Does the company appoint a professional stock agency to handle the affairs of the shareholders' meeting?	√	The company has appointed the stock affairs agent of SinoPac Securities Corporation to handle the affairs of the shareholders' meeting.	No major differences
7. information disclosure		(i) The Company has set up the company website	

Assessed Items	Operation circumstances		Differences and its Reasons of the Code of Practice for Corporate Governance as compared with other listed companies and OTC companies
	Yes	No	
<p>(i) Does the company set up a website to expose financial business and corporate governance information?</p> <p>(ii) Does the company adopt other methods of information disclosure (such as setting up an English website, designating a person to be responsible for the collection and disclosure of company information, implementing the spokesperson system, and placing the company website during the legal person briefing process)?</p> <p>(iii) Does the company announce and declare the annual financial report within two months after the end of the fiscal year, and announce and declare the first, second and third quarter financial reports and the monthly operating situation within the prescribed deadline?</p>	<p>√</p> <p>√</p>	<p>(www.allcosmos.com) and disclosed financial business and corporate governance information for investors to understand the inquiry.</p> <p>(ii) The Company has assigned personnel to be responsible for information collection and disclosure, and has selected suitable personnel to serve as spokespersons and deputy spokespersons.</p> <p>(iii) The company complies with relevant laws and regulations to announce financial reports and monthly operating conditions within the prescribed time limit.</p> <p>√</p>	<p>No major differences</p> <p>No major differences</p> <p>The company will make an early announcement on quarterly financial reports and monthly operating conditions based on practical needs</p>



Assessed Items	Operation circumstances		Differences and its Reasons of the Code of Practice for Corporate Governance as compared with other listed companies and OTC companies
	Yes	No	
8. Does the company have other important information that helps to understand the operation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relationships, stakeholder rights, directors and supervisors' training, the implementation of risk management policies and risk measurement standards, the implementation of customer policies, the company's purchase of liability insurance for directors and supervisors, etc.)?	√	<p>(i) Employees' rights and interests: The company has established employee codes in accordance with the law, as the basis for the company and employees to protect the legitimate rights and interests of employees.</p> <p>(ii) Employee care: Establish an employee welfare system and an education and training system, and hold activities not on a regular basis.</p> <p>(iii) Investor Relationship: The Company has a spokesperson system and exposes or announces relevant information in accordance with regulations.</p> <p>(iv) Supplier relationship: The company maintains long-term good relations with suppliers.</p> <p>(v) Rights of interested parties: The company has a company website and a spokesperson to provide opinions to stakeholders to safeguard their rights and interests.</p> <p>(vi) The situation of directors and supervisors for further study: The directors of the Company have been regularly studied according to the regulations. (For details, please refer to pages 37~39 of this annual report)</p> <p>(vii) Implementation of risk management policies and risk measurement standards: Various internal regulations are formulated according to law to conduct various risk management and evaluation.</p> <p>(viii) Implementation of customer policy: The company maintains a</p>	No major differences

Assessed Items		Operation circumstances		Differences and its Reasons of the Code of Practice for Corporate Governance as compared with other listed companies and OTC companies
		Yes	No	
				Abstracts
				stable and good relationship with its customers. (ix) The company purchased liability insurance for directors and supervisors: The company has purchased liability insurance for directors in accordance with the company's articles of association.
9. Please indicate the improvement of the corporate governance evaluation results of the Corporate Governance and Management Center of the Taiwan Securities Exchange Co., Ltd. in the recent year, and propose priority strengthening measures for those who have not yet improved:				
Corporate Governance Evaluation No.	Corporate Governance Review Items		Improvement and Implementation Situation/Circumstances	
2.10	Does the company have an audit committee that meets the requirements? 【If operation of the audit committee are disclosed in the annual report, the total score will be increased by 1 point.】		Explained the audit committee's working summary and operation in 2020 annual report.	
2.11	Does the company disclose the discussion items and resolution in Remuneration Committee and the company's comment on this?		The discussion and resolution results of the Remuneration Committee have been fully disclosed in the 2020 annual report.	
3.17	Does the company's website disclose information related to finance, business and corporate governance?		Corporate governance structure will be disclosed in the company's website.	

### 3.4.4 Composition, responsibilities and operation of the remuneration committee:

#### 1. Remuneration Committee member information

Identity (Note 1)	Condition	More than 5-year Work Experience and Professional Qualifications as Below			Independency Criteria (Note 2)										Number of other public companies in which the Individual is concurrently serving as an independent director	Remarks
		An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private College	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Approved a National Examination and Been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting , or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10		
Convener	Lo Tze Wu		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	No	
Committee	Yang Yung Cheng		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	No	
Committee	Lee Wen Chuan			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	No	

Note 1: Please fill in the identity as a director, independent director or others.

Note 2: Please mark “✓” at the beginning of the following conditions that various directors and supervisors match in two years before appointment and during their tenure

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or a supervisor of the Company or its affiliated company (However, the independent director that the Company or its parent company or subsidiary sets according to this law or local law is not subject to this limit).
- (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, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of outstanding shares of the Company or that holds shares ranking in the top 5 in holdings.
- (6) Not a director, supervisor, or employee of a company which the same person of the Company held more than half of seats in the board of directors or voting shares.
- (7) Not the same person as the company's chairman, general manager or equivalent, or spouse, or director (director), supervisor (supervisor) or employee of an institute.
- (8) Not holding 5% or more of the total number of outstanding shares, or a director, supervisor, or management of a company or institution which has finance or business relationship with the Company. (Specific company or institution holds more than 20%, not exceeding 50% of the total number of outstanding shares, and the independent directors of the company and its parent company, subsidiary, or a subsidiary of the same parent company hold concurrent positions for each other by law are not limited to this)
- (9) Owner, partner, director, supervisor, manager or their spouse of a company or affiliated company, not providing auditing service to the Company, or accumulated fee charge from providing business, legal, finance, accounting or related services to the Company not exceeding NT\$500,000. Members of the Compensation Committee, Public Acquisition Review Committee, or M&A Special

Committee who perform their functions in accordance with the Securities Exchange Act or the relevant laws and regulations of the Corporate Mergers and Acquisitions Act are not limited to this.

(10) Not a person of any conditions defined in Article 30 of the Company Law.

In order to improve corporate governance and improve the company's directors and managers' salary and remuneration system, the company has taken into account the Republic of China "Stock Listing or The Establishment and Exercise of Powers and Responsibilities of The Company's Remuneration Committee for Securities Firms' Business Premises", on September 28, 2012. After the resolution of the board of directors, the establishment of the salary compensation committee, and the establishment of the salary and remuneration committee organization rules, in order to facilitate compliance. Members of the Compensation and Remuneration Committee include Independent Director Lo Tze Wu, Independent Director Yang Yung Cheng and Independent Director Lee Wen Chuan.

## 2. Remuneration Committee duties

The Remuneration Committee faithfully performs the following functions and duties and submits the recommendations to the Board of Directors for discussion:

- (1) Establish and regularly review the policies, systems, standards and structures for performance evaluation and remuneration of directors and managers.
- (2) Regularly assess and determine the remuneration of directors and managers.

## 3. Remuneration Committee operation

- (1) The company's remuneration committee has 3 members.
- (2) The term of office of the current members: June 19, 2019 to June 18, 2022, in the most recent year (2020), the salary remuneration committee convened 3 times meeting. The attendance is as follows:

Title	Name	Actual Attendance	Entrusted To Attend Frequency	Actual attendance rate (%)	Remarks
Convener	Lo Tze Wu	3	0	100.00	-
Committee	Yang Yung Cheng	3	0	100.00	-
Committee	Lee Wen Chuan	3	0	100.00	-

Other items to be recorded:

1. The board of directors should state the date of board meeting, session, contents of proposals, resolution and company's handling to Remuneration Committee's opinion if the board does not adopt or modify the suggestions from Remuneration Committee: None
2. The resolutions of the Salary and Remuneration Committee, if the members have objections or reservations and have a record or written statement, the date, period,

content of the proposal, opinions of all members and comments on the members shall be stated: None.

3. Discussion items and resolutions of Remuneration Committee, company's handling to committee members' opinions: None

Session	Date	Contents	Resolutions and the Company's handling to Remuneration Committee members' opinions
2 <sup>nd</sup> time of the 4 <sup>th</sup> committee	2020/03/24	Approved the 2019 employee compensation and director compensation distribution proposal	All presented members approved without objection and submitted to the board of directors for discussion
3rd time of the 4 <sup>th</sup> committee	2020/06/16	Approval of the performance evaluation method of the board of directors	All presented members approved without objection and submitted to the board of directors for discussion
4th time of the 4 <sup>th</sup> committee	2020/12/18	Approval of 2020 year -end bonus	All presented members approved without objection and submitted to the board of directors for discussion

3.4.5 Fulfilling Social Responsibility, differences and causes of differences with listed companies' corporate social responsibility practices

Assessed Items	Operational circumstances		Abstracts	Differences and its Reasons of the Code of Practice for Social Responsibility as compared with other listed companies and OTC companies
	Yes	No		
1. Does the company conduct risk assessments on environmental, social and corporate governance issues related to the company's operations, and formulate relevant risk management policies or strategies based on the principle of materiality?	√		The company has formulated and passed the Corporate Social Responsibility Code of Practice, and will fulfill its corporate social responsibilities and implement its code.	No major differences
2. Does the company set up a full-time (part-time) unit that promotes corporate social responsibility, and if the board of directors authorizes senior management to deal with it, and report the situation to the board of directors?	√		In order to improve the management of corporate social responsibility, the promotion and implementation of corporate social responsibility policies is performed by the Company's human resource department.	No Major differences
3. Environment Issues				
(i) Does the company establish an appropriate environmental management system according to its industrial characteristics?	√		(i) The company obtained ISO certifications and set up rules and regulations for safety, health and environmental protection.	No Major differences
(ii) Is the company committed to improve resource utilization and use recycled materials with low impact on environment?	√		(ii) The company actively promotes becoming a green enterprise, reduces environmental pollution promotes e- operations, and reuse of paper to reduce paper consumption.	No Major differences
(iii) Does the company assess the potential risks and opportunities of climate change for now and in the future, and take measures	√		(iii) The company pays attention to and adjusts the temperature and opening hours of air conditioners in the business premises in response to the trend of energy saving and carbon reduction.	No Major differences

Assessed Items	Operational circumstances			Differences and its Reasons of the Code of Practice for Social Responsibility as compared with other listed companies and OTC companies
	Yes	No	Abstracts	
to address related issues? (iv) Has the company counted greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulated policies for energy conservation and carbon reduction, greenhouse gas reduction, water use reduction or other waste management?	√		(iv) The company has made various measures to reduce its impact on the environment and has made great progress. Through manufacturing and process changes to help reduce 38% of carbon dioxide emissions and saves a lot of gas usage in operation	No Major differences
4. Social Issues (i) Does the company establish relevant management policies and procedures in accordance with relevant regulations and international human rights conventions?	√		(i) The company complies relevant labor laws, formulates relevant personnel management regulations to protect the basic rights of employees.	No Major differences
(ii) Does the company formulate and implement reasonable employee welfare measures (including compensation, vacations and other benefits), and appropriately reflect operating results in employee compensation?	√		(ii) The Company has formulated reasonable salary and remuneration policies with reference to market practice, and has established a clear and effective reward and punishment system. Regularly organize employee activities, and have a bulletin board to timely release company information.	No Major differences
(iii) Does the company provide a safe and healthy working environment for employees, and regularly implement safety and health education for employees?	√		(iii) The company provides employees with a safe and healthy working environment in accordance with various safety regulations, and regularly conducts employee training and health check.	No Major differences
(iv) Does the company establish an effective career development training	√		(iv) The company provides external professional training subsidies and internal education courses for employees every year to enhance	No Major differences

Assessed Items	Operational circumstances			Differences and its Reasons of the Code of Practice for Social Responsibility as compared with other listed companies and OTC companies
	Yes	No	Abstracts	
<p>program for employees?</p> <p>(v) Does the company comply with regulation and international standards in customer health and safety, customer privacy, marketing and labeling of products and services, and formulate relevant protection policies and appeal procedures for consumer rights?</p> <p>(vi) Does the company formulate and implement supplier management policies to require suppliers to follow regulations on environmental protection, occupational safety and health, and labor human rights?</p>	<p>√</p> <p>√</p>		<p>the professional development.</p> <p>(v) The marketing and labeling of the company's main products are in compliance with relevant regulations and international standards. There is also a grievance system to provide customer service and adjust various processes in a timely manner.</p> <p>(vi) Before dealing with suppliers, the company will conduct an overall assessment, and if there is a record that affects the environment and society, the company will strengthen the prudent assessment. The suppliers have no record of influencing environmental protection, occupational safety and health or labour human rights.</p>	<p>No Major differences</p> <p>No Major differences</p>
<p>5. Does the company refer to international reporting standards or guidelines for preparing reports like corporate social responsibility reports to disclose non-financial information? Did those reports obtain assurance or guaranteed opinion from third party?</p>		<p>√</p>	<p>The company has not yet compiled a corporate social responsibility report.</p>	<p>Future implementation</p>



Assessed Items	Operational circumstances			Differences and its Reasons of the Code of Practice for Social Responsibility as compared with other listed companies and OTC companies
	Yes	No	Abstracts	
6. If the company has corporate social responsibility code in accordance with the "Code of Practice for Corporate Social Responsibility of Listed Companies", please state the difference between its operation and the established code: The company has formulated relevant measures and implemented them accordingly, without major differences.				
7. Other important information that helps to understand the operation of corporate social responsibility				
(1) The Company complies with environment protection related regulation and ensures environment management, and was recommended as the "Green Industry Consultant" by "Technology and Innovation Association" , which was personally led by the Prime Minister of Malaysia, and was the only private enterprise among the ten consultants.				
(2) The company provides employee feedback channels, and convenes different meetings, such as labor meetings, employee forums, etc., so that staff at all levels and departments could fully express their opinions.				

Note 1: If check "Yes" for the operation circumstances, please describe the important policies, strategies, measures and implementation conditions adopted; if is checked "No", please explain the reason and explain the plan to adopt relevant policies, strategies and measures in the future.

Note 2: For companies already prepared a corporate social responsibility report, operation circumstances may be replaced by referring to corporate social responsibility report with index number.

Note 3: The principle of materiality means that environmental, social and corporate governance issues that has a significant impact on the company's investors and other stakeholders.

### 3.4.6 Implementation of integrity management and the difference with the listed company's code of integrity management

Assessed Items	Operation Circumstances			Differences and its Reasons of the Conducts of Integrity as compared with other listed companies and OTC companies
	Yes	No	Abstracts	
<p>1. Establishing integrity management policies and programs</p> <p>(i) Does the company establish integrity management policy which is approved by the board of directors, and express its commitment in its regulations and external documents, as well as the commitment of the board of directors and management to actively implement business policies?</p> <p>(ii) Does the company formulate a risk assessment mechanism to prevent dishonesty, assess and analyze high dishonesty risk operation activities, and formulate procedures to prevent such activities which at least in accordance with seventh paragraph of Article 7 (2) of the “Code of Integrity of Listed Companies”?</p> <p>(iii) Does the company specify the operating procedures, behavior guidelines, disciplinary penalties and grievance system in the plan to prevent dishonesty, and implement it, and regularly review and revise the plan?</p>	√		<p>(i) The Company has established an integrity management and conduct publicity to implement it from time to time.</p> <p>(ii) The Company complies with integrity management policy and forbids fraud and improper acceptance, and has internal audit and control system to prevent dishonesty risk.</p> <p>(iii) The Company has established relevant standards and penalties in the staff code, and conduct propaganda and education training to implement the act of preventing dishonesty from time to time.</p>	<p>No Major differences</p> <p>No Major differences</p> <p>No Major differences</p>
<p>2. The Implementation of Integrity Management</p> <p>(i) Does the company assess the integrity record of the object of</p>	√		<p>(i) The company will conduct a credit report searching to evaluate its records before trading with important customers.</p>	<p>No Major differences</p>

Assessed Items	Operation Circumstances			Differences and its Reasons of the Conducts of Integrity as compared with other listed companies and OTC companies
	Yes	No	Abstracts	
<p>the transaction and specify the terms of good faith in the contract with the transaction partner?</p> <p>(ii) Does the company set up a special unit that promotes the integrity management of the company under the board of directors, and regularly reports (at least once a year) its integrity policy, prevention on dishonesty, and execution to the board of directors?</p> <p>(iii) Does the company formulate a policy to prevent conflicts of interest, provide a proper presentation channel, and implement it?</p> <p>(iv) Has the company established an effective accounting system and internal control system for the implementation of credit management, and the internal auditing unit or external auditing team will establish audit plan based on the assessment of dishonesty behavior risk, and audit the compliance status of dishonesty behavior.</p> <p>(v) Does the company regularly hold education training inside and outside of integrity management?</p>	<p>√</p> <p>√</p> <p>√</p> <p>√</p> <p>√</p>	<p>√</p>	<p>(ii) The Company has not yet set up a special (concurrent) unit for the promotion of corporate integrity management under the Board of Directors, but it continues to promote and follow relevant policies.</p> <p>(iii) The Company has established a code of good faith operation has a system of directors' avoidance and has a complaint mailbox to provide a statement pipeline and implement it.</p> <p>(iv) The Company has established an accounting system and an internal control system, and implemented them, and entrusted independent accountants to conduct regular checks.</p> <p>(v) The Company enhances employees' awareness of honesty and behavior through education and training from time to time.</p>	<p>Future implementation as appropriate</p> <p>No Major differences</p> <p>No Major differences</p> <p>No Major differences</p>
<p>3. The Operation Of The Company's Reporting System</p> <p>(i) Does the company have a specific reporting and reward system, and establish a</p>	<p>√</p>		<p>(i) The company has a complaint mailbox. When employees find violations of laws and regulations, they may report it at any time and the company will report it to the</p>	<p>No Major differences</p>

Assessed Items	Operation Circumstances			Differences and its Reasons of the Conducts of Integrity as compared with other listed companies and OTC companies
	Yes	No	Abstracts	
convenient reporting channel, and assign appropriate personnel to the respondents? (ii) Does the company stipulate the operational procedures for investigation, relevant actions and confidentiality mechanism after investigation? (iii) Does the company take measures to protect the prosecutor from improper handling due to the report?	√		relevant unit as soon as possible. (ii) The company has a complaint mailbox to accept the report, and the relevant materials are handled confidentially. (iii) The company takes protective measures against the informant and does not dispose of it due to the report.	No Major differences  No Major differences
4. Strengthen Information Disclosure (i) Does the company exposes the contents of its integrity management code and promotes its effectiveness on its website and public information observatories?	√		(i) The Company will disclose information on the Code of Good Practice in the public information observatory and the annual report of the shareholders' meeting.	No Major differences
5. If the company has its own code of conduct in accordance with the Code of Conduct for the Listing of Companies in the Listed Companies, please describe the difference between its operation and the code: The company has established relevant measures and implemented them accordingly. No major difference.				
6. Other important information that helps to understand the company's integrity operation: (If the company reviews and amends its established code of conduct, etc.): None.				

7. If the company has established a corporate governance code and related regulations, it should disclose its inquiry method:

Company website <http://allcosmos.com/zh/main/>

MOPS <http://mops.twse.com.tw>

8. Other important information that is sufficient to enhance the understanding of the operation of corporate governance must be disclosed together:

1. Directors' training status

Title	Name	Training Date	Organizer	Course taken	Credit hours	Total training hours as per report
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Title	Name	Training Date	Organizer	Course taken	Credit hours	Total training hours as per report
Corporate Shareholder Representative	Peng Shih Hao	2020.08.12	Taiwan Corporate Governance Association	Responsibilities of directors and supervisors of foreign-funded enterprises in Taiwan and matters to be aware of in corporate governance	3	6
		2020.11.11		Biotechnology enterprise authorization and M&A practice	3	
Corporate Shareholder Representative	Peng Sheng Ching	2020.08.12	Taiwan Corporate Governance Association	Responsibilities of directors and supervisors of foreign-funded enterprises in Taiwan and matters to be aware of in corporate governance	3	6
		2020.11.11		Biotechnology enterprise authorization and M&A practice	3	
Corporate Shareholder Representative	Peng Chia Lin	2020.07.22	Taiwan Academy of Banking and Finance	Corporate Governance and Corporate Sustainability Workshop	3	9
		2020.08.12	Taiwan Corporate Governance Association	Responsibilities of directors and supervisors of foreign-funded enterprises in Taiwan and matters to be aware of in corporate governance	3	
		2020.11.11		Biotechnology enterprise authorization and M&A practice	3	
Director	Chang Lu Chang	2020.08.12	Taiwan Corporate Governance Association	Responsibilities of directors and supervisors of foreign-funded enterprises in Taiwan and matters to be aware of in corporate governance	3	6
		2020.11.11		Biotechnology enterprise authorization and M&A practice	3	
Director	Hsu Ken Tsai	2020.08.12	Taiwan Corporate Governance Association	Responsibilities of directors and supervisors of foreign-funded enterprises in Taiwan and matters to be aware of in corporate governance	3	6
		2020.11.11		Biotechnology enterprise authorization and M&A practice	3	
Director	Chee Kheng	2020.08.12	Taiwan Corporate	Responsibilities of directors and	3	6

Title	Name	Training Date	Organizer	Course taken	Credit hours	Total training hours as per report
	Hoy		Governance Association	supervisors of foreign-funded enterprises in Taiwan and matters to be aware of in corporate governance		
		2020.11.11		Biotechnology enterprise authorization and M&A practice	3	
Independent Director	Lo Tze Wu	2020.08.12	Taiwan Corporate Governance Association	Responsibilities of directors and supervisors of foreign-funded enterprises in Taiwan and matters to be aware of in corporate governance	3	6
		2020.11.11		Biotechnology enterprise authorization and M&A practice	3	
Independent Director	Yang Yung Cheng	2020.08.21	CPA Associations R.O.C. (Taiwan)	2020 Discipline forum	3	15
		2020.09.03		2020 Company law and company registration practice seminar	3	
		2020.10.22		2020 Tax seminar	3	
		2020.11.20		2020 disciplinary seminar	3	
		2020.11.25		2020 Tax seminar	3	
	Lee Wen Quan	2020.08.12	Taiwan Corporate Governance Association	Responsibilities of directors and supervisors of foreign-funded enterprises in Taiwan and matters to be aware of in corporate governance	3	6
		2020.11.11		Biotechnology enterprise authorization and M&A practice	3	

## 2. Manager training status

Title	Name	Training Date	Organizer	Course taken	Credit hours	Total training hours as per report
Chief Financial Officer	Janice Cheow	2020.11.24	Taiwan Accounting Research and Development Foundation	Case analysis of false financial reports and how to see the key information of financial reports	3	12
		2020.11.25		Investigation of "Fund Flow" in Financial Report Fraud Cases and Discussion of Related Legal Liability Cases	3	
		2020.12.03		Analysis of "Fake Foreign Investment Illegal Securities Trading" Case	3	

				Analysis and Legal Liability		
		2020.12.04		Common corporate governance deficiencies in enterprises and analysis of related laws and regulation	3	
Audit Manager	Tai Hong Wen	2020.10.13	Taiwan Accounting Research and Development Foundation	Common corporate governance deficiencies in enterprises and analysis of related laws and regulation	3	12
		2020.11.03		Compliance and audit practices of the company's "shareholders' meeting"	3	
		2020.11.24		Case analysis of false financial reports and how to see the key information of financial reports	3	
		2020.11.25		Investigation of "Fund Flow" in Financial Report Fraud Cases and Discussion of Related Legal Liability Cases	3	

(9) The implementation status of the internal control system should disclose the following matters

1. Company to the Public Declaration for Internal Control Statement

All Cosmos Bio-Tech Holding Corporation  
Public Declaration for Internal Control System

Date: March 26, 2021

With respect to the internal control system for 2020, based on the self inspection result, we hereby represent as follows:

I. The Company is aware that the establishment, implementation and maintenance of the internal control system are the responsibility of the board of directors and managers of the company. The Company has established this system. The purpose is to provide reasonable results in terms of operational effectiveness and efficiency (including profitability, performance and asset security, etc.), reporting reliability, timeliness, transparency, compliance with relevant regulations and compliance with relevant laws and regulations.

II. The internal control system has its inherent limitations. Regardless of how well the design is perfected, an effective internal control system can only provide reasonable assurance of the achievement of the above three objectives; and, due to changes in the environment and conditions, the effectiveness of the internal control system may change. However, the company's internal control system has a self-monitoring mechanism. Once the identification is missing, the company will take corrective action.

III. The Company judges whether the design and implementation of the internal control system is effective based on the judgment item of the effectiveness of the internal control system as stipulated in the "Guidelines for the Establishment of Internal Control System for Public Offering Companies" (hereinafter referred to as "Processing Guidelines"). The internal control system judgment project used in the "processing criteria" is based on the process of management control, and the internal control system is divided into five components: 1. Environment Control, 2. Risk assessment, 3. Operation control, 4. Information and communication, and 5. Operations Supervision. Each component also includes several items. Please refer to the "Handling Guidelines" for the above 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 results of the previous assessment, the Company believes that the internal control system (including supervision and management of subsidiaries) of the Company on December 31, 2020, including the understanding of the effectiveness and efficiency objectives of the operation, and reporting the design and implementation of the internal control system, which is reliable, timely, transparent and in compliance with relevant regulations and laws, is effective and can reasonably ensure the achievement of the above objectives.

VI. This statement will become the main content of the company's annual report and public statement, and will be made public. If the content of the above disclosure is illegal or concealed, it will involve legal liabilities such as Articles 20, 32, 171 and 174 of the Securities Exchange



Law.

VII. This statement was approved by the board of directors of the Company on March 26, 2021. Among the 9 directors present, there was 0 person holding dissent, and the others all agreed upon the contents of this Declaration.

All Cosmos Bio-Tech Holding Corporation

Chairman: Signature & seal

General Manager : Signature & seal

2. If the entrusted accountant project examines the internal control system, the CPA's review report shall be disclosed: None

(10) In the most recent year at the end of the annual report, the company and its internal personnel were punished according to law, and the company violated the internal control system for penalties, major defects and improvement of its internal personnel: None.

(11) Important resolutions of the shareholders' meeting and the board of directors in the most recent year at the end of the annual report:

1. Important resolutions and implementation of the shareholders' meeting and shareholders' temporary meeting

March 31, 2021

Meeting Date	Important resolutions	Implementation situation
2020.6.16	1. Recognized consolidated financial statements for 2019 2. Approved the amendment to the Articles of Association 3. Approved the amendment to the "Rules of Procedure of Shareholders' Meeting" 4. Approved the releasing prohibition on directors from competitive business	Has been implemented according to the resolution

2. Important Resolution of The Board of Directors

March 31, 2021

Meeting Date	Important resolutions
2020.3.24	1. Approved the 2019 annual remuneration for employees and directors 2. Approved the company's 2019 consolidated financial statements and business report 3. Approved the company's 2019 surplus distribution case 4. Approved the company's 2019 Internal Control System Statement and Internal Control Review Report 5. Approved the company's change of external auditors 6. Approved the external auditor's fee and its applicability and independency assessment 7. Approved the amendment to the Company's Articles of Association 8. Approved the amendment to the rules of procedure for shareholder meetings 9. Approved the amendment to the rules of procedure for board meetings 10. Approved the proposal of releasing prohibition on management from participation in competitive business 11. Approved the proposal of releasing prohibition on directors from participation in competitive business 12. Approved the date, time, location and other related matters of shareholders' meeting in 2020
2020.05.11	1. Approved the company's first quarter of 2020 consolidated financial statements
2020.6.16	1. Approved the proposal of finalizing 2020 Ex-dividend date 2. Approved the "Board of Directors Performance Evaluation Method"

Meeting Date	Important resolutions
2020.8.12	<ol style="list-style-type: none"> <li>1. Approved the adoption of the company's consolidated financial statements for the second quarter of 2020</li> <li>2. Approved surplus distribution proposal for the second quarter of 2020</li> <li>3. Approved the assessment of if turning account receivable/other receivables/prepayments/deposited margin exceeds the normal credit line/transaction period for more than three months and the amount is significant to loan funds</li> </ol>
2020.11.11	<ol style="list-style-type: none"> <li>1. Approved the adoption of the company's consolidated financial statements for the third quarter of 2020</li> <li>2. Passed the proposal to apply for USD2,000,000 with the International Financial Business Branch of Firs Bank</li> <li>3. Passed the assessment of if turning account receivable/other receivables/prepayments/deposited margin exceeds the normal credit line/transaction period for more than three months and the amount is significant to loan funds</li> </ol>
2020.12.18	<ol style="list-style-type: none"> <li>1. Passed the adoption of the 2020 year-end bonus case of the Group</li> <li>2. Passed the adoption of the Group's 2021 Budget</li> <li>3. Passed the 2021 annual internal audit plan</li> </ol>
2021.3.26	<ol style="list-style-type: none"> <li>1. Passed the company's 2020 consolidated financial statements and business report</li> <li>2. Passed the adoption of the company's external auditor's compensation and its applicability and independence assessment</li> <li>3. Passed 2020 annual distribution of remuneration for employee and director</li> <li>4. Passed the company's 2020 surplus distribution case</li> <li>5. Passed the company's 2020 "Internal Control System Statement" and "Internal Control System Review Report"</li> <li>6. Passed the amendments of the Company's " Rules of Procedure for Shareholder Meetings" "</li> <li>7. Passed the amendments of 2021 Budget</li> <li>8. Passed the assessment of if turning account receivable/other receivables/prepayments/deposited margin exceeds the normal credit line/transaction period for more than three months and the amount is significant to loan funds</li> <li>9. Passed the proposal of convening shareholders' meeting in 2021</li> </ol>

- (12) In the most recent year and at the date of publication of the annual report, the director or supervisor has different opinions on the board of directors through important resolutions and has a record or written statement. The main contents are: None.
- (13) Summary of the resignation or dismissal of the company's chairman, general manager, accounting supervisor, financial supervisor, internal audit supervisor, corporate governance supervisor, and R&D supervisor in the most recent year and at the date of publication of the annual report: None.

### 3.5 Information on CPA Professional Fees

#### Information of Professional Fees to CPA By Fee

Name of CPA firm	Name of CPA		Duration of audit	Remarks
Deloitte & Touche	Chen Chiang Hsun	Ho Jui Hsuan	2020.01.01-2020.12.31	-

Unit: NT\$ in Thousand

Fee category		Audit fee	Non-audit fee	Total
Range of amount				
1	Below NT\$2,000	-	-	-
2	NT\$2,000 (inclusive) ~ NT\$4,000 (exclusive)	-	-	-
3	NT\$4,000 (inclusive) ~ NT\$6,000 (exclusive)	4,080	-	4,080
4	NT\$6,000 (inclusive) ~ NT\$8,000 (exclusive)	-	-	-
5	NT\$8,000 (inclusive) ~ NT\$10,000 (exclusive)	-	-	-
6	Above NT\$10,000 (inclusive)	-	-	-

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

#### CPA's Professional Fee Information

Unit: NT\$ in Thousand

Name of CPA firm	Name of CPA	Audit Fee	Non-audit Fee					Duration of audit	Remarks
			System Design	Business Registration	Human Resources	Other (note)	Subtotal		
Deloitte & Touche	Chen Chiang Hsun	4,080	-	-	-	-	-	2020.01.01-2020.12.31	
	Ho Jui Hsuan								

Note: Service content is an internal control system review

- (2) The replacement of the accounting firm and the audit public fee paid in the replacement year shall be disclosed as the reduction of the audit public fee and the reasons for the decrease of the audit public fee in the previous year: None
- (3) If the audit public fee is reduced by more than 10% compared with the previous year, the amount, proportion and reason for the audit public fee reduction shall be disclosed: None.

3.6 Replacement of CPA information: If the company has changed the accountant in the last two years and after the period, it should disclose the matter:

(1) About previous CPA

Date of Change	10 March, 2020		
Explanation	Internal adjustment from Deloitte & Touche		
If the appointing person or CPA terminates or refuses to accept the appointment	Party		
	Situation	CPA	Appointing Person
	Voluntary suspension of appointment	NA	NA
	No longer accept appointment	NA	NA
Opinions and reasons for the inspection report other than unqualified opinions issued within the latest two years	NA		
Any Disagreement with the issuer	Yes	-	Accounting principles or practices
		-	Disclosure of financial reports
		-	Audit scope or steps
		-	Others
		-	
	No	V	
	Explanation: -		
Other disclosures (Article 10, paragraph 6, item 4 to item 7 of this standard shall be disclosed)	None		

(2) About successor CPA

CPA Firm	Deloitte & Touche
Name of CPA	Chen Chiang Hsun 、Ho Jui Hsuan
Appointment Date	10 March, 2020

Accounting method or principle for specific transactions and consultation items and results of opinions on the possible issuance of financial reports before appointment	None
Successor CPA's Written opinions on matters of disagreement to previous CPA	None

(3) Previous CPA's reply to Article 10, paragraph 6, item 1 and item 2-3 of this standard: None

3.7 Where the company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm: N/A

3.8 Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up the date of printing of the annual report) by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up the date of printing of the annual report.

(1) Changes in the shareholding of Directors, Supervisors, Managers and major shareholders

Title	Name	2020		As of April 30, 2021	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	All Cosmos Investment Ltd (Representative: Peng Shih Hao)	-	-	-	-
Director	Sheng Hua Ltd (Representative: Peng Sheng Ching)	-	-	-	-
Director	Hsu Ken Tsai	-	-	-	-
Director	Chang Lu Chang	-	-	-	-
Director	Maxtrength Corp (Representative: Peng Chia Lin)	-	-	-	-
Director	Chee Kheng Hoy	-	-	-	-
Independent Director	Lo Tze Wu	-	-	-	-
Independent Director	Yang Yung Cheng	-	-	-	-
Independent Director	Yeh Chung Chuan	-	-	-	-
ACBT CEO	Peng Shih Hao	106,000	-	-	-
ACBT CFO	Janice Cheow	-	-	-	-
ACBT Operation General Manager	Ling Sui Hung	-	-	-	-

Title	Name	2020		As of April 30, 2021	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
ACI Production General Manager	Lai Chan Wai	-	-	-	-
AESB CEO	Wan Azha Bin Wan Mustapha	-	-	-	-
ACI R&D Manager	Charles Then	-	-	-	-
ACI Sales & Technical Manager	Roslan Bin Arshad	-	-	-	-

(2) Directors, Supervisors, Managers and shareholders who hold more than 10% of the shareholdings are related persons: none.

(3) Changes in the pledge of shares of directors, supervisors, managers and shareholders holding more than 10% of the shares: None.

3.9. Shareholders who hold the top ten shareholdings, who are related to each other or relatives within the relationship of spouse, second parent, etc.

April 30, 2021; Unit of Shares : in Thousand

NAME	Shareholding		Spouse & Minor Children Shareholding		Shareholding by Nominee Arrangement		Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
All Cosmos Investment Ltd (Representative: Peng Shih Hao)	22,500	35.13%	-	-	-	-	Oil Palm Plantation Ltd	Siblings	-
							Maxtrength Corp	Siblings	
							Asia Win Development Ltd	Sibling	
							Sheng Hua Ltd	Parents	
Oil Palm Plantation Ltd (Representative: Peng Shih Chieh)	7,500	11.71%	-	-	-	-	All Cosmos Investment Ltd	Siblings	-
							Maxtrength Corp	Siblings	
							Asia Win Development Ltd	Siblings	
							Sheng Hua Ltd	Parents	
Maxtrength Corp (Representative: Peng Chia Lin)	4,500	7.02%	-	-	-	-	All Cosmos Investment Ltd	Siblings	-
							Oil Palm Plantation Ltd	Siblings	
							Jade Field Holdings Inc	Relatives	
							Asia Win Development Ltd	Siblings	
							Sheng Hua Ltd	Parents	
Phillip Securities (H.K) investment account hosted by Cathay Bank	3,160	4.93%	-	-	-	-	-	-	-
Merryard Ltd. (Representative: Peng Hsiu Lang)	3,000	4.69%	-	-	-	-	-	-	-

NAME	Shareholding		Spouse & Minor Children Shareholding		Shareholding by Nominee Arrangement		Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Asia Win Development Ltd (Representative: Peng Yi Fen)	2,500	3.90%	-	-	-	-	All Cosmos Investment Ltd	Siblings	-
							Oil Palm Plantation Ltd	Siblings	
							Maxtrength Corp	Siblings	
							Jade Field Holdings Inc	Relatives	
							Sheng Hua Ltd	Parents	
Sheng Hua Ltd (Representative: Peng Sheng Ching)	2,500	3.90%	-	-	-	-	All Cosmos Investment Ltd	Parents	-
							Oil Palm Plantation Ltd	Parents	
							Maxtrength Corp	Parents	
							Asia Win Development Ltd	Parents	
Lin Chun-Wen	1,350	2.11%	-	-	-	-	-	-	-
First Venture Capital Co., Ltd.	1,115	1.74%	-	-	-	-	-	-	-
Innovative Industrial Technology Transfer Co., Ltd.	800	1.25%	-	-	-	-	-	-	-

3.10 The number of shares held by the company, the company's directors, supervisors, managers and the company directly or indirectly controlled by the company for the same investment business, and the combined calculation of the comprehensive shareholding ratio

December 31, 2020 Unit: Shares;%

Reinvested Entities	Investment by the Company		Investments by directors, supervisors, managerial officers and directly or indirectly controlled enterprises		Total investment	
	Shares	%	Shares	%	Shares	%
ALL COSMOS INDUSTRIES SDN BHD ("ACI")	30,000,000	100	-	-	30,000,000	100
SABAH SOFTWOODS HYBRID FERTILISER SDN BHD ("SSHF")	33,000,000	55	-	-	33,000,000	55
PT ALL COSMOS BIOTEK ("PTACB")	28,280	83	-	-	28,280	83
PT ALL COSMOS INDONESIA ("PT ACI")	79,200	99	800	1	80,000	100
GK BIO INTERNATIONAL SDN BHD	1,800,000	60	-	-	1,800,000	60
ARIF EFEKTIF SDN BHD	-	-	245,000	49	245,000	49



("AESB")						
KINABALU LIFE SCIENCES SDN BHD ("KLSSB")	-	-	2,400,000	60	2,400,000	60
COSMOS BIOWOOD SDN BHD			400,000	80	400,000	80
SAWIT ECOSHIELD SDN BHD			2,000,000	40	2,000,000	40

## 4.0 Capital Overview

### 4.1 Capital and Shares

#### 4.1.1 Source of equity

##### 4.1.1.1 The formation of equity

April 30, 2021 ; Unit of Shares : in Thousand, NT\$ in Thousand

Date	Issued Price (NT\$)	Authorized Capital		Paid-up Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	Offset with property other than cash	Others
2010.03	10	600,000	6,000,000	0.001	0.01	Set up share capital	None	—
2010.06	10	600,000	6,000,000	30,000	300,000	Equity conversion (Note)	None	—
2012.09	10	600,000	6,000,000	50,000	500,000	Convert Surplus to Capital increase	None	—
2014.08	10	600,000	6,000,000	55,000	550,000	Capital increase by Cash	None	—
2015.05	10	600,000	6,000,000	56,500	565,000	Employee stock option conversion	None	—
2017.06	10	600,000	6,000,000	64,034	640,340	Capital increase by Cash	None	—

Note: For the restructuring of the group, the company and the subsidiary ACI carry out a 100% equity conversion.

##### 4.1.1.2 Type of shares

April 30, 2021 ; Unit of Shares: in Thousand

Shareholding Category	Authorized Capital			Remark
	Issued shares	Un-issued shares	Total	
Common Stock	64,034	535,966	600,000	Listed stocks

##### 4.1.1.3 General information on the general declaration system: not applicable

#### 4.1.2 Structure of Shareholders

April 30, 2021 ; Unit of Shares : in Thousand

Structure Amount	Governme nt body	Financial institutions	Other juridical persons	Individuals	Foreign institutions & foreigners	Total
Members	-	3	14	2,447	24	2,488
Shares held	-	16	2,210	15,542	46,266	64,034
Percentage (%)	-	0.03%	3.45%	24.27%	72.25%	100.00%

Note: The company has no Mainland China shareholders

#### 4.1.3 Shareholding Distribution Status

April 30, 2021 ; Unit : Shares, %

Range of shares held	Number of shareholders	Shares held	Percentage (%)
1 - 999	120	9,861	0.02
1,000 - 5,000	1,855	3,717,022	5.80
5,001 - 10,000	250	1,984,108	3.10
10,001 - 15,000	74	960,009	1.50
15,001 - 20,000	54	987,000	1.54
20,001 - 30,000	47	1,257,000	1.96
30,001 - 50,000	29	1,150,000	1.80
50,001 - 100,000	31	2,269,000	3.54
100,001 - 200,000	15	2,105,000	3.29
200,001 - 400,000	3	670,000	1.05
400,001 - 600,000	-	-	-
600,001 - 800,000	1	800,000	1.25
800,001 - 1,000,000	-	-	-
Above 1,000,001	9	48,125,001	75.15
Total	2,488	64,034,001	100.00

#### 4.1.4 List of major shareholders

April 30, 2021 ; Unit of Shares, in Thousand

Shareholding Major Shareholders	Register Place	Shares held	Percentage (%)
All Cosmos Investment Ltd	Republic of Seychelles	22,500	35.14%
Oil Palm Plantation Ltd	British Virgin Islands	7,500	11.71%
Maxtrength Corp.	Republic of Seychelles	4,500	7.02%
Phillip Securities (H.K) investment account hosted by Cathay Bank	Hong Kong	3,160	4.93%
Merryard Ltd.	Republic of Seychelles	3,000	4.69%
Sheng Hua Ltd.	Republic of Seychelles	2,500	3.9%
Asia Win Development Ltd.	British Virgin Islands	2,500	3.9%
Lin Chun-Wen	Republic of China	1,350	2.11%
First Venture Capital	Republic of China	1,115	1.74%
Innovative Industrial Technology Transfer Co., Ltd.	Republic of China	800	1.25%

#### 4.1.5 Market Price, Net Value, Earnings, Dividends Per Share of the Latest Two Fiscal Years, and Related Information

Unit : NT\$ ; Thousand Shares

Item \ Year		2019	2020	As of March 31, 2021(Note)
Market price per share	Max.	64.80	49.35	37.55
	Min.	39.20	18.55	33.50
	Average	50.88	35.82	35.62
Net value per share	Before distribution	31.95	31.02	29.46
	After distribution	31.95	31.02	29.46
Earnings per share	Weighted Average Shares	64,034	64,034	64,034
	Before Retrospective Adjustment	0.56	1.28	0.42
	After Retrospective Adjustment	—	—	—
Dividends per share	Cash Dividend		1(Note)	1(Note)
	Free placement	Stock Dividend from Retained Earnings	—	—
		Stock Dividend from Capital Reserve	—	—
	Accumulated undistributed dividends		—	—
Return on Investment analysis	Price-earnings ratio		90.86	27.98
	Price-dividend ratio		50.88	35.82
	Cash dividend yield rate (%)		1.97%	2.79%

Note: The 2020 surplus distribution case was approved by the board of directors on March 26 2021.

#### 4.1.6 Company Dividend Policy And Implementation Status

##### 1. The Dividend policy as set forth in the company's articles of association

According to Article 129 of the Company's Articles of Association, the main provisions of the dividend policy are as follows:

Except as otherwise provided by the Listing Cabinet Act, if the company makes a profit before tax in the year, the company should make a profit before tax: (1) up to 10% (10%), the lowest is One (1%) as an employee's remuneration (including employees of the company and/or related employees) (hereinafter referred to as "employee remuneration"); and (2) up to 10% (10%) as director's remuneration (hereinafter referred to as "Director's remuneration"). Regardless of the above, if the company still has accumulated losses in previous years, the company should reserve the amount of remuneration before the employee's remuneration and directors' remuneration. Employees' remuneration and director's remuneration are available in cash and/or in accordance with the provisions of the laws of the British Cayman Islands, the provisions of the Listing Rules and the resolutions of the board of directors, which are more than two-thirds of the directors' attendance and the majority of the directors' consents. Employee remuneration and Director remuneration can be paid in cash and/or

stock. The above-mentioned resolutions on the issuance of employee remuneration and directors' remuneration shall be reported to the shareholders at the shareholders' meeting after the resolution of the board of directors is passed.

In addition, according to Article 130A of the company's articles of association, the company may handle surplus distribution or loss appropriation after the end of each half of the fiscal year.

Except as otherwise provided by the Company Law and the Listing Act, if the company's annual total final accounts have a surplus, the Board of Directors shall formulate the surplus distribution case and submit it to the shareholders' meeting in the following manner and order:

- (1) The tax payable in accordance with the law;
- (2) make up for the accumulated losses of previous years (if any);
- (3) 10% of the provisions of the Listing Rules Act is the statutory surplus reserve, except when the statutory surplus reserve reaches the paid-up capital of the company;
- (3) to make a special surplus reserve in accordance with the requirements of the Listing Cabinet Act or the Administration; and
- (5) According to the amount of the current year's surplus after deducting the above items (1) to (4), the accumulated undistributed surplus in the previous period is the available surplus, and the available surplus can be distributed by the Board of Directors. The shareholders' meeting will be distributed according to the resolution of the listing cabinet law. Dividend distribution can be issued in cash dividends and/or stock dividends. Under the laws of the British Cayman Islands, the minimum dividend amount should be at least 10% of the current year's surplus minus items (1) to (4) above, and the proportion of cash dividend distribution shall not be less than 50% of the total shareholder's dividend.

## 2. Status of implementation

The Company's 2020 surplus distribution proposal was approved by the board of directors' meeting on March 26, 2021 with a cash dividend of NT\$1. The Company expects to hold shareholders' meeting on June 28, 2021 to report on the distribution of cash dividends.

### 4.1.7 The impact of the proposed free share placement on the company's operating performance and earnings per share

The company did not have a free share placement this year, so this assessment is not applicable.

### 4.1.8 Remuneration for Employees, Directors and Supervisors

#### 1. The employee's remuneration and the number or scope of remuneration of Directors

and Supervisors as set out in the company's articles of association: If there is any pre-tax profit in the year specified in the articles of association of the company, it should be paid in the pre-tax profit: (1) Maximum is 10%, minimum is 1% as employee remuneration; and (2) maximum 10% as Director's remuneration.

2. In the current period, the estimated basis of the remuneration for employees, directors and supervisors, is calculated based on the number of shares of employees paid by stocks and the actual distribution amount are accounted for when there is a difference between the estimated number of shares and the estimated number of shares.

The Company will estimate the remuneration amount of employees and directors and the allotment of shares according to the company's articles of association. If the actual amount of the allotment and the estimated number of shares are different, the accounting treatment will be included in the actual annual adjustment of the cost.

3. The Board of Directors through the distribution of remuneration:

- (1) In accordance with the articles of association of the company and approved on March 26, 2021 board of directors' meeting, it is approved that the distribution of employees' remuneration of NT\$2,695,756 and the directors' remuneration of NT\$1,797,171, accounting for 3% and 2% net profit before tax. And there is no difference with the annual estimated amount of recognized expenses
- (2) The proportion of employees' remuneration paid by stocks to the total net profit after tax and the total amount of employees' remuneration: not applicable.

4. The actual allotment of the employee's dividends in the previous year and the directors' and supervisors' remuneration (including the number of shares, the amount and the share price), the difference with the amount, reason and handling situation between the employee's dividends, the director's, and the supervisor's remuneration shall be stated:

- (1) Remuneration for employees in 2019 is NT\$1,128,122 and Directors' remuneration is NT\$752,081
- (2) The above amount is different from the recognition of the remuneration of employees, directors and supervisors and should state the difference, cause and resolution: no difference.

4.1.9 The situation in which the company bought back the shares of the company: None.

**4.2. the company debt (including overseas corporate bonds) handling situation: none**

**4.3. Preferred Stocks handling situation: None.**

**4.4. The situation of overseas depositary receipts: None.**

#### 4.5. Employee stock option certificate and restrictions on employee rights:

- (1) Employee stock options certificate of the company that has not expired: None.
- (2) The names, acquisitions and subscriptions of the top ten employees who have obtained the employee stock option certificate and the number of the top ten employees who can obtain the warrants:

Unit : Thousand Shares; NT\$ in Thousand

	Designation	Name	Number of shares acquired	The number of shares acquired to the total number of issued shares	Executed				Not executed			
					Subscription Quantity	Subscription price (NT\$)	Subscription Amount	The number of shares subscribed to the total number of issued shares	Subscription Quantity	Subscription Price	Subscription Amount	The number of shares acquired to the total number of issued shares
Management	CEO	Peng Shih Hao	961	64%	961	30	28,830	1.70%	—	—	—	—
	CFO	Janice Cheow										
	Senior manager	Lim Tau Boon										
	ACI Chairman	Peng Sheng Ching										
	ACI General Manager	Lai Chan Wai										
	ACI Manager	ROSLAN ARSHAD										
	SSHF manager (note)	Pan Chi Yang										
Employees	Staff	Tai Hong Wen	539	36%	539	30	16,170	0.95%	—	—	—	—
	Staff	Chun Choon Hong										
	Staff	Peng Yi Fen										
	Staff	Tai Fook Leong										
	Staff	Gan Lee Poh										
	Staff	Tee Hwee Yin										
	Staff	Kuek Lee Chin										

	Staff	Cheong Sit Lee										
	Staff	Choo Lee Hia										
	Staff	Tan Teck Siong										

The accumulated balance of employee stock option certificates issued by the Company until the date of publication of the annual report has not exceeded 15% of the total number of issued shares.

(3) The situation of private equity employee stock option certificates in the last three years and up to the date of publication of the annual report: None.

**4.6 Restricting the rights of employees to deal with new shares: None.**

**4.7 New shares issuance in connection with mergers and acquisitions : None.**

**4.8 Implementation of the fund utilization plan:**

As of the first quarter of the annual report, the previous issue or private placement of securities has not been completed or has been in the last three years.

Completed and the project benefits have not been revealed: not applicable



## 5.0 Operational Overview

### 5.1 Business content

#### 5.1.1 Business scope

##### (1) Main contents of the business

The company is a professional biochemical compound fertilizer manufacturer, mainly engaged in the R&D, manufacturing and sales of bio-composite fertilizers of organic, microbial and chemical raw materials. The main business base is in Malaysia.

##### (2) Business share

Unit : NT\$ in Thousand

Products \ Year	2018		2019		2020	
	Net revenue	Operating Proportion	Net revenue	Operating Proportion	Net revenue	Operating Proportion
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Biochemical Compound Fertilizer	1,941,665	72.25	1,028,292	58.17	930,105	56.62
Chemical Fertilizer	708,234	26.35	675,273	38.20	712,678	35.19
Others	37,682	1.40	64,134	3.63	134,512	8.19
Total	2,687,581	100.00	1,767,699	100.00	1,642,783	100.00

##### (3) Current Commodity Items of The Company

Item	Description
Biochemical Compound Fertilizer	A three-in-one compound fertilizer of organic matter, microorganisms and chemical raw materials, mainly used in oil palm planting.
Chemical Fertilizer	A single or compound fertilizer composed of chemical elements such as nitrogen, phosphorus and potassium can provide nutrients necessary for plant growth and development, and maintain high crop yield.
Microorganism	Development and production of beneficial microorganisms and disease prevention microorganisms

##### (4) New Products Planned To Be Developed

The company focuses on the importance of soil and environmental protection, and actively develops multi-functional fertilizer products to replace the environmental damage caused by traditional chemical fertilizers. At present, the new products planned by the company are as follows:

Research Project	Main Technique	Application Note
Phage Biofertilizer	The phage which can control the R. solanacearum is screened in the	It can be used for the control of bacterial crop diseases caused by

Research Project	Main Technique	Application Note
	wastewater, and the phage preparation is produced by using the transgenic <i>Escherichia coli</i> as a host for producing the phage, and then added to the fertilizer.	<i>R. solanacearum</i> , and can be applied to a variety of peppers, tomatoes, ginger, potatoes and bananas which are often attacked by <i>R. solanacearum</i> .
Special nitrogen-fixing biological fertilizer for rice and green leafy vegetables	Three high-efficiency nitrogen-fixing bacteria were transferred from MARDI. After optimization of strain culture conditions and yield amplification, high-concentration bacterial liquid was produced and added to fertilizer to improve soil nitrogen fixation performance.	High-efficiency nitrogen-fixing bacteria promote the growth of rice and short-term crops, reduce the use of chemical nitrogen fertilizer, and also use in the early stage of oil palm seedling emergence.
Anti-white root Disease	Endophytic <i>Trichoderma</i> was screened from the roots of healthy plants, and spores were optimized by culture to control diseases.	<i>Trichoderma viride</i> combines with other fertilizer ingredients to biologically control the common fungal disease of the rubber tree ( <i>Rigidoporus lignosus</i> ) and supplement its nutritional needs.
Oil palm by-product degradation	A variety of indigenous degrading bacteria are mixed and processed for various by-products of the palm oil mill, and the finished product is organic fertilizer.	The strain mixture is used to catalyze the degradation of oil palm empty fruit bunches and other organic raw materials, and to solve the excessive production of waste oil in the palm oil industry as organic fertilizer.
Value-added agricultural by-products	The addition of <i>Trichoderma</i> for different agricultural by-products produces a control agent for manufacturers/farmers in a more economical way, and also solves the problem of excess by-products. Different by-products and different <i>Trichoderma</i> products are paired with each other to debug a stable, suitable concentration and economical formula.	Excessive agricultural by-products cost farmers/vendors excessive waste disposal fees. By-products that return to the field without proper treatment may cause pathogens to breed. The value-added agricultural by-products are designed to add beneficial bacteria to different raw materials, ensuring that the product has the function of controlling disease when

Research Project	Main Technique	Application Note
		recycled into the field. This program can be used in oil mills, vegetable orchards, flower beds, food processing plants, etc.
Disease resistant seedling inoculation	Inoculate disease-resistant Trichoderma for different crop seedlings. The use of Trichoderma species is adjusted according to the crop and medium.	From the nursery stage to the field, the seedlings are subjected to multiple inoculation and root sampling tests to ensure that the roots are attached with endophytic fungus, and that they have sufficient disease resistance to the disease when entering the harsh field. Currently apply in palm (anti-ganoderma disease) and rubber markets (anti-white root disease).

### 5.1.2 Industry Overview

#### (1) Current Status And Development Of Industry

##### A. Industry Status

Among the agricultural materials, the use of fertilizers is the largest. According to the production process, the fertilizers can be roughly divided into chemical fertilizers, organic fertilizers and biological fertilizers. Each of the fertilizers has its advantages and disadvantages, and it needs to be integrated to exert the advantages of the fertilizers, so as to achieve uniform development of the industry and complement each other.

Chemical fertilizers generally have direct and rapid effects, and are more competitive in price than biological fertilizers and organic fertilizers, so they are easily accepted and adopted by users. However, chemical fertilizers often cause over-application per unit area due to ease of use, resulting in weak resistance of plant, high acidic and deterioration of soil fertility, and high concentrations of nitrate in agricultural products. It is more difficult to estimate the environmental pollution caused by long-term or improper application of chemical fertilizers. At present, agricultural production uses organic fertilizers, microbial fertilizers and mineral fertilizers to replace parts of chemical fertilizers, and the use of microbial fertilizers to promote the utilization efficiency of chemical fertilizers is a soil biotechnology that is currently worth of attention.

Organic fertilizers are made from the residues of animals, plants or microorganisms and their excreta. Although organic fertilizers often contain microorganisms in nature, they are naturally grown rather than artificially selected and cultured. It belongs to microbial fertilizer. If a specific artificially selected microorganism is added to the organic fertilizer, it may be referred to as an organic composite microbial fertilizer or a microbial composite organic fertilizer. The application advantage of organic fertilizer is that the effect is mild and less harmful to the soil, and the application is helpful to the ecological maintenance of the soil. Due to the volume is large, the application cost is high, and the production of compost requires a large area of land and plant equipment, which is time-consuming and labor-intensive. The production process needs to solve the odor and wastewater problems, and it is still necessary to avoid large or improper application.

Biological fertilizer refers to a specific preparation for cultivating active microorganisms or dormant spores, such as bacteria (including actinomycetes), fungi, algae, etc., and their metabolites, and is used in crop production to provide plant nutrients or promote nutrient utilization. Biological fertilizer has the advantages of low pollution, not harmful, low application rate and ecological friendly, but it has a certain shelf life, and the effect is more susceptible to environmental influences. The fertilizer efficiency is slower, sometimes it was applied together with chemical fertilizers and organic fertilizers. Through an effective management model, biological fertilizers can improve the availability of nutrients in the soil, improve soil properties, antagonize pathogens in soils or implants, reduce or replace chemical fertilizer application, and improve problems caused by excessive fertilization.

In recent years, with the increasing demand for global crops, the erratic weather, changes in soil and ecological problems, and the rising awareness of environmental protection, bio-fertilizers has become more important in agricultural-related markets. As the demand for bio-fertilizers increase rapidly, the company continues to deepen research and development in the field of beneficial micro-organisms, by having a wealth of useful microbiological data, it is able to develop and compound multi-functional intelligent biochemical compound fertilizers according to different soil and pest problems faced by each customer. Optimize and quantify core technologies for beneficial microbes as a competitive advantage in the industry. MarketsandMarkets market survey predicts that by 2025, the global biofertilizer market is estimated to reach 3.9 billion US dollars. According to “Current world fertilizer trends and outlook to 2022” from FAO, as of 2018, the world used about 189 million tons of fertilizers, an increase of 1.3% over 2017. Asia is the main fertilizer market, and Indonesia and Malaysia are the main fertilizer consumption countries.

According to the "2019-2023 Fertilizer Outlook" published by IFA in June 2019, the global fertilizer demand in 2019/2020 is about 195 million tons, and it is estimated that fertilizer demand will only slightly increase to 204 million tons in 2023/2024. In 2019-2023, the investment in the production equipment of the fertilizer industry is expected to exceed US\$110 billion, and the newly added capacity is about 6,500 tons. In five years, the demand will increase by 1.3% annually, and the supply will increase by about 1.6%.

## B. Industry Development

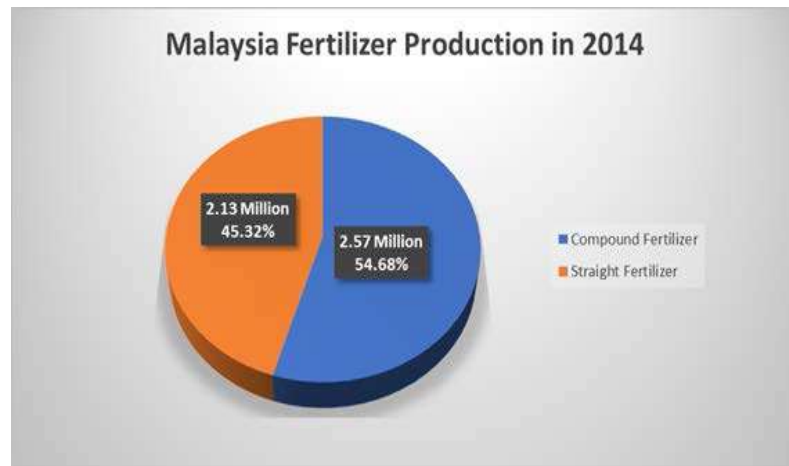
### (A) Malaysia

According to the Malaysian Bureau of Statistics, the total planting area in Malaysia is about 7.8 million hectares. The amount of fertilizer used in 2013-2019 and the output of fertilizer in Malaysia have also grown steadily. In 2013, Malaysia produced 2.62 million tons of fertilizers. By 2019, the output has increased to 3.72 million tons. Malaysia's overall fertilizer production has grown year by year with the total area planted in Malaysia, indicating that the use of fertilizer is still an indispensable investment in Malaysian agricultural planting.

In recent years, with the increase in global crop demand and weather changes, soil and ecological damage, global environmental awareness has risen, although the impact of international oil palm price fluctuations and the Covid-19 epidemic in the past two years resulted in the tendency of rising usage of chemical fertilizers, however, plantations have a certain knowledge of the advantages of biochemical compound fertilizers, and gradually have the concept of crop disease prevention. The future market of compound fertilizers and plant vaccines is still promising.

The fertilizer market in Malaysia can be divided into two major items: unit fertilizer and compound fertilizer. According to Universiti Putra Malaysia, Malaysia's unit fertilizer production accounted for 55.62% of the Malaysian fertilizer market in 2014, but with the strict rules of the Malaysian governments to hire foreign workers, labor costs have increased, and the use of unit fertilizers is facing the dilemma of labor shortage and labor costs. The use of compound fertilizer by large-scale planting groups has gradually increased. The company has always in the leading position in Malaysia's biochemical compound fertilizer market. .

### Malaysian fertilizer market structure in 2014



Source : Universiti Putra Malaysia

#### (B) China

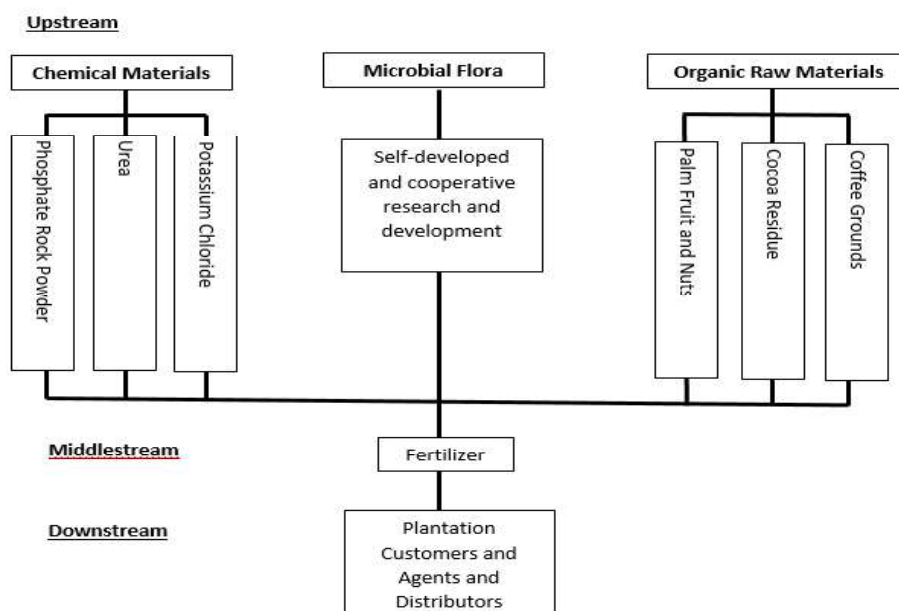
Mainland China is the world's largest fertilizer user, but under large-scale application, organic fertilizers are insufficient, which leads to the destruction of soil fertility structure and low fertilizer utilization. The Chinese government has announced that chemical fertilizers will be gradually replaced, and the goal of reducing chemical fertilizers is to use a combination of microbial fertilizers and chemical fertilizers. China has been engaging in developing microbial fertilizers for nearly 50 years, has more than 300 bio-fertilizer producers with an annual output of over 500,000 tons and bio-fertilizer used areas reaching 167 million hectares. In recent years, the concept of microbial fertilizer management in mainland China has evolved from the past guarantee of ingredients and fertilizer effects to the safety control of microbial strains, as to whether the microbial fertilizer has the declared effectiveness, the market mechanism will eliminate the undesirable ones. In order to manage the microbial materials in the market, mainland China continues to develop and implement regulations, has a dedicated testing center to assist in the development of technologies and standards, and uses big data to obtain appropriate fertilizer formulations.

#### (C) Taiwan

Taiwan is located in a subtropical region, and the climate pattern of high temperature and rain has a great influence on the activities of soil microorganisms. In recent years, farmers have introduced more effective microorganisms in the production of crops, using microorganisms to promote production and improve soil. In order to cooperate with the new agricultural promotion plan, the Taiwan government promotes domestic organic and environmentally friendly farming. Since 2017, it has strengthened the promotion of organic fertilizers and added subsidies for microbial fertilizers and organic compound fertilizers, and further guided farmers to reduce the use of chemical fertilizers to promote domestic organic and friendly environmental development.

## (2) Industrial Up stream, Middle And Downstream Relationship

The company is a professional fertilizer manufacturer, mainly producing compound fertilizers consisting of organic matter, microbes and chemical raw materials. The main raw materials of the products are nitrogen, phosphorus, potassium and other inorganic chemicals, organic raw materials and microbial strains. After the manufacturer processes, the finished products will deliver to downstream large-scale farms, dealers and farmers, the industrial relationship map is as follows:



### A. Upstream Raw Materials

#### (A) Chemical Fertilizer

Also known as inorganic fertilizer, mainly urea, ammonia sulfate main production plant, phosphate mine processing plant, potassium mine developer, magnesium oxide processing plant and boron supplier. Since there is no large-scale production or mining of inorganic chemical minerals such as nitrogen, phosphorus and potassium in Malaysia, the main source still relies on imports. Due to the limited natural resources of nitrogen, phosphorus and potassium, as the world's population grows and the demand for food and crops increases, the use of fertilizers by farmers is increasing, and the demand and prices of raw materials such as nitrogen, phosphorus and potassium are stable. According to the "World Fertilizer Trends and Outlook to 2022", the supply and demand of nitrogen, phosphorus and potassium raw materials remain minor changes. On the whole, the main raw materials for chemical fertilizers are nitrogen, phosphorus and potassium. Therefore, there is no supply shortage of the main raw material sources of the

company, which will affect the operational risks of production.

#### (B) Organic Fertilizer

The organic fertilizer raw materials are mainly waste residues of coffee processing plants, cocoa processing plants, palm oil processing plants or other organic raw materials. As Malaysia is a major palm oil exporter in the world, the large amount of waste residue after the refining of palm oil has caused the organic raw materials to fluctuate little over the years. Therefore, the organic fertilizer raw materials have no operational risks arising from insufficient supply or significant price changes.

#### (C) Microorganism

The fertilizer market in Malaysia is still dominated by chemical fertilizers, As microbial fertilizers are in the growth stage in Malaysia, more and more companies in Malaysia are beginning to invest in the microbial market. The main sources of microbial bacteria currently produced by the company are self-developed and cooperating with other academic or government organizations, such as the Malaysian University of Technology and the Malaysian Oil Palm Bureau (MPOB), the company has successfully developed and mass-produced microbial bacteria including nitrogen-fixing bacteria, nitrifying bacteria, phosphate-dissolving bacteria and yeast. Therefore, the microbiological sources required by the Company's products are not yet expose to the operational risks arising from insufficient supply or significant price changes.

### B. Middle stream - Fertilizer Processing And Manufacturing

The Malaysian fertilizer manufacturing industry is a completely open market. In Malaysia, no biochemical compound fertilizer manufacturer is sufficient to monopolize the market. Therefore, the market price of biochemical compound fertilizer is determined by the market supply and demand mechanism. In recent years, with the increase in salary and the implementation of the Malaysian completion protection law, the manpower costs of fertilizer manufacturers have been rising, the gross profit has been compressed, and the price movements of inorganic chemicals such as nitrogen, phosphorus and potassium, the appreciation of the US dollar exchange rate, and other factors will also affect the fertilizer manufacturing industry.

In recent years, the values of environmental protection and eco green industry have been advocated in the society, the environmental protection concept of farmers has continued to increase. In addition, the application of chemical fertilizers has caused the problem of soil deterioration becoming more serious, and the acidification of soil is not suitable for farming or the rapid decline of plant resistance has reduced farmer's income. As a result, farmers began to accept the concept of "developing sustainable agriculture" that decrease the use of pure chemical fertilizers in hope of maintaining ecological balance, reduces environmental pollution, and ultimately



reduces production costs and energy consumption. Therefore, the acceptance of biochemical compound fertilizers produced by the company has gradually increased in the market, and revenue has continued to grow.

#### C. Downstream - Fertilizer User

The domestic fertilizer users in Malaysia are mainly government or privately owned landowners, farmers' associations and general farmers. The company has long-term cooperation with government-related investment companies, large private enterprises or professional oil palm plantation companies. According to the Malaysian Bureau of Statistics, agricultural-related activities accounts for 7.5% of Malaysia's GDP in 2018, in which 37.9% is from oil palm plantation. While Malaysia and Indonesia are the world's major palm oil producers, so the downstream fertilizer market should not be significantly changed.

#### (3) Various Development Trends Of Products

Traditional fertilizers are mainly made up of organic fertilizers, which are made from animal, plant or microbial residues and their excreta. For example, dead leaves, grass ash, rice bran, leftovers, leftovers, bean cakes and oilseeds are all sources of fertilizer. With the advancement of technology, chemical fertilizers made from chemical substances have become the main products in the market. Chemical fertilizers have the advantages of quick effect and low price, and are used by consumers for a long time. However, with the long-term use of chemical fertilizers, the plant resistance is weakened, the soil acidification is degraded, the agricultural products contain high concentrations of nitrates, and the environmental pollution is more serious. Therefore, consumers gradually replace the unit fertilizer with multifunctional fertilizers. In addition to providing nutrients, increasing production capacity and yield, biochemical compound fertilizers have fertilizers that prevent pests and diseases. For example, the company developed Anti-Ganoderma Lucidum product fertilizer as therapeutic for oil palm disease in 2012.

#### (4) Competitive Situation

Due to the low entry barriers for the production and sale of chemical fertilizers, the fertilizers used in the market are still dominated by chemical fertilizers. However, with the promotion of the company and the increase in customer use, the multi-functional compound fertilizer is gradually accepted by more consumers. The fertilizer produced by the company is mainly composed of organic, micro-organisms and chemical substances. Currently, there are only few manufacturers having the similar products in Malaysia, hence less competition; The Company's direction is to strive for making more chemical fertilizer consumers to switch to multi-functional fertilizers.

#### 5.1.3 Technology and R&D Overview

## (1) Company Technology and R&D Overview

The company continues to focus on research and development and is one of the few companies that have successfully used beneficial microbiota (EM) in organic and bio-fertilizers. Besides her own research achievements, the company has also worked with other agencies such as the Malaysian Palm Oil Board and the Malaysian Rubber Board to develop effective microbial-based fertilizers. Follow by the MPOB F4 oil palm fertilizer being successfully produced, the GanoEF which specifically for prevention and treatment of *Ganoderma Lucidum* was developed.

The interaction between plants and microorganisms is an important issue in today's agricultural biotechnology. The company conducts research and product development for plant beneficial microorganisms, harmful microorganisms and nematodes on the basis of modern biology and the use of modern biotechnology. Beneficial microorganisms, such as the screening and application of growth-promoting bacteria, the improvement of the efficiency of phosphate-dissolving bacteria and nitrogen-fixing bacteria; the detection of harmful microorganisms, such as understanding the pathogenic mechanism of harmful microorganisms and increasing the resistance of plants themselves; Infection rules of important crops, screening and application of natural nematode resistance.

In order to enhance the understanding of the beneficial microbiota and to consider its potential and future development, the company established a research and development center in the Biotechnology Zone of the Malaysian University of Technology in Johor to develop and cultivate beneficial microorganisms. The company will also work with local and overseas companies to provide expertise and formulas to meet their demand. The company's research and development direction provides the development of microbial flora, biocontrol series, the production of single beneficial bacteria, the diversification of bacterial transport applications and field technical support.

The company has cooperated with the Malaysian University of Technology since 2009, and established the company's independent research and development team in 2011. The company now has mature facilities and skills, using the original ecological strain screening technology to separate, screen and preserve various bacteria. At present, more than 500 strains have been established. These strains can be accurately commercialized through identification tests and evaluation platforms for anti-antagonism, nutrient exchange, immune induction, and adversity protection for market positioning. In the fermentation production and cultivation of strains, we have developed quantification according to the growth characteristics and environmental requirements of each strain, optimized the fermentation production process, and cultivated a high concentration of bacterial liquid in a short time and cost savings.

The R&D team of the company often communicates with customers to understand the current needs of farmers and the problems to be solved in the field. For example, after the GanoEF product is launched into the market, the R&D team will go to different fields to collect sample the active substance of the roots and soil for laboratory quantitative tests. Test reports will be provided to the farmers, simultaneously increase the diversity of research samples in order to make the tests more accurate. Some customers required to do experiment in their own field before selecting a product. the R&D team will work with the customer to formulate the experimental design, present the performance of the product scientifically, and improve the customer's trust and confidence towards to the product and company with perfect pre-sales and after-sales service.

The complete R&D and technical team can support the development of the company's products, from strain screening, preservation, optimization and quantification, productization, field trials, to customer after-sales service and other additional consulting services are the basis for the company's sustainable development. The R&D team established by the company can support the operation of microbial screening to production, and can also separate and purify the strains of soil, roots, fertilizers, etc. The company established a set of automated 5-50-500L fermentation tanks in 2015; this equipment platform can support more accurate quantitative production processes, develop culture parameters for the mass production needs of different strains, shorten fermentation time, reduce energy consumption and increase the concentration of bacteria, thus reducing production costs.

## (2) Research Development Situation

The company always has great interest for research and development. Besides conducting new product research and development, it has also continuously improve the existing products and process adjustments to enhance the production efficiency and quality. The research results are as follows:

Year	Product Name	Product Usage
2008	MPOB F4 (Biochemical Compound Fertilizer)	<ul style="list-style-type: none"> <li>✧ ACI was jointly developed with the Malaysian Oil Palm Board (MPOB).</li> <li>✧ Specially used to increase the production of oil palm trees.</li> <li>✧ Ingredients:</li> <li>✧ Chemical nutrients: chemical nutrients such as nitrogen, phosphorus, potassium, magnesium, boron and some trace elements.</li> <li>✧ Microorganisms: 8 microbial populations that promote the absorption of chemical fertilizers such as NPK and transform soil conditions.</li> <li>✧ Organic matter: Improve soil acidity and alkalinity, increase chemical fertilizer utilization, increase soil fertility and water retention.</li> </ul>

Year	Product Name	Product Usage
2012	GANO EF Disease-resistant fertilizer	<ul style="list-style-type: none"> <li>✧ ACI and the Malaysian Oil Palm Board (MPOB) jointly developed.</li> <li>✧ Ingredients:</li> <li>✧ Chemical nutrients: a variety of chemical components and the addition of micronutrients to provide efficient growth and optimum yield of plants.</li> <li>✧ Organic substances: improve soil acidity and alkalinity, increase chemical fertilizer utilization, increase soil fertility and water retention.</li> <li>✧ Effective microbial population: Improve soil biological microbial species, fix plant nitrogen nutrition, and promote phosphate fertilizer dissolution.</li> <li>✧ Composite active agents: Hendersonia (endophytic fungi) and chitin, a Ganoderma lucidum biocontrol agent and plant protection inducer to help control and prevent the spread of oil palm Ganoderma lucidum.</li> </ul>
2013	Asacan Water Soluble Granular Fertilizer	<ul style="list-style-type: none"> <li>➤ ACI's fertilizer products developed for the water soluble fertilizer market.</li> <li>➤ Low-temperature compaction technology, which does not require granular fertilizers made of adhesive components, so it can be formulated with high NPK ratio products.</li> <li>➤ Energy-saving production systems reduce costs, price is popular, and farmers are more economical.</li> <li>➤ A variety of customized formulations. (NPK + trace elements or ASACAN NK + magnesium oxide)</li> </ul>
2014	MPB15-5-14 Pepper special fertilizer	<ul style="list-style-type: none"> <li>➤ Pepper special fertilizer jointly developed by ACI and Malaysian Pepper Board. (MPB)</li> <li>➤ Three-in-one compound fertilizer provides the best nutrients for pepper trees, combined with beneficial bacteria and high quality organic matter.</li> </ul>
2014	MPOB F4 Premium	<ul style="list-style-type: none"> <li>➤ ACI was jointly developed with the Malaysian Oil Palm Board (MPOB).</li> <li>➤ Formulated specifically to increase the production of oil palm trees, developed for palm planting in Sarawak, East Malaysia.</li> <li>➤ MPOB F4 formula is added to Azomite, a mineral powder containing A~Z trace elements, which gives the plant a perfect growth element.</li> <li>➤ Suitable for high rainfall climate use.</li> </ul>
2015	Tricho Acti Plus Trichoderma	<ul style="list-style-type: none"> <li>➤ Life control products containing endophytic fungus</li> <li>➤ According to the bacteria selected by the customer, it can be divided into wet table powder and organic medium.</li> <li>➤ Effective control of fungal diseases.</li> <li>➤ Suitable for palm, rubber, banana and other crops.</li> <li>➤ Product content can be adjusted according to price.</li> </ul>

Year	Product Name	Product Usage
2016	Value-added agricultural by-products (palm oil industry)	<ul style="list-style-type: none"> <li>➤ Development of value-added technology for by-products of non-empty fruit bunches.</li> <li>➤ Convertible pomace is a low-cost soil improver, fertilizer and biocontrol agent.</li> <li>➤ Better utilization of by-products of the farm and oil mills.</li> <li>➤ Customized addition of different functional bacteria, such as nutrient supply or biological control.</li> <li>➤ Add in Trichoderma to fight Ganoderma lucidum.</li> </ul>
2017	MARDI F1	<ul style="list-style-type: none"> <li>➤ ACI is jointly developed with the Malaysian Agricultural Research and Development Agency (MARDI).</li> <li>➤ Special nitrogen-fixing biological fertilizer for rice and green leafy vegetables.</li> </ul>
	K Neutralizer	<ul style="list-style-type: none"> <li>➤ Develop soil conditions using German technology to effectively increase soil pH and supplement K<sub>2</sub>O and TE nutrients.</li> <li>➤ Suitable for palm, rubber, banana and other crops.</li> </ul>
2018	DUR 13-3-21	<ul style="list-style-type: none"> <li>➤ Fruit king durian launched with the technology of biological compound fertilizer with application of potassium sulfate.</li> <li>➤ Specially used for the fruit period, which can greatly improve the quality of the fruit and protect soil oil acidification caused by excessive potassium sulfate and decrease disease.</li> </ul>
2019	DIEBACK BUSTER	<ul style="list-style-type: none"> <li>➤ Co-developed by ACI and MARDI.</li> <li>➤ Use beneficial microorganisms to induce plant roots to produce plant hormones, activate the disease-resistant immune system, and enable plants to acquire or increase resistance to pathogens. Spray a certain concentration of biological inducer on the planted soil to effectively improve the resistance of papaya to disease.</li> </ul>
	N-Bio Booster	<ul style="list-style-type: none"> <li>➤ Co-developed by ACI and MARDI.</li> <li>➤ The nitrogen-fixing bio-fertilizer specially used for rice and green leafy vegetables, can increase the nitrogen element in the soil and make the crop healthier. Through 3 years of experiments, the output can be increased by more than 12%. Relative diseases are also reduced.</li> </ul>

### (3) Research And Development Personnel And Their Academic Experience

Unit : Headcount ; %

Year	2018	2019	2020
Education Qualification			
Master's Degree and above	4	4	4
College	5	4	6
High School And Below	-	-	-
Total	9	8	10

Year	2018	2019	2020
Education Qualification			
Numbers of Company Employee	460	374	350
Percentage of the Company Employee (%)	1.96	2.14	2.86

(4) R&D Expenses Invested In The Past Five Years

Unit: NT\$ in Thousand

Year	2016	2017	2018	2019	2020
Item					
Research Development Costs	5,855	4,456	6,587	4,655	2,541
Operating Income	2,065,543	2,263,652	2,687,581	1,767,699	1,642,783
Proportion Of Revenue (%)	0.28	0.20	0.25	0.26	0.15

(5) Successfully Developed Technology Or Products In The Past Five Years

Year	Product Name	Product Usage
2015	Tricho Acti Plus	<ul style="list-style-type: none"> <li>➤ Life control products containing endophytic fungus</li> <li>➤ According to the bacteria selected by the customer, it can be divided into wettable powder and organic medium.</li> <li>➤ Effective control of fungal diseases.</li> <li>➤ Suitable for palm, rubber, banana and other crops.</li> <li>➤ Product content can be adjusted according to price.</li> </ul>
2016	Value-added agricultural by-products (palm oil industry)	<ul style="list-style-type: none"> <li>➤ Development of value-added technology for by-products of non-empty fruit bunches.</li> <li>➤ Convertible pomace is a low-cost soil improver, fertilizer and biocontrol agent.</li> <li>➤ Better utilization of by-products of the farm and oil mills.</li> <li>➤ Customized addition of different functional bacteria, such as nutrient supply or biological control.</li> <li>➤ Add in Trichoderma to fight Ganoderma lucidum.</li> </ul>
2017	MARDI F1	<ul style="list-style-type: none"> <li>➤ ACI is jointly developed with the Malaysian Agricultural Research and Development Agency (MARDI).</li> <li>➤ Special nitrogen-fixing biological fertilizer for rice and green leafy vegetables.</li> </ul>
	K-NEUTRALIZER	<ul style="list-style-type: none"> <li>➤ Designed to improve and regulate acid soil problems.</li> <li>➤ Rapidly improve nutrient absorption rate effectively.</li> <li>➤ Increase soil activity and soil organic content.</li> <li>➤ Improved soil also supplies nitrogen, potassium, sulfur and other elements to improve the color, fragrance, taste, and quality of crops.</li> <li>➤ K Compared with traditional regulators, K-Neutralizer is more effective and lasting. The experimental results maintain the soil pH at around 6 for 9 months to a year.</li> </ul>
2018	DUR 13-3-21	<ul style="list-style-type: none"> <li>➤ Fruit king durian launched with the technology of biological compound fertilizer with application of potassium sulfate.</li> <li>➤ Specially used for the fruit period, which can greatly improve the quality of the fruit and protect soil oil acidification caused by excessive potassium sulfate and decrease disease.</li> </ul>
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	N-BIO BOOSTER	<ul style="list-style-type: none"> <li>➤ Co-developed by ACI and MARDI.</li> <li>➤ The nitrogen-fixing bio-fertilizer specially used for rice and green leafy vegetables, can increase the nitrogen element in the soil and make the crop healthier. Through 3 years of experiments, the output can be increased by more than 12%. Relative diseases are also reduced.</li> </ul>

#### 5.1.4 Long-Term And Short-Term Business Development Plans

##### (1) Short-Term Business Development Plans

###### A. Marketing Strategy

###### (A) Expanding The Mainstream Market

The company's main product is biochemical compound fertilizer. After nearly 20 years of continuous development, the expansion of the Malaysian market has achieved fruitful results in recent years and major local large plantations in Malaysia are mostly our customers. In addition to stabilizing the customer relationship of large plantations, we further promoted the sale to private plantations (open market), continued to improve product visibility, and assist local farmers to improve the soil environment while increasing production output.

###### (B) Deep Market Strategy

Through briefing sessions, the company will continue to educate agricultural technicians and use advertising marketing to expand sales channels to open up local markets and attract medium and large-scale planting companies, state-owned agricultural companies and distributors.

###### (C) Increase Brand Awareness And Market Share In Overseas Markets

- a. In the Indonesian market, the company will hold a product use briefing session in the first-line rural areas, and continue to educate the use of agricultural technicians and fertilizer knowledge.
- b. In the Vietnamese market, the company will use advertising marketing to continue to expand sales channels.

###### B. Research direction

Through market research, the company is committed to developing functional, environmentally friendly customized products to provide better quality and cost saving to customers. It is also planned to continue to develop sophisticated market demand through efficient R&D management, and to enhance R&D technology and microbial bacteria libraries from marketing, R&D, production testing and other products to produce products that meet market needs.

###### C. Production Strategy

The company's current main operation is Malaysia. It plans to establish a cooperative distribution base in the ASEAN countries to expand the market quickly and effectively through the ASEAN national agent cooperation.



#### D. Operation Scale

The company has now become a major producer of biochemical compound fertilizers, and has achieved initial gains from the development of Malaysia as the main market structure. In the future, we will continue to expand overseas channels and market Southeast Asia with unique products to increase market share and increase overall operating scale.

#### E. Financial planning

Strengthen the financial and operational management of the Company, enhance risk control, effectively avoid exchange rate, interest rate and market risk; and through public offering, enhance the company's visibility and obtain long-term and low-cost funds.

### (2) Company Long-Term Plan

#### A. Marketing strategy

##### (A) Expanding overseas markets

The company will penetrate the Asian market with strong foundation in Malaysia (such as Indonesia, Vietnam, Thailand, Taiwan, Cambodia, Laos, Myanmar, Philippines, South Korea and Japan), and build factories in the region to save freight, and enter the Middle East and Europe. The market is the company's long-term goal.

##### (B) Developed as the No. 1 brand in Asia

At present, the company operates under the brand name “RealStrong” in Malaysia. It uses advertising marketing and customer reputation to continuously expand its sales channels to overseas. Through its active participation in public relations marketing strategies, it has shaped the company and its product image and popularity in order to develop into Asia. The No. 1 brand, a stable and sustainable business foundation

#### B. Research direction

The company continues to develop products for overseas market demand and cooperates with overseas universities to develop education. According to different regions and different climates, soils, plants and other specific products, products with functions such as pest resistance and environmental protection are introduced to increase customers' willingness to purchase and reduce Purchase cost. In addition, under the concept of sustainable agriculture, the company continued to develop projects for the use and recycling of agricultural by-products, and practiced environmental protection while reducing the cost of waste disposal for the agricultural

industry. Microbial application platforms can develop different high-end cultivation materials, such as inoculation of disease-resistant strains for seedlings, which can reduce the disease resistance of plants, and then add company products to bring better disease resistance and yield increase.

#### C. Production strategy

In order to provide localized products and save transportation costs, the company will build factories in various sales regions to provide local consumers with nearby demand.

#### D. Operation Scale

The company adheres to the concept of sustainable management, expands its human resources, expands its equipment, etc., and strives to expand its market share and become the No. 1 brand in Asia.

#### E. Financial planning

Enhance the company's financial management and operational capabilities, and use operational tools and flexible use of financial instruments to reduce operational risks and enhance competitiveness. Through the capital market, it will enrich working capital and support the needs of future development.

## 5.2 Overview of Market, Production and Sales

### 5.2.1 Market Analysis

#### (1) Sales Area Of Major Commodities

Unit: NT\$ in Thousand

Year Region	2018		2019		2020	
	Amount	%	Amount	%	Amount	%
Domestic Sales	2,495,239	92.84	1,704,322	96.41	1,545,443	94.07
Export	192,342	7.16	63,377	3.59	97,340	5.93
Total	2,687,581	100.00	1,767,699	100.00	1,642,783	100.00

Note: Domestic sales refer to sales in Malaysia, Indonesia and Taiwan, and the rest of the regions such as Vietnam, Singapore and the Philippines are exported.

#### (2) Market share

According to the 2015 survey data of the Department of Statistics Malaysia, the fertilizer market in Malaysia is still dominated by chemical fertilizers. Because Malaysian oil palm is mainly a large-scale planting company, the current unit fertilizer market is still higher than compound fertilizer. Refer to Universiti Putra Malaysia. According to the report, Malaysia's total fertilizer production in 2014 was 4.7 million tons, and the company's market share in 2014 was about 4.25%. At present, although the Malaysian market is still dominated by chemical unit fertilizers, the company's products can adjust the soil pH and organic content, so the application effect is better than chemical fertilizers in the land with low productivity or poor long-term application of chemical fertilizer pollution. With the increase in environmental awareness and the increase in long-term land pollution, the company's market share is expected to increase.

#### (3) Market Supply And Demand Situation And Growth In The Future

##### A. Global population growth pushes up overall demand

The global fertilizer market is closely related to food demand. As the global population continues to grow, it will push up global food demand and crop prices. With limited global arable land, increasing unit production has become the most urgent way for countries to solve food problems. In addition to the use of various fertilizers to increase unit yield and improve production efficiency, fertilizers with low cost and versatility are more acceptable to consumers.

According to the information released by FAO on Current world fertilizer trends and outlook to 2022, the demand for nitrogen, phosphorus, and potassium for chemical

fertilizers is still rising, and Asia is the world's main fertilizer market region. With the continuous population growth and limited arable land, the application of high-efficiency and low-cost fertilizers is the main trend, and the global fertilizer market should not undergo major changes.

#### B. High-performance, low-application, low-toxic compound fertilizer trend

In the case of continuous population growth and limited arable land, the application of higher-efficiency and low-cost fertilizers is the main development trend. It is different from the large-scale application of general chemical fertilizers in the past. The current market demand is toward organic, micro-organisms with multifunctional and chemical compound fertilizer. Meaning, under the principle of reducing the use of chemical fertilizers and reducing the toxicity to the soil, appropriate compound fertilizer products are developed for the growth patterns and nutritional needs of different plants.

### (4) Competitive Niche

#### A. Key Technology Threshold

Through the combination of chemical substances, organic fertilizers and microorganisms, the company has successfully developed biochemical compound fertilizers. By combining inorganic and organic to enhance soil pH and increase crop nutrient absorption, the company has improved its culture. Equipment and key patented technologies, the key beneficial microorganisms that are extracted and cultured from the soil, is to stabilize nitrogen in the air and soil, also contribute to the decomposition of phosphorus, acid, salt, potassium and organic matter, to allow plants to absorb directly, thereby increasing the fertilizers application, as well as the yield of crops compared with chemical fertilizers. The microbial flora can also enhance the immunity of crops against disease, make crops premature, antifreeze and increase water retention and drought resistance.

At present, the general compound fertilizers on the market are still dominated by chemical fertilizers. A few fertilizer manufacturers also produce chemical organic compound fertilizers. However, the production methods are to mix organic fertilizers with separately purchased chemical fertilizers to let the fertilizer contains organic and microbial components. This method of production is easy to cause microbial death. Therefore, how to combine chemical fertilizers, organic fertilizers and microbial fertilizers into appropriate configurations has become the threshold for entry into the industry. The company has been researched for many years. Stabilization technology can

effectively combine microorganisms with chemicals to successfully produce commercialized fertilizers.

Furthermore, even if the microbial death caused by chemical fertilizers is overcome, the oil palms need at least 2-3 years from plant, and when new products are to be introduced into the market, they must be planted in two rounds, with at least 5- 6 years of product testing. If successful, there are opportunities to win customers' willingness to adopt. The key technologies used by the company effectively combine chemical fertilizers, organic fertilizers and microbial fertilizers, and effectively prevent the contact of microorganisms and chemical fertilizers, so that microorganisms are not easily damaged, and the benefits of fertilizers are effectively maximized, so the key technology entry threshold is the company. An important competitive niche.

#### B. Product efficacy extends to pest control

Over the years, Malaysian oil palm tree has been seriously affected by ganoderma disease. *Ganoderma lucidum* is caused by *Ganoderma* fungus. The disease occurs at the base of the stem of the tree, so it is also called Basal Stem Rot. The infection rate of oil palm plantation About 20%, during the period of 10-12 years after planting the seedlings, it will lead to a significant reduction in production of more than 80%, which is a fatal disease of oil palm trees. In the early stage of *Ganoderma lucidum*, there are 1-3 pieces of *Ganoderma lucidum* fruit body in the stem base of the tree. The body shape is generally less than 3 cubic centimeters. The leaves are not drooping and dry, and the tree base condition is still hard. However, the plant vascular bundle is damaged and cannot be recovered. The *Ganoderma lucidum* fruiting body increased by 3-10 pieces, the leaves began to turn yellow and showed slight sagging, the tree body tissue began to soften, part of the *Ganoderma lucidum* body matured, the amount of the tree body became less and the fruit pieces became smaller; in the end stage, the *Ganoderma lucidum* fruiting body increased to more than 10 pieces, the body is hypertrophy, spread around the roots of the tree, the base of the stem can be easily excavated by sharp objects, the tree has no result, and the plant will be declared dead. According to statistics from the Federal Land Development Authority of Malaysia, ganoderma disease is happening in Malaysia annually. The damage is up to tens of billions of Taiwan dollars, which seriously jeopardizes the economic growth of the oil palm industry.

In order to effectively solve the harm of *Ganoderma lucidum* to oil palm trees, the company and the Malaysian Oil Palm Bureau have successfully developed *Hendsonia*, an endophytic fungus that controls *Ganoderma lucidum* in 2012, and launched a four-in-one

biochemical compound fertilizer containing endophytic fungi. And can reduce the incidence of 70% of Ganoderma lucidum disease. By successfully developing the control effect of Ganoderma lucidum disease, the company has extended the fertilizer to the field of pest control, and is far ahead of other competitors. The company will continue to strive to prevent pests and diseases in the future. In order to be ahead from competitors, the company's products will partially replace the farmers' demand for pesticides and increase the added value of fertilizer use.

#### C. Safe and reliable brand reputation

The fertilizer product is directly used in the soil, and the crop system absorbs the nutrients and elements in the soil through the roots. However, the fertilizer is not completely absorbed by the crop, and there are still residual substances in the soil, so it can improve the soil pH value and improve the crop. In addition to the effects of yield and quality, the impact of residues of fertilizer products on crops and the environment cannot be ignored. In an industry that needs to strengthen product safety, technical support and goodwill, a safe and reliable brand image is very important. The company understands the cost and product efficiency of farmers, prefers fertilizers certified by government units or recommended by the government, and once farmers are accustomed to using a certain product, in order to ensure the stability of their crops, it is not easy to replace other brands. Due to the habits of use, the company has been striving to develop R&D for many years, continuously improving product quality, and has been certified by government agencies. With the brand name “Real Strong”, the company actively expands her product sales market and carefully tests the soil conditions of the area in line with local needs. The right formula has obtained high added value in every link of the industrial chain. After years of hard work, the company has established a good reputation in the industry, providing farmers with stable product quality, sincere after-sales service and good technical support. Reliable products to increase farmers' brand loyalty.

#### D. Steady layout of production base and actively develop sales network

The company actively explores the sales market, based on Malaysia's stable layout, gradually sets up production bases, and actively establishes distribution networks in various places. The company plans to extend her products to the world. Her clients include government-to-investment companies and large private enterprises. Farmers' associations, regional distributors and end users-farmers. In the expansion of the market strategy, through the sales pipeline established after careful evaluation, the newly developed areas mainly through dealers, and hold public welfare briefings, to help and

teach farmers in various areas to improve soil, and improve production and quality, to brand the concept enters the pipeline to enhance the local farmers' understanding and acceptance of the company's brand; for the infiltrated areas, through the group subsidiaries or local agents, directly to the terminal market, and actively participate in the promotion activities, regularly send people to teach, educate and assist farmers in various districts to improve soil yield and quality, and set up experimental manor in each district to provide fertilizer for farmers to test and compare, and strengthen farmers' loyalty to the company's brand products. In addition, the company also provides market and technical support services, and is committed to providing growers with the highest quality products and after-sales service, providing comprehensive solutions and technical consultation, in order to achieve product awareness and brand recognition.



#### E. Cost advantage

Since the traders import raw materials from abroad to Malaysia for sale, the raw material prices will be higher. In order to reduce the procurement cost of raw materials, the company actively seeks cooperation with raw material producers that can directly trade to reduce indirect purchases through traders. We had business relationship with the major potassium chloride producers in Belarus and are directly trading with Chinese urea producers for another major raw material urea. The company directly and raw materials Producer transactions, to reduce the cost of raw materials, and make the company's product prices more competitive.

### (5) Advantages, Disadvantages and Countermeasures of Developing Prospects

#### A. Favorable factors

(A) Increased demand for plant fertilizers in the global foraging crisis

Global food demand is increasing due to population growth and economic development, but arable land for crops is difficult to increase due to the rise of environmental awareness, , but some areas will also be affected by desertification, resulting in a reduction in cultivated area.

Therefore, under the trend of increasing demand for crops and reducing the area of arable land, the method of increasing crop yield is to adopt measures to strengthen crop resistance and increase crop yield. For example, increase the amount of biochemical compound fertilizer and prevent insects through root protection. Or the damage of crops such as germs, on the other hand, the bio-based compound fertilizer provides plant root nutrients, so that crops can obtain various nutrients and increase the output per unit area. The aforementioned measures to increase crop yields will also drive the development of the overall crop biochemical compound fertilizer industry and expand the overall market size, which will be positive for the sales growth of All Cosmos's future business.

#### (B) Technical advantage

Various functional microorganisms can be mixed with each other, but when using mixed strains, it is necessary to consider the competition or the synergy between the strains to exert their positive effects. The company uses organic matter as a carrier of microorganisms, so that after the fermentation of the same organic matter is completed, the survival rate and effectiveness are improved through the compatibility test of the microorganism carrier.

In the fertilizer process, in addition to factors such as production cost of bacteria, mixed strains, and carrier stability, it is also necessary to add anti-antagonism test and survival test after adding stable carrier to ensure the affinity and timeliness of microbial flora and survivability. The company has developed and applied for a bio-stabilized fertilizer technology (A Bio-stabilized Fertilizer and a Method for Producing) patent, to effectively combine microorganisms with chemical fertilizers, organic matter, and block microorganisms and chemicals' direct contact of fertilizers to avoid damages to microorganisms to ensure the effectiveness of microorganisms, thereby taking advantage of the technology to expand the company's development in the biochemical fertilizer industry.

#### (C) Maintaining good relations with Malaysian government agencies and academic institutions



Over the years, the company has carried out many cooperation and exchanges with professional institutions such as the Malaysian Oil Palm Bureau, the Academy of Agricultural Sciences and the National University of Technology, and has maintained good cooperative relations for a long time. In addition, the company was appointed by the Ministry of Science, Technology and Innovation (MOSTI) of the Federal Government of Malaysia in 2011 as a consultant for high-tech green agriculture. The Prime Minister of Malaysia personally leads the research and development, innovation and environmental protection as its main purpose and implementation strategy. Its members are only 10 companies. The company is the only private company. As the fertilizer industry is an industry that attaches great importance to product safety, technical support and goodwill, the fertilizer products developed in cooperation with academic institutions or certified by government agencies are more trusted and favored by farmers, so they cooperate well with government agencies and academic institutions. Relationships have positive benefits for the company.

#### B. Unfavorable factors

- (A) The main raw materials depend on imports and are vulnerable to shortage of international raw materials or price increases.

The company's main chemical raw materials such as urea, phosphate fertilizer and potash fertilizer rely on imports. If there is a shortage of international raw materials or price increases, the company may be adversely affected.

Response measures:

The company keeps abreast of market information. In order to fully grasp the source of supply, there are more than two suppliers of main raw materials, and maintain a good and stable cooperative relationship. A reasonable safety stock is prepared for the raw materials, and the sales price of the downstream is moderately adjusted when the price fluctuates. Follow the market to reduce the impact.

- (B) Risk of sales concentration

Oil palm is the main cash crop in Malaysia. Therefore, the government attaches great importance to the development of oil palm industry. It has a number of related institutions and investment companies. Oil palm enterprises need to have the processing capacity of palm oil processing, transportation and storage and sales. Therefore, Malaysian oil palm industry is mainly based on public and large-scale

enterprises, which is the case where the company has sales of goods concentrated in large enterprises.

Response strategy:

In addition to its commitment to maintain relationships with her customers, the company regularly assigns technical personnel or sales personnel to the customer's field to observe the use of fertilizers, and to produce research reports on its processes and achievements, to stabilize existing customers and actively expand new customers. The use of the company's products by well-known large enterprises, establishes a brand image, and drives more farmers to buy and use, in order to reduce the risk of sales concentration.

### 5.2.2 Important use of the main products and production process

#### (1) Important uses of major products

Fertilizers can be roughly classified into chemical fertilizers, organic fertilizers and biological fertilizers according to the raw material categories. Various fertilizers have their own advantages and disadvantages. Chemical fertilizers have fast effects, but they are easy to cause environmental pollution and destroy soil structure. Organic fertilizers can change soil properties and increase nutrient, but large in volume and high in application cost; biological fertilizer is applied in small amount and low in cost, but it must be used in combination with other fertilizers. Here are the advantages and disadvantages listed below:

<b>Fertilizer category</b>	<b>Advantages</b>	<b>Disadvantages</b>
Biological fertilizer	No pollution problem	Non-fast-acting needs to be combined with organic or chemical fertilizers
	Not harmful	Have a certain and shelf life
	Less application	Vulnerable to environmental impact
	Lower production costs	Need to apply to the root circle to be easy to express
Chemical fertilizer	Rapid fertilizer efficiency	Contaminated environment
	Easy to adjust fertilizer ratio	Improper use is easy to have a fat injury
	Supply sufficient nutrients	Improper use of soil degradation, acid
	Less application	Production consumes a lot of energy
Organic fertilizer	Good soil improvement	Large volume and weight, high application cost

	Utility mitigation	Composting production has pollution problems
	Less harmful	Production of compost takes time, labor, and land consumption
	Wide applicability	Improper organic matter is prone to pests and diseases

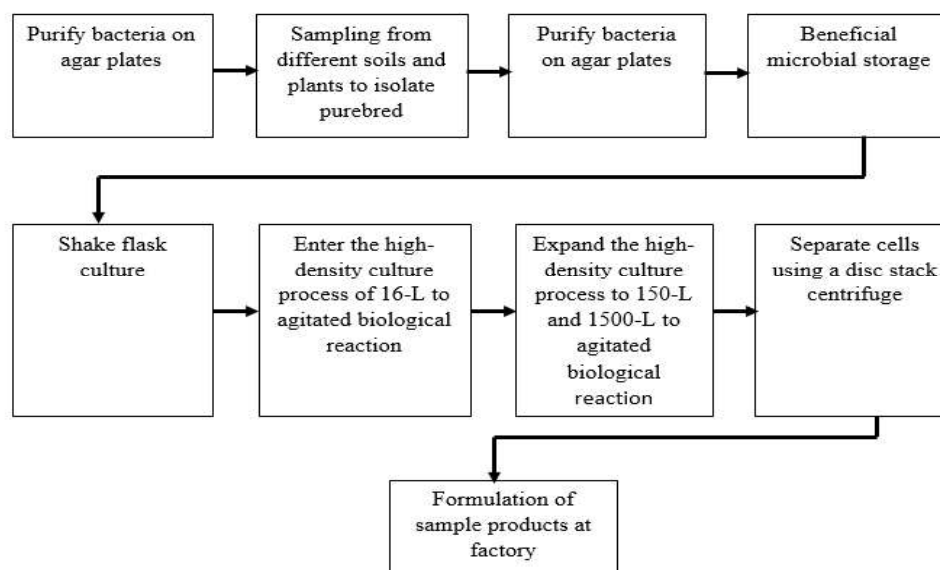
Source: Taiwan Agricultural Biotechnology Industry Quarterly

Because fertilizer is a popular material, it is a relatively traditional industry, hence, it is very competitive especially with many large-scale chemical fertilizer plants in the market. Therefore, the company's main products are biochemical compound fertilizers that combine organic matter, beneficial micro-organisms and chemical raw materials. Its products mainly combine the advantages of each unit of fertilizer, improve the efficiency and effect of crop nutrient absorption, promote the growth of crop roots, enhance soil nutrients and improve water retention capacity, and clearly distinguish it from the chemical fertilizers that account for the majority of the market.

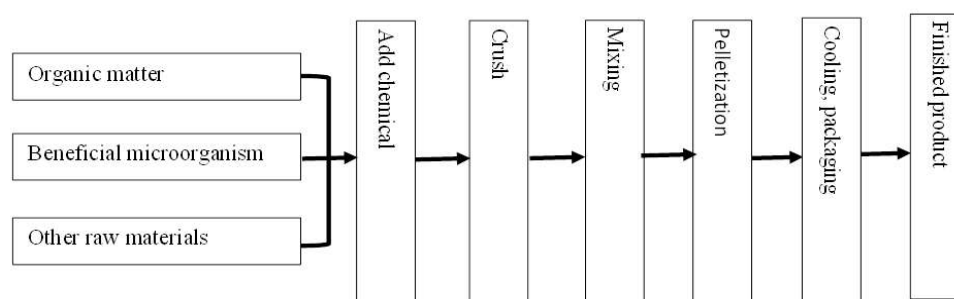
## (2) Production process of major products

The company's 3-in-1 biochemical compound fertilizer is mainly composed of chemical fertilizer, organic fertilizer and microbial fertilizer. According to the theory of nitrogen balance and soil health, it is compounded by techniques such as bio-high nitrogen source fermentation technology and comprehensive extrusion granulation. It can be mainly divided into beneficial microbial culture process and three-in-one biochemical fertilizer production process:

### A. Beneficial microbial culture process



## B. Biochemical fertilizer production process



### 5.2.3 Supply status of major raw materials

The company's main raw materials are chemical raw materials such as urea, potassium chloride and phosphate rock. The company maintains a good and stable cooperative relationship with major raw material suppliers. In order to fully grasping the source of supply, it strictly controls quality and delivery. To ensure the supply of major raw materials is flawless. There was no supply shortage or interruption in the last three years and the application year, and the supply was stable.

### 5.2.4 Explanation of major changes in gross profit margin of major products or sectors in the last two years

Unit: NT\$ in Thousand

Item \ Year	2019	2020
Operating Income	1,767,699	1,642,783
Operating Gross Profit	393,312	372,147
Gross Profit Margin	22.25%	22.65%
Gross Rate Of Change	22.8%	1.80%

The company's 2020 gross profit margin changes below 2%, mainly due to the fact that oil palm plantation customers have been affected by the weak international oil palm prices from the fourth quarter of 2018, which led to lower revenue or operational difficulties, which in turn reduced the willingness to apply fertilizers and delayed orders. In addition, the budget for fertilizer use in 2019 has been reduced by 30-50% compared with previous years. In the case of tight cash flow, most plantations switch to cheap and low-priced unit fertilizers or mixed fertilizers in terms of fertilizer selection. Since unit fertilizers or mixed fertilizers are all competing unit price markets, the company will choose not to take orders if there is no profit, which will affect the company's revenue and gross profit. The fluctuation of international oil palm prices in 2019 has delayed the bid opening schedule in the first half of 2020, and shipments in January and February have significantly decreased. Coupled with the fact that the Malaysian government implemented the "Movement Control Order" in mid-March in response to Covid-19,

operations in the first quarter of 2020 have fallen to the bottom. The Company is in necessities industry in Malaysia, therefore, even with the movement control order, work still quickly resumed after a short shipment shock, and operations gradually stabilized since the second quarter. In the unstable environment, the plantation's 2020 fertilizer budget did not increase significantly with the crude palm oil price. Farmers' willingness to apply biochemical compound fertilizers is still conservative compared to the past, and the fertilizer budget is still mainly in chemical fertilizer.

#### 5.2.5 List of major customers and suppliers

- (1) The name of the supplier who had accounted for more than 10% of the total purchase amount in any of the previous two years and the amount and proportion of the purchase amount

Unit: NT\$ in Thousand;%

Item	2018				2020				March 31, 2021			
	Name	Amount	Net annual purchase of goods (%)	Relationship	Name	Amount	Net annual purchase of goods (%)	Relationship	Name	Amount	Net annual purchase of goods (%)	Relationship
1	JSC BELARUSIAN POTASH COMPANY (BPC)	388,140	44.52	None	JSC BELARUSIAN POTASH COMPANY (BPC)	241,873	22.83	None	JSC BELARUSIAN POTASH COMPANY (BPC)	172,526	37.59	None
2	ETG AGRI INPUTS FZE (ETG)	77,776	8.92	None	FERTART PTE LTD. (FERTART)	81,841	7.72	None	LAO KAIYUAN MINING SOLE CO LTD (LAO KAIYUAN)	58,236	12.69	None
3	HAPSENG FERTILIZERS SDN BHD (HAPSENG)	43,697	5.01	None	HAPSENG FERTILIZERS SDN BHD (HAPSENG)	76,811	7.25	None	AMEROPA ASIA PTE LTD (AMEROPA)	48,583	10.58	None
	Others	362,154	41.55	None	Others	659,018	62.20	None	Others	179,643	39.14	None
	Net purchase	871,767	100.00		Net purchase	1,059,543	100.00		Net purchase	458,988	100.00	

The company is mainly engaged in the production and sales of biochemical composite fertilizers. The main raw materials of the products are urea, phosphate rock, potassium chloride, borax, ammonium phosphate, ammonium chloride, dolomite powder and organic matter (cocoa shell residue, coffee grounds or oil. Brown slag) and etc. Because raw materials such as urea, potassium chloride and phosphate rock are natural resources, only a few countries such as China, Arabia, Iran, Russia, Egypt and India have a large amount of reserves for mining, so the company avoids shortage of raw materials and reduces The

impact of major changes in purchase prices, with supply contracts with major purchase suppliers for long-term cooperation to reduce risk.

Supplier changes are mainly affected by fluctuations in the performance of the company and are also affected by fluctuations in the unit price of raw materials. To ensure source stability and avoid price fluctuation, the company's supplier of chemical raw material potassium chloride include Belarusian manufacturer BPC, LAO KAIYUAN, local fertilizer importer HAPSENG. Others such as WILMAR, DEEBAJ, and ETG are mainly engaged in the trading and marketing of unit chemical fertilizers, chemical raw materials and pesticides. The company will also purchase goods from local suppliers with competitive prices.

(2) The name of the customer who had accounted for more than 10% of the total sales in any of the previous two years and the amount and proportion of the sales

Unit: NT\$ in Thousand;%

Item	2019				2020				March 31, 2021			
	Name	Amount	Net annual sales of goods (%)	Relationship	Name	Amount	Net annual sales of goods (%)	Relationship	Name	Amount	Net annual sales of goods (%)	Relationship
1	SABAH SOFTWOODS BERHAD (SSB)	242,282	13.72	Note 1	RISDA AGRO SDN BHD(RASB)	133,627	8.13	None	SIME DARBY BERHAD (SIME)	69,759	17.02	None
2	BORNEO SAMUDERA SDN BHD	161,530	9.14	Note 2	SIME DARBY PLANTATION BERHAD (SIME)	126,046	7.67	None	SABAH SOFTWOODS BERHAD (SSB)	47,388	11.56	Note 1
3	RISDA VENTURES SD N BHD (RVSB)	133,729	7.57	None	FELDA TECHNOPLANT SDN BHD (FELDA)	118,612	7.22	None	LAPANDAY FOODS CORPORATION (LAPANDAY)	22,377	5.46	None
	Others	1,229,958	69.57		Others	1,264,498	76.98		Others	270,335	65.96	
	Net Sales	1,767,699	100.00		Net Sales	1,642,783	100.00		Net Sales	409,859	100.00	

Note 1: SSB holds a 45% stake in SSHF and is a substantial shareholder of the subsidiary.

Note 2: BORNEO is an affiliate of Sawit Kinabalu Ecotech Sdn. Bhd.

The Company is principally engaged in the production and sales of biochemical composite fertilizers. The current sales area is South East Asia and Mainland China, and the main sales market is Malaysia. Sales customers are mainly state-owned enterprises, companies or individuals in oil palm planting and crop planting, including large enterprises, local distributors and grassroots farmers. The changes in sales volume of major customers of the Company are affected by global food demand.

FELDA is a Malaysian Federal Land Development Agency transfer company, one of the largest companies in the world, BORNEO is Sawit Kinabalu Sdn. Bhd. (Kota Kinabalu Oil Palm Co., Ltd., SWSB) 2nd tier subsidiary company with 100% shareholding. In order to optimize and promote economy of Sabah, SWSB is the investment company of the Sabah State Government. BORNEO mainly develops oil palm plantation and produces and sells palm oil products. SSB also invested by Sabah State Government and her main business activity is to operate oil palm plantations. RVSB is a 100% shareholding company of Rubber Industry Smallholders Development Authority (RISDA). Its parent company RISDA is the Ministry of Rural and Regional Development of the Federal Government of Malaysia in 1973 to assist local rubber in Malaysia. The small garden owners were established by using cultivating and new agricultural technologies to enhance the diversity and quality of crops, while RVSB was mainly responsible for sourcing and supplying compound fertilizers to various oil palm and rubber planting companies.

RASB is a 100% invested by RISDA ESTATES SDN BHD (also known as ESPEK SDN BHD (abbreviated as "ESPEK"). ESPEK is 100% invested by the Malaysian Rubber Industry Small Park Owners Development Bureau, which its parent companies RISDA and ESPEK were established by the Ministry of Rural and Regional Development of the Federal Government of Malaysia in 1973 to help local rubber garden owners in Malaysia to utilize seeding and new agricultural technologies to improve the diversification and quality of crops. The company started business transactions with ESPEK since 2009 to mainly purchasing customized fertilizers for oil palm plantation.

Lapanday is a planter, supplier and exporter of fresh bananas and pineapples in the Philippines. It mainly exports to the international market. The company's orders with it are mainly customized fertilizer for banana.

#### 5.2.6 Production Value Of The Last Two Years

Unit : Ton ; NT\$ in Thousand

Annual year Production value Major Products	2019			2020		
	Production Capacity	Production Amount	Production Value	Production Capacity	Production Amount	Production Value
Biochemical Compound Fertilizer	327,260	102,490	1,233,394	327,260	119,715	1,108,897
Chemical Fertilizer		62,357			56,238	
Total	327,260	164,847	1,233,394	327,260	175,953	1,108,897

Note 1: Capacity only lists the capacity of subsidiaries ACI and SSHF machines.

Note 2: The output does not include product packaging such as unit fertilizer packaging, manual mixing and small packaging.

### 5.2.7 Sales Volume In The Recent Two Years

Unit: Tons: NT\$ in Thousand

Year	2019				2020			
	Domestic sales		Export		Domestic sales		Export	
	Amount	Value	Amount	Value	Amount	Value	Amount	Value
Biochemical Compound Fertilizer	89,418	978,651	4,573	56,536	95,885	833,406	8,849	96,699
Chemical Fertilizer	80,341	669,601	501	6,842	92,774	578,166	-	-
Others	10,385	56,070	-	-	9,871	133,871	-	641
Total	180,144	1,704,322	5,074	63,378	198,530	1,545,443	8,849	97,340

Note 1: The sales volume does not include other items such as bags and coffee grounds.

Note 2: Chemical fertilizers contain raw materials for sale.

Note 3: Domestic sales are sold in Malaysia, Taiwan and Indonesia, and exported to the Philippines and Vietnam.

### 5.3 The number of employees, average service years, average age and academic distribution ratio of employees in the last two years and the year ended

Unit : Headcount

Year		2019	2020	End of March, 2021
Number of Staff	Direct employee	218	195	200
	Indirect employee	156	155	155
	Total	374	350	355
Average age		33.23	34.34	34.64
Average Service Years		4.12	4.99	5.16
Academic Distribution	Master's Degree and above	9	10	10
	College	114	114	114
	High school and below	251	226	231
	Total	374	350	355

### 5.4. Environmental Expenditure Information

1. According to the law, the applicant shall apply for a permit or a pollutant discharge permit or a pollution prevention and control fee or a person who should set up an environmental protection special unit. The claim, payment or establishment status: None.
2. The company's investment in the main facility for the prevention and control of environmental pollution and its use and possible benefits:



December 31, 2020 Unit : RM

Device name	Quantity	Date Of Acquisition	Cost Of Investment	Unreduced Balance	Use and anticipation may result in benefits
Dust collection chamber (14mx3mx2.8m)	1	2011.05.18	40,260.00	1,342	Collect dust from the production of fertilizer
Dust collection chamber (8mx3mx2.8m)	1	2011.05.18	12,110.00	404	Collect dust from the production of fertilizer
Dust recycling equipment system	1	2017.07.30	474,300.00	295,258	Collect dust from the production of fertilizer

3. The company has improved the environmental pollution in the last two years as per annual report, and the company has a pollution dispute, and should explain its treatment: None.
4. The total amount of damages (including compensation), the total amount of the company's losses (including compensation) and the future response measures (including improvement measures) and possible expenses (including possible counter measures may not be taken) due to environmental pollution losses (including compensation) in the last two years and the end of the annual report. The estimated amount of loss, disposition and compensation, if it cannot be reasonably estimated, should state the fact that it cannot be reasonably estimated): None.
5. The current pollution situation and its impact on the company's earnings, competitive position and capital expenditure and its estimated major environmental capital expenditures in the next two years: None.

## 5.5. The Relationship of Employers and Employees

1. The company's various employee welfare measures, training, retirement system and its implementation status, as well as the agreement between labor and management and the maintenance measures of various employee rights and interests
  - (1) Employee welfare measures
    1. Give annual salary increases and pay year-end bonuses based on employee performance
    2. Promotion and salary increase according to the performance of the administrative staff
    3. Employee overtime allowance
    4. Employee annual leave system
    5. Employee medical assistance and health check
    6. Employee flexible work system
    7. Employee travel allowance

## 8. Employee leisure and club activity benefits

### (2) Employee training and training situation

In line with the company's operating policies, departmental goals, personal work or tasks, and in-house training or external training, sponsor employees to participate in relevant knowledge, technology, attitude and other related courses.

In addition, the company allocates an additional 1% of the salary cost (1% of the statutory requirement) to the Development Human Resources Development Fund (HRDF) for employee training. Training courses such as leadership, project management, intensive technical training, interpersonal communication skills, work attitudes and safety knowledge.

### (3) Retirement system

The Company has a retirement scheme and allocates a provident fund to a certain percentage of the total amount of wages paid in accordance with the local “Labor Law”, namely the EPF (locally referred to as EPF) rules and regulations on EPF contributions ratio.

The basis of the Malaysian Provident Fund Board (EPF) is as follows:

- A. Non-employed employees: Can not be listed.
- B. Non-Malaysian citizens: You may choose to option out from the scheme
- C. Malaysian citizens: 11% for employees and 12% for companies.

### (4) Agreement between labor and management

At present, employees of the company can express their opinions to the human resources department or department heads through e-mail, or meetings and meetings with employees. The communication channel is smooth and the labor relations are harmonious.

### (5) Protection measures for various employee rights

1. The highest arbitration unit of the company's personnel evaluation committee for employees' problems and disputes
2. Company personnel regulations, national labor and employment regulations as a model for solving personnel problems
3. The company's personnel regulations electronic manual is widely distributed to each new employee, and explanation and guidance are given.
4. The company's personnel department gives immediate assistance and corrections to the employees on their problems and rights on daily basis.

2. In the past two years and up to the date of publication of the annual report, the company suffered losses due to labor disputes, and disclosed the estimated amount and corresponding measures that may occur in the current and future. If it cannot be reasonably estimated, which fact should be stated: None

## 5.6 Important Contracts

No	Contract Title	Contract Holder	Contract Validity	Contains and Term & Conditions
1	Fertilizer Formula Licensing Agreement	1. MALAYSIAN PALM OIL BOARD, MPOB 2. All Cosmos Industries	Sept 1, 2017 till Aug 31, 2022 (Note)	The licensed product is a compound fertilizer for use in oil palm, and its production is based on the information, expertise or improvement provided by MPOB in accordance with this contract.
2	Joint Venture Agreement	1. Sabah Softwoods Berhad (SSB) 2. All Cosmos Industries	Jan 12, 2011	Established a joint venture company (Sabah Softwoods Hybrid Fertiliser Sdn Bhd) in Sabah to operate a fertilizer manufacturing plant that markets, trades and sells fertilizers.
3	Land Sales & Purchase Agreement	1. Real Strong (M) Sdn Bhd 2. All Cosmos Industries	Dec 31, 2009 (Valid till Jan 29, 2026)	Purchase of leased land at PLO 539, Jalan Keluli, Pasir Gudang Industrial Estate, Johor Bahru, Johor from Real Strong (M) Sdn Bhd until January 29, 2026
4	Land Sales & Purchase Agreement	1. Johor Corporation 2. All Cosmos Industries	July 18, 2011 (effective from January 30, 2026, until January 29, 2056)	Johor Corporation (Perbadanan Johor) agreed to extend the lease of land at PLO 539, Jalan Kelui, Pasir Gudang Industrial Estate, Johor Bahru, Johor.
5	Land Sales & Purchase Agreement	1. Johor aluminum 2. All Cosmos Industries	Oct 30, 2000	Johor Alumium (Perbadanan Johor) agreed to lease the land at PLO 442 Jalan Suasa, Pasir Gugang Industrial Estate, Johor Bahru, Johor.
6	Land Sales & Purchase Agreement Appendix	1. Johor Corporation 2. All Cosmos Industries	July 20, 2011 (effective from September 24, 2023, until September 23, 2053)	Johor Corporation (Perbadanan Johor) agreed to extend the lease of the land at PLO 442 Jalan Suasa, Pasir Gugang Industrial Estate, Johor Bahru, Johor
7	Land Sales & Purchase Agreement	1. Johor Corporation 2. All Cosmos Industries	March 28, 2012 (The period of use until December 26, 2072)	Johor Corporation (Perbadanan Johor) agrees to lease the land at PLO 650, Zone 12, Pasir Gudan Industrial Estate, Johor Bahru, Johor
8	Fertilizer Formulation Licensing Agreement	1. MALAYSIAN PALM OIL BOARD, MPOB 2. SABAH SOFTWOODS	Effective from October 24, 2014, within five years from the date of signing the contract (Note)	The licensed product is a compound fertilizer for use in oil palm, and its production is based on the information, expertise or improvement provided by MPOB in accordance with this contract.
10	Land Sales & Purchase Agreement	1. POIC Sabah Sdn Bhd 2. SABAH SOFTWOODS	March 31, 2011 (Validity till Dec 31, 2104)	POIC Sabah Sdn Bhd agreed to lease the land at No. 51 (217,800 square feet) of Phase 2, Jalan Tengah Nipah, POIC. Lahad Datu, Sabah
11	Joint Venture	1. Sawit Kinabalu Ecotech Sdn Bhd (SKESB)	Feb 23, 2018	Established a joint venture company in Kinabalu (Kinabalu Life Sciences Sdn Bhd), which is mainly responsible for the research and

No	Contract Title	Contract Holder	Contract Validity	Contains and Term & Conditions
	Agreement	2. All Cosmos Industries		production of bacterial cells for oil palm waste disposal.
12	Joint Venture Agreement	1. Sawit Kinabalu Ecotech Sdn Bhd (SKESB) 2. All Cosmos Industries	Feb 23, 2018	Established a joint venture company in Sabah (Sawit Ecoshield Sdn Bhd) to provide industrialized services for agricultural waste recycling.
13	Joint Venture Agreement	1. YPJ Plantations Sdn Bhd 2. All Cosmos Bio-Tech Holding Corporation	March 12, 2018	Established a joint venture company (PT All Cosmos Biotek) in Indonesia to operate a fertilizer manufacturing plant, which will market, trade and sell fertilizers
14	Technical Sales Agreement	1. Malaysian Agricultural Research And Development Institute (MARDI) 2. Arif Efektif Sdn Bhd	Oct 9, 2018	AESB signed a technical sales contract with MARDI to obtain a liquid gun for the use of induced system resistant papaya seedlings to control papaya bacterial wilt, and adjustable capacity.
15	Joint Venture Agreement	1. Grape King Bio. Ltd 2. Chiu, Hsien Chih 3. All Cosmos Bio-Tech Holding Corporation	Jan 9, 2019	Established a joint venture company (GK Bio International Sdn Bhd) in Malaysia to promote and sell healthy foods, food supplements and raw materials in member countries such as Malaysian Association of Southeast Asian Nations.
16	Land Sales & Purchase Agreement	1. PT Perkebunan Nusantara III (Persero) 2. PT All Cosmos Biotek	Sept 17, 2018 (Validity till Sept 16, 2048)	PT Perkebunan Nusantara III agreed to lease the land (40,000 square meters) at Sei Mangkei Village, Bosar Malings Sub-District, Simalungun Recency, North Sumatera Province Plot B-9

Note: The contract is extended with the written consent of both parties.

## 6.0 Financial Overview

### 6.1 Brief financial statements and comprehensive profit and loss statements for the recent five years

#### 6.1.1 Information on brief financial statement and comprehensive profit and loss statements

##### 1. Concise Balance Sheet

Unit : NT\$ In Thousand

Item \ Year	(Financial information for recent five years)					As at March 31, 2021 Financial Report
	2016	2017	2018	2019	2020(note1)	
Current assets	1,369,721	1,942,817	2,133,931	1,788,718	1,827,027	2,043,101
Real estate, plant and equipment	468,990	475,961	482,291	470,047	441,878	432,358
Intangible assets	2,717	2,079	8,580	2,457	1,680	1,502
Other assets	271,722	266,653	356,068	378,289	343,785	220,456
Total assets	2,113,150	2,687,510	2,974,870	2,639,511	2,614,370	2,697,417
Current liabilities	Before Distribution	458,041	263,052	390,855	175,438	221,393
	After Distribution	579,516	432,742	544,537	239,472	285,427
Non-current liabilities		118,094	97,509	47,949	38,158	29,799
Total liabilities	Before Distribution	555,550	342,184	438,804	213,596	251,192
	After Distribution	677,025	511,874	592,486	277,630	315,226
Attributable to the owners of the parent company		1,332,857	2,038,955	2,172,389	2,045,734	1,986,510
Share capital		565,000	640,340	640,340	640,340	640,340
Capital reserve		411,187	781,838	781,838	781,838	781,838
Retaining surplus	Before Distribution	725,813	927,211	1,062,310	943,876	962,046
	After Distribution	604,338	757,521	908,628	879,842	898,012
Other rights		(369,143)	(310,434)	(312,099)	(320,320)	(397,714)
Treasury stock		-	-	-	-	-
Non-control interest		224,743	306,371	363,677	380,181	376,668
Total equity	Before Distribution	1,557,600	2,345,326	2,536,066	2,425,915	2,363,178
	After Distribution	1,436,125	2,175,636	2,382,384	2,361,881	2,299,144

Note 1: The 2020 cash dividend distribution case was approved by the board of directors of the company on March 26, 2021, and is expected to report to the shareholders meeting on June 28, 2021.

## 2. Brief Comprehensive Profit and Loss Statement

Unit : NT\$ in Thousand

Year Items	(Financial information for recent five years)					As at March 31, 2021 Financial Report
	2016	2017	2018	2019	2020	
Operating income	2,065,543	2,263,652	2,687,581	1,767,699	1,642,783	409,859
Operating gross profit	655,420	751,521	774,594	393,312	372,147	81,662
Operating profit and loss	324,598	406,721	356,769	73,231	102,711	29,169
Non-operating income And expenditure	5,956	214	42,246	30,587	46,960	12,958
Net profit before tax	330,554	406,935	399,015	103,818	149,671	42,127
Continuing business unit Current net profit	292,264	396,423	348,687	38,678	98,168	28,559
Loss of business unit	-	-	-	-	-	-
Current net profit (loss)	292,264	396,423	348,687	38,678	98,168	28,559
Other comprehensive profit and loss of the period (net after tax)	(104,033)	66,787	(1,577)	(10,165)	(91,207)	(74,853)
Current consolidated profit and loss lump sum	188,231	463,210	347,110	28,513	6,961	(46,294)
Net profit belongs to Parent company owner	243,217	322,873	305,058	35,694	82,204	27,120
Net profit belongs to Non-control interest	49,047	73,550	43,629	2,984	15,964	1,439
The total profit and loss is attributable to the parent company owner	154,711	381,582	303,393	27,473	4,810	(35,832)
Total consolidated profit and loss is attributable to non-controlling interests	33,520	81,628	43,717	1,040	2,151	(10,462)
Earnings per share	4.30	5.31	4.76	0.56	1.28	0.42

6.1.2 Significant events affecting the above-mentioned concised financial statements for consistency comparison, such as accounting changes, company mergers or suspension of business departments, etc. and their impact on the current year's financial statements: None.

6.1.3 Names and audit opinions of auditor in the past five years

1. Names and audit opinions of auditor in the past five years

Year	Name of Audit Firm	Auditors	Audit opinions
2016	Deloitte & Touche	Yu Cheng Chuan and Zhang Gen Xi	Unqualified Opinion
2017	Deloitte & Touche	Chen Chiang Hsun and Yu Cheng Chuan	Unqualified Opinion
2018	Deloitte & Touche	Chen Chiang Hsun and Yu Cheng Chuan	Unqualified Opinion
2019	Deloitte & Touche	Chen Chiang Hsun and Yu Cheng Chuan	Unqualified Opinion
2020	Deloitte & Touche	Chen Chiang Hsun and Ho Jui Hsuan	Unqualified Opinion

2. If there are any changes of auditor in the last five years, the reason of replacement of the company, the predecessor and the successor auditor must be stated.  
The company passed the board of directors in March 2014 and appointed the auditor of Deloitte & Touche to conduct the audition. In the past four years, the two auditors of Deloitte & Touche, Yu Cheng Chuan and Zhang Gen Xi have conducted the audition. Due to the internal rotation mechanism of the accounting firm, in the third quarter of 2017, two auditors, Chen Chiang Hsun and Yu Cheng Chuan, were required to conduct the audit, and Chen Chiang Hsun and Ho Jui Hsuan were required to conduct the audit from the first quarter of 2020.
3. The local public listed company has been in last seven consecutive years since the public issuance, or the foreign public listed company is being audit by the same auditor for recent seven consecutive years. It should explain the reasons for not changing the auditor. The independency of current appointed auditor or the company has implemented any countermeasure to strengthen the independency of auditor: not applicable.

## 6.2 Financial Analysis over the Recent Five Years

Unit : NT\$ in Thousand

Year Analysis Items (Note 1)		Financial Analysis over the Recent Five Years					As at March 31, 2021 Financial Report
		2016	2017	2018	2019	2020	
Financial structure (%)	Liabilities to assets ratio	26.29	12.73	14.75	8.09	9.61	16.55
	Long-term capital fixed assets ratio	352.91	444.78	460.25	443.34	456.30	443.06
Debt paying ability (%)	Current ratio	299.04	738.57	545.97	1,019.57	825.24	489.50
	Quick ratio	240.31	592.35	368.88	826.92	643.74	334.77
	Interest coverage ratio	1,460.25	3,110.54	2,237.66	1,198.84	3,470.97	3,424.94
Operation capability	Receivables turnover rate (times)	4.22	4.86	3.96	2.76	3.12	3.10
	Average number of days of cash receipt	86	75	92	132	117	118
	Inventory turnover rate (times)	6.04	6.26	4.45	2.91	4.15	3.38
	Payable turnover rate (times)	23.88	35.82	43.30	22.18	17.96	16.08

Year Analysis Items (Note 1)		Financial Analysis over the Recent Five Years					As at March 31, 2021 Financial Report
		2016	2017	2018	2019	2020	
	Average number of days of goods sale	60	58	82	125	88	108
	Total assets turnover rate (times)	4.07	4.79	5.61	3.71	3.60	3.75
	Total asset turnover rate (times)	0.93	0.94	0.95	0.63	0.63	0.62
Profitability	Asset return rate (%)	13.92	13.88	11.28	1.53	3.26	4.23
	Shareholders' equity return rate (%)	18.95	19.15	14.49	1.69	4.08	5.60
	Percentage of paid-up capital (%)	Operating profit	57.45	63.52	55.72	11.44	16.04
	Net income before tax	58.53	63.55	62.31	16.21	23.37	26.32
	Net income rate (%)	14.15	14.26	11.35	2.02	5.00	6.62
	Earnings per share (NT\$)	4.30	5.31	4.76	0.56	1.28	0.42
Cash flow	Cash flow ratio (%)	110.77	66.95	(55.86)	503.63	(57.31)	(6.93)
	Cash flow fair ratio (%)	83.60	107.87	58.22	125.60	106.28	53.59
	Cash re-investment ratio (%)	23.93	3.23	(21.95)	25.87	(8.21)	(1.24)
Leverage	Operation leverage	6.36	5.57	7.53	1.73	2.36	2.87
	Financial leverage	1.08	1.03	1.06	1.15	1.05	1.21

Please indicate the reasons for the changes in the financial ratios in the last two years. (If the increase or decrease is less than 20%, it can be exempted from analysis)

1. Increase of liabilities to assets ratio: The main subsidiary, ACI, was affected by the epidemic in the first half of the year. Sales in the first half of the year were slow, the market did not recover until the third quarter when the epidemic has been controlled. Procurement from suppliers increases when demand increases, and the increase in procurement loans has increased the total debt at the end of the period.
2. Decrease in current ratio and quick ratio: In the first half of the year, sales of subsidiary ACI were affected by the epidemic. After the third quarter, the epidemic was more controlled and the price of crude palm oil recovered gradually to warm up the market. As demand increased, so did purchases from suppliers. The increase in short-term loans purchased from foreign supplier JSC by LC has led to a decline in the current ratio. Although the current ratio has fallen, it is still >200%. The company has no difficulties in repaying debts and the overall capital allocation is also healthy.
3. Increase in interest coverage ratio: The company's interest coverage ratio continues to rise, and long-term borrowings have been amortized one after another, and interest expenses have also decreased. The profitability is sufficient to guarantee the repayment of due debts, and the company's long-term debt solvency has no other concerns.
4. Decrease in inventory turnover rate (times): Affected by the fall in crude palm oil prices in 2019, many plantations cut orders or postponed shipments due to internal capital turnover and internal rectification factors, resulting in higher inventory at the end of 2019 and lowering the inventory turnover rate in 2020. Affected by the epidemic in 2020, normal production capacity gradually resumed after the third quarter, but the supply still cannot be completed in a short time, coupled with the rising freight rate of container bulk transportation and the transportation time has also been lengthened. In order to respond to customer demand orders for the economic recovery in 2021, the company also maintains the inventory at the end of the period, resulting in a decline in the overall inventory turnover rate, which is still at the industry average level, so there is no hidden worry.



5. Increase in average selling days: Affected by the fall in crude palm oil prices in 2019, many plantations cut orders or postponed shipments due to internal capital turnover and internal rectification factors, resulting in higher inventory at the end of 2019 and lowering the inventory turnover rate in 2020. Affected by the epidemic in 2020, normal production capacity gradually resumed after the third quarter, but the supply still cannot be completed in a short time, coupled with the rising freight rate and the transportation time has also been lengthened. In order to respond to customer demand orders for the economic recovery in 2021, the company also maintains the inventory at the end of the period, resulting in a decline in the overall inventory turnover rate, which is still at the industry average level, so there is no hidden worry. In addition, the company also regularly assesses the risk of inventory falling price, and makes an inventory allowance for the loss of falling price to reflect the actual inventory value.
6. Increase in return on assets: The rebounding crude palm oil price has resulted in revenue increase this year, most of the long-term borrowings that are closely related to interest expenses were repaid and there was no increase in borrowings, resulting in a significant increase in the return on assets compared with the previous year. Affected by the epidemic in 2020, the world is moving towards a zero-interest rate era. Compared with the excessively low return on assets in 2019, it is a stable performance that the return on assets in 2020 is higher than the market interest rate, and there are no other concerns that need to be vigilant. .
7. Increase in return on equity: The company focuses on the research and development of the industry, and strives to open up overseas markets and develop new products. Despite the impact of the epidemic in 2020, crude palm oil prices have stabilized, and after-tax profits and losses of some foreign orders have significantly increased. The return on equity has also increased by nearly 144% compared with 2019, reflecting the company's influence in the industry.
8. Increase in operating profit: Despite the impact of the epidemic this year, the operating conditions in the first half of the year were poor, but the slowdown of the epidemic and the rebound in crude palm oil prices have increased overall profitability.
9. Increase in profit margin: Despite the impact of the epidemic this year, the operating conditions in the first half of the year were poor, but the slowdown of the epidemic and the rebound in crude palm oil prices have increased overall profitability.
10. Increase in EPS: The change in earnings per share was mainly due to the return of orders from major customers as a result of the stabilization of crude palm oil prices, and the stabilization of foreign subsidiaries' operations. In addition, affected by the political situation in Malaysia in 2019 which led to payment defaults from customers, more expected credit losses have resulted in a decline in the overall profitability of the group. The company has been actively negotiating to recover for payment receivable and thereby increased the company's net profit.
11. Decrease in cash flow ratio, cash flow fair ratio and cash reinvestment ratio: The direct cause of the decrease in cash flow from operating activities is that the sales of this year are concentrated after the third quarter, and the company generally grants a credit period of about 3 months, which increases the receivables on the closing accounts compared with the previous period and reduces the cash flow. In addition, in order to meet customer demand for orders, the purchase volume at the end of the period has also increased. Bank borrowings arising from the purchase of raw materials also increased the debt ratio, and the overall cash flow fell. According to past experience, the company does not have any non-payment and with a good internal control system, it will actively collect overdue debts. In addition, the company's current asset ratio is high, so the company has no cash flow shortage or difficulty in repayment.

Note 1. Calculation formula for analysis items:

1. Financial structure

(1) Liabilities to assets ratio = total liabilities / total assets.

(2) Long-term capital to property, plant & equipment ratio = (total equity + non-current liabilities) / net property, plant and equipment.

2. Debt paying ability

(1) Current ratio = current assets / current liabilities.

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

(3) Interest coverage ratio = net income before tax and interest expense / interest expense for the current period.

3. Operation capability

(1) Receivables (including accounts receivable and bills receivable arising from business operation) turnover rate = net sales / average receivables for each period (including balance of accounts receivable and bills receivable arising from business operation).

(2) Average number of days cash receipt = 365 / receivables turnover rate.

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

- (4) Payables (including accounts payable and bills payable arising from business operation) turnover rate = cost of goods sold / average payables for each period (including accounts payable and notes payable arising from business operation).
- (5) Average number of days of goods sale =  $365 / \text{inventory turnover rate}$ .
- (6) Fixed assets turnover rate = net sales of goods / net fixed assets.
- (7) Total asset turnover rate = net sales of goods / total assets.
4. Profitability
- (1) Assets return rate =  $[\text{Profit and loss after tax} + \text{interest expense} \times (1 - \text{tax rate})] / \text{average total assets}$ .
- (2) Shareholders' equity return rate = Profit and loss after tax attributable to owners of the parent company / average attributable to owners of the parent company.
- (3) Net income rate = profit and loss after tax / net sales of goods.
- (4) Earning per share = (profits and losses attributable to owners of the parent company - special dividends) / weighted average number of issued shares. (Note 3)
5. Cash flow
- (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
- (2) Net cash flow fair ratio = net cash flow from operating activities over the current five years / increase in (capital expenditure + inventory + cash dividend) for the current five years.
- (3) Cash re-investment ratio = (net cash flow from operating activities - cash dividends) / (gross fixed assets + long-term investment + other non-current assets + working capital). (Note 4)
6. Leverage:
- (1) Operation leverage = (net operating income - variable operating costs and expenses) / operating profit (Note 5).
- (2) Financial leverage = operating profit / (operating profit - interest expense).
- Note 2: The calculation formula of the earnings per share of the preceeding paragraph should pay special attention to the following matters when measuring:
1. Based on the weighted average number of common shares, not based on the number of shares issued at the end of the year.
  2. Anyone who has a cash increase or a treasury stock trader should consider the circulation period and calculate the weighted average number of shares.
  3. Anyone who has transferred surplus or capital increase will be retrospectively adjusted according to the proportion of capital increase when calculating the earnings per share of the previous year and the semi-annual, and no consideration on period of issuance is needed for the capital increase.
  4. If the special stock is a non-convertible accumulative of special stock, its annual dividend (whether or not it is paid) shall be the net profit reduction after tax or increase the net loss after tax. If the special stock is non-cumulative, in the event of net profit after tax, the special stock dividend shall be deducted from the net profit after tax; if it is a loss, it shall not be adjusted.
- Note 3: The cash flow analysis should pay special attention to the following items when measuring:
1. Net cash flow from operating activities refers to the cash inflow as per operating activities statement.
  2. Capital expenditure refers to the number of cash outflows per year of capital investment.
  3. The increase in inventory is only included when the ending balance is greater than the opening balance. If the inventory is reduced at the end of the year, it is calculated as zero.
  4. Cash dividends include common shares and special shares cash dividends.
  5. Gross property, plant and facility are the total amount of real estate, plant and facility before deducting accumulated depreciation.
- Note 4: The Issuer should classify various operating costs and operating expenses into fixed and variable properties. If there is an estimate or subjective judgment, attention should be paid to its rationality and consistency.
- Note 5: If the company's stock is not denominated or the denomination is not NT\$10, the calculation of the proportion of the paid-up capital in the former opening is calculated by the equity ratio of the balance sheet attributable to the owner of the parent company.

### **6.3 Audit Committee Review Report of the Latest Annual Financial Report**

All Cosmos Bio-Tech Holding Corporation.

#### **Audit Committee Review Report**

The Board of Directors has prepared the 2020 Business Report, Financial Statement and Retained Earning Distribution Proposal, of which the financial statements have been audited by Chen Chiang Hsun and Ho Jui Hsuan, auditors of Deloitte & Touche, and unqualified opinion auditing report is issued. The above-mentioned business report, financial statement and earnings distribution proposal have been checked by the Audit Committee and it is considered that there is no discrepancy. A report will be issued in accordance with the Securities Exchange Law for reference.

All Cosmos Bio-Tech Holding Corporation

Audit committee convener

Yang Yung Cheng

March 26, 2021

6.4 The consolidated financial statements of the parent company of the recent year by the accountant :

Please refer to pages 126 to 192 of this report.

6.5 If the company and its affiliate companies have encounter any financial turnover difficulty, the impact on the company financial condition should be listed in the latest annual report: None.

## 7.0 Review and analysis of financial status and financial performance and risk issues

**7.1 Financial status:** The main reasons for the significant changes in assets, liabilities and shareholders' equity in the last two years and their impacts. If the impact is significant, the future countermeasure plan should be stated.

Unit : NT\$ in Thousand

Year/ Analysis Item	2019	2020	Difference	
			Amount	Ratio (%)
Current assets	1,788,718	1,827,027	38,309	2.14
Property, plant and equipment	470,047	441,878	(28,169)	(5.99)
Intangible assets	2,457	1,680	(777)	(31.62)
Other assets	378,289	343,785	(34,504)	(9.12)
Total assets	2,639,511	2,614,370	(25,141)	(0.95)
Current liabilities	175,438	221,393	45,955	26.19
Long-term liabilities	3,359	-	(3,359)	-
Other Liabilities	34,799	29,799	(5,000)	(14.37)
Total liabilities	213,596	251,192	37,596	17.60
Share capital	640,340	640,340	-	-
Capital surplus	781,838	781,838	-	-
Retained earnings	943,876	962,046	18,170	1.93
Other equity	(320,320)	(397,714)	(77,394)	24.16
Total equity	2,425,915	2,363,178	(62,737)	(2.59)
<p>The main reasons for the increase and decrease of the two phases are more than 20%, and the change amount is at least NT\$10,000,000.</p> <ol style="list-style-type: none"> <li>1. Current liabilities: Mainly due to the increase in bank borrowing for purchases of materials and other payables such as increase in royalties payable and freight expenses. The increase in above liabilities is related to operating expenses. Short-term bank borrowings for purchasing materials are also normal corporate borrowings and will not cause any significant impact.</li> <li>2. Other equity: It is the result of exchange rate difference as the main operating point of the consolidated company is in Malaysia and the ringgit is the main functional currency, but the currency of the financial report is the new Taiwan dollar. Due to the large fluctuations in the foreign exchange market in 2020, there will be obvious differences and changes.</li> </ol>				

## 7.2 Financial Performance:

### (1) Financial performance analysis table

Unit : NT\$ in Thousand

Analysis Item	Year	2019	2020	Difference	
				Amount	Ratio (%)
Operating revenue		1,767,699	1,642,783	(124,916)	(7.07)
Operating costs		1,374,387	1,270,636	(103,751)	(7.55)
Gross profit		393,312	372,147	(21,165)	(5.38)
Operating expenses		320,081	269,436	(50,645)	(15.82)
Profit from operations		73,231	102,711	29,480	40.26
Non-operating income and expenses		30,587	46,960	16,373	53.53
Net profit before tax		103,818	149,671	45,853	44.17
Income tax expense		65,140	51,503	(13,637)	(20.93)
Net profit after tax		38,678	98,168	59,490	153.81
The main reasons for the increase or decrease of the two phases are more than 20%, and the change amount is at least NT\$10,000,000.					
<ol style="list-style-type: none"> <li>1. Operating profit: The increase in operating profit was mainly due to the decrease in expected credit impairment losses. Also, benefited from the positive factors of the strong crude palm oil price, the revenue and profit performance of plantation customers in 2020 both increased, with the help of customers' sufficient cash flow, expected credit loss decreased by 54,790 thousand NT dollars compared with the same period last year.</li> <li>2. Non-operating income and expenses: mainly increased from other benefits, such as the increase in foreign currency exchange benefits and the increase in financial asset benefits.</li> <li>3. Income tax expenses: the subsidiary of the company, ACI, obtained a 10-year tax exemption from the Ministry of Finance of Malaysia from March 2008 to March 2018. The preferential income tax rate of 20% is applicable to the company in the next 10 years after the expiration of the credit. However, since not having obtained the approval from the Ministry of Finance of Malaysia, the subsidiary is required to declare income tax at the original tax rate of 24%, hence increased in tax expenses.</li> </ol>					

### (2) Expected sales volume and its basis, possible impact on the company's future business financial and countermeasure plan

As the fertilizer market in Malaysia is still dominated by chemical fertilizers, the company realized its excessive product concentration and actively developing microbial compound fertilizer products on other crops to reduce the operational risks caused product concentration. In addition, the strategic cooperation with the Grape King will enable us to expand into the biotechnology business of health products from agricultural biotechnology and expand the ASEAN market together. In addition, the expansion of the company's Indonesian plant is still actively underway, with a view to expanding the market and reducing the operational impact of excessive single market concentration.

### 7.3 The analysis of cash flow changes

#### (1) Latest Analysis of changes in cash flow

Unit : NT\$ in Thousand

Analysis Item \ Year	2019	2020	Difference	
			Amount	Ratio (%)
Cash flow from operating activities	883,558	(126,878)	(1,010,436)	(114.36)
Cash flow from investing activities	(284,319)	131,608	415,927	146.29
Cash flow from financing activities	(344,349)	(46,096)	(298,253)	(86.61)
<p>Changes analysis:</p> <p>1. Cash flow from operating activities:</p> <p>The cash flow ratio in 2020 decreased by 114.36% or 1,010,436 thousand from the previous period, mainly due to the following factors:</p> <ul style="list-style-type: none"> <li>i. The net change of accounts receivable is -228,105 thousand, a decrease of 680,110 thousand or 150.47% from the previous period.</li> <li>ii. The net change in inventory is 10,140 thousand, a decrease of 301,163 thousand or 96.74% over the previous period.</li> <li>iii. The net change in prepayments is -86,913 thousand, a decrease of 106,509 thousand or 543.52% from the previous period.</li> </ul> <p>The company's accounts receivable in 2020 were higher than in 2019, mainly due to shipments affected by Covid-19 in the first half of 2020. The company began to resume normal shipments in June. In addition to increasing customer demand, sales were concentrated in the second half of the year and were approximately NT\$200 million more than the same period last year, so the receivables were also higher than last year.</p> <p>The company's inventory was affected by the setback of crude palm oil prices in 2019. Many plantations cut orders or delayed shipments due to internal capital turnover and internal rectification factors, which led to an increase in inventory at the end of 2019. Affected by Covid-19 in 2020, normal production capacity gradually resumed after the third quarter, but it was still unable to complete the supply in a short time. In addition, the epidemic caused the freight rate to rise and the transportation time to lengthen. In order to respond to customer demand orders for the economic recovery in 2021, the company maintains the inventory at the end of the period, so that the net change in the overall inventory turnover is reduced compared with the previous period.</p> <p>The net change in prepayments in 2020 decreased by 106,509 thousand compared with the previous period. This was because the increase in the purchase due to the increase in order demand, and according to the payment terms agreed by the supplier.</p> <p>2. Cash flow from investment activities: it is mainly the cash inflow of financial assets measured at amortized cost in 2020.</p> <p>3. Cash flow from financing activities: mainly due to the increase of short-term borrowing for material purchasing.</p>				

(2) Improvement plan for insufficient liquidity

Although the company continues to have operational capital turnover requirements in the coming year, it is expected that the company's revenue will be stable and the funds will be invested, so that the business activities will show a net cash inflow, and the cash flow of investment and financing activities should be available. Moreover, the company and the bank establish long-term good credit conditions, so there is no shortage of liquidity.

(3) Analysis of cash flow in the coming year (2021)

Unit : NT\$ in Thousand

Cash Balance At The Beginning	Estimated annual cash in/(out)flow	Expected cash surplus (shortage) amount	Remedies for estimated cash shortage	
			Investment plan	Financial plan
761,806	68,548	830,354	-	-
Analysis of changes in cash flow in the coming year:  1. Business activities: Continue to expand the company's business, and strengthen cost control, to estimate incoming cash flow amount.  2. Investment activities: Having two new joint ventures in East Malaysia's Sabah state, to do research and produce industrialized services for oil palm waste treatment and agricultural waste recycling services; Indonesia's new joint venture company set up a factory to expand the Indonesian market.  3. Financing activities: None.				

**7.4 The significant impact of annual capital expenditures on financial operations in the most recent year:**

Due to the good operating conditions of the company, the cash inflow from operating activities is stable and there is no significant capital expenditure in recent years, thus, there is no significant impact on the company's finances.

**7.5 The most recent annual investment policy, the main reason for its profit or loss, the improvement plan and the investment plan for the following year**

7.5.1 The company's investment policy:

The Company's main investment target is on the same industry and has not been engaged in non-related industries investment. In addition to the investment cycle regulation of the internal control system, the Company's Management enforced a standard of managing transfer investment business, such as "Relationship on Corporate Transaction Management Measures" and "The Measures for the Supervision and Management of Subsidiaries" are regulated for the investment in control. In addition, consider the various investment companies in the local laws and



regulations and the actual operating conditions, and assist the transfer companies to establish appropriate internal control systems.

7.5.2 The main reasons for the profit or loss of investment in recent years and the improvement plan:

Unit: NT\$ in Thousand

Re-invested Entities	Principal Business Activities	2019 Gain/(Loss) on Investment	Main Reason for Gain/(Loss)
ACI	Manufacturing and sales of biochemical organic high-performance compound fertilizer	88,681	Mainly from west Malaysia districts
SSHF	Manufacturing and sales of biochemical organic high-performance compound fertilizer	590	Mainly from east Malaysia districts
PT ACB	Manufacturing and sales of biochemical organic high-performance compound fertilizer	(4,316)	No sales revenue yet
PT ACI	Sales of biochemical compound fertilizer products	9,976	Increase of Indonesia market revenue and profit
AESB	Research and production of microorganisms into biochemical organic high-performance compound fertilizer	11,931	Increased sales of microorganisms
KLSSB	Research and production of microorganisms into oil palm waste treatment	974	Supplying microorganisms to SESB
CBSB	Forest planting and research	134	No business income yet
GKB	Probiotics for sale	3,363	Increased sales of probiotics
SESB	Research and production of microorganisms into oil palm waste treatment	(1,296)	New business, need more time to achieve regular production

7.5.3 Investment plan for the coming year

After the pandemic slows down, the company expects new joint ventures in East Malaysia's Sabah state to do research and produce industrialized services for oil palm waste treatment and agricultural waste recycling in the coming year; Indonesia's new joint venture company will also set up a factory to expand the Indonesian market. The Company will continue to cooperate with the overall operation and development, observe the market sentiment trend and the Group's business strategy and other factors to invest in the appropriate time.

## **7.6 Analysis and assessment of risk factors in the most recent year and till the publication date of annual report:**

### **7.6.1 The impact of interest rate, exchange rate changes and inflation on the company's profit and loss and future countermeasures**

#### **(1) Interest rate changes**

The Company's interest expenses for 2019 and 2020 were 9,448 thousands and 4,440 thousands respectively, accounting for 0.53% and 0.27% of the net operating income. The interest expense of the Company is mainly due to bank loans, and the ratio of operating income is not significant, so the interest rate changes have little impact on the Company. However, if there is a large fluctuation in the interest rate trend and the Company continues to have the demand for loans, the company will observe the interest rate trend and choose the fixed interest rate in addition to the other capital market financing tools. Loans by means of floating interest rates to reduce the risk of interest rate fluctuations.

#### **(2) Exchange rate changes**

Since the company's main sales locations are mainly in Southeast Asia such as Malaysia, basically most of the sales are denominated in Malaysian currency, while the purchases are mainly denominated in US dollars. Therefore, most of the exchange differences are pre-purchased in foreign currency, but there may still be insufficient of pre-purchased foreign exchange will may cause the appreciation of the RM position to the US dollar incurred risk of the foreign currency exchange loss to the Company.

The Company's foreign currency exchange gains in 2019 and 2020 were 9,533 thousands and 19,084 thousands respectively, accounting for 0.54% and 1.16% of net operating income, and there was no significant exchange rate fluctuation loss. The company has taken below countermeasures:

A. Continue to strengthen the concept of financial personnel's hedging, evaluate the pre-purchased foreign currency according to the company's purchase of raw material order amount and the exchange rate set by the sales order, and through the online exchange rate real-time system and strengthen the relationship with financial institutions and monitor international political status, etc. In order to judge the trend of exchange rate changes, it is used as a basis for pre-purchasing foreign currency.

B. Increasing the proportion of export sales against the expenses of the sales under the same currency of the cost of purchase and related expenses, in order to achieve natural hedging effect.

#### **(3) Inflation**

The global economic recession in 2020 is even worse than the 2009 financial crisis. It is mainly affected by the epidemic. The severe lockdown measures

adopted by various countries have greatly weakened economic activities. In addition, the loose policies have limited economic revitalization and the global economic growth factors are uncertain, the market prices of the company's main raw materials such as chlorine, phosphorus and potassium have also fluctuated; however, the company has become a strategic partner with suppliers in recent years. During the period of inflation, suppliers are supplying raw material at the lower cost than the market price. In addition, the expansion of production capacity to achieve economical scale, continuous improvement of process capability to reduce production costs, and simultaneously to develop of high value-added products, etc., have achieved concrete results in improving gross profit and reducing inflation, while the dropping of raw material cost, the result is remarkable.

#### 7.6.2 Engagement in high-risk, high-leverage investment, capital loan and others, endorsement guarantee and derivative commodity trading, profit or loss and future countermeasures

The Company has always focused on the industry and operated its business on a pragmatic basis. Apart from focusing on the company's business areas, the Company has not engaged in high-risk, highly leveraged investments. The Company is engaged in the main business of derivative products in response to the risk of exchange rate fluctuations, and the company's fund loan and endorsement guarantees are all inter-group companies or affiliate, and the company has "derivative commodity operating procedures", "finance loan and endorsement guarantee operations". Measures and "Acquisition or Disposition of Asset Processing Procedures" for compliance.

#### 7.6.3 Research and development estimation expenses for future R&D projects

R&D Projects	Projects Contents
4-in-1 phage biofertilizer	Screening of phage that can control R. solanacearum in wastewater, using transgenic E. coli as a host for mass production of phage, production of phage preparations and application to fertilizer products
4-in-1 anti-white root disease control fertilizer	Screening endophytic Trichoderma from roots of healthy plants, optimizing the production of spores through culture, and combining fertilizers to control diseases
Oil palm by-product degradation	A variety of Malaysian native degrading bacteria are mixed and degraded for by-products such as oil slag from palm oil mills to decompose the finished product into organic fertilizer.
Value-added agricultural by-products	The addition of Trichoderma for different agricultural by-products produces a control agent for farmers in a more economical way, and also solves the problem of excess by-products. Different by-products and different Trichoderma products are paired with each other, and the formula is stable, suitable concentration and economical formula

R&D Projects	Projects Contents
Disease resistant seedling inoculation	Inoculate disease-resistant Trichoderma for different crop seedlings. The use of Trichoderma species is adjusted according to the crop and medium.
Special nitrogen-fixing biological fertilizer for rice and green leafy vegetables	Develop high-efficiency nitrogen-fixing bacteria, optimize the breeding conditions and breed the strain, produce high-concentration bacterial liquid, and apply it to fertilizer products to improve soil nitrogen fixation performance.

The company is expected to consider the actual needs of the future to upgrade the experimental equipment, to expand the development of functional strains and to have a backup microbial production line and increase the production speed, continue to commercialize the bacterial strain and to invest in research and development resources according to individual product development plans in the future. Currently, target to invest approximately RM5 million into the research and development.

#### 7.6.4 The impact of important policies and legal changes at home and abroad on the company's financial business and the countermeasures

The country of registration of the company is at Cayman Islands. The Cayman Islands is mainly engaged in financial services. The economy is open and there is no exchange control, and the political and economic environment is stable. The main operating country is Malaysia. The main product produced and sold by the company is biochemical compound fertilizer, which required for the growth of oil palm tree, the most important economic crop in Malaysia. The company's biochemical compound fertilizer MPOB F4 is approved and licensed by the Malaysian Oil Palm Board (MPOB) and continues to introduce biochemical compound fertilizers that can treat and prevent diseases, such as Gano EF, which prevents oil palm tree ganoderma disease. The company has been long in cooperating with professional organizations and is always aware of the impact of important domestic and international policies and legal changes on the company's financial operations in order to take appropriate countermeasures. In recent year and till the date of publication of annual report, the company has not had any significant events affecting the company's financial business due to changes in important policies and laws in the above regions.

#### 7.6.5 The impact of technological changes and industrial changes on the company's financial business and the countermeasures

The company's main products are biochemical compound fertilizers necessary for the growth of crops. With the increasing global population, the reduction of arable land and environmental awareness. The ratio of farmers using general chemical fertilizers has been declining year by year, and compound fertilizers mixed with various unit fertilizers have gradually replaced traditional fertilizers. With the advancement of science and technology, the multifunctional biochemical compound

fertilizer is the main development trend. Demand in the fertilizer market is affected by crop production and food supply. According to the information published by the International Fertilizer Industry Association, in 2020, global fertilizer consumption will increase by 2% to 193.5 million tons, and global fertilizer use is expected to further increase by 1.1% in 2021.

The company continues to develop various types of fertilizers, using innovative technology to add biological species, green technology, pest control and other elements to the fertilizer manufacturing, not only can provide soil nutrients can change the soil's pH, viscosity, pest diseases, weeds and other issues. Therefore, technological changes and industrial changes have not had a major impact on the company's financial business.

#### 7.6.6 The impact of corporate image change on corporate crisis management and countermeasures

The company is committed to be sustainable with business integrity, focusing on the development and production of various types of fertilizers, in order to meet the needs of various regions of climate, soil, crops, etc., The company has very good reputation and is well known among the industry in Malaysia. In the recent year, there has been no corporate crisis management due to changes in corporate image.

#### 7.6.7 Expected benefits, possible risks and countermeasures for M&A

There have been no plans to acquire other companies in recent year of the company and till the publication date of the annual report.

#### 7.6.8 Expected benefits, possible risks and countermeasures for the expansion of the plant

In the most recent year and as of the date of publication of the annual report, the company's two new joint ventures in East Sabah have set up industrialization services for research and production of bacterial cells for oil palm waste treatment and agricultural waste recycling. Assist agricultural processing plants to convert wastes that originally required expensive processing fees into multi-functional and economically valuable agricultural products such as disease-resistant organic fertilizers, and use this biological control agent more widely in oil palm plantations. It effectively prevents the growth of oil palm ganoderma disease.

#### 7.6.9 Risks and countermeasures in the concentration of purchase or sales

##### (1) Purchase

The purchase amount of the top ten Supplier Company in 2019 and 2020 accounted for 77.03% and 68.26% of the total annual net purchases, respectively, with a slight increase or decrease in the proportion. The procurement projects are mainly potassium chloride, urea and phosphate rock powder, of which potassium chloride is the main raw material exceeding 40% of the net purchase. Because JSC BELARUSIAN POTASH COMPANY (hereinafter referred to as BPC) is the main

direct manufacturer of potassium chloride, the company has a higher ratio of potassium chloride purchase from BPC. The Company's good business relationship with BPC and its products are substitutable. Therefore, the situation of concentrated purchases should not have a material adverse impact on the financial business of the Company.

The above-mentioned company's purchase concentration is caused by the industrial characteristics. In addition, the company continues to search for suitable urea, potassium chloride and phosphate rock suppliers around the world based on the diversification of sources to minimise the risk of concentrated purchases. Therefore, the company should not have encounter risk of major concentrated purchases.

## (2) Sales

The sales of the top ten customers of the Company in 2019 and 2020 accounted for 55.37% and 52.41% of the annual operating income, mainly due to the fact that Malaysia is one of the key global oil palm production countries. The oil palm industry is owned by Malaysia government and large enterprises, which owned more than 80% of the total plantation space in Malaysia. Only approximately 10% of the oil palm plantation is owned by the small owner. As a result, the sales ratio of the top ten customers of the company is relatively high. However, the Company continues to strive to develop new customers in each region, and the sales ratio of each period to a single customer has not exceeded 20%. The company's operation has also shown stable profit for many years, so the risk of sales concentration should not be significant.

### 7.6.10 Directors, supervisors or major shareholders holding more than 10% of the shares, the impact of a large number of shares transferred or replaced on the company, risks and countermeasures

The Company's recent year and till the annual report published date, there is no operational risk to the company due to the substantial transfer or replacement of the directors or major shareholder equity.

### 7.6.11 The impact of changes in management rights on the company, risks and countermeasures

There has been no change in the Company's management rights in the recent year and till the date of publication of the annual report.

### 7.6.12 Litigation or non-litigation incidents, the company and the company's directors, supervisors, general managers, substantive personels, major shareholders holding more than 10% of the shares and subordinate companies have A major lawsuit that the subordinate company has decided to determine or is still in the system of litigation, non-litigation or administrative litigation, the result may have a significant impact on shareholders' equity or securities prices. The facts of the dispute, the amount of the subject matter, the commencement date of the litigation,

the main litigant and the annual report shall be disclosed.

- (1) The company's recent two-year and up-to-date annual report stated cases of the litigation, non-litigation or administrative litigation that has been determined or currently in the system, and the results may have a significant impact on shareholders' equity or securities prices. The fact of the dispute, the amount of the subject matter, the commencement date of the lawsuit, the parties involved in the proceedings and the current situation should be disclosed:

The company itself has not litigated or a non-litigation situation in the last two years and up to the date of publication of the annual report.

- (2) The company's directors, supervisors, general managers, substantive principals, major shareholders and subordinate companies with a shareholding ratio of more than 10% have been determined or currently in the company's last two years and up to the date of publication. In the event of litigation, non-litigation or administrative litigation, the outcome may have a significant impact on the company's shareholders' equity or securities price:

Peng Sheng Ching, a director of the company, was accused of committing a forgery in the Republic of China in 1992. However, the case has been filed by the Taiwan Taipei District Prosecutor's Office No. 16236 for the non-prosecution of the case. Although Mr. Lin Qichun has raised an appeal later, but was dismissed by the Taiwan High Court Procuratorate's 104th Annual Speech No. 8590. Despite Lin Qichun's 2nd appeals was being dismissed by the Taipei District Court's 104 No.265. The plaintiff also filed a civil lawsuit against the director Peng Sheng Ching in the same incident. The case was judged by the Taiwan Taipei District Court's 101 No. 945 and the plaintiff was found to have lost the first instance appeal. The plaintiff then filed a second-instance appeal. The judgment (Case No.: No. 323, No. 323) was dismissed, and Lin Qichun was defeated. The plaintiff again submitted the third trial, which was already numbered by the Supreme Court in the 106th year of Taiwan Anti-Japanese No. 1028, No. 1029, No. 1030 and Taihang. No. 2319 ruled that the plaintiff's protest was dismissed. However, in the case of the plaintiff Lin Qichun's additional lawsuit in the second instance, (the case number: Taiwan High Court No. 103 No. 323), the High Court also ruled that the plaintiff's additional lawsuit was dismissed by the judgment of March 27, 2007. On October 1, 108, the Supreme Court Civil Ruling 108 Annual Anti-Taiwan No. 679 ruled that the protest was dismissed and no further appeals were allowed, and the case was closed. The result has no significant impact on the company's shareholders' equity or securities prices.

- (3) The company's directors, supervisors, managers and major shareholders with a shareholding ratio of more than 10% have stipulated in Article 157 of the Securities Exchange Law in the last two years and up to the date of publication of the annual report and the company's current handling Situation: None.

#### 7.6.13 Other important risks and countermeasures:

(1) Risk of research and development of new products

The company continues to improve its research and development capabilities to maintain its market competitiveness. However, biotechnology and technology are rapidly developing, and new products still need to be certified by government agencies and field experiments. Therefore, can the company timely research results? There is still a risk of uncertainty in commercial production and acceptance in the market.

(2) Main chemical fertilizer raw materials depend on import risks

Because Malaysia produces only a small amount of nitrogen, phosphorus and potassium, which are the main raw materials for chemical fertilizers, the raw materials are subject to imports. The import prices fluctuate due to the global economy. However, most of the orders of the company are obtained through competitive bidding. Therefore, before bidding, the company will refer to the quotation of the raw materials provided by the supplier to determine the bid price, in order to minimize the impact of the change of raw material price on the profit margin, also to control the import of raw material cost fluctuation risk effectively.

(3) Risk of horizontal competition

Due to the high technical threshold for the production of biochemical compound fertilizer, the microbial extraction, culture, quantification and compounding technology required for biochemical compounding are not easy to obtain. The company aimed to be ahead of the same industry competitors, thus, continuously invests in research and development of microbial related technologies, simultaneously apply for related patent rights to prevent peers from entering biochemistry compound fertilizer market. On the other hand, the company continues to develop new products to maintain competitive advantage and market share.

(4) Ten-year tax exemption does not meet the risk of recourse and maturity

Subsidiary ACI obtained the ten-year tax exemption for Malaysian Biotechnology Corporation Sdn. Bhd. (hereinafter referred to as BNX) in March 2008. However, due to insufficient number of knowledge workers in 2008, it was inconsistent with the regulations of the competent authorities. Nevertheless, after the company applied to BNX in 2009 and obtained the consent to adjust the conditions of the knowledge workers, the company has been reviewed by the competent authorities every year so far, except for the case of non-conformity in 2008.

After consulting the lawyers and taking the relevant authorities' correspondence, BNX has issued an evaluation letter to the company in 2009 to inform that



despite the company is not eligible due to case of non-conformity in 2008, however, considering the business model of the company, it agreed to reduce the proportion, and the company has been awarded with 10 years tax exemption. Since 2009 to 2013, the company has passed the BNX tax exemption qualification evaluation. In addition, due to the company's good compliance record, BNX advised that the company only required to report online in 2014 and 2015. The tax exemption is expected to expire in March 2018, and the preferential income tax rate of 20% will be applied to the company's business-related net profits in the next 10 years after the expiration of the original credit period. However, since it has not been approved by the Ministry of Finance of Malaysia, the subsidiary ACI needs to declare income tax at the original tax rate, and the company applies a tax rate of 24%.

In summary, despite the company was disqualified from the 10-year tax exemption previously. The risk of recourse to unqualified taxes is still low and should not have a material adverse effect on the Company.

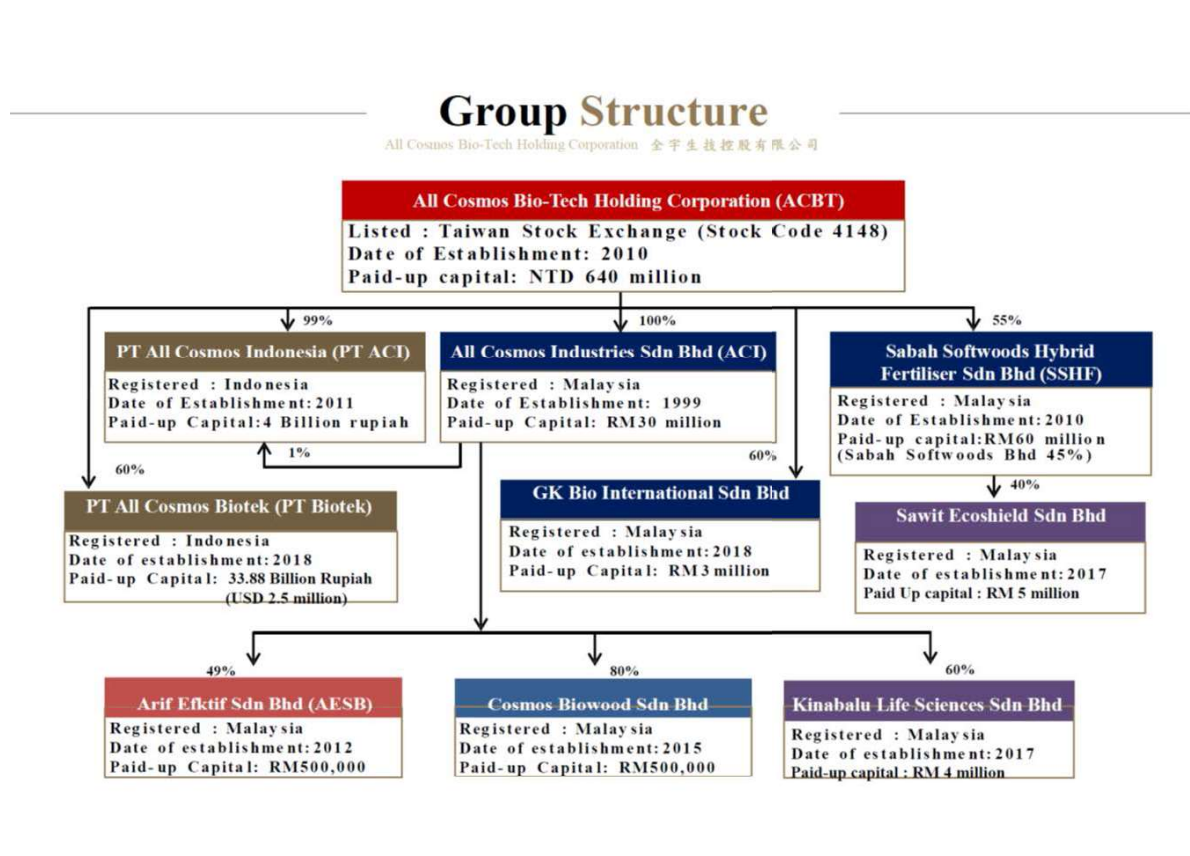
**7.7 Other important matters:** None

## 8.0: Special Records

### 8.1 Information about the affiliate companies:

#### 8.1.1 Overview of affiliate companies

##### (1) Organization chart



##### (2) Name of each company, date of establishment, address, amount of paid-in capital, main business items

Unit : in Thousand

Company Name	Date of establishment	Address	Paid-up capital	Main business activities or Production items
All Cosmos Industries Sdn. Bhd.	Jul, 1999	PLO 650, Jalan Keluli 7, Pasir Gudang Industrial Estate, 81700 Pasir Gudang, Johor, Malaysia.	RM 30,000	manufacturing and sales of biochemical compound fertilizer products
Sabah Softwoods Hybrid Fertiliser Sdn Bhd	Nov, 2010	Lot 50 & 51, Phase 2, Jalan Tengah Nipah, 5.5Km, 91100 Lahad Datu, Sabah.	RM 60,000	Manufacturing and sales of biochemical compound fertilizer products
PT All Cosmos Indonesia	Aug, 2011	Ira Building Jl. Cactus Raya Blok J No.1 Komp. Perumahan Taman Setia Budi Indah Medan - 20131, Sumatera Utara - Indonesia	RP 4,000,000	Sales of biochemical compound fertilizer products

Arif Efektif Sdn. Bhd	Apr, 2012	PLO 539, Jalan Keluli, Pasir Gudang Industrial Estate, 81700 Pasir Gudang, Johor, Malaysia.	RM 500	Research and production of microorganisms into biochemical organic high-performance compound fertilizer
Cosmos Biowood Sdn. Bhd.	Oct, 2015	12A, Jalan Dedap 17, Taman Johor Jaya, 81100 Johor Bahru, Johor, Malaysia.	RM 500	Forest planting and research
Kinabalu Life Sciences Sdn. Bhd.	Dec, 2017	Lot B12, Phase 1C, Portcity@POIC, KM5, Jalan Tengah Nipah, 91100 Lahad Datu, Sabah	RM 4,000	Research and production of microorganisms into oil palm waste treatment
Sawit Ecoshield Sdn. Bhd.	Nov, 2017	Jalan Kelapa Sawit, Off KM 4, Jalan Tuaran, 88300 Kota Kinabalu, Sabah, Malaysia.	RM 5,000	Manufacturing and sales of biological vaccines
PT All Cosmos Biotek	Aug, 2018	Jalan Kelapa Sawit – Nomor 1, KEK Sei Mangkei, Kecamatan Bosar Maligas, Kabupaten Simalungun, Sumatera Utara, Indonesia.	RP 33,880,000	Manufacturing and sales of biochemical compound fertilizer products
GK Bio International Sdn. Bhd.	Oct, 2018	42-2, Jalan PJU 5/11, Dataran Sunway, Kota Damansara, 47810 Petaling Jaya, Selangor, Malaysia.	RM 3,000	Wholesale of Probiotics

(3) Presumed to be the same shareholder information for those with control and affiliation: None

(4) Relationship between the company and the related company, mutual shareholding ratio, share and actual investment amount

March 31, 2021

Name	Relationship	The company holds at the end of the period			Holding the company		
		Shareholding proportion	Shares Holding	Investment Amount	Ratio	Unit Share	Investment Amount
All Cosmos Industries Sdn. Bhd.	Subsidiary company	100%	30,000,000	RM 30,000,000	—	—	—
Sabah Softwoods Hybrid Fertiliser Sdn. Bhd.	Subsidiary company	55%	33,000,000	RM 33,000,000	—	—	—
PT All Cosmos Indonesia	Subsidiary company	100%	80,000	Rp. 4,000,000,000	—	—	—
PT All Cosmos Biotek	Subsidiary company	83%	28,280	Rp. 28,280,000,000	—	—	—
Arif Efektif Sdn. Bhd.	2nd Tier Subsidiary company	49%	245,000	RM 245,000	—	—	—
Kinabalu Life Sciences Sdn. Bhd.	2nd Tier Subsidiary company	60%	2,400,000	RM 2,400,000	—	—	—
Cosmos Biowood Sdn. Bhd.	2nd Tier Subsidiary company	80%	400,000	RM 400,000	—	—	—

GK Bio International Sdn. Bhd.	Subsidiary company	60%	1,800,000	RM 1,800,000	—	—	—
Sawit Ecoshield Sdn. Bhd.	Related company	40%	2,000,000	RM 2,000,000	—	—	—

### 8.1.2 Operation overview

#### Overview of the operations of various related companies

As at December 31,2020. Unit : in Thousand

Company Name	Paid-up capital	Total assets	Total debt	Net worth	Current operating income	Current business profit	Current profit and loss (after tax)	Earnings per share (yuan) (after tax)
All Cosmos Industries Sdn. Bhd.	RM 30,000	RM 230,310	RM 21,143	RM 209,167	RM 181,369	RM 10,278	RM 12,906	RM 0.43
Sabah Softwoods Hybrid Fertiliser Sdn Bhd	RM 60,000	RM 111,949	RM 10,891	RM 101,058	RM 44,145	RM (336)	RM 152	RM 0.00
PT All Cosmos Biotek	RP 33,800,000	RP 29,873,708	RP 21,106	RP 29,852,602	RP -	RP (2,665,210)	RP (2,542,946)	RP (75.06)
PT All Cosmos Indonesia	RP 4,000,000	RP 39,040,650	RP 27,344,116	RP 11,696,534	RP 53,987,819	RP 5,517,581	RP 4,906,212	RP 1.23
Arif Efektif Sdn. Bhd	RM 500	RM 7,848	RM 1,635	RM 6,213	RM 8,763	RM 4,761	RM 3,737	RM 7.47
Kinabalu Life Sciences Sdn. Bhd.	RM 4,000	RM 4,906	RM 670	RM 4,236	RM 1,110	RM 314	RM 231	RM 0.06
Cosmos Biowood Sdn. Bhd.	RM 500	RM 1	RM 336	RM (335)	RM -	RM (4)	RM 24	RM 0.05
GK Bio International Sdn. Bhd.	RM 3,000	RM 4,225	RM 778	RM 3,447	RM 4,380	RM 1,035	RM 797	RM 0.27
Sawit Ecoshield Sdn. Bhd.	RM 5,000	RM 13,402	RM 8,921	RM 4,481	RM 2,304	RM (475)	RM (460)	RM (0.09)

**8.2 The most recent year and the end of the annual report, the date of published, private equity securities processing:** None.

**8.3 The latest annual report, the date of publication, the company holds or disposes of the**

company's stock: None.

**8.4 Other necessary supplementary notes:** None.

**8.5 The occurrence of significant impact on shareholders' equity or securities price as stipulated in Article 36-2-2 of the Securities Exchange Law:** None.

**8.6 A statement of significant differences with the provisions of the shareholders' rights and interests of the Republic of China:**

Due to the slight inconsistency between the British Cayman Islands Act and the Republic of China Act, the Taiwan Stock Exchange Co., Ltd. announced the “Registration Form for the Protection of Shareholders’ Rights of Foreign Issuer Registration Countries” (hereinafter referred to as “Shareholders’ Rights Protection Matters”). ) The following list shows the differences between the Company's current Articles of Association (the “Articles of Association”) and the protection of shareholders' interests due to the provisions of the British Cayman Islands Act, and the Articles of Association of the Company provisions.

Differences with the provisions on matters of protection of shareholders' rights and interests	British Cayman Islands Act and Description	Articles of Association and Description
If a company buys its own shares and transfers it to employees, it may limit the employees from transferring within a certain period of time. However, the period may not exceed two years.	The treasury shares are subject to the terms and conditions of the company directors; the Cayman Company Law does not have provisions for employee reward programs.	According to Article 1 of the Articles of Association, Treasury Shares are shares issued in accordance with the Articles of Association, the Cayman Companies Act and the Listing Rules Act, which are bought back, redeemed or otherwise obtained by the company and have not been cancelled; This provision is set out in section 40D of the company's articles of association; however, according to Cayman's lawyers, the restrictions on the transfer are between the company and the employee's contractual relationship (the restrictions agreed between the company and the employee is a contractual matter between themselves. )
5. The following matters shall be listed and explained in the convening of the shareholders' meeting, and shall not be proposed by a provisional motion:	Regarding 5. The Cayman Company Law has no special provisions for the provisional motion. According to Cayman's lawyers, regarding the provisional motion, the notice of the shareholders'	The Cayman Company Law has no special provisions for the provisional motion; therefore, the item 5 is stipulated in Article 50 of the Articles of Association. According to Cayman's lawyers, regarding the provisional motion, the notice of the shareholders' meeting must clearly

Differences with the provisions on matters of protection of shareholders' rights and interests	British Cayman Islands Act and Description	Articles of Association and Description
<p>(1) Appointing or dismissing directors or supervisors;</p> <p>(2) Change the charter;</p> <p>(3) Dissolution, merger, share conversion, and division of the company;</p> <p>(4) conclude, change or terminate a contract for the lease of all business, entrusted operations or joint operations with others;</p> <p>(5) to transfer all or a major part of the business or property;</p> <p>(6) Transferring all business or property to others, which has a significant impact on the operation of the company;</p> <p>(7) Private placement of securities of an equity nature;</p> <p>(8) The director is engaged in the licensing of non-competition activities;</p> <p>(9) Distribution of one or all dividends by way of issuing new shares;</p> <p>(10) The statutory surplus reserve and the capital reserve due to the issuance of shares or the incentive of the shares, and the distribution of new shares to the original shareholder</p>	<p>meeting must clearly state the content of the meeting and provide relevant information for the shareholders; however, in the notice of the shareholders' meeting, the "any other subject" agenda is usually added. Usually have an informal or insignificant nature, the chairman should not add any important events into this agenda; if there are any important matters, the meeting should be convened to discuss the resolution according to the procedure; if the matter is urgent, it must be discussed in the next shareholders meeting, which agenda will be proposed and ratified in the next meeting.</p> <p>Although Cayman's law does not expressly prohibit an interim motion, Cayman's lawyers advise that it is not appropriate to have a provisional motion at the shareholders' meeting.</p>	<p>state the agenda of the meeting and provide relevant information for the shareholders; however, in the notice of the shareholders' meeting, the "any other subject" agenda is usually added. Usually have an informal or insignificant nature, the chairman should not add any important events into this agenda; if there are any important matters, the meeting should be convened to discuss the resolution according to the procedure; if the matter is urgent, it must be discussed in the next shareholders meeting, which agenda will be proposed and ratified in the next meeting.</p>
3. When the company exercises its voting rights in writing or electronically, its method of exercise	According to the opinion of the British Cayman Islands lawyers, the chairman of the shareholders' meeting will be entrusted to vote on	The Cayman Company Law does not specifically stipulate the content of the preceding paragraph of Article 3. Therefore, the first paragraph of Article 3 is stipulated in Article 68 of

Differences with the provisions on matters of protection of shareholders' rights and interests	British Cayman Islands Act and Description	Articles of Association and Description
shall be stated in the notice convened by the shareholders' meeting. Shareholders who exercise their voting rights in writing or electronically are deemed to be present in person at the shareholders' meeting. However, the provisional motion of the shareholders meeting and the amendment of the original motion are deemed to be waived.	behalf of the shareholders whom voted in the form of writing.	the Articles of Association. According to the opinion of Cayman Lawyers, Shareholders who exercise their voting rights are deemed to have entrusted the chairman of the shareholders' meeting to vote on behalf on the basis of the instructions in the written or electronic. In consideration of Cayman's lawyer's opinion, the third paragraph shall be stipulated in Article 68 of the Articles of Association (that is, the shareholders who exercise the voting rights in writing or electronically shall be deemed to have entrusted the chairman of the shareholders' meeting to act on behalf in the shareholders' meeting in accordance with the instructions in the written or electronic documents. Its voting rights, but the temporary motion of the shareholders meeting and the amendment of the original motion are deemed to be waived, but the above-mentioned entrustment shall be deemed not to constitute the principal of the listing cabinet law.
5. After the shareholder has exercised the voting right in writing or electronically, if he wishes to attend the shareholders' meeting in person, he shall revoke the initial exercise of voting rights in the preceding paragraph two days before the shareholders' meeting; the overdue revocation shall be in writing or electronically. The voting right of the mode of exercise shall prevail	According to the opinion of the British Cayman Islands lawyers, the chairman of the shareholders' meeting will be entrusted to vote on behalf of the shareholders whom voted in the form of writing.	The Cayman Company Law does not specifically stipulate the content of item 5; therefore, the item 5 is stipulated in Article 70 of the Articles of Association. According to Cayman's lawyer, under the Common Law, the principal can revoke its proxy by attending the meeting in person, due to written or electronic Shareholders who exercise their voting rights are deemed to have entrusted the chairman of the shareholders' meeting to vote on behalf on the basis of the instructions in the written or electronic documents. Therefore, the item 5 may not be enforceable (not enforceable).
4. After the power of	The Cayman Company Law	The Cayman Company Law has no

Differences with the provisions on matters of protection of shareholders' rights and interests	British Cayman Islands Act and Description	Articles of Association and Description
<p>attorney has been served on the company, the shareholder who wishes to attend the shareholders' meeting in person or wishes to exercise his or her voting rights in writing or electronically; shall notify the company in writing of the cancellation of the entrustment two days before the shareholders' meeting; Any delay in cancellation of entrustment is subject to Proxy voting rights.</p>	<p>has no special provisions for the power of attorney or collection of powers.</p>	<p>special provisions for the power of attorney or the collection of powers of attorney; therefore, the fourth item is specified in Article 62B of the Articles of Association. According to Cayman's lawyer, under the Common Law, the principal can revoke its proxy by attending the meeting in person, thus, the item 4 may not be enforceable.</p>
<p>The following resolutions relating to the interests of shareholders shall be attended by more than two-thirds of the total number of shareholders who have issued shares, and more than half of them shall agree to the voting rights of the shareholders. If the total number of shares of the attending shareholders is less than the above-mentioned quota, it is allowed to attend by proxy as long as the attendance are more than half of the total number of shareholders who have issued shares and to attend more than two-thirds of the voting rights of the shareholders:</p> <p>1. The company concludes, alters or terminates the contract for the lease of all business, entrusted operations or co-operation with</p>	<p>Regarding 1., 4., and 5. (Segmentation), there are no special requirements or prohibitions in the Cayman Company Law. With regard to 2. and 3., Article 24 of the Cayman Companies Act stipulates that any changes to the Bylaws shall be subject to a special resolution. Regarding 5 (dissolved part). Article 116 of the Cayman Company Law stipulates that the company shall voluntarily dissolve by special resolution, and if it is unable to pay off the debt and voluntarily dissolve it, it shall be passed by the shareholders' meeting (the company In general meeting resolves...), Cayman's lawyers believe that the aforementioned resolutions of the shareholders' meeting can be resolved by ordinary resolutions, special resolutions or higher</p>	<p>(1) The Cayman Company Law does not specifically require or prohibit the division of paragraphs 1, 4 and 5; therefore, the divisions of paragraphs 1, 4 and 5 are separately specified in the company. Article 32(a)(b)(c)(d)(g) of the Bylaws must be adopted by a special resolution of the shareholders' meeting (i.e. "Supermajority Resolution Type A" or "Type B Special Resolution" (Supermajority Resolution Type B) (as defined above)</p> <p>(2) According to Article 24 of the Cayman Company Law, any change in the company's articles of association must be subject to a special resolution of the shareholders' meeting; therefore, paragraph 2 is stipulated in Article 157 of the Articles of Association, that is, the company may have a special resolution at any time ( Special Resolution) Change Memorandum and/or Bylaws. The shareholders' meeting will be in accordance</p>



Differences with the provisions on matters of protection of shareholders' rights and interests	British Cayman Islands Act and Description	Articles of Association and Description
<p>others, the transfer of all or a major part of the business or property, the transfer of all business or property of others, which has a significant impact on the company's operations.</p> <p>2. Change charter</p> <p>3. If the change of the articles of association will caused damage to the special shareholders, a special shareholder resolution meeting is required.</p> <p>4. Distribution of one or all dividends by way of issuing new shares</p> <p>5. Resolution of dissolution, merger or division</p>	<p>resolutions as stipulated in the company's articles of association. Ordinary Resolution can be passed. In addition, regarding 5 (merger), according to Cayman's lawyer, Section 233(6) of the Cayman Company Law is subject to special resolution. If there are other resolutions in the company's articles of association, it shall be handled in accordance with the company's articles of association.</p>	<p>with Article 51 of the Articles of Association (that is, the voting shareholders who represent more than half of the total number of issued shares will be present in person or by proxy)</p> <p>(3) According to Article 24 of the Cayman Company Law, any change in the company's articles of association must be subject to a special resolution of the shareholders' meeting approval; therefore, paragraph 3 shall be stipulated in Article 18 of the Articles of Association, that is, if the company's articles of association are changed. The matters of the rights of the special shareholders shall be subject to the Special Resolution by the Special Shareholders' Meeting, in addition to the Special Resolution. The shareholders' meeting will be in accordance with Article 51 of the Articles of Association (that is, the voting shareholders who represent more than half of the total number of issued shares will be present in person or by proxy)</p> <p>(4) Regarding the dissolution of paragraph 5, according to Article 116 of the Cayman Company Law, the company shall voluntarily dissolve by special resolution, and if it is unsolvable, it should be passed through resolution of the shareholders' meeting (the Company in general meeting resolves...), Cayman's lawyers believe that the aforementioned resolution of the shareholders' meeting can be resolved by an Ordinary Resolution, a Special Resolution or a higher resolution as stipulated in the company's</p>

Differences with the provisions on matters of protection of shareholders' rights and interests	British Cayman Islands Act and Description	Articles of Association and Description
		<p>articles of association; Partially stipulated in Article 33 of the Articles of Association, in which if the company voluntarily disbands due to the inability to pay off the debts as scheduled, it should be approved by the shareholders meeting with a special resolution (i.e. “Supermajority Resolution Type A” or “Type B Special Resolution”. (Supermajority Resolution Type B) (as defined above) (Article 33(a)), if the company voluntarily disbands for other reasons, it shall be subject to a Special Resolution approval (Article 33(b) article). The shareholders' meeting will be in accordance with Article 51 of the Articles of Association (that is, the voting shareholders who represent more than half of the total number of issued shares will be present in person or by proxy).</p> <p>(5) Regarding the merger of paragraph 5, Cayman's lawyer stated that the merger part is subject to the special resolution approval (Special Resolution) in accordance with the provisions of Article 233(6) of the Cayman Company Law. If the company's articles of association have other resolutions, it is handled in accordance with the provisions of the company's articles of association; therefore, the merger of the fifth paragraph is stipulated in Article 31(c) of the Articles of Association. The shareholders' meeting will be in accordance with Article 51 of the Articles of Association (that is, the voting shareholders who represent more than half of the total number of issued shares will be present in</p>

Differences with the provisions on matters of protection of shareholders' rights and interests	British Cayman Islands Act and Description	Articles of Association and Description
		person or by proxy)
Supervisor regulations	The Cayman Company Act has no special rules for supervisors.	As the company did not set up a supervisor, the charter was not amended.
<p>1. Shareholders who hold more than three percent of the total number of issued shares of the company for more than one year may request the supervisor to file a lawsuit against the company through the Taipei District Court of Taiwan as first administer court.</p> <p>2. Within 30 days after the shareholder made the request, when the supervisor did not file a lawsuit, the shareholder may file a lawsuit against the company and the Taipei District Court of Taiwan shall be the first administer court.</p>	<p>There are no special requirements or prohibitions in the charter of the Cayman company.</p> <p>According to Cayman law, in the event of a shareholder filed a lawsuit on behalf of a company is: (A) the act is illegal or exceeds the scope of the company's jurisdiction and cannot be ratified by the shareholders; or (B) the act constitutes a fraud against the minority shareholder (i.e. The personnel of seeking relief in the lawsuit is the major shareholder, and the major shareholder will not allow the company to let the plaintiff seek relief in the lawsuit. If the lawsuit is filed on the grounds of this paragraph, it is necessary to prove the case of fraud and the person engaged in the wrongful act. The company has authority).</p> <p>Cayman's courts tend to not interfere with the company's internal behavior when the conduct within the company's jurisdiction, or beyond the scope of authority, which can be ratified by shareholders and in accordance with the will of the majority shareholder.</p>	<p>There are no special requirements or prohibitions in the charter of the Cayman company, and the company does not set up the supervisor, but the audit committees are set up; refer to the letter of the Board of Directors on July 27, 101, Taiwan letter No. 1011702189 The independent directors replaced the supervisors, so the contents of items 1 and 2 regarding the supervisors were replaced by independent board members of the audit committee, which was stipulated in Article 123 under the Articles of Association, that is, courts with jurisdiction (including Taipei, Taiwan) The District Court, if applicable, is the court of jurisdiction; another Cayman lawyer stated that Article 123 under the Articles of Association must comply with Cayman law. According to Cayman law, if the director believes that the lawsuit is not of interest to the company, the director is not liable for those shareholders who hold more than 3% of the shares to file a lawsuit against other directors.</p>
1. The directors of the company shall manage the business with honesty and integrity. If there is any violation of the	According to the Cayman Company Law, directors have fiduciary duties on the company. If there is any breach of such obligations,	As per Cayman's lawyers opinion (see the left column), the contents of items 1., 2. and 3. are stated in Article 97B of the Articles of Association; However, Cayman's

Differences with the provisions on matters of protection of shareholders' rights and interests	British Cayman Islands Act and Description	Articles of Association and Description
<p>company interest, who should be liable for the damage. If the act is committed by itself or by others, the shareholder reserved the rights to decide on the proceeds of the act as the company's income.</p> <p>2. The director of the company acts on the execution of the company's operation, if there is any violation of the law and causes damage to others, the company shall be liable for compensation.</p> <p>3. The manager and supervisor of the company shall be responsible for the same liability as the directors of the company within the scope of their duties.</p>	<p>the court shall hold the director's liability for compensation; if it is a breach of trust obligations for him or others on self-beneficial, the court shall decide to return such benefits.</p> <p>According to Cayman law, the director causes damage to a third party during the company's execution of the business operation. The third party may claim damages from the company, despite the company may request the director for the same liability of compensation to the third party under the joint and several liability terms. From the perspective of Cayman law, the third party is unable to make direct claim to the director.</p>	<p>lawyers stated that although the company's articles of association stipulate directors and companies Joint and several liability, from the Cayman legal point of view, the third party still unable to claim directly from the director.</p>

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
All Cosmos Bio-Tech Holding Corporation

### **Opinion**

We have audited the accompanying consolidated financial statements of All Cosmos Bio-Tech Holding Corporation (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2020 and 2019 and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

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

### **Key Audit Matters**

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

The key audit matters identified in the Group's consolidated financial statements for the year ended December 31, 2020 are stated as follows:

#### Occurrence of Sales Revenue from Major Customers

The Group's sales revenue for the year ended December 31, 2020 was \$1,642,783 thousand, which was lower than the previous year. The Group's revenue mainly comes from major customers with transactions that are significant. Sales revenue and accounts receivable turnover (days) from some of these major customers increased significantly compared to the previous year. Considering the higher inherent risk in revenue recognition and the potential pressure on management to achieve financial goals, we identified the occurrence of sales revenue from major customers with the abovementioned characteristics as a key audit matter.

Refer to Notes 4 (m) and 22 to the consolidated financial statements for details on the accounting policy and relevant disclosures on revenue recognition.

The main audit procedures that we performed in respect of sales revenue from major customers with the abovementioned characteristics included the following:

1. We obtained an understanding of the Group's internal control and operating procedures of sales cycle, and we designed the corresponding audit procedures to test the effectiveness of the internal control associated with the risk mentioned above.
2. We performed substantive tests on sales revenue, selected samples from general ledger of sales revenue and vouched the records to external supporting documents to verify the occurrence of sales.
3. We performed analytical procedures, compared the differences in sales revenue, credit terms, and accounts receivable turnover (days) between the current and previous years, and assessed the reasonableness of such changes.
4. We examined significant sales returns or allowances after the balance sheet date and performed substantive procedures to confirm the occurrence of the sales revenue.

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

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

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

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

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 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 for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chiang Hsun Chen and Jui Hsuan Ho.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 26, 2021

#### Notice to Readers

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

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



# ALL COSMOS BIO-TECH HOLDING CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 761,806	29	\$ 837,590	32
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 29)	59,766	2	60,509	2
Financial assets at amortized cost - current (Notes 4, 8 and 31)	29,321	1	189,845	7
Trade receivables, net (Notes 4, 9 and 22)	517,434	20	293,835	11
Trade receivables from related parties (Notes 4, 22 and 30)	30,400	1	35,996	2
Other receivables (Notes 4 and 9)	3,838	-	8,149	-
Other receivables from related parties (Notes 4 and 30)	14,708	1	22,357	1
Current tax assets (Notes 4 and 24)	7,750	-	2,446	-
Inventories (Notes 4 and 10)	274,264	11	296,210	11
Prepayments (Note 17)	127,565	5	41,781	2
Other current assets (Note 17)	175	-	-	-
<b>Total current assets</b>	<b>1,827,027</b>	<b>70</b>	<b>1,788,718</b>	<b>68</b>
<b>NON-CURRENT ASSETS</b>				
Financial assets at amortized cost - non-current (Notes 4, 8 and 31)	106,670	4	128,257	5
Investments accounted for using the equity method (Notes 4 and 12)	12,717	1	14,539	-
Property, plant and equipment (Notes 4, 13 and 31)	441,878	17	470,047	18
Right-of-use assets (Notes 4, 14, 30 and 31)	164,173	6	177,760	7
Goodwill (Notes 4 and 15)	371	-	385	-
Other intangible assets (Notes 4 and 16)	1,309	-	2,072	-
Deferred tax assets (Notes 4 and 24)	35,079	1	39,944	1
Other non-current assets (Note 17)	25,146	1	17,789	1
<b>Total non-current assets</b>	<b>787,343</b>	<b>30</b>	<b>850,793</b>	<b>32</b>
<b>TOTAL</b>	<b>\$ 2,614,370</b>	<b>100</b>	<b>\$ 2,639,511</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 18 and 31)	\$ 45,944	2	\$ 9,204	1
Contract liabilities - current (Notes 4 and 22)	87	-	1,532	-
Trade payables	63,440	3	75,687	3
Trade payables to related parties (Note 30)	2,348	-	-	-
Other payables (Note 19)	78,004	3	58,115	2
Other payables to related parties (Note 30)	417	-	1	-
Current tax liabilities (Notes 4 and 24)	17,374	1	7,977	-
Lease liabilities - current (Notes 4 and 14)	2,226	-	2,163	-
Current portion of long-term borrowings (Notes 18 and 31)	5,355	-	17,810	1
Other current liabilities (Note 19)	6,198	-	2,949	-
<b>Total current liabilities</b>	<b>221,393</b>	<b>9</b>	<b>175,438</b>	<b>7</b>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Notes 18 and 31)	-	-	3,359	-
Deferred tax liabilities (Notes 4 and 24)	29,128	1	32,487	1
Lease liabilities - non-current (Notes 4, 14 and 30)	671	-	1,932	-
Guarantee deposits received (Note 19)	-	-	380	-
<b>Total non-current liabilities</b>	<b>29,799</b>	<b>1</b>	<b>38,158</b>	<b>1</b>
<b>Total liabilities</b>	<b>251,192</b>	<b>10</b>	<b>213,596</b>	<b>8</b>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 21)</b>				
Share capital				
Ordinary shares	640,340	24	640,340	24
Capital surplus	781,838	30	781,838	30
Retained earnings				
Legal reserve	167,204	7	163,635	6
Special reserve	320,320	12	312,099	12
Unappropriated earnings	474,522	18	468,142	18
Total retained earnings	962,046	37	943,876	36
Other equity	(397,714)	(15)	(320,320)	(12)
<b>Total equity attributable to owners of the Company</b>	<b>1,986,510</b>	<b>76</b>	<b>2,045,734</b>	<b>78</b>
<b>NON-CONTROLLING INTERESTS</b>	<b>376,668</b>	<b>14</b>	<b>380,181</b>	<b>14</b>
<b>Total equity</b>	<b>2,363,178</b>	<b>90</b>	<b>2,425,915</b>	<b>92</b>
<b>TOTAL</b>	<b>\$ 2,614,370</b>	<b>100</b>	<b>\$ 2,639,511</b>	<b>100</b>

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

# ALL COSMOS BIO-TECH HOLDING CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 22 and 30)				
Sales	\$ 1,642,783	100	\$ 1,767,699	100
OPERATING COSTS (Notes 10, 23 and 30)				
Cost of goods sold	<u>(1,270,636)</u>	<u>(77)</u>	<u>(1,374,387)</u>	<u>(78)</u>
GROSS PROFIT	<u>372,147</u>	<u>23</u>	<u>393,312</u>	<u>22</u>
OPERATING EXPENSES (Notes 23 and 30)				
Selling and marketing expenses	(121,509)	(8)	(110,340)	(6)
General and administrative expenses	(153,014)	(9)	(157,924)	(9)
Research and development expenses	(2,541)	-	(4,655)	-
Expected credit loss	<u>7,628</u>	<u>-</u>	<u>(47,162)</u>	<u>(3)</u>
Total operating expenses	<u>(269,436)</u>	<u>(17)</u>	<u>(320,081)</u>	<u>(18)</u>
PROFIT FROM OPERATIONS	<u>102,711</u>	<u>6</u>	<u>73,231</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 23 and 30)				
Interest income	18,800	1	17,368	1
Other income	12,021	1	16,675	1
Other gains and losses	21,875	1	6,147	-
Finance costs	(4,440)	-	(9,448)	-
Share of loss of associates (Note 12)	<u>(1,296)</u>	<u>-</u>	<u>(155)</u>	<u>-</u>
Total non-operating income and expenses	<u>46,960</u>	<u>3</u>	<u>30,587</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	149,671	9	103,818	6
INCOME TAX EXPENSE (Notes 4 and 24)	<u>(51,503)</u>	<u>(3)</u>	<u>(65,140)</u>	<u>(4)</u>
NET PROFIT FOR THE YEAR	<u>98,168</u>	<u>6</u>	<u>38,678</u>	<u>2</u>
OTHER COMPREHENSIVE (LOSS) INCOME (Notes 4, 21 and 24)				
Items that will not be reclassified subsequently to profit or loss:				
Exchange differences on translation to the presentation currency	(89,204)	(6)	(11,780)	-

(Continued)

# ALL COSMOS BIO-TECH HOLDING CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ (2,531)	-	\$ 2,029	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>528</u>	<u>-</u>	<u>(414)</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(91,207)</u>	<u>(6)</u>	<u>(10,165)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 6,961</u>	<u>-</u>	<u>\$ 28,513</u>	<u>2</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 82,204	5	\$ 35,694	2
Non-controlling interests	<u>15,964</u>	<u>1</u>	<u>2,984</u>	<u>-</u>
	<u>\$ 98,168</u>	<u>6</u>	<u>\$ 38,678</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 4,810	-	\$ 27,473	2
Non-controlling interests	<u>2,151</u>	<u>-</u>	<u>1,040</u>	<u>-</u>
	<u>\$ 6,961</u>	<u>-</u>	<u>\$ 28,513</u>	<u>2</u>
EARNINGS PER SHARE (Note 25)				
From continuing operations				
Basic	<u>\$ 1.28</u>		<u>\$ 0.56</u>	
Diluted	<u>\$ 1.28</u>		<u>\$ 0.56</u>	

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

(Concluded)

# ALL COSMOS BIO-TECH HOLDING CORPORATION AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company							Other Equity	
	Share Capital		Retained Earnings			Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Non-controlling Interests	Total Equity
	Number of Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve				
BALANCE AT JANUARY 1, 2019	64,034	\$ 640,340	\$ 781,838	\$ 133,129	\$ 310,434	\$ 618,747	\$ (312,099)	\$ 2,172,389	\$ 2,536,066
Appropriation of 2018 earnings (Note 21)									
Legal reserve	-	-	-	30,506	-	(30,506)	-	-	-
Special reserve	-	-	-	-	1,665	(1,665)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(153,682)	-	(153,682)	(153,682)
Net profit for the year ended December 31, 2019	-	-	-	-	-	35,694	-	35,694	38,678
Other comprehensive loss for the year ended December 31, 2019, net of income tax (Note 21)	-	-	-	-	-	-	(8,221)	(1,944)	(10,165)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	35,694	(8,221)	1,040	28,513
Changes in ownership interests in subsidiaries (Notes 21 and 26)	-	-	-	-	-	(446)	-	(446)	-
Changes in non-controlling interests (Note 21)	-	-	-	-	-	-	-	15,018	15,018
BALANCE AT DECEMBER 31, 2019	64,034	640,340	781,838	163,635	312,099	468,142	(320,320)	2,045,734	2,425,915
Appropriation of 2019 earnings (Note 21)									
Legal reserve	-	-	-	3,569	-	(3,569)	-	-	-
Special reserve	-	-	-	-	8,221	(8,221)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(64,034)	-	(64,034)	(64,034)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	(11,414)	(11,414)
Net profit for the year ended December 31, 2020	-	-	-	-	-	82,204	-	82,204	98,168
Other comprehensive loss for the year ended December 31, 2020, net of income tax (Note 21)	-	-	-	-	-	-	(77,394)	(13,813)	(91,207)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	82,204	(77,394)	4,810	6,961
Changes in non-controlling interests	-	-	-	-	-	-	-	5,750	5,750
BALANCE AT DECEMBER 31, 2020	64,034	\$ 640,340	\$ 781,838	\$ 167,204	\$ 320,320	\$ 474,522	\$ (397,714)	\$ 1,986,510	\$ 2,363,178

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

# ALL COSMOS BIO-TECH HOLDING CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 149,671	\$ 103,818
Adjustments for:		
Depreciation expense	49,244	52,265
Amortization expense	911	980
Expected credit loss (reversed) recognized on trade receivables	(7,628)	47,162
Net gain on fair value change of financial assets at fair value through profit or loss	(2,643)	(1,587)
Finance costs	4,440	9,448
Interest income	(18,800)	(17,368)
Share of loss of associates	1,296	155
Gain on disposal of property, plant and equipment	(151)	(385)
Write-downs of inventories	908	6,699
Net unrealized loss on foreign currency exchange	1,530	4,435
Impairment loss recognized on goodwill	-	5,329
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	117	-
Trade receivables	(228,105)	452,005
Trade receivables from related parties	6,429	(18,252)
Other receivables	3,226	13,809
Other receivables from related parties	7,263	(7,719)
Inventories	10,140	311,303
Prepayments	(86,913)	19,596
Contract liabilities	(1,380)	(8,404)
Trade payables	(9,472)	27,582
Trade payables to related parties	2,457	-
Other payables	22,232	(51,203)
Other current liabilities	(965)	(1,085)
Cash (used in) generated from operations	(96,193)	948,583
Interest received	19,190	15,792
Interest paid	(4,355)	(9,448)
Income tax paid	(45,520)	(71,369)
Net cash (used in) generated from operating activities	(126,878)	883,558
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at amortized cost	-	(195,669)
Proceeds from sale of financial assets at amortized cost	169,488	-
Purchase of financial assets at fair value through profit or loss	-	(37,321)
Proceeds from sale of financial assets at fair value through profit or loss	-	9,405
Payments for property, plant and equipment	(30,049)	(39,064)
Proceeds from disposal of property, plant and equipment	274	1,553
Increase in refundable deposits	(3,002)	-
		(Continued)

# ALL COSMOS BIO-TECH HOLDING CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	2020	2019
Decrease in refundable deposits	\$ -	\$ 1,531
Increase in other receivables from related parties	-	(14,947)
Decrease in other receivables from related parties	36	-
Payments for intangible assets	(228)	(142)
Increase in prepayment for equipment	(4,911)	-
Increase in prepayments	<u>-</u>	<u>(9,665)</u>
Net cash generated from (used in) investing activities	<u>131,608</u>	<u>(284,319)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	45,598	9,261
Repayments of short-term borrowings	(8,865)	(148,134)
Repayments of long-term borrowings	(14,939)	(24,152)
Proceeds from guarantee deposits received	3,927	363
Increase in other payables to related parties	412	-
Decrease in other payables to related parties	-	(5)
Repayment of the principal portion of lease liabilities	(2,531)	(43,018)
Dividends paid to owners of the Company	(64,034)	(153,682)
Changes in non-controlling interests	5,750	15,018
Dividends paid to non-controlling interests	<u>(11,414)</u>	<u>-</u>
Net cash used in financing activities	<u>(46,096)</u>	<u>(344,349)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>(34,418)</u>	<u>(8,805)</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(75,784)</u>	<u>246,085</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>837,590</u>	<u>591,505</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 761,806</u>	<u>\$ 837,590</u>

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

(Concluded)

# ALL COSMOS BIO-TECH HOLDING CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

All Cosmos Bio-Tech Holding Corporation (the “Company”) is a limited company incorporated in the Cayman Islands on March 26, 2010. The Company and its subsidiaries (collectively referred to as the “Group”) have reorganized in order to list the Company’s shares on the Taiwan Stock Exchange. On June 1, 2010, the Company issued new shares for 100% equity interest in All Cosmos Industries Sdn. Bhd. and completed the Group’s investment process. The major operation activities of the Group are production and sales of Bio-organic and Bio-chemical fertilizers.

The Company’s shares have been listed on the Taiwan Stock Exchange since June 2017.

The functional currency of the Company is Malaysian Ringgit. For greater comparability and consistency of financial reporting, the consolidated financial statements of the Group are presented in New Taiwan dollars since the Company’s shares are listed on the Taiwan Stock Exchange.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 26, 2021.

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

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies:

#### Amendment to IFRS 16 “Covid-19 - Related Rent Concessions”

The Group elected to apply the practical expedient provided in the amendment to IFRS 16 with respect to rent concessions negotiated with the lessor as a direct consequence of the COVID-19. The related accounting policies are stated in Note 4. Prior to the application of the amendment, the Group shall determine whether or not the abovementioned rent concessions need to be accounted for as lease modifications.

The Group applied the amendment from January 1, 2020. Because the abovementioned rent concessions affect only in 2020, retrospective application of the amendment has no impact on the retained earnings as of January 1, 2020.

- b. The IFRSs endorsed by the FSC for application starting from 2021

<b>New IFRSs</b>	<b>Effective Date Announced by IASB</b>
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.



Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **a. Statement of compliance**

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers of Republic of China, and IFRSs as endorsed and issued into effect by the FSC.

##### **b. Basis of preparation**

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

##### **c. Classification of current and non-current assets and liabilities**

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Refer to Note 11 and Table 6 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the functional currencies of the Company and its foreign operations (including subsidiaries in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income attributed to the owners of the Company and non-controlling interests as appropriate.

f. Inventories

Inventories consist of raw materials, merchandise, finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the standard cost and adjusted thereafter to weighted-average cost on the balance sheet date.

g. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

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

h. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized on goodwill is not reversed in subsequent periods.

j. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Impairment of property, plant and equipment, right-of-use asset and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

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

l. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss (FVTPL) are recognized immediately in profit or loss.

#### 1) Financial assets

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

##### a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost.

##### i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends earned on such financial assets are recognized in other income; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 29 "Financial Instruments".

##### ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and

- ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses (ECLs) on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime ECLs for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Group):

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 270 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

## 2) Financial liabilities

### a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

### b) Derecognition of financial liabilities

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

## 3) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

## m. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

### Revenue from the sale of goods

Revenue from the sale of goods comes from sales of Bio-organic and Bio-chemical fertilizers. Sales of fertilizers are recognized as revenue when the goods are delivered and shipped to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized currently. The transaction price received is recognized as a contract liability until the good have been delivered to the customer.

## n. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

### 1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

## 2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2021, that results in the revised consideration for the lease substantially less than the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

### o. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

### p. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.



q. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods

The Group's accounting policies, estimates and underlying assumptions have not been evaluated by the Group's management and there are no significant accounting judgments, estimates or assumptions that are uncertain.

## 6. CASH AND CASH EQUIVALENTS

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Cash on hand	\$ 475	\$ 440
Checking accounts and demand deposits	595,206	716,581
Cash equivalent		
Time deposits (with original maturities of 3 months or less)	<u>166,125</u>	<u>120,569</u>
	<u>\$ 761,806</u>	<u>\$ 837,590</u>

The market rate intervals of cash in bank at the end of the year were as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Time deposits (with original maturities of 3 months or less)	1.70%-3.20%	2.95%-3.50%

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Financial assets at fair value through profit or loss (FVTPL) - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	\$ -	\$ 43
Non-derivative financial assets		
Mutual funds	<u>59,766</u>	<u>60,466</u>
	<u>\$ 59,766</u>	<u>\$ 60,509</u>

At the end of the year, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	<b>Currency</b>	<b>Maturity Date</b>	<b>Notional Amount (In Thousands)</b>
<u>December 31, 2019</u>			
Buy	USD/MYR	January 17, 2020	USD30/MYR124
	USD/MYR	January 24, 2020	USD50/MYR207
	USD/MYR	February 14, 2020	USD30/MYR124
	USD/MYR	February 21, 2020	USD30/MYR124
	USD/MYR	March 13, 2020	USD30/MYR124

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

## 8. FINANCIAL ASSETS AT AMORTIZED COST

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Current</u>		
Time deposits with original maturities of more than 3 months	\$ 29,321	\$ 180,641
Restricted Bank Deposits (a)	<u>-</u>	<u>9,204</u>
	<u>\$ 29,321</u>	<u>\$ 189,845</u>
<u>Non-current</u>		
Restricted Bank Deposits (a)	<u>\$ 106,670</u>	<u>\$ 128,257</u>
<u>Market rate intervals</u>		
Time deposits with original maturities of more than 3 months	2.00%-2.35%	3.00%-4.10%
Restricted Bank Deposits	1.60%-3.00%	2.80%-3.25%

- a. Refer to Note 31 for information relating to the restricted assets are time deposits pledged as collateral for loans by the Group.

- b. The Group continuously tracks external credit rating information and monitors changes in credit risk of debt investments, and at the same time the Group reviews significant information on debtors, to assess whether credit risk on these debt investments have increased significantly since initial recognition. After the assessment, the Group estimates that there are no expected credit losses on the financial assets at amortized cost.

## 9. TRADE RECEIVABLES AND OTHER RECEIVABLES

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 598,564	\$ 384,077
Less: Allowance for impairment loss	<u>(81,130)</u>	<u>(90,242)</u>
	<u>\$ 517,434</u>	<u>\$ 293,835</u>
<u>Other receivables</u>		
GST refund receivables	\$ 174	\$ 4,022
Interest receivable	1,837	2,725
Others	<u>1,827</u>	<u>1,402</u>
	<u>\$ 3,838</u>	<u>\$ 8,149</u>

### a. Trade receivables

The average credit period of sales of goods was 60 to 90 days. No interest was charged on trade receivables. The Group adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information or its own trading records to rate its major customers.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the customer and the customer's current financial position. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2020

	<b>Not Past Due</b>	<b>Less than 90 Days</b>	<b>91 to 180 Days</b>	<b>181 to 270 Days</b>	<b>Over 270 Days</b>	<b>Total</b>
Expected credit loss rate	0.07%-4.10%	0.66%-10.60%	23.89%	16.67%-41.38%	100.00%	
Gross carrying amount	\$ 413,549	\$ 104,154	\$ 31,088	\$ 1,939	\$ 47,834	\$ 598,564
Loss allowance (Lifetime ECL)	<u>(14,591)</u>	<u>(10,516)</u>	<u>(7,427)</u>	<u>(762)</u>	<u>(47,834)</u>	<u>(81,130)</u>
Amortized cost	<u>\$ 398,958</u>	<u>\$ 93,638</u>	<u>\$ 23,661</u>	<u>\$ 1,177</u>	<u>\$ -</u>	<u>\$ 517,434</u>

December 31, 2019

	<b>Not Past Due</b>	<b>Less than 90 Days</b>	<b>91 to 180 Days</b>	<b>181 to 270 Days</b>	<b>Over 270 Days</b>	<b>Total</b>
Expected credit loss rate	0.58%-1.57%	1.92%-5.81%	5.29%-20.87%	14.06%-40.42%	100.00%	
Gross carrying amount	\$ 171,219	\$ 60,331	\$ 44,143	\$ 27,132	\$ 81,252	\$ 384,077
Loss allowance (Lifetime ECL)	<u>(1,670)</u>	<u>(1,854)</u>	<u>(2,266)</u>	<u>(3,200)</u>	<u>(81,252)</u>	<u>(90,242)</u>
Amortized cost	<u>\$ 169,549</u>	<u>\$ 58,477</u>	<u>\$ 41,877</u>	<u>\$ 23,932</u>	<u>\$ -</u>	<u>\$ 293,835</u>

The movements of the loss allowance of trade receivables were as follows:

	<b><u>For the Year Ended December 31</u></b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 90,242	\$ 47,088
Add: Net remeasurement of loss allowance	-	44,998
Less: Net remeasurement of loss allowance	(5,485)	-
Less: Amounts written off	(383)	(970)
Foreign exchange losses	<u>(3,244)</u>	<u>(874)</u>
Balance at December 31	<u>\$ 81,130</u>	<u>\$ 90,242</u>

b. Other receivables

Other receivables primarily included interest receivables, GST refund receivables and others. The Group continuously monitors past default experience of the counterparties and analyzes their current financial position. Based on the information above, the Group then assesses the expected credit loss and considers whether credit risk has been significantly increased since the last period to the reporting date. As of December 31, 2020 and 2019, the Group estimated the expected credit loss rate of other receivables to be 0%.

## 10. INVENTORIES

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Merchandise	\$ 14,433	\$ 7,841
Finished goods	24,696	30,596
Work in progress	19,566	17,190
Raw materials	<u>215,569</u>	<u>240,583</u>
	<u>\$ 274,264</u>	<u>\$ 296,210</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 were \$1,270,636 thousand and \$1,374,387 thousand, respectively. The cost of goods sold for the years ended December 31, 2020 and 2019 included inventory write-downs of \$908 thousand and \$6,699 thousand, respectively.

## 11. SUBSIDIARIES

### a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			2020	2019	
The Company	All Cosmos Industries Sdn. Bhd. (ACI)	Manufacturing and sales of Bio-organic and Bio-chemical compound fertilizers	100	100	
	Sabah Softwoods Hybrid Fertiliser Sdn. Bhd.	Manufacturing and sales of Bio-organic and Bio-chemical compound fertilizers	55	55	
	PT All Cosmos Indonesia	Sales of Bio-organic and Bio-chemical compound fertilizers	99	99	
	PT All Cosmos Biotek	Manufacturing and sales of Bio-organic and Bio-chemical compound fertilizers	83	83	Note 2
ACI	GK Bio International Sdn. Bhd.	Wholesale of probiotics	60	60	Note 3
	PT All Cosmos Indonesia	Sales of Bio-organic and Bio-chemical compound fertilizers	1	1	
	Arif Efektif Sdn. Bhd.	Research and development of effective microorganisms for Bio-organic and Bio-chemical compound fertilizers	49	49	Note 1
	Kinabalu Life Sciences Sdn. Bhd.	Research and development of effective microorganisms for waste disposal of oil-palm	60	60	Note 4
	Cosmos Biowood Sdn. Bhd.	Forest plantation and research	80	80	

Note 1: The Group and its substantive related party separately hold 49% and 26% interest in Arif Efektif Sdn. Bhd. Their combined holding exceed 50% of the total shares outstanding. Hence, the Group has substantive control over Arif Efektif Sdn. Bhd. and has included it as part of the Group.

Note 2: On August 23, 2019, the Company invested IDR19,880,000 thousand by subscribing additional new shares of PT All Cosmos Biotek at a percentage different from its existing ownership percentage, and its proportion of ownership increased from 60% to 83%. Refer to Note 26 for the relevant disclosures.

Note 3: GK Bio International Sdn. Bhd. was established on October 11, 2018. On March 25, 2019, the equity interest of GK Bio International Sdn. Bhd. was transferred from All Cosmos Industries Sdn. Bhd. to the Company. At the same time, GK Bio International Sdn. Bhd. issued additional new shares for cash of MYR3,000 thousand, and the Group and the minority shareholders invested NT\$13,594 thousand and NT\$9,063 thousand at a percentage different from its existing ownership percentage, respectively. The equity interest of GK Bio International Sdn. Bhd. held by the Group decreased from 100% to 60%. Refer to Note 26 for the relevant disclosures.

Note 4: On September 25, 2019, Kinabalu Life Sciences Sdn. Bhd. issued new shares for cash of MYR2,000 thousand, and the Group and the minority shareholders invested NT\$8,933 thousand and NT\$5,955 thousand, respectively, in proportion to their original shareholdings. On February 25, 2020, Kinabalu Life Sciences Sdn. Bhd. issued additional new shares for cash of MYR2,000 thousand, and the Group and minority shareholders invested by NT\$8,626 thousand and NT\$5,750 thousand, respectively, in proportion to their original shareholdings.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
	December 31	
	2020	2019
Sabah Softwoods Hybrid Fertiliser Sdn. Bhd.	45%	45%

Refer to Table 6 for the information on the principal places of business and the countries of incorporation.

Name of Subsidiary	Profit Allocated to Non-controlling Interests For the Year Ended December 31		Accumulated Non-controlling Interests December 31	
	2020	2019	2020	2019
Sabah Softwoods Hybrid Fertiliser Sdn. Bhd.	\$ 482	\$ 4,917	\$ 322,657	\$ 345,911

Summarized financial information of the subsidiary that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

Sabah Softwoods Hybrid Fertiliser Sdn. Bhd.

	December 31	
	2020	2019
Current assets	\$ 530,840	\$ 538,644
Non-current assets	263,445	292,590
Current liabilities	(62,067)	(39,461)
Non-current liabilities	(15,203)	(23,082)
Equity	\$ 717,015	\$ 768,691

(Continued)

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Equity attributable to:		
The Company	\$ 394,358	\$ 422,780
Non-controlling interests of Sabah Softwoods Hybrid Fertiliser Sdn. Bhd.	<u>322,657</u>	<u>345,911</u>
	<u>\$ 717,015</u>	<u>\$ 768,691</u> (Concluded)
	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Revenue	<u>\$ 310,606</u>	<u>\$ 560,767</u>
Profit for the year	\$ 1,072	\$ 10,926
Other comprehensive income for the year	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>\$ 1,072</u>	<u>\$ 10,926</u>
Profit attributable to:		
The Company	\$ 590	\$ 6,009
Non-controlling interests of Sabah Softwoods Hybrid Fertiliser Sdn. Bhd.	<u>482</u>	<u>4,917</u>
	<u>\$ 1,072</u>	<u>\$ 10,926</u>
Total comprehensive income attributable to:		
The Company	\$ 590	\$ 6,009
Non-controlling interests of Sabah Softwoods Hybrid Fertiliser Sdn. Bhd.	<u>482</u>	<u>4,917</u>
	<u>\$ 1,072</u>	<u>\$ 10,926</u>
Cash (outflow) inflow from:		
Operating activities	\$ (20,827)	\$ 218,441
Investing activities	(8,781)	(23,036)
Financing activities	4,233	(49,699)
Effects of foreign currency exchange	<u>(14,225)</u>	<u>(3,245)</u>
Net cash (outflow) inflow	<u>\$ (39,600)</u>	<u>\$ 142,461</u>

## 12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

### Investments in Associates

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Associate that is not individually material Sawit Ecoshield Sdn. Bhd.	<u>\$ 12,717</u>	<u>\$ 14,539</u>



**For the Year Ended December 31**  
**2020**                      **2019**

The Group's share of:

Total comprehensive loss for the year                      \$ (1,296)                      \$ (155)

Refer to Table 6 "Information on Investees" for the nature of activities, the principal places of business and the countries of incorporation of the associate.

Investments were accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on financial statements which have not been audited. Management believes there is no material impact on the equity method accounting or the calculation of the share of profit or loss from the financial statements of Sawit Ecoshield Sdn. Bhd. which has not been audited.

### 13. PROPERTY, PLANT AND EQUIPMENT

#### Assets Used by the Group

	Building	Machinery and Equipment	Transportation Equipment	Furniture, Fixture and Equipment	Leasehold Improvements	Other Equipment	Property under Construction	Total
<u>Cost</u>								
Balance at January 1, 2020	\$ 344,374	\$ 359,899	\$ 14,239	\$ 5,060	\$ 542	\$ 67,662	\$ 23,518	\$ 815,294
Additions	4,518	5,670	1,608	1,149	124	1,291	16,506	30,866
Disposals	-	(794)	(1,449)	(600)	-	(9)	-	(2,852)
Reclassified (Note)	-	1,794	4,424	-	-	135	(135)	6,218
Effects of foreign currency exchange differences	(12,153)	(12,686)	(465)	(176)	(18)	(2,383)	(695)	(28,576)
Balance at December 31, 2020	<u>\$ 336,739</u>	<u>\$ 353,883</u>	<u>\$ 18,357</u>	<u>\$ 5,433</u>	<u>\$ 648</u>	<u>\$ 66,696</u>	<u>\$ 39,194</u>	<u>\$ 820,950</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2020	\$ 58,702	\$ 242,815	\$ 8,474	\$ 3,160	\$ 337	\$ 31,759	\$ -	\$ 345,247
Depreciation expense	6,386	27,761	2,089	581	53	5,843	-	42,713
Disposals	-	(794)	(1,449)	(478)	-	(8)	-	(2,729)
Reclassified (Note)	-	1,256	4,424	-	-	-	-	5,680
Effects of foreign currency exchange differences	(2,025)	(8,359)	(257)	(111)	(11)	(1,076)	-	(11,839)
Balance at December 31, 2020	<u>\$ 63,063</u>	<u>\$ 262,679</u>	<u>\$ 13,281</u>	<u>\$ 3,152</u>	<u>\$ 379</u>	<u>\$ 36,518</u>	<u>\$ -</u>	<u>\$ 379,072</u>
Carrying amount at December 31, 2020	<u>\$ 273,676</u>	<u>\$ 91,204</u>	<u>\$ 5,076</u>	<u>\$ 2,281</u>	<u>\$ 269</u>	<u>\$ 30,178</u>	<u>\$ 39,194</u>	<u>\$ 441,878</u>
<u>Cost</u>								
Balance at January 1, 2019	\$ 342,252	\$ 351,226	\$ 16,822	\$ 4,899	\$ 545	\$ 66,928	\$ 1,849	\$ 784,521
Additions	3,959	7,482	1,525	189	-	1,513	23,859	38,527
Disposals	-	(2,707)	(4,304)	(230)	-	(187)	-	(7,428)
Reclassified (Note)	-	5,878	248	229	-	(229)	(1,865)	4,261
Effects of foreign currency exchange differences	(1,837)	(1,980)	(52)	(27)	(3)	(363)	(325)	(4,587)
Balance at December 31, 2019	<u>\$ 344,374</u>	<u>\$ 359,899</u>	<u>\$ 14,239</u>	<u>\$ 5,060</u>	<u>\$ 542</u>	<u>\$ 67,662</u>	<u>\$ 23,518</u>	<u>\$ 815,294</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2019	\$ 52,376	\$ 216,917	\$ 6,247	\$ 2,787	\$ 317	\$ 26,337	\$ -	\$ 304,981
Depreciation expense	6,693	29,458	2,333	442	23	5,866	-	44,815
Disposals	-	(2,039)	(3,946)	(174)	-	(101)	-	(6,260)
Reclassified (Note)	-	-	3,906	125	-	(125)	-	3,906
Effects of foreign currency exchange differences	(367)	(1,521)	(66)	(20)	(3)	(218)	-	(2,195)
Balance at December 31, 2019	<u>\$ 58,702</u>	<u>\$ 242,815</u>	<u>\$ 8,474</u>	<u>\$ 3,160</u>	<u>\$ 337</u>	<u>\$ 31,759</u>	<u>\$ -</u>	<u>\$ 345,247</u>
Carrying amount at December 31, 2019	<u>\$ 285,672</u>	<u>\$ 117,084</u>	<u>\$ 5,765</u>	<u>\$ 1,900</u>	<u>\$ 205</u>	<u>\$ 35,903</u>	<u>\$ 23,518</u>	<u>\$ 470,047</u>

Note: The reclassification of property, plant and equipment included reclassification from right-of-use assets.

The above items of property, plant and equipment used by the Group are depreciated on a straight-line basis over their estimated useful lives as follows:

Building	
Main buildings	50-52 years
Others	50 years
Machinery and equipment	3-10 years
Transportation equipment	5 years
Furniture, fixture and equipment	3-10 years
Leasehold improvements	3-25 years
Other equipment	5-10 years

Property, plant and equipment used by the Group pledged as collateral for bank borrowings are set out in Note 31.

#### 14. LEASE ARRANGEMENTS

##### a. Right-of-use assets

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Carrying amount</u>		
Land	\$ 161,171	\$ 172,826
Buildings	2,640	3,700
Machinery and equipment	-	704
Transportation equipment	<u>362</u>	<u>530</u>
	<u>\$ 164,173</u>	<u>\$ 177,760</u>
	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Additions to right-of-use assets	<u>\$ 1,409</u>	<u>\$ 2,213</u>
Depreciation charge for right-of-use assets		
Land	\$ 3,930	\$ 4,192
Buildings	2,330	2,067
Machinery and equipment	135	191
Transportation equipment	<u>136</u>	<u>1,000</u>
	<u>\$ 6,531</u>	<u>\$ 7,450</u>

b. Lease liabilities

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Carrying amount</u>		
Current	\$ 2,226	\$ 2,163
Non-current	\$ 671	\$ 1,932

Range of discount rates for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Buildings	1.80%-5.84%	5.54%-5.84%
Transportation equipment	4.00%	4.00%

c. Material leasing activities and terms

The Group leases land for the use of plants and offices with lease terms of 30 to 93 years. The Group does not have bargain purchase options to acquire the leasehold land at the end of the lease terms.

d. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Expenses relating to short-term leases	\$ 2,475	\$ 3,279
Expenses relating to low-value asset leases	\$ 885	\$ 225
Total cash outflow for leases	\$ (6,082)	\$ (46,841)

The Group's leases of certain worker hostels qualify as short-term leases and certain offices qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

Right-of-use assets pledged as collateral for bank borrowings is set out in Note 31.

All lease commitments (the Group as a lessee) with lease terms commencing after the balance sheet dates are as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Lease commitments	\$ -	\$ 1,522

## 15. GOODWILL

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Cost</u>		
Balance at January 1	\$ 5,638	\$ 5,667
Effects of foreign currency exchange differences	<u>(200)</u>	<u>(29)</u>
Balance at December 31	<u>\$ 5,438</u>	<u>\$ 5,638</u>
<u>Accumulated impairment losses</u>		
Balance at January 1	\$ 5,253	\$ -
Impairment losses recognized	-	5,329
Effects of foreign currency exchange differences	<u>(186)</u>	<u>(76)</u>
Balance at December 31	<u>\$ 5,067</u>	<u>\$ 5,253</u>
Carrying amounts at December 31	<u>\$ 371</u>	<u>\$ 385</u>

The Group recognized goodwill on the acquisition of Arif Efektif Sdn. Bhd. and Cosmos Biowood Sdn. Bhd. The cost of investment is higher than the fair value of the identifiable assets and liabilities assumed on the acquisition date.

Because Cosmos Biowood Sdn. Bhd.'s acquisition of right of use of forest plantation was delayed, the Group assessed the recoverable amount of goodwill at \$0 in 2019 and recognized impairment loss on goodwill of Cosmos Biowood Sdn. Bhd. at \$5,329 thousand.

## 16. OTHER INTANGIBLE ASSETS

	<b>Computer Software</b>	
	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Cost</u>		
Balance at January 1	\$ 4,990	\$ 8,086
Additions	228	142
Disposals	-	(3,240)
Effects of foreign currency exchange differences	<u>(175)</u>	<u>2</u>
Balance at December 31	<u>\$ 5,043</u>	<u>\$ 4,990</u>
<u>Accumulated amortization</u>		
Balance at January 1	\$ 2,918	\$ 5,173
Amortization expense	911	980
Disposals	-	(3,240)
Effects of foreign currency exchange differences	<u>(95)</u>	<u>5</u>
Balance at December 31	<u>\$ 3,734</u>	<u>\$ 2,918</u>
Carrying amount at December 31	<u>\$ 1,309</u>	<u>\$ 2,072</u>

Computer software is amortized over 5 years on a straight-line basis.

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
An analysis of amortization by function		
General and administrative expenses	\$ <u>911</u>	\$ <u>980</u>

## 17. OTHER ASSETS

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Current</u>		
Prepayments		
Prepayments for purchase	\$ 99,083	\$ 9,807
Office supplies	17,635	18,523
Input tax	7,765	5,726
Others	<u>3,082</u>	<u>7,725</u>
	<u>\$ 127,565</u>	<u>\$ 41,781</u>
Refundable deposits	<u>\$ 175</u>	<u>\$ -</u>
<u>Non-current</u>		
Refundable deposits	\$ 11,004	\$ 8,262
Prepayment for equipment	4,952	-
Prepayments	<u>9,190</u>	<u>9,527</u>
	<u>\$ 25,146</u>	<u>\$ 17,789</u>

## 18. BORROWINGS

### a. Short-term borrowings

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Secured borrowings (Note 31)</u>		
Bank loans	\$ <u>45,944</u>	\$ <u>9,204</u>

The range of interest rates on bank loans was 1.43%-1.75% and 2.95% per annum as of December 31, 2020 and 2019, respectively.

b. Long-term borrowings

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Secured borrowings (Note 31)</u>		
Bank loans (1)	\$ 3,226	\$ 21,169
<u>Unsecured borrowings</u>		
Others (2)	<u>2,129</u>	<u>-</u>
	5,355	21,169
Less: Current portion	<u>(5,355)</u>	<u>(17,810)</u>
Long-term borrowings	<u>\$ -</u>	<u>\$ 3,359</u>

1) The details of the long-term bank loans are as follows:

	<b>Effective Rate</b>	<b>December 31</b>	
<u>Variable rate</u>		<b>2020</b>	<b>2019</b>
AmIslamic Bank medium-term bank loan with a total amount of MYR5,000 thousand, from May 22, 2014 to May 1, 2021, repayable in monthly installments of principal and interest, repaid in advance on June 1, 2020	3.70%	\$ -	\$ 3,662
AmIslamic Bank medium-term bank loan with a total amount of MYR3,580 thousand, from March 31, 2013 to May 1, 2020, repayable in monthly installments of principal and interest, repaid in advance on March 1, 2020	4.45%	-	1,127
AmIslamic Bank medium-term bank loan with a total amount of MYR5,000 thousand, from March 31, 2013 to March 1, 2021, repayable in monthly installments of principal and interest	3.45%	1,383	7,037
AmIslamic Bank medium-term bank loan with a total amount of MYR6,500 thousand, from March 31, 2013 to March 1, 2021, repayable in monthly installments of principal and interest	4.20%	<u>1,843</u>	<u>9,343</u>
		<u>\$ 3,226</u>	<u>\$ 21,169</u>

2) Other borrowing was fixed-rates loan from individuals. Such loan is due on December 31, 2021, and the effective interest rate was 4% per annum as of December 31, 2020.

## 19. OTHER LIABILITIES

	December 31	
	2020	2019
<u>Current</u>		
Other payables		
Payable for salaries and bonuses (including compensation of employees and remuneration of directors)	\$ 16,214	\$ 14,840
Payable for pension fees	2,327	2,045
Payable for professional service fees	2,633	2,027
Payable for utilities	1,994	2,141
Payable for purchase of equipment	951	134
Payable for taxes	2,038	1,532
Payable for royalties	3,071	906
Payable for marketing expenses	9,864	6,271
Payable for maintenance	5,894	4,101
Payable for freight	18,595	10,894
Payable for welfare	5,434	5,633
Others	<u>8,989</u>	<u>7,591</u>
	<u>\$ 78,004</u>	<u>\$ 58,115</u>
Other liabilities		
Deferred revenue - from government grants (Note)	\$ 1,872	\$ 2,949
Guarantee deposits received	<u>4,326</u>	<u>-</u>
	<u>\$ 6,198</u>	<u>\$ 2,949</u>
<u>Non-current</u>		
Guarantee deposits received	<u>\$ -</u>	<u>\$ 380</u>

Note: The Group applied for a research and development grant sponsored by the Malaysia government. The grant spans over a two-year period and divided into two payments, \$2,715 thousand and \$3,556 thousand in 2014 and 2016, respectively. The associated income was recognized proportionally according to the progress of the research and development project.

## 20. RETIREMENT BENEFIT PLANS

The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits in accordance with local regulation. Except for the abovementioned, the Group does not have any other retirement or pension plans for employees.

## 21. EQUITY

### a. Share capital

#### Ordinary shares

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Number of shares authorized (in thousands)	600,000	600,000
Shares authorized	<u>\$ 6,000,000</u>	<u>\$ 6,000,000</u>
Number of shares issued and fully paid (in thousands)	64,034	64,034
Shares issued	<u>\$ 640,340</u>	<u>\$ 640,340</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

### b. Capital surplus

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
May be used to offset a deficit, distributed as cash dividends, or <u>transferred to share capital (Note)</u>		
Issuance of ordinary shares	\$ 775,964	\$ 775,964
<u>May be used to offset deficit only</u>		
Exercise of employee share options	2,675	2,675
Forfeited employee share options	2,862	2,862
<u>May not be used for any purpose</u>		
Others	<u>337</u>	<u>337</u>
	<u>\$ 781,838</u>	<u>\$ 781,838</u>

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

### c. Retained earnings and dividends policy

The shareholders of the Company held their regular meeting on June 19, 2019 and in that meeting, resolved the amendments to the Company's Articles of Incorporation (the "Articles"). The amendments explicitly stipulate that the proposal for profit distribution or offsetting of losses should be made at the end of each six months of the fiscal year. The board of directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting.

Under the dividends policy as set forth in the amended Articles, where the Company made a profit each six months of the fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with



any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan. For distribution of dividends and bonus in shares, the distribution plan should be resolved in the shareholders' meeting. As for distribution of dividends and bonus in cash, the board of directors is authorized to adopt a special resolution and a report of such distribution should be submitted in the shareholders' meeting.

Under the dividends policy as set forth in the Articles before the amendments, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the compensation of employees and remuneration of directors paid and the amounts recognized, refer to compensation of employees and remuneration of directors in Note 23 (g).

The Company's Articles also stipulate that dividends can be distributed in shares or in cash. Cash dividends should be no less than 50% of the total dividends distributed.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2019 and 2018, which were approved in the shareholders' meetings on June 16, 2020 and June 19, 2019, respectively, were as follows:

	<b>Appropriation of Earnings</b>	
	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Legal reserve	\$ 3,569	\$ 30,506
Special reserve	\$ 8,221	\$ 1,665
Cash dividends	\$ 64,034	\$ 153,682
Cash dividends per share (NT\$)	\$ 1.00	\$ 2.40

The appropriations of earnings for 2020 which were proposed by the Company's board of directors on March 26, 2021 were as follows:

	<b>For the Year Ended December 31, 2020</b>
Legal reserve	\$ 8,220
Special reserve	\$ 77,394
Cash dividends	\$ 64,034
Cash dividends per share (NT\$)	\$ 1.00

The above appropriation for cash dividends had been resolved by the Company's board of directors; the other appropriations will be resolved by the shareholders in their meeting to be held on June 28, 2021.

d. Special reserve

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 312,099	\$ 310,434
Appropriation in respect of		
Debit to other equity items	<u>8,221</u>	<u>1,665</u>
Balance at December 31	<u>\$ 320,320</u>	<u>\$ 312,099</u>

According to the Articles, special reserve should be appropriated for the amount equal to the difference between net debit balance reserve of other equity items and the balance of special reserve appropriated on the reporting date. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and is thereafter distributed.

e. Other equity items

Exchange differences on translation of the financial statements of foreign operations

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ (320,320)	\$ (312,099)
Exchange differences on translation to the presentation currency	(75,721)	(9,529)
Exchange differences on translation of the financial statements of		
foreign operations	(2,201)	1,722
Related income tax	<u>528</u>	<u>(414)</u>
Balance at December 31	<u>\$ (397,714)</u>	<u>\$ (320,320)</u>

f. Non-controlling interests

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 380,181	\$ 363,677
Share in profit for the year	15,964	2,984
Other comprehensive income (loss) during the year		
Exchange differences on translation to the presentation		
currency	(13,483)	(2,251)
Exchange differences on translation of the financial statements		
of foreign operations	(330)	307
Cash dividends	(11,414)	-
Non-controlling interests from issuance of ordinary shares	5,750	15,018
Changes in proportions of ownership in subsidiaries (Note 26)	<u>-</u>	<u>446</u>
Balance at December 31	<u>\$ 376,668</u>	<u>\$ 380,181</u>

## 22. REVENUE

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Revenue from the sale of goods	<u>\$ 1,642,783</u>	<u>\$ 1,767,699</u>

a. Contract information

Revenue from the sale of goods

The Group's revenue mainly comes from sale of bio-organic and bio-chemical compound fertilizers. All goods are sold at agreed-upon prices.

b. Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Trade receivables (including related parties) (Notes 9 and 30)	<u>\$ 547,834</u>	<u>\$ 329,831</u>	<u>\$ 808,203</u>
Contract liabilities - current	<u>\$ 87</u>	<u>\$ 1,532</u>	<u>\$ 9,867</u>

Revenue recognized in the current year that was included in the contract liability balance at the beginning of the year and from the performance obligations satisfied in the previous periods was summarized as follows:

	<u>For the Year Ended December 31</u>	
	2020	2019
From contract liabilities at the start of the year	<u>\$ 1,532</u>	<u>\$ 9,867</u>

c. Disaggregation of revenue

Refer to Note 36 for details of disaggregation of revenue.

## 23. NET PROFIT

a. Interest income

	<u>For the Year Ended December 31</u>	
	2020	2019
Bank deposits	\$ 13,388	\$ 12,630
Financial assets at amortized cost	4,914	4,738
Loans to related party (Note 30)	<u>498</u>	<u>-</u>
	<u>\$ 18,800</u>	<u>\$ 17,368</u>

b. Other income

	<u>For the Year Ended December 31</u>	
	2020	2019
Rental income	\$ 31	\$ 33
Others (Note 30)	<u>11,990</u>	<u>16,642</u>
	<u>\$ 12,021</u>	<u>\$ 16,675</u>

c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Gain on disposal of property, plant and equipment	\$ 151	\$ 385
Net foreign exchange gains (h)	19,084	9,533
Fair values changes of financial assets		
Financial assets mandatorily classified as at FVTPL	2,643	1,587
Impairment loss recognized on goodwill	-	(5,329)
Others	<u>(3)</u>	<u>(29)</u>
	<u>\$ 21,875</u>	<u>\$ 6,147</u>

d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Interest on bank loans	\$ 4,165	\$ 9,129
Interest on lease liabilities (Note 30)	191	319
Other interest expenses	<u>84</u>	<u>-</u>
	<u>\$ 4,440</u>	<u>\$ 9,448</u>

e. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
An analysis of depreciation by function		
Operating costs	\$ 33,772	\$ 36,210
Operating expenses	<u>15,472</u>	<u>16,055</u>
	<u>\$ 49,244</u>	<u>\$ 52,265</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 911</u>	<u>\$ 980</u>

f. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Post-employment benefits		
Defined contribution plan	\$ 8,707	\$ 8,844
Other employee benefits (Note)	<u>132,497</u>	<u>142,909</u>
Total employee benefits expense	<u>\$ 141,204</u>	<u>\$ 151,753</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 47,840	\$ 50,765
Operating expenses	<u>93,364</u>	<u>100,988</u>
	<u>\$ 141,204</u>	<u>\$ 151,753</u>

Note: The Group received grants of \$2,978 thousand related to COVID-19 epidemic in 2020, which was included in the reduction of other employee benefits in each reporting period.

g. Compensation of employees and remuneration of directors

According to the Articles, the Company accrues compensation of employees at rates of no less than 1% and no higher than 10% and remuneration of directors at rates of no higher than 10%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for the years ended December 31, 2020 and 2019, which were approved by the Company's board of directors on March 26, 2021 and March 24, 2020, respectively, are as follows:

Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Compensation of employees	3%	3%
Remuneration of directors	2%	2%

Amount

	<b>For the Year Ended December 31</b>			
	<b>2020</b>		<b>2019</b>	
	<b>Cash</b>	<b>Shares</b>	<b>Cash</b>	<b>Shares</b>
Compensation of employees	\$ 2,696	\$ -	\$ 1,128	\$ -
Remuneration of directors	1,797	-	752	-

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gains and losses on foreign currency exchange

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Foreign exchange gains	\$ 49,239	\$ 20,307
Foreign exchange losses	<u>(30,155)</u>	<u>(10,774)</u>
	<u>\$ 19,084</u>	<u>\$ 9,533</u>

## 24. INCOME TAXES

### a. Income tax recognized in profit or loss

Major components of income tax expense are as follow:

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Current tax		
In respect of the current year	\$ 47,171	\$ 71,222
Adjustments for prior year	<u>2,572</u>	<u>(546)</u>
	49,743	70,676
Deferred tax		
In respect of the current year	<u>1,760</u>	<u>(5,536)</u>
Income tax expense recognized in profit or loss	<u>\$ 51,503</u>	<u>\$ 65,140</u>

A reconciliation of accounting profit and income tax expenses is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Profit before tax	<u>\$ 149,671</u>	<u>\$ 103,818</u>
Income tax expense calculated at the statutory rate (24%)	\$ 35,921	\$ 24,916
Nondeductible expenses in determining taxable income	8,565	10,652
Tax-exempt income	(678)	-
Unrecognized loss carryforwards	746	1,623
Unrecognized deductible temporary differences	(140)	(265)
Adjustments for prior years' income tax	2,572	(546)
Effects of different tax rate of entities in the Group operating in other jurisdictions	<u>4,517</u>	<u>28,760</u>
Income tax expense recognized in profit or loss	<u>\$ 51,503</u>	<u>\$ 65,140</u>

The applicable income tax rate used by the Group in Malaysia was both 24% in 2020 and 2019. Tax rates used by other entities operating in other jurisdictions are based on the tax laws in each jurisdiction.

### b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Deferred tax</u>		
In respect of the current year		
Exchange differences on translation of the financial statements of foreign operations	<u>\$ (528)</u>	<u>\$ 414</u>

c. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Current tax assets		
Tax refund receivables	<u>\$ 7,750</u>	<u>\$ 2,446</u>
Current tax liabilities		
Income tax payables	<u>\$ 17,374</u>	<u>\$ 7,977</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

For the year ended December 31, 2020

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Exchange Differences</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>					
Temporary differences					
Exchange differences on translation of the financial statements of foreign operations	\$ 177	\$ -	\$ 528	\$ (2)	\$ 703
Allowance for impaired receivables	24,192	(3,862)	-	(889)	19,441
Allowance for impaired inventory	3,109	(98)	-	(111)	2,900
Others	-	10	-	-	10
Investments tax credits	<u>12,466</u>	<u>-</u>	<u>-</u>	<u>(441)</u>	<u>12,025</u>
	<u>\$ 39,944</u>	<u>\$ (3,950)</u>	<u>\$ 528</u>	<u>\$ (1,443)</u>	<u>\$ 35,079</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Depreciation of property, plant and equipment	\$ 32,451	\$ (2,602)	\$ -	\$ (1,171)	\$ 28,678
Unrealized exchange gains	<u>36</u>	<u>412</u>	<u>-</u>	<u>2</u>	<u>450</u>
	<u>\$ 32,487</u>	<u>\$ (2,190)</u>	<u>\$ -</u>	<u>\$ (1,169)</u>	<u>\$ 29,128</u>

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Exchange differences on translation of the financial statements of foreign operations	\$ 587	\$ -	\$ (414)	\$ 4	\$ 177
Unrealized exchange losses	107	(107)	-	-	-
Allowance for impaired receivables	13,489	10,930	-	(227)	24,192
Allowance for impaired inventory	1,851	1,286	-	(28)	3,109
Investments tax credits	<u>12,530</u>	<u>-</u>	<u>-</u>	<u>(64)</u>	<u>12,466</u>
	<u>\$ 28,564</u>	<u>\$ 12,109</u>	<u>\$ (414)</u>	<u>\$ (315)</u>	<u>\$ 39,944</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Depreciation of property, plant and equipment	\$ 25,742	\$ 6,941	\$ -	\$ (232)	\$ 32,451
Unrealized exchange gains	<u>401</u>	<u>(368)</u>	<u>-</u>	<u>3</u>	<u>36</u>
	<u>\$ 26,143</u>	<u>\$ 6,573</u>	<u>\$ -</u>	<u>\$ (229)</u>	<u>\$ 32,487</u>

- e. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Deductible temporary differences		
Allowance for impaired inventory	<u>\$ 8,990</u>	<u>\$ 7,943</u>
Loss carryforwards	<u>\$ 8,329</u>	<u>\$ 11,908</u>

- f. Income tax assessments

As of December 31, 2020, except for Sabah Softwoods Hybrid Fertiliser Sdn. Bhd., which filed for correction for its tax credit in 2016 but did not obtain approval, the Group did not have any claim or litigation regarding tax assessment.

## 25. EARNINGS PER SHARE

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Basic earnings per share	<u>\$ 1.28</u>	<u>\$ 0.56</u>
Diluted earnings per share	<u>\$ 1.28</u>	<u>\$ 0.56</u>



The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share calculation were as follows:

**Net Profit for the Year**

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Profit for the year attributable to owners of the Company	<u>\$ 82,204</u>	<u>\$ 35,694</u>

**Weighted Average Number of Ordinary Shares Outstanding (In Thousand Shares)**

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	64,034	64,034
Effects of potentially dilutive ordinary shares		
Compensation of employees	<u>82</u>	<u>67</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>64,116</u>	<u>64,101</u>

The Group may settle compensation of employees in cash or shares; therefore the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

**26. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS**

On March 25, 2019, the Group subscribed new shares issued by GK Bio International Sdn. Bhd. at a percentage different from its existing ownership percentage, which reduced its continuing interest from 100% to 60%. In addition, on August 23, 2019, the Company subscribed new shares issued by PT All Cosmos Biotek at a percentage different from its existing ownership percentage, which increased its continuing interest from 60% to 83%.

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over these subsidiaries.

	<b>GK Bio International Sdn. Bhd.</b>	<b>PT All Cosmos Biotek</b>
Cash consideration paid	\$ (13,594)	\$ (42,844)
The proportionate share of the carrying amount of the net assets of the subsidiary	<u>13,642</u>	<u>42,350</u>
Differences recognized from equity transactions	<u>\$ 48</u>	<u>\$ (494)</u>

(Continued)

	<b>GK Bio International Sdn. Bhd.</b>	<b>PT All Cosmos Biotek</b>
<u>Line items adjusted for equity transactions</u>		
Capital surplus - changes in percentage of ownership interests in subsidiaries	\$ 48	\$ (48)
Retained earnings	<u>-</u>	<u>(446)</u>
	<u>\$ 48</u>	<u>\$ (494)</u> (Concluded)

## 27. CASH FLOWS INFORMATION

### a. Non-cash transaction

For the years ended December 31, 2020 and 2019, the Group entered into the following non-cash investing and financing activities which were not reflected in the consolidated statements of cash flows:

As of December 31, 2020 and 2019, the payable for purchasing equipment (recognized as other payables) were \$951 thousand and \$134 thousand, respectively.

### b. Changes in liabilities from financing activities

#### For the year ended December 31, 2020

	<b>Opening Balance</b>	<b>Cash Flows</b>	<b>Non-cash Changes</b>				<b>Closing Balance</b>
			<b>New Leases</b>	<b>Interest Expenses</b>	<b>Exchange Differences</b>	<b>Others</b>	
Short-term borrowings	\$ 9,204	\$ 36,733	\$ -	\$ -	\$ 7	\$ -	\$ 45,944
Long-term borrowings	21,169	(14,939)	-	-	(875)	-	5,355
Guarantee deposits received	380	3,927	-	-	19	-	4,326
Lease liabilities	4,095	(2,531)	1,409	191	(76)	(191)	2,897
Other payables to related parties	<u>1</u>	<u>412</u>	<u>-</u>	<u>-</u>	<u>4</u>	<u>-</u>	<u>417</u>
	<u>\$ 34,849</u>	<u>\$ 23,602</u>	<u>\$ 1,409</u>	<u>\$ 191</u>	<u>\$ (921)</u>	<u>\$ (191)</u>	<u>\$ 58,939</u>

#### For the year ended December 31, 2019

	<b>Opening Balance</b>	<b>Cash Flows</b>	<b>Non-cash Changes</b>				<b>Closing Balance</b>
			<b>New Leases</b>	<b>Interest Expenses</b>	<b>Exchange Differences</b>	<b>Others</b>	
Short-term borrowings	\$ 146,785	\$ (138,873)	\$ -	\$ -	\$ 1,292	\$ -	\$ 9,204
Long-term borrowings	45,212	(24,152)	-	-	109	-	21,169
Guarantee deposits received	22	363	-	-	(5)	-	380
Lease liabilities	43,458	(43,018)	2,213	319	1,442	(319)	4,095
Other payables to related parties	<u>7</u>	<u>(5)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>1</u>
	<u>\$ 235,484</u>	<u>\$ (205,685)</u>	<u>\$ 2,213</u>	<u>\$ 319</u>	<u>\$ 2,838</u>	<u>\$ (320)</u>	<u>\$ 34,849</u>

## 28. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged.

The management of the Group periodically reviews its capital structure. As part of the review, the management considers the cost of capital, and the risks associated with each borrowings and the financial ratio required to determine the reasonable scale of capital structure of the Group. The Group balances its overall capital structure by distributing dividend, issuing new shares and obtaining loans.

## 29. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments not measured at fair value

The Group's management believes that the carrying amount of financial assets and financial liabilities that are not measured at fair value approximates the fair value.

### b. Fair value of financial instruments measured at fair value on a recurring basis

#### 1) Fair value hierarchy

##### December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 59,766	\$ -	\$ -	\$ 59,766

##### December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 43	\$ -	\$ 43
Mutual funds	60,466	-	-	60,466
	\$ 60,466	\$ 43	\$ -	\$ 60,509

There were no transfers between Levels 1 and 2 for the years ended December 31, 2020 and 2019.

#### 2) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts	Fair values of foreign exchange derivative contracts are measured on the basis of quotations provided by financial institutions.

### c. Categories of financial instruments

	<u>December 31</u>	
	2020	2019
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 59,766	\$ 60,509
Financial assets at amortized cost (1)	1,475,182	1,520,269
<u>Financial liabilities</u>		
Amortized cost (2)	173,678	141,977

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, trade receivables, trade receivables from related parties, other receivables (excluding GST refund receivable), other receivables from related parties, financial assets at amortized cost and refundable deposits.

- 2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, trade payables, trade payables from related parties, other payables (excluding payable for salaries and bonuses, payable for pension fees, payable for taxes, payable for welfare and insurance), other payables to related parties, current portion of long-term borrowings, long-term borrowings, and guarantee deposits received.

d. Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, trade payables, lease liabilities and borrowings. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency risk, interest risk and other price risk. The Group entered into forward foreign exchange contracts to hedge the foreign currency risk arising from the importations denominated in United States dollar.

a) Foreign currency risk

The Group's involvement in foreign currency denominated transactions exposed it to excessive risk arising from volatility of the exchange difference. The Group's risk management policy on foreign exchange is within standard, utilizing derivative - foreign currency forward contract - to manage risks.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 34.

Sensitivity analysis

The Group is mainly exposed to the fluctuations of United States dollars (USD).

The following table details the Group's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies.

The sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates is 5%. The sensitivity analysis included only outstanding foreign currency denominated monetary items (e.g. trade receivables, trade payables and borrowing from external entities), and adjusts their translation at the end of the year for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with functional currency strengthened by 5% against the relevant foreign currency. For a 5% weakening of functional currency against the relevant foreign currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be negative.

	<b>USD Impact</b>	
	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Profit or loss	\$ 6,452 *	\$ 3,925 *

\* The result was mainly attributable to the exposure on bank deposits, trade receivables and trade payables in USD that were not hedged at the end of the year.

The Group's sensitivity to foreign currency increased during the current year mainly due to the increases of the foreign financial assets.

#### b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows.

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Fair value interest rate risk		
Financial assets	\$ 263,085	\$ 428,566
Financial liabilities	50,441	13,299
Cash flow interest rate risk		
Financial assets	84,492	61,250
Financial liabilities	3,755	21,169

#### Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the year was outstanding for the whole year. Sensitivity rate of 1% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by \$807 thousand and \$401 thousand, respectively, which was mainly a result of the change in floating rate bank borrowings and bank deposits.

The Group's sensitivity to interest rates increased during the current year mainly due to the increases in net financial assets of cash flow interest rate risk.

c) Other price risk

The Group was exposed to price risk through its investments in money market fund instruments which were classified as financial assets at FVTPL. The investments are held for strategic purposes. The Group manages this exposure by maintaining a portfolio of investments with lower risks.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to money market funds price risks at the end of the year.

If money market funds prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by \$598 thousand and \$605 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligations and due to financial guarantees provided by the Group, could be equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2020 and 2019, the Group had available unutilized short-term bank loan facilities set out in (c) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows.

Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the year.

#### December 31, 2020

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 111,235	\$ 7,148	\$ 3,996	\$ -	\$ -
Lease liabilities	220	427	1,657	682	-
Floating interest rate liabilities	1,083	2,693	-	-	-
Fixed interest rate liabilities	<u>-</u>	<u>45,554</u>	<u>2,299</u>	<u>-</u>	<u>-</u>
	<u>\$ 112,538</u>	<u>\$ 55,822</u>	<u>\$ 7,952</u>	<u>\$ 682</u>	<u>\$ -</u>

Additional information about the maturity analysis for lease liabilities:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 2,304</u>	<u>\$ 682</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

#### December 31, 2019

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 49,601	\$ 58,659	\$ 2,964	\$ 380	\$ -
Lease liabilities	210	436	1,695	1,994	-
Floating interest rate liabilities	2,127	4,253	12,026	3,383	-
Fixed interest rate liabilities	<u>-</u>	<u>-</u>	<u>9,338</u>	<u>-</u>	<u>-</u>
	<u>\$ 51,938</u>	<u>\$ 63,348</u>	<u>\$ 26,023</u>	<u>\$ 5,757</u>	<u>\$ -</u>

Additional information about the maturity analysis for lease liabilities:

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 2,341</u>	<u>\$ 1,994</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The amount included above for floating interest rate instruments for both non-derivative financial assets and liabilities were subject to change if changes in floating interest rates differ from those estimates of interest rates determined at the end of the year.

b) Liquidity and interest rate risk tables for derivative financial liabilities

The following table detailed the Group's liquidity analysis for its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed was determined by reference to the projected interest rates as illustrated by the yield curves at the end of the year.

December 31, 2019

	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
<u>Net settled</u>					
Foreign exchange forward contracts	\$ 21	\$ 22	\$ -	\$ -	\$ -

c) Financing facilities

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Secured bank loan facilities:		
Amount used	\$ 49,170	\$ 30,373
Amount unused	865,916	987,706
	<u>\$ 915,086</u>	<u>\$ 1,018,079</u>

### 30. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed as follows.

a. Related party names and categories

<b>Related Names</b>	<b>Related Party Categories</b>
Sabah Softwoods Berhad	Related party in substance
Sawit Kinabalu Seeds Sdn. Bhd.	Related party in substance
Borneo Samudera Sdn. Bhd.	Related party in substance
Bongalio Development Sdn. Bhd.	Related party in substance
Kalabakan Plantation Sdn. Bhd.	Related party in substance
Oscar Kinabalu Sdn. Bhd.	Related party in substance
Bagahak Plantation Sdn. Bhd.	Related party in substance
Saplantco Sdn. Bhd.	Related party in substance
Sawit Ecoshield Sdn. Bhd.	Associate
Grape King Bio Ltd.	Related party in substance
Peng Sheng Ching	Related party in substance
Tan Chek Yen	Related party in substance
Peng Shih Hao	Key management personnel



b. Operating revenue

Line Items	Related Party Categories/Name	For the Year Ended December 31	
		2020	2019
Sales	Related parties in substance		
	Sabah Softwoods Berhad	\$ 110,405	\$ 242,482
	Borneo Samudera Sdn. Bhd.	78,939	161,530
	Others	11,701	29,504
	Associate	<u>7,810</u>	<u>2,752</u>
		<u>\$ 208,855</u>	<u>\$ 436,268</u>

The selling price for related parties is calculated with reference to the applicable market price. The credit terms for the related parties are comparable to those for unrelated parties.

c. Purchase of goods

Related Party Category/Name	For the Year Ended December 31	
	2020	2019
Related parties in substance	<u>\$ 14,198</u>	<u>\$ -</u>

Purchases of goods for related parties are calculated with reference to general market conditions. The payment term for the related parties are comparable to those of unrelated parties.

d. Receivables from related parties (excluding loans to related parties)

Line Items	Related Party Categories/Name	December 31	
		2020	2019
Trade receivables	Related parties in substance		
	Borneo Samudera Sdn. Bhd.	\$ 14,883	\$ 7,589
	Sabah Softwoods Berhad	10,062	23,849
	Others	3,161	4,577
	Associate	<u>2,767</u>	<u>2,713</u>
		30,873	38,728
	Less: Allowance for impairment loss	<u>(473)</u>	<u>(2,732)</u>
		<u>\$ 30,400</u>	<u>\$ 35,996</u>
Other receivables	Associate		
	Sawit Ecoshield Sdn. Bhd.	\$ 518	\$ 7,609
	Key management personnel	<u>-</u>	<u>37</u>
		<u>\$ 518</u>	<u>\$ 7,646</u>

The outstanding receivables from related parties are unsecured.

The Group measures the loss allowance for trade receivables from related parties at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the debtor and an analysis of the debtor's current financial position. The following table details the loss allowance of trade receivables from related parties based on the Group's provision matrix.

Trade receivables from related parties

December 31, 2020

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	Over 270 Days	Total
Expected credit loss rate	1.32%	4.04%	-	-	100.00%	
Gross carrying amount	\$ 28,475	\$ 2,398	\$ -	\$ -	\$ -	\$ 30,873
Loss allowance (Lifetime ECL)	<u>(377)</u>	<u>(96)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(473)</u>
Amortized cost	<u>\$ 28,098</u>	<u>\$ 2,302</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,400</u>

December 31, 2019

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	Over 270 Days	Total
Expected credit loss rate	1.47%	3.06%	20.86%	-	100.00%	
Gross carrying amount	\$ 25,870	\$ 1,860	\$ 10,997	\$ -	\$ 1	\$ 38,728
Loss allowance (Lifetime ECL)	<u>(380)</u>	<u>(57)</u>	<u>(2,294)</u>	<u>-</u>	<u>(1)</u>	<u>(2,732)</u>
Amortized cost	<u>\$ 25,490</u>	<u>\$ 1,803</u>	<u>\$ 8,703</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,996</u>

The movements of the loss allowance of trade receivables from related parties were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Balance at January 1	\$ 2,732	\$ 602
Add: Net remeasurement of loss allowance	-	2,164
Less: Net remeasurement of loss allowance	(2,143)	-
Foreign exchange losses	<u>(116)</u>	<u>(34)</u>
Balance at December 31	<u>\$ 473</u>	<u>\$ 2,732</u>

e. Payables to related parties (excluding loans from related parties)

Line Items	Related Party Categories/Name	<u>December 31</u>	
		<u>2020</u>	<u>2019</u>
Trade payables	Related parties in substance	<u>\$ 2,348</u>	<u>\$ -</u>
Other payables	Related parties in substance	\$ -	\$ 1
	Key management personnel	<u>417</u>	<u>-</u>
		<u>\$ 417</u>	<u>\$ 1</u>

The outstanding payables to related parties are unsecured.

- f. Lease arrangements - Group is lessee

Acquisition of right-of-use assets

Related Party Category/Name	<u>For the Year Ended December 31</u>	
	2020	2019
Related parties in substance	\$ -	\$ 422

Line Items	Related Party Categories/Name	<u>December 31</u>	
		2020	2019
Lease liabilities	Related parties in substance	\$ -	\$ 127

Related Party Category/Name	<u>For the Year Ended December 31</u>	
	2020	2019

Interest expense

Related parties in substance	\$ -	\$ 16
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Lease expense

Related parties in substance	\$ 172	\$ -
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The Group leased an employees' dormitory from related parties in substance with rentals paid monthly.

- g. Loans to related parties

Related Party Category/Name	<u>December 31</u>	
	2020	2019
<u>Associate</u>		
Sawit Ecoshield Sdn. Bhd.	\$ 14,190	\$ 14,711

Interest income

Related Party Category/Name	<u>December 31</u>	
	2020	2019
<u>Associate</u>		
Sawit Ecoshield Sdn. Bhd.	\$ 498	\$ -

The Group provided its associate with unsecured short-term loans at rates comparable to market interest rates.

- h. Other transactions with related parties

In 2019, ACI entered into an agreement with its associate to purchase machinery on its behalf and provide related technical consulting. For the year ended December 31, 2019, the service revenue was \$6,673 thousand (recognized as other income).

i. Remuneration of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Short-term employee benefits	<u>\$ 27,459</u>	<u>\$ 32,492</u>

The remuneration of directors and key executives, as determined by the remuneration committee, was based on the performance of individuals and market trends.

### 31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Right-of-use assets	\$ 113,229	\$ 119,464
Financial assets at amortized cost- current	-	9,204
Financial assets at amortized cost - non-current	106,670	128,257
Buildings, net	<u>273,676</u>	<u>285,672</u>
	<u>\$ 493,575</u>	<u>\$ 542,597</u>

### 32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group at December 31, 2020 and 2019 were as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Acquisition of property, plant and equipment	<u>\$ 13,260</u>	<u>\$ 12,131</u>

### 33. OTHER ITEMS

The COVID-19 pandemic in January 2020 caused the Malaysian government to impose national prevention measures to prevent the spread of the pandemic, suspending all business and religion events from March 18, 2020 to April 14, 2020. However, All Cosmos Industries Sdn. Bhd. and Sabah Softwoods Hybrid Fertiliser Sdn. Bhd. were granted permission to continue their operations, and the overall operation of the Group was not significantly affected.

Sabah Softwoods Hybrid Fertiliser Sdn. Bhd. was notified by the Sabah State Government to suspend work for disinfection and to conduct screening of all employees from November 9, 2020 due to exposure of employees to confirmed cases of COVID-19. During the suspension, the Company coordinated with its customers on the timing of shipment and All Cosmos Industries Sdn. Bhd. assisted in the shipment of inventory and, therefore, there was no significant impact on the overall operation.

In January 2021, due to an employee's confirmed diagnosis of COVID-19, the production department of All Cosmos Industries Sdn. Bhd. was spontaneously suspended from January 21, 2021 to January 26, 2021. In response to the regulation of COVID-19 prevention issued by the health bureau, the production department extended the suspension of work and to resume work on January 29, 2021. During the suspension, the company conducted disinfection and comprehensive inspection. At the same time, All Cosmos Industries Sdn. Bhd. continued to ship products; therefore, there was no significant impact on the operations.

#### 34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between foreign currencies and respective functional currencies were as follows:

##### December 31, 2020

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 4,859	4.13 (USD:MYR)	\$ 142,390
USD	9	14,441 (USD:IDR)	260

##### Financial liabilities

Monetary items			
USD	464	4.13 (USD:MYR)	13,603

##### December 31, 2019

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 3,048	4.171 (USD:MYR)	\$ 93,506
USD	14	14,139 (USD:IDR)	425

##### Financial liabilities

Monetary items			
USD	677	4.171 (USD:MYR)	20,756

The significant realized and unrealized foreign exchange gains (losses) were as follows:

<b>Foreign Currency</b>	<b><u>For the Year Ended December 31, 2020</u></b>		<b><u>For the Year Ended December 31, 2019</u></b>	
	<b>Exchange Rate</b>	<b>Net Foreign Exchange Gains (Losses)</b>	<b>Exchange Rate</b>	<b>Net Foreign Exchange Gains (Losses)</b>
USD	4.1997 (USD:MYR)	<u>\$ 15,739</u>	4.1409 (USD:MYR)	<u>\$ 9,879</u>

### 35. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least \$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
- 9) Trading in derivative instruments (Notes 7 and 29)
- 10) Intercompany relationships and significant intercompany transactions (Table 5)

b. Information on investees (Table 6)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area. (None)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (None):
  - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.
  - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.
  - c) The amount of property transactions and the amount of the resultant gains or losses.
  - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.

- e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.
  - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.
- d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 7)

### 36. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments were All Cosmos Industries Sdn. Bhd. (ACI), Sabah Softwoods Hybrid Fertiliser Sdn. Bhd. (SSHF) and others.

The details of the Group's reportable segments were as follows:

#### a. Segment revenues and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments.

	<b>Segment Revenue</b>		<b>Segment Income</b>	
	<b>For the Year Ended</b>		<b>For the Year Ended</b>	
	<b>December 31</b>		<b>December 31</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
ACI	\$ 1,172,851	\$ 1,105,819	\$ 72,482	\$ 57,464
SSHF	310,366	560,215	1,454	13,196
Others	159,566	101,665	46,257	22,428
Continuing operations	<u>\$ 1,642,783</u>	<u>\$ 1,767,699</u>	120,193	93,088
Interest income			18,800	17,368
Other income			12,021	16,675
Other gains and losses			21,875	6,147
Finance costs			(4,440)	(9,448)
Share of loss of associates			(1,296)	(155)
General administration costs and remuneration of directors			<u>(17,482)</u>	<u>(19,857)</u>
Profit before tax (continuing operations)			<u>\$ 149,671</u>	<u>\$ 103,818</u>

Segment revenue reported above represents revenue generated from external customers. The inter-segment sales for the years ended December 31, 2020 and 2019 have both been eliminated.

Segment profit represents the profit before tax earned by each segment without allocation of central administration costs and remuneration of directors, share of loss of associates, interest income, other income, other gains and losses, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets and liabilities

Segment total assets and liabilities are not provided to the chief operating decision maker and thus not required to be disclosed.

c. Revenue from major products

The following is an analysis of the Group's revenue from continuing operations from its major products.

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Bio-chemical fertilizers	\$ 1,611,967	\$ 1,766,668
Others	<u>30,816</u>	<u>1,031</u>
	<u>\$ 1,642,783</u>	<u>\$ 1,767,699</u>

d. Geographical information

The Group operates mainly in Malaysia.

The Group's revenue from continuing operations from external customers by location of customers and information about its non-current assets by location of assets is detailed below.

	<b>Revenue from External Customers</b>		<b>Non-current Assets</b>	
	<b>For the Year Ended December 31</b>		<b>December 31</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Malaysia	\$ 1,434,500	\$ 1,605,877	\$ 571,349	\$ 605,065
Others	<u>208,283</u>	<u>161,822</u>	<u>50,524</u>	<u>54,726</u>
	<u>\$ 1,642,783</u>	<u>\$ 1,767,699</u>	<u>\$ 621,873</u>	<u>\$ 659,791</u>

Non-current assets exclude investments accounted for using the equity method, financial assets at amortized cost- non-current, deferred tax assets and refundable deposits.

e. Information about major customers

Single customers contributing 10% or more to the Group's revenue were as follows:

	<b>For the Year Ended December 31</b>			
	<b>2020</b>		<b>2019</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Group A	NA (Note)	-	\$ 242,884	14
Group B	NA (Note)	-	193,786	11
Group C	\$ 255,996	16	NA (Note)	-

Note: Annual revenue less than 10% of the Group's gross revenue



TABLE 1

**ALL COSMOS BIO-TECH HOLDING CORPORATION AND SUBSIDIARIES**

**FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance (Note 2)	Actual Borrowing Amount (Note 2)	Interest Rate %	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
1	Sabah Softwoods Hybrid Fertiliser Sdn. Bhd.	Sawit Ecoshield Sdn. Bhd.	Other receivables from related parties	Yes	\$ 14,190 (MYR 2,000)	\$ 14,190 (MYR 2,000)	\$ 14,190 (MYR 2,000)	3.11	Short-term financing	\$ -	Operating capital	\$ -	\$ -	\$ -	\$ 215,105 (Note 1)	\$ 286,806 (Note 1)

Note 1: The amount of loans to companies with short-term liquidity needs shall not aggregate more than 40% of SSHF's net asset value; loans to individual borrower shall not exceed 30% of SSHF's net asset value.

Note 2: The highest balance for the period, the ending balance and the actual borrowing amount were recognized at the exchange rate at the end of the reporting period.

TABLE 2

## ALL COSMOS BIO-TECH HOLDING CORPORATION AND SUBSIDIARIES

## ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guaranteee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period (Note 2)	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 1)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Company	All Cosmos Industries Sdn. Bhd.	The Company directly and indirectly hold more than 50% voting share of the investee company.	\$ 1,291,232	\$ 829,967	\$ 829,967	\$ 111,596	\$ -	42	\$ 1,986,510	Yes	No	No

Note 1: The amount of endorsements/guarantee provided shall not aggregate more than 100% of the Company's net asset value. The total amount of the endorsement/guarantee provided by the Company to any individual subsidiary shall not exceed 65% of the Company net asset value.

Note 2: The transactions were eliminated in the consolidated financial statements.

Note 3: The maximum amount for the period, the ending balance for the period and the actual borrowing amount were recognized at the exchange rate at the end of the reporting period.

## ALL COSMOS BIO-TECH HOLDING CORPORATION AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars, Unless Number of Shares and Shareholding Ratio Otherwise Stated)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020			Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value
All Cosmos Industries Sdn. Bhd.	Mutual Fund Affin Hwang Enhanced Deposit Fund Affin Hwang Aliman Money Market Fund	None None	Financial assets at FVTPL - current Financial assets at FVTPL - current	2,800,049 9,606,126	\$ 23,275 36,491	- -	\$ 23,275 36,491 Note Note

Note: There is no restriction due to collateral, pledge loan or other arrangement.

TABLE 4

## ALL COSMOS BIO-TECH HOLDING CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2020

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer/Seller	Related Party	Relationship	Transaction Details			Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	
Sabah Softwoods Hybrid Fertiliser Sdn. Bhd.	Sabah Softwoods Berhad	Substantive related party	Sale	\$ (110,405)	(36)	60 days	NA (Same as the Group's usual list prices)	NA (Same as the Group's usual payment terms)	\$ 10,062	24

TABLE 5

**ALL COSMOS BIO-TECH HOLDING CORPORATION AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

**(In Thousands of New Taiwan Dollars and Malaysian Ringgit)**

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details				% to Total Sales or Assets
				Financial Statement Accounts	Amount in MYR	Amount in NT\$	Payment Terms	
0	The Company	All Cosmos Industries Sdn. Bhd.  Sabah Softwoods Hybrid Fertiliser Sdn. Bhd.	a a a	Endorsement/guarantee Investments accounted for using the equity method  Investments accounted for using the equity method	\$ 116,978 10,000 1,980	\$ 829,967 70,090 13,878	Cash dividend  Cash dividend	32 3 1
1	All Cosmos Industries Sdn. Bhd.	PT All Cosmos Indonesia	c	Sales	12,862	90,497	Sales price is based on market price and transfer pricing within the Group; payment terms is net 120 days	6
			c	Trade receivables	6,783	48,129		2
2	Arif Efektif Sdn. Bhd.	All Cosmos Industries Sdn. Bhd.	c	Sales	6,610	46,506	Sales price is based on market price and transfer pricing within the Group; payment terms is net 60 days	3

Note 1: Business relationship between the parent company and its subsidiaries are coded as follows:

- The Company (parent company) is "0".
- Coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The relationship between transaction company and counterparty is classified into the following three categories:

- The Company to subsidiary.
- Subsidiary to the Company.
- Subsidiary to subsidiary.

Note 3: For balance sheet items, the percentage column shows the percentage of ending balance of the item to the consolidated total assets; for income statement items, this column shows the percentage of the accumulated amount of the transactions in the reporting period to the consolidated total operating revenue for the reporting period.

Note 4: Except for investments accounted for using the equity method recognized at historical exchange rate, all assets and liabilities were recognized at the exchange rate (MYR1=NT\$7.095072) at the end of the reporting period. All net income statement items were recognized at the average exchange rate (MYR1=NT\$7.036024).

Note 5: The transactions were eliminated in the consolidated financial statements.

Note 6: This table disclosed significant transactions with amounts of at least NT\$10 million.

TABLE 6

**ALL COSMOS BIO-TECH HOLDING CORPORATION AND SUBSIDIARIES**

**INFORMATION ON INVESTEEES**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

**(In Thousands of New Taiwan Dollars and Malaysian Ringgit, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020		Carrying Amount	Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Number of Shares	%				
The Company	All Cosmos Industries Sdn. Bhd.	Johor Bahru, Malaysia	Manufacturing and sales of Bio-organic and Bio-chemical compound fertilizers	\$ 292,969 (MYR 30,000)	\$ 292,969 (MYR 30,000)	30,000,000	100	\$ 1,480,370 (MYR 208,648)	\$ 90,807 (MYR 12,906)	\$ 88,681 (MYR 12,604)	Notes 1 and 2
	Sabah Softwoods Hybrid Fertiliser Sdn. Bhd.	Lahad Datu, Malaysia	Manufacturing and sales of Bio-organic and Bio-chemical compound fertilizers	292,053 (MYR 33,000)	292,053 (MYR 33,000)	33,000,000	55	394,358 (MYR 55,582)	1,072 (MYR 152)	590 (MYR 84)	Notes 1 and 3
	PT All Cosmos Indonesia	North Sumatra, Indonesia	Sales of Bio-organic and Bio-chemical compound fertilizers	9,925 (IDR 3,960,000)	9,925 (IDR 3,960,000)	79,200	99	23,640 (MYR 3,332)	9,976 (MYR 1,418)	9,876 (MYR 1,404)	Note 1
	PT All Cosmos Biotech	North Sumatra, Indonesia	Manufacturing and sales of Bio-organic and Bio-chemical compound fertilizers	61,693 (IDR28,280,000)	61,693 (IDR28,280,000)	28,280	83	50,564 (MYR 7,127)	(5,171) (MYR -735)	(4,316) (MYR -613)	Note 1
	GK Bio International Sdn. Bhd.	Kuala Lumpur, Malaysia	Wholesale of probiotics	13,594 (MYR 1,800)	13,594 (MYR 1,800)	1,800,000	60	14,763 (MYR 2,068)	5,606 (MYR 797)	3,363 (MYR 478)	Notes 1
	PT All Cosmos Indonesia	North Sumatra, Indonesia	Sales of Bio-organic and Bio-chemical compound fertilizers	102 (IDR 40,000)	102 (IDR 40,000)	800	1	96 (MYR 14)	9,976 (MYR 1,418)	100 (MYR 14)	Note 1
All Cosmos Industries Sdn. Bhd.	Arif Efektif Sdn. Bhd.	Johor Bahru, Malaysia	Research and development of effective microorganisms for Bio-organic and Bio-chemical compound fertilizers	2,349 (MYR 245)	2,349 (MYR 245)	245,000	49	20,821 (MYR 2,935)	26,296 (MYR 3,737)	11,931 (MYR 1,696)	Notes 1 and 2
	Kinabalu Life Sciences Sdn. Bhd.	Lahad Datu, Malaysia	Research and development of effective microorganisms for waste disposal of oil-palm	17,559 (MYR 2,400)	8,933 (MYR 1,200)	2,400,000	60	18,031 (MYR 2,541)	1,624 (MYR 231)	974 (MYR 138)	Note 1
	Cosmos Biowood Sdn. Bhd.	Johor Bahru, Malaysia	Forest plantation and research	3,015 (MYR 400)	3,015 (MYR 400)	400,000	80	(1,901) (MYR -268)	168 (MYR 24)	134 (MYR 19)	Note 1
	Sawit Ecosfield Sdn. Bhd.	Lahad Datu, Malaysia	Manufacturing and sales of biological vaccines	14,788 (MYR 2,000)	14,788 (MYR 2,000)	2,000,000	40	12,717 (MYR 1,792)	(3,240) (MYR -460)	(1,296) (MYR -184)	

Note 1: The transactions were eliminated in the consolidated financial statements.

Note 2: Realized/unrealized gross profit on intercompany transactions were included.

Note 3: A subsidiary with a material non-controlling interest.

**TABLE 7****ALL COSMOS BIO-TECH HOLDING CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****DECEMBER 31, 2020**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
All Cosmos Investment Ltd.	22,500,001	35.13
Oil Palm Plantation Ltd.	7,500,000	11.71
Maxtrength Corp.	4,500,000	7.02

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.